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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, 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 together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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)

- (1) PROPOSED CAPITAL REORGANISATION;
(2) INCREASE IN AUTHORISED SHARE CAPITAL;
(3) RE-ELECTION OF DIRECTOR;
(4) REFRESHMENT OF GENERAL MANDATES TO
ISSUE AND REPURCHASE SHARES;
AND
(5) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



大華證券(香港)有限公司
GRAND CATHAY SECURITIES (HONG KONG) LIMITED

A notice convening a special general meeting of the Company (the “SGM”) to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 23 November 2009 at 10:30 a.m. is set out on pages 29 to 34 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 18 to 23 of this circular.

Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of 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 as soon as possible and in any event 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.

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DEFINITIONS

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

“AGM”	annual general meeting of the Company held on 17 June 2009
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company
“Capital Reduction”	the proposed reduction in the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.04 on each of the issued Consolidated Shares so that the nominal value of each issued Consolidated Share will be reduced from HK\$0.05 to HK\$0.01
“Capital Reorganisation”	the Share Consolidation and the Capital Reduction
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Daido Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Consolidated Share(s)”	consolidated ordinary share(s) of HK\$0.05 each in the issued and unissued share capital of the Company upon completion of the Share Consolidation
“Convertible Bonds”	the convertible bonds of outstanding principal amount of HK\$24,400,000 convertible into 210,344,827 Shares at HK\$0.116 per Share as at the Latest Practicable Date
“Director(s)”	the director(s) of the Company
“Existing General Mandate”	the general mandate approved by the Shareholders at the AGM on 17 June 2009 authorising the Directors to allot and issue Shares up to 20% of the issued share capital of the Company as at that date

DEFINITIONS

“Extension Mandate”	a general and unconditional mandate 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 and issued under the Issue Mandate
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in the Authorised Share Capital”	an increase in the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 New Shares of HK\$0.01 each to HK\$600,000,000 divided into 60,000,000,000 New Shares of HK\$0.01 each by creating an additional 59,000,000,000 unissued New Shares immediately after the Capital Reorganisation becoming effective
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the grant of the Issue Mandate and the Extension Mandate
“Independent Financial Adviser or Grand Cathay”	Grand Cathay Securities (Hong Kong) Limited, a licensed corporation to carry out type 1 (dealing in securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO, being independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	Shareholder(s) other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Issue Mandate”	the general mandate proposed to be granted to the Directors at the SGM to allot, issue and otherwise deal with additional Shares (New Share immediately upon the Capital Reorganisation becoming effective) not exceeding 20% of the share capital of the Company in issue on the date of the passing of the relevant resolution

DEFINITIONS

“Latest Practicable Date”	27 October 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	shares of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Registrar”	Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong
“Repurchase Mandate”	a general and unconditional mandate to be granted to the Directors to enable them to repurchase the Shares of an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be held to consider, among other matters, approving if thinks fit, the necessary resolutions to be proposed to approve (i) the Capital Reorganisation; (ii) the Increase in the Authorised Share Capital; (iii) the re-election of the retiring Director; and (iv) the refreshment of the general mandates to issue and repurchase shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company at the Latest Practicable Date
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Shares of HK\$0.01 each in the capital of the Company into one (1) Consolidated Share of HK\$0.05 each
“Shareholder(s)”	holder(s) of the Share(s) or as the context may require, the Consolidated Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation and the associated trading arrangement are as follows:

Despatch of the circular regarding, among other matters, the Capital Reorganisation	29 October 2009
Publication of the notice of SGM	29 October 2009
Latest time for lodging the form of proxy for the SGM	10:30 a.m. 21 November 2009
SGM	10:30 a.m. 23 November 2009
Effective date of the Capital Reorganisation	24 November 2009
Dealing in New Shares commences	9:30 a.m. 24 November 2009
Original counter for trading in Shares in board lots of 20,000 Shares temporarily closes	9:30 a.m. 24 November 2009
Temporary counter for trading in New Shares in board lots of 4,000 New Shares opens	9:30 a.m. 24 November 2009
First day for free exchange of existing share certificates for new share certificates	24 November 2009
First day of operation of odd lot trading facility	24 November 2009
Original counter for trading in New Shares in board lots of 20,000 New Shares (in the form of new share certificates) reopens	9:30 a.m. 8 December 2009
Parallel trading in New Shares commences	9:30 a.m. 8 December 2009
Temporary counter for trading in New Shares in board lots of 4,000 New Shares closes	4:00 p.m. 29 December 2009
Parallel trading ends	4:00 p.m. 29 December 2009
Last day of operation of odd lot trading facility	29 December 2009
Latest time for free exchange of share certificates	4:00 p.m. 4 January 2010

All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above depends on the results of the SGM and are therefore for indicative purpose only. An announcement will be made regarding any changes to the expected timetable as and when appropriate.

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. Tang Tsz Man, Philip

Mr. Choy Kai Sing

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 HM11

Bermuda

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business in Hong Kong:*

Unit No.1906, 19/F.

West Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

29 October 2009

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED CAPITAL REORGANISATION;
(2) INCREASE IN AUTHORISED SHARE CAPITAL;
(3) RE-ELECTION OF DIRECTOR;
(4) REFRESHMENT OF GENERAL MANDATES TO
ISSUE AND REPURCHASE SHARES;
AND
(5) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

On 21 October 2009, the Board announced that the Company proposed to seek Shareholders' approval at the SGM to approve the Capital Reorganisation and the Increase in the Authorised Share Capital.

* For identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the information relating to (i) the Capital Reorganisation; (ii) the Increase in the Authorised Share Capital; (iii) the re-election of the retiring Director; (iv) the proposed refreshment of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; (v) the recommendation from the Independent Board Committee to the Independent Shareholders on the proposed refreshment of the Issue Mandate and the Extension Mandate; (vi) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, on the proposed refreshment of the Issue Mandate and the Extension Mandate; and (vii) the notice of SGM.

(1) PROPOSED CAPITAL REORGANISATION

The Board proposes to effect the Capital Reorganisation by way of

- (i) the Share Consolidation of every five (5) issued and unissued Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.05;
- (ii) the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.04 on each of the issued Consolidated Shares so that the nominal value of each issued Consolidated Share will be reduced from HK\$0.05 to HK\$0.01; and
- (iii) the transfer of the credit arising from the Capital Reduction to the special capital reserve account of the Company.

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each, of which 4,998,000,000 Shares of HK\$0.01 each in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the Latest Practicable Date up to the date of the SGM, there will be 999,600,000 Consolidated Shares of HK\$0.05 each in issue which are fully paid or credited as fully paid following the Share Consolidation. There will be 999,600,000 New Shares of HK\$0.01 each in issue which are fully paid or credited as fully paid following the Capital Reorganisation.

Assuming no further Shares will be issued from the Latest Practicable Date up to the date of the SGM, the credit arising from the Capital Reduction is HK\$39,984,000, which will be credited to the special capital reserve account of the Company.

As at the Latest Practicable Date, save for the Convertible Bonds in the outstanding principal amount of HK\$24,400,000 entitling the holders thereof to exercise the conversion rights attached thereto the Convertible Bonds to subscribe for 210,344,827 Shares (equivalent 42,068,965 New Shares), there are no outstanding options, warrants or securities convertible or exchangeable into Shares.

LETTER FROM THE BOARD

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve the Capital Reorganisation involving the Share Consolidation and the Capital Reduction;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation; and
- (iii) compliance with the relevant procedures and requirements under Bermuda law and the Listing Rules to effect the Capital Reorganisation.

None of the above conditions has been fulfilled as at the Latest Practicable Date.

Listing application

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

Save as the above application for the listing of and permission to deal in the New Shares on the Stock Exchange, no part of equity or debt securities of the Company is listed or dealt in on other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, 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 may be 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.

Board lot size

As at the Latest Practicable Date, Shares are traded in board lots of 20,000 Shares. Following the Capital Reorganisation, the board lots size of the New Shares will remain in board lots of 20,000 New Shares.

Based on the closing price of HK\$0.034 per Share as at the Latest Practicable Date, the value of each board lot of 20,000 New Shares, assuming the Capital Reorganisation had already been effective, would be HK\$3,400.

In order to alleviate the difficulties arising from the existence of odd lots of Share Consolidation, the Company has agreed to procure Cinda International Securities Limited to arrange for matching services regarding the sale and purchase

LETTER FROM THE BOARD

of odd lots of Share Consolidation from 24 November 2009 to 29 December 2009 (both days inclusive). Shareholders of odd lots of the Share Consolidation may contact Mr. Leung Siu Wa of Cinda International Securities Limited (telephone number: 2235-7801) during the aforesaid period. Shareholders should note that matching of the sale and purchase of odd lots of Share Consolidation is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. The Company will bear the costs relating to the matching of sale and purchase of odd lots of the Share Consolidation.

Status of the New Shares

The New Shares will rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Fractional New Shares will not be issued by the Company to Shareholders. Any fractional entitlement to the New Shares will be aggregated, sold and retained for the benefit of the Company.

Reasons for Capital Reorganisation

The Capital Reorganisation involves the Share Consolidation and the Capital Reduction.

The Board is of the opinion that the Capital Reorganisation will provide the Company with greater flexibility for the issue of new Shares in the future. Further, the credit in the special capital reserve account arising from the Capital Reduction may be applied in the future for distribution to the Shareholders or in any manner permitted by the laws of Bermuda and the Bye-Laws. The Directors are of the view that the Capital Reorganisation is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Exchange of Certificate for New Shares

Subject to the Capital Reorganisation becoming effective, which is currently expected to be 24 November 2009, being the business day immediately after the date of the SGM, Shareholders may on or after 24 November 2009 and until 4:00 p.m. on 4 January 2010, (both days inclusive), submit their existing share certificates for the Shares to the Registrar for exchange for share certificates 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 Registrar for exchange of share certificates.

With effect from 30 December 2009, trading will only be in New Shares which share certificates will be issued. The New Shares are to be consolidated on the basis of five (5) existing Shares to one (1) New Share. Existing share certificates for the Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

LETTER FROM THE BOARD

Adjustments in relation to the Convertible Bonds

The Share Consolidation will cause adjustments to the conversion price and the number of Consolidated Shares to be issued under the Convertible Bonds. As to the adjustments to the number of New Shares to be issued and the conversion price in respect of the Convertible Bonds, the Company will instruct its auditors or an approved merchant bank to review and certify the basis of such adjustments as soon as possible. Further announcement will be made by the Company in respect of such adjustment upon receipt of corresponding certificates on the adjustments by the Company.

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” above, and therefore may or may not proceed.

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

(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to seek the approval by way of ordinary resolution at the SGM by Shareholders of an increase in its authorised share capital from HK\$10,000,000 divided into 1,000,000,000 New Shares of HK\$0.01 each to HK\$600,000,000 divided into 60,000,000,000 New Shares of HK\$0.01 each by creating an additional 59,000,000,000 unissued New Shares, immediately after Capital Reorganisation becoming effective. The Directors have no present intention of issuing the authorised share capital proposed to be increased.

(3) PROPOSED RE-ELECTION OF THE RETIRING DIRECTOR

Pursuant to Bye-Law 86(2) of the Bye-Laws, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of the filling of casual vacancy on the Board), or until the next following annual general meeting of the Company (in the case of an addition to the existing Board), and shall then be eligible for re-election at that meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.

According to the above provision, Mr. Fung Siu Kit, Ronny was appointed by the Board after the AGM to fill the casual vacancy on the Board shall retire at the SGM and, Mr. Fung Siu Kit, Ronny being eligible, offers himself for re-election at the SGM. 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. The requisite details of Mr. Fung Siu Kit, Ronny are set out in appendix II to this circular.

LETTER FROM THE BOARD

(4) REFRESHMENT THE ISSUE MANDATE, THE REPURCHASE MANDATE AND THE EXTENSION MANDATE

Existing General Mandate

At the AGM, Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue not more than 833,600,000 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 4,168,000,000 Shares as at the date of passing of the resolution.

During the period from the grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate had been utilised as to 830,000,000 Shares upon the issue of 830,000,000 subscription Shares the Company, being approximately 99.57% of the aggregate number of Shares which may be allotted and issued under the Existing General Mandate. Please refer to the Company's announcements dated 14 August 2009 and 24 August 2009 for further details regarding the above matter.

During the period from the grant of the repurchase mandate at the AGM to the Latest Practicable Date, no Shares have been repurchased by the Company, whether on the Stock Exchange or otherwise.

Proposed Grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate

In view of the substantial increase in the issued share capital of the Company as described above and to maintain flexibility for any future allotment and issue of Shares and the requirement to repurchase the Shares by the Directors on behalf of the Company as and when necessary, it is proposed that the Board shall seek the approval of the Shareholders for the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate at the SGM.

- (i) the Directors be granted the Issue Mandate to allot and issue Shares (New Shares immediate after the Capital Reorganisation becoming effective) not exceeding 20% of the share capital of the Company in issue as at the SGM;
- (ii) the Directors be granted the Repurchase Mandate to enable them to repurchase the Shares (New Shares immediately after the Capital Reorganisation becoming effective) of an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the SGM; and
- (iii) the Directors be granted the Extension Mandate to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares (New Shares immediately after the Capital Reorganisation becoming effective) which may be allotted and issued under the Issue Mandate.

LETTER FROM THE BOARD

The Company has not refreshed the Existing General Mandate since the AGM.

As at the Latest Practicable Date, the Company had an aggregate of 4,998,000,000 Shares (equivalent to 999,600,000 New Shares immediately after the Capital Reorganisation becoming effective) in issue. Subject to the passing of the ordinary resolutions for the approval of the Issue Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the Issue Mandate to allot and issue up to 999,600,000 Shares (equivalent to 199,920,000 New Shares immediately after the Capital Reorganisation becoming effective), being 20% of the total number of Shares in issue as at the Latest Practicable Date.

The Issue Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the end of the period within which the Company is required by the Companies Act 1981 of Bermuda (as amended) or the Bye-Laws to hold its next annual general meeting; and (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Reasons for the Issue Mandate, the Repurchased Mandate and the Extension Mandate

The Group is principally engaged in cold storage and related services, and some investment projects.

As explained in the paragraph headed "Existing General Mandate" above, the Existing General Mandate had been utilised as to 830,000,000 Shares, being approximately 99.57% of the aggregate number of Shares which may be allotted and issued under the Existing General Mandate.

The Board believes that grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate are in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group's future business development. The Board considers equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development. The Board is now proposing to seek the approval of Independent Shareholders at the SGM of the Issue Mandate, the Repurchase Mandate and the Extension Mandate such that (i) on one hand should future funding needs arise or attractive terms for investment in the Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly because fund raising exercise pursuant to a general mandate provides the Company a more simple and less lead time process than other types of fund raising exercises and to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner; and (ii) on the other hand, depending on market conditions and funding arrangements at the time, the Company may repurchase the Shares in order

LETTER FROM THE BOARD

to enhance 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.

The following table summaries the use of the Existing General Mandate since the AGM:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
14 August 2009	Placing of existing Shares and subscription of new Shares	Approximately HK\$55.19 million	General working capital	In the bank account of the Company and not yet been used

Approval by Independent Shareholders

Pursuant to Rule 13.36(4) of the Listing Rules, the Issue Mandate and the Extension Mandate require the approval of the Independent Shareholders at the SGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions. As the Company has no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions.

Given none of the Directors, chief executive of the Company nor their respective associates had any Shares as at the Latest Practicable Date, no Shareholders shall be required to abstain from voting in favour of the relevant resolutions.

LETTER FROM THE BOARD

Shareholding Structure

The following table sets out the shareholding structure of the Company as at (i) the Latest Practicable Date; (ii) the date immediately upon the Capital Reorganisation becomes effective and assuming no allotment and issue of Shares from the Latest Practicable Date and up to the date of completion of the Capital Reorganisation; and (iii) the date upon full utilization of the Issue Mandate and immediately upon the Capital Reorganisation becomes effective and assuming no allotment and issue of Shares from the Latest Practicable Date and up to the date of completion of the Capital Reorganisation.

Shareholder	As at the date of the Latest Practicable Date		Immediately upon the Capital Reorganisation becomes effective and assuming no allotment and issue of Shares from the Latest Practicable Date and up to the date of completion of the Capital Reorganisation		Upon full utilisation of the Issue Mandate and immediately upon the Capital Reorganisation becomes effective and assuming no allotment and issue of Shares from the Latest Practicable Date and up to the date of completion of the Capital Reorganisation	
	(No. of Shares)	%	(No. of Shares)	%	(No. of Shares)	%
Ever Achieve Enterprises Limited (note 1)	1,011,615,665	20.24	202,323,133	20.24	202,323,133	16.87%
Bingo Chance Limited (note 2)	700,000,000	14.01	140,000,000	14.01	140,000,000	11.67%
Ever Apollo Limited (note 3)	73,940,000	1.48	14,788,000	1.48	14,788,000	1.23%
Equity Capital Group Limited (note 4)	311,615,664	6.23	62,323,132	6.23	62,323,132	5.20%
Existing Public Shareholders	2,900,828,671	58.04	580,165,735	58.04	580,165,735	48.36%
Shares issued under the Issue Mandate	-	-	-	-	199,920,000	16.67%
Total	4,998,000,000	100.00	999,600,000	100.00	1,199,520,000	100.00

Notes:

- As at the Latest Practicable Date, the entire issued share capital of Ever Achieve Enterprises Limited was beneficially owned by Mr. Chung Chiu Pui, Ms. Foo Hang Luen, Monita, Ms. Lee Yun and Mr. Yuen Kin Wing in equal shares.
- Wulglar Wai Wan is the sole ultimate beneficial owner of Bingo Chance Limited and Elite Plan Investments Limited. As at the Latest Practicable Date, she was deemed to be interested in the 700,000,000 Shares which were held by Bingo Chance Limited under the SFO.

LETTER FROM THE BOARD

3. As at the Latest Practicable Date, other than the interest in 73,940,000 Shares, Ever Apollo Limited was also deemed to have interest in the share capital of the Company in respect of 210,344,828 Shares which might fall to be allotted and issued to it upon exercise of the conversion right attaching to the convertible bonds under the SFO. Mr. Fung Ho Sum was the sole beneficial owner of Ever Apollo Limited. Each of him and his spouse, Ms. Wong Ka May was deemed to be interested in the Shares which were held by Ever Apollo Limited under the SFO.
4. Mr. So Yiu Ming, Sunny was the sole beneficial owner of Equity Capital Group Limited. As at the Latest Practicable Date, each of him and his spouse, Ms. Lam Fung Yee was deemed to be interested in 311,615,664 Shares which were held by Equity Capital Group Limited under the SFO.

Assuming that (i) the refreshment of the Existing General Mandate is approved at the SGM; (ii) no Shares will be repurchased and no Shares will be issued from the Latest Practicable Date up to the date of the SGM (both dates inclusive); and (iii) upon full utilisation of the Issue Mandate, 999,600,000 Shares (equivalent to 199,920,000 New Shares) are to be issued, which represents 20% and approximately 16.67% of the existing issued share capital as at the Latest Practicable Date and the enlarged issued share capital of the Company respectively, the aggregate shareholding of the existing public Shareholders will be diluted from approximately 58.04% to approximately 48.36% upon full utilisation of the Issue Mandate.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprises Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung and Mr. Tse Yuen Ming, all being independent non-executive Directors. It has been established to advise the Independent Shareholders on the grant of the Issue Mandate and the Extension Mandate.

Grand Cathay has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the Issue Mandate and the Extension Mandate.

SGM

The notice convening the SGM is set out on pages 29 to 34 of this circular. At the SGM special resolution will be proposed to approve the Capital Reorganisation; and ordinary resolutions will be proposed to approve (i) the proposed Increase in the Authorised Share Capital, (ii) the re-election of retiring Director; and (iii) the proposed refreshment of the Issue Mandate, the Repurchase Mandate and the Extension Mandate. A form of proxy for use at the SGM is also enclosed with this circular. To be valid, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed must be completed in accordance with the instructions printed thereon and delivered to the Registrar 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 SGM or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting in person if you so wish.

LETTER FROM THE BOARD

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at a general meeting must be taken by poll. The Chairman of the SGM will therefore demand a poll for every resolution put to the vote of the SGM pursuant to Bye-law 66 of the Bye-Laws. Further announcement on the results of the poll vote will be made by the Company after the SGM.

RECOMMENDATIONS

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 special resolution at the SGM.

The Directors also consider that the Increase in Authorised Share Capital and the re-election of the retiring Director are in the interest of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant ordinary resolutions at the SGM.

The Directors further consider the refreshment of the Issue Mandate, the Repurchase Mandate and the Extension Mandate are in the interest of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the SGM for approving the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the granting of the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM for approving the grant of the Issue Mandate and the Extension Mandate.

ADDITIONAL INFORMATION

Your attention is drawn to the letter of advice from the Independent Financial Adviser set out on pages 18 to 23 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the grant of the Issue Mandate and the Extension Mandate and the letter from the Independent Board Committee set out on page 17 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant of the Issue Mandate and the Extension Mandate.

Your attention is also drawn to the details of the retiring Director proposed to be re-elected at the SGM set out in the appendix II to this circular. Please note, however, all the resolutions will be voted by way of poll at the SGM as required under the Listing Rules.

LETTER FROM THE BOARD

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office and principal place of business of the Company in Hong Kong at Unit No. 1906, 19/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours up to and including the date of the SGM:

- (a) the memorandum of association of the Company;
- (b) the Bye-Laws;
- (c) the Companies Act 1981 of Bermuda (as amended)

By order of the Board
Daido Group Limited
Choy Kai Sing
Executive Director

DAIDO

DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00544)

29 October 2009

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATES TO ALLOT AND ISSUE SHARES

We refer to the circular of the Company dated 29 October 2009 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the proposed grant of the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Grand Cathay has been appointed as the independent financial adviser to advise us in this respect.

Having considered the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to us on pages 18 to 23 of the Circular, we are of the opinion that the grant of the Issue Mandate and the Extension Mandate is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the grant of the Issue Mandate and the Extension Mandate by way of poll.

Independent Board Committee

Fung Siu Kit, Ronny Leung Chi Hung Tse Yuen Ming

Independent non-executive Directors

* *For identification purposes only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Grand Cathay setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of Issue Mandate and Extension Mandate, which has been prepared for the purpose of inclusion in this circular.



大華證券(香港)

GRAND CATHAY SECURITIES (HONG KONG) LIMITED

香港中環花園道3號中國工商銀行大廈7樓705至706室

Room 705-706, 7/F., ICBC Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong

Tel: 852-2521-2982 Fax: 852-2521-0085 www.gcsc.com.hk

29 October 2009

*To the Independent Board Committee and
the Independent Shareholders of
Daido Group Limited*

Dear Sirs,

PROPOSED REFRESHMENT OF GENERAL MANDATES TO ALLOT AND ISSUE SHARES

INTRODUCTION

We refer to our engagement as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed refreshment of general mandates to allot and issue Shares, particulars of which are set out in the letter from the Board (the "Letter from the Board") of this circular dated 29 October 2009 (the "Circular"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As stated in the Letter, the Board proposes, inter alia, to (i) refresh the general mandates for the Directors to issue and allot and repurchase Shares not exceeding 20% and 10% respectively of the issued share capital of the Company as at the date of the SGM, and (ii) to extend the Issue Mandate so that the Directors be given a general mandate to issue further Shares equal to the number of Shares repurchased under the Repurchase mandate.

Pursuant to Rule 13.36(4) of the Listing Rules, the grant of the Issue Mandate and the Extension Mandate are subject to the approval of the Independent Shareholders by way of poll at the SGM with the controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive and their respective associates abstain from voting in favour.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates, shall abstain from voting in favour thereon. As advised by the Directors, none of the Directors, chief executive of the Company nor their respective associates had any Shares as at the Latest Practicable Date.

The Independent Board Committee, comprising Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung and Mr. Tse Yuen Ming, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the grant of the Issue Mandate and the Extension Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We, Grand Cathay Securities (Hong Kong) Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the management of the Company and the Directors. We have assumed that all information, opinions and representations contained or referred to in the Circular and all information, opinions and representations which have been provided by the management of the Company and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so at the date hereof.

Accordingly, we have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information, opinions and representations contained in the Circular, or the reasonableness of the opinions expressed by the management of the Company and the Directors. The Directors collectively and individually accept full responsibility for the accuracy of the information in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. Furthermore, we consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinions. We have performed all applicable steps as required under Rule 13.80 of the Listing Rules including the notes thereto. We have relied on such information, opinions and representations but have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Group or the market in which it operates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the grant of the Issue Mandate and the Extension Mandate and, we have considered the following principal factors and reasons:

1. Background

The Directors were authorised to allot and issue up to 833,600,000 Shares under the Existing General Mandate which was granted by the Shareholders at the AGM. The Existing General Mandate represented 20% of the issued share capital of the Company as at the date of passing of the resolution at the AGM. As at the Latest Practicable Date, the Existing General Mandate has been utilized up to approximately 99.57% after the completion of the placing and top-up subscription of 830,000,000 Shares as announced by the Company on 14 August 2009 and 24 August 2009, respectively.

In this regard, the Board therefore proposes the ordinary resolutions to the Independent Shareholders in accordance with Rule 13.36(4) of the Listing Rules for the grant of the Issue Mandate and the Extension Mandate at the SGM, by which if passed, will allow the Directors to exercise the powers of the Company to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM, and to extend the Issue Mandate so that the Directors be given a general mandate to issue further Shares equal to the number of Shares repurchased under the Repurchase Mandate. Based on the total number of 4,998,000,000 existing Shares in issue (or equivalent to 999,600,000 New Shares immediately after the Capital Reorganisation becoming effective) as at the Latest Practicable Date and assuming that no further issue of new Shares from the Latest Practicable Date to the date of the SGM (both dates inclusive), it is anticipated that the Directors will be granted the power to allot and issue further 999,600,000 Shares (or equivalent to 199,920,000 New Shares immediately upon the Capital Reorganisation becoming effective), representing 20% of the issued share capital of the Company as at the date of SGM, under the Issue Mandate if it is approved by the Independent Shareholders at the SGM.

2. The reasons for the grant of Issue Mandate and the Extension Mandate

The Group is principally engaged in cold storage and related services, and some investment projects.

Under the Existing General Mandate, the maximum number of Shares which may be allotted and issued by the Directors was 3,600,000 Shares, representing approximately 0.07% of the issued share capital of the Company as at the Latest Practicable Date. The Directors consider that the grant of the Issue Mandate and the Extension Mandate to be in the interests of the Company and the Shareholders as a whole by way of maintaining the financial flexibility necessary for the Group's future business development. As advised by the Directors, they considered the recovery in the economy after the global financial tsunami will create new business opportunity for the Group. Currently, the Directors plan to further develop its core business in cold storage and related service by expanding the freezer compartment capacity.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the next annual general meeting will not be held until around the mid of 2010 and the Existing General Mandate has been substantially utilised, may any business/investment opportunities arise, a specific mandate may have to be sought in the event that such business/investment opportunities require insurance of new securities for funding. The Directors are uncertain as to whether such approval from the Shareholders could be obtained in a timely manner so as to grasp the business/investment opportunities.

On the above basis, we consider that it is prudent and reasonable to seek the approval of the Independent Shareholders to obtain the Issue Mandate and the Extension Mandate before the next annual general meeting of the Company.

3. Other financial alternatives

The Board considers equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. Apart from equity financing, the Directors confirmed that they will also consider other financing alternatives such as debt financing, bank borrowings and internal cash resources to meet the Company's financing requirements for future business development but depend on the financial position, capital structure, the cost of funding of the Group and the then market conditions. However, the Directors consider that the debt financing or bank borrowings may be subject to a lengthy negotiation process, which may not facilitate the Directors for a prompt investment decision as compared to equity financing through the Issue Mandate and the Extension Mandate. The Directors indicates that they will evaluate the available financing methods with due care in considering to fund any future business/investment opportunities so as to protect the interests of the Company and the Shareholders as a whole.

We consider that the Issue Mandate and the Extension Mandate can facilitate the Directors with an additional financing option and it is reasonable for the Company to have the flexibility in deciding the best financing methods for any future investments or business developments.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Potential dilution to shareholding of the Independent Shareholders

The following table sets out the shareholding structure of the Company as at (i) the Latest Practicable Date; (ii) the date immediately upon the Capital Reorganisation becomes effective and assuming no allotment and issue of Shares from the Latest Practicable Date and up to the date of completion of the Capital Reorganisation; and (iii) the date upon full utilization of the Issue Mandate and immediately upon the Capital Reorganisation becomes effective and assuming no allotment and issue of Shares from the Latest Practicable Date and up to the date of completion of the Capital Reorganisation.

Shareholder	As at the date of the Latest Practicable Date (No. of Shares) %		Immediately upon the Capital Reorganisation becomes effective and assuming no allotment and issue of Shares from the Latest Practicable Date and up to the date of completion of the Capital Reorganisation (No. of Shares) %		Upon full utilisation of the Issue Mandate and immediately upon the Capital Reorganisation becomes effective and assuming no allotment and issue of Shares from the Latest Practicable Date and up to the date of completion of the Capital Reorganisation (No. of Shares) %	
	(No. of Shares)	%	(No. of Shares)	%	(No. of Shares)	%
Ever Achieve Enterprises Limited (note 1)	1,011,615,665	20.24	202,323,133	20.24	202,323,133	16.87%
Bingo Chance Limited (note 2)	700,000,000	14.01	140,000,000	14.01	140,000,000	11.67%
Ever Apollo Limited (note 3)	73,940,000	1.48	14,788,000	1.48	14,788,000	1.23%
Equity Capital Group Limited (note 4)	311,615,664	6.23	62,323,132	6.23	62,323,132	5.20%
Existing Public Shareholders	2,900,828,671	58.04	580,165,735	58.04	580,165,735	48.36%
Shares issued under the Issue Mandate	-	-	-	-	199,920,000	16.67%
Total	4,998,000,000	100.00	999,600,000	100.00	1,199,520,000	100.00

Notes:

- As at the Latest Practicable Date, the entire issued share capital of Ever Achieve Enterprises Limited was beneficially owned by Mr. Chung Chiu Pui, Ms. Foo Hang Luen, Monita, Ms. Lee Yun and Mr. Yuen Kin Wing in equal shares.
- Wulglar Wai Wan is the sole ultimate beneficial owner of Bingo Chance Limited and Elite Plan Investments Limited. As at the Latest Practicable Date, she was deemed to be interested in the 700,000,000 Shares which were held by Bingo Chance Limited under the SFO.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. As at the Latest Practicable Date, other than the interest in 73,940,000 Shares, Ever Apollo Limited was also deemed to have interest in the share capital of the Company in respect of 210,344,828 Shares which might fall to be allotted and issued to it upon exercise of the conversionright attaching to the convertible bonds under the SFO. Mr. Fung Ho Sum was the sole beneficial owner of Ever Apollo Limited. Each of him and his spouse, Ms. Wong Ka May was deemed to be interested in the Shares which were held by Ever Apollo Limited under the SFO.
4. Mr. So Yiu Ming, Sunny was the sole beneficial owner of Equity Capital Group Limited. As at the Latest Practicable Date, each of him and his spouse, Ms. Lam Fung Yee was deemed to be interested in 311,615,664 Shares which were held by Equity Capital Group Limited under the SFO.

Assuming that (i) the refreshment of the Existing General Mandate is approved at the SGM; (ii) no Shares will be repurchased and no Shares will be issued from the Latest Practicable Date up to the date of the SGM (both dates inclusive); and (iii) upon full utilisation of the Issue Mandate, 999,600,000 Shares (equivalent to 199,920,000 New Shares) are to be issued, which represents 20% and approximately 16.67% of the existing issued share capital as at the Latest Practicable Date and the enlarged issued share capital of the Company respectively. The aggregate shareholding of the existing public Shareholders will be diluted from approximately 58.04% to approximately 48.36% upon full utilisation of the Issue Mandate.

Taking into account that the shareholding of all the Shareholders will be diluted to the same extent upon any utilisation of the Issue Mandate, we consider that the potential dilution to the shareholding of the existing public Shareholders is acceptable.

RECOMMENDATION

Having considered the above principal factors, we are of the opinion that the grant of the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the grant of the Issue Mandate and the Extension Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and also recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolutions approving the granting of the Issue Mandate and the Extension Mandate at the SGM.

Yours faithfully,
For and on behalf of

Grand Cathay Securities (Hong Kong) Limited

Kim Chan
Director

Kevin Chan
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 SGM to approve the Repurchase Mandate.

1. 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.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 4,998,000,000 Shares (equivalent to 999,600,000 New Share immediately upon the Capital Reorganisation becoming effective) in issue. 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 SGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 499,800,000 Shares (equivalent to 99,960,000 New Share immediately upon the Capital Reorganisation becoming effective), representing approximately 10% of the issued share capital of the Company as at the Latest Practicable Date.

3. 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.

4. 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 2008, being the date of its latest published audited consolidated 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.

5. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the 12 calendar months immediately preceding (and including) the Latest Practicable Date are as follows:

	Price per Share	
	Lowest <i>HK\$</i>	Highest <i>HK\$</i>
2008		
October	0.011	0.023
November	0.014	0.019
December	0.016	0.028
2009		
January	0.023	0.040
February	0.022	0.031
March	0.019	0.024
April	0.024	0.036
May	0.028	0.040
June	0.035	0.108
July	0.053	0.073
August	0.040	0.089
September	0.037	0.048
October (up to the Latest Practicable Date)	0.033	0.044

6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) 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.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10% of the Shares then in issue:

Name of substantial Shareholder	Number of Shares	Approximate Percentage of shareholding (%)	Approximate Percentage of shareholding (in the event that the Directors exercise in full the power to repurchase Shares) (%)
Ever Achieve Enterprises Limited <i>(note 1)</i>	1,011,615,665	20.24	22.49%
Bingo Chance Limited <i>(note 2)</i>	700,000,000	14.01	15.56%

Notes:

- As at the Latest Practicable Date, the entire issued share capital of Ever Achieve Enterprises Limited was beneficially owned by Mr. Chung Chiu Pui, Ms. Foo Hang Luen, Monita, Ms. Lee Yun and Mr. Yuen Kin Wing in equal shares.
- Wulglar Wai Wan is the sole ultimate beneficial owner of Bingo Chance Limited and Elite Plan Investment Limited. As at the Latest Practicable Date, she was deemed to be interested in the 700,000,000 Shares which were held by Bingo Chance Limited under the SFO.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

7. 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.

8. GENERAL INFORMATION

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates have any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will only exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Bye-Laws and the applicable laws of Bermuda.

No connected person (as defined in the Listing Rules) of the Company 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.

Pursuant to the Listing Rules, the details of Mr. Fung Siu Kit, Ronny who will retire at the SGM according to the Bye-Laws and, being eligible, offer himself for re-election at the SGM, are provided below.

Mr. Fung Siu Kit, Ronny (“Mr. Fung”), aged 65, was appointed as an independent non-executive Director, the chairman of remuneration committee and the member of audit committee and nomination committee of the Company respectively in August 2009. Mr. Fung has worked for a local bank for 20 years and has over 30 years’ experience in banking, finance, investment and securities. Currently, He is a director of Goldfield Asia Investment Limited, a company provide gold/silver trading in Hong Kong. Save as disclosed above, Mr. Fung did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Fung has not served as a director of any listed companies in Hong Kong or overseas in the past three years.

As at the Latest Practicable Date, Mr. Fung did not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company and also did not have any interests in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Fung has entered into a service contract with the Company for an initial period of one year commencing from 13 August 2009 and will continue thereafter which may be terminated by either party given the other not less than three months’ notice. Mr. Fung will hold of the office as independent non-executive Director subject to retirement by rotation and re-election pursuant to the Bye-Laws. Mr. Fung received a fixed remuneration of HK\$80,000 per annum from the Company as director’s fee and his remuneration is determined by the Board with reference to his duties and responsibilities with the Company.

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. Fung as an independent non-executive Director.

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 (the “**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 Monday, 23 November 2009 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:

SPECIAL RESOLUTION

1. “**THAT** subject to (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting or agreeing to grant the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reorganisation (as defined below) and to be allotted and issued as described in the circular of the Company dated 29 October 2009; (ii) the compliance by the Company with the relevant legal procedures and requirements under the Companies Act 1981 of Bermuda (as amended) and the Rules Governing the Listing of Securities on the Stock Exchange to effect the Capital Reorganisation (as defined below); and (iii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be, with effect from the next business day after this Meeting
 - (a) every five (5) shares (the “**Share(s)**”) of HK\$0.01 each in the share capital of the Company be consolidated (“**Share Consolidation**”) into one (1) share of HK\$0.05 each (“**Consolidated Share**”);
 - (b) the paid-up capital of each issued Consolidated Share be reduced from HK\$0.05 to HK\$0.01 by cancelling HK\$0.04 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share be reduced from HK\$0.05 to HK\$0.01 so as to form a new share (“**New Share**”) with nominal value of HK\$0.01 each (“**Capital Reduction**”);

* For identification purposes only

NOTICE OF SGM

- (c) the credit arising in the accounts of the Company from the Capital Reduction be credited to the special capital reserve account of the Company;
- (d) the directors of the Company (“**Directors**”) be and are hereby authorised to apply the balance in the special capital reserve account in any manner permitted by the laws of Bermuda and the bye-laws of the Company (“**Bye-Laws**”) (together with the Share Consolidation and the Capital Reduction are herein referred to as the “**Capital Reorganisation**”); and
- (e) the Directors be and are hereby authorised generally to do all such acts, deeds and things and to sign and to affix the common seal in accordance with the Bye-Laws on all documents as they may, in their absolute discretion, deem necessary, desirable or appropriate to give effect and implement any of the foregoing.”

ORDINARY RESOLUTIONS

- 2. “**THAT** immediately after the Capital Reorganisation becoming effective, the authorised share capital of the Company be increased from HK\$10,000,000 divided into 1,000,000,000 New Shares of HK\$0.01 each to HK\$600,000,000 divided into 60,000,000,000 New Shares of HK\$0.01 each by creating an additional 59,000,000,000 unissued New Shares.”
- 3. “**THAT** the re-election of Mr. Fung Siu Kit, Ronny as an independent non-executive Director be and is hereby approved.”
- 4. “**THAT**, to the extent not already exercised, the mandate to allot and issue shares of the Company given to the Directors at the annual general meeting (the “**AGM**”) of the Company held on 17 June 2009 be and is hereby revoked and replaced by the mandate **THAT**:
 - (a) subject to paragraph 4(c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued Shares (New Share immediately upon the Capital Reorganisation becoming effective) and to make or grant offers, agreements and options, including warrants to subscribe for Shares (New Share immediately upon the Capital Reorganisation becoming effective), which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

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- (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 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 (New Share immediately upon the Capital Reorganisation becoming effective) in lieu of the whole or part of a dividend on Shares in accordance with the Bye-Laws in force from time to time; or (iv) any issue of Shares (New Share immediately upon the Capital Reorganisation becoming effective) 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 (New Share immediately upon the Capital Reorganisation becoming effective), shall not exceed the aggregate of:

- (i) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
- (ii) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) 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 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of such resolution),

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

- (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;

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- (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) 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 (New Share immediately upon the Capital Reorganisation becoming effective), or offer or issue of warrants, options or other securities giving rights to subscribe for Shares (New Share immediately upon the Capital Reorganisation becoming effective) open for a period fixed by the Directors to holders of Shares (New Share immediately upon the Capital Reorganisation becoming effective) 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 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 per cent. 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

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(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 1981 of Bermuda (as amended) 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 per cent. 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
Executive Director

Hong Kong, 29 October 2009

NOTICE OF SGM

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Unit No.1906, 19/F.
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.
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 of Directors comprises executive Directors, namely, Mr. Au Tat Wai, Mr. Tang Tsz Man, Philip and Mr. Choy Kai Sing, 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.