

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

DAIDO

DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00544)

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

A notice convening an annual general meeting of Daido Group Limited to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 9 June 2010 at 10:30 a.m. is set out on pages 19 to 23 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular.

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

CONTENTS

| | <i>Page</i> |
|---|-------------|
| Definitions | 1 |
| Letter from the Board | |
| Introduction | 4 |
| Re-election of Directors | 5 |
| Issue Mandate, Repurchase Mandate and Extension Mandate | 5 |
| Refreshment of Scheme Mandate Limit | 6 |
| Action to be taken | 8 |
| Voting at the AGM | 8 |
| Recommendation | 8 |
| Responsibility statement | 8 |
| General | 9 |
| Appendix I – Details of Directors proposed for re-election | 10 |
| Appendix II – Explanatory statement | 15 |
| Notice of AGM | 19 |

DEFINITIONS

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

| | |
|---------------------------|--|
| “AGM” | an annual general meeting of the Company to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 9 June 2010 at 10:30 a.m., a notice of which is set out on pages 19 to 23 of this circular or, where the context so admits, any adjournment thereof |
| “associate(s)” | has the meaning ascribed to this term under the Listing Rules |
| “Board” | the board of Directors |
| “Bye-Laws” | the bye-laws of the Company, and “Bye-Law” shall mean a bye-law of the Bye-Laws |
| “Company” | Daido Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange |
| “connected person” | has the meaning ascribed to this term under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Eligible Participant(s)” | any following persons who may be invited by the Directors to take up Options as detailed in the Share Option Scheme: <ul style="list-style-type: none">(a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Group or any Invested Entity;(b) any non-executive director (including independent non-executive director) of the Group or any Invested Entity;(c) any supplier of goods or services to any member of the Group or any Invested Entity;(d) any customer of any member of the Group or any Invested Entity; |

DEFINITIONS

- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the Share Option Scheme, the Option offer may be made to any company wholly owned by one or more Eligible Participants

“Extension Mandate”

a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted, issued and dealt with under the Issue Mandate

“Group”

the Company and its subsidiaries

“Hong Kong”

the Hong Kong Special Administrative Region of the People’s Republic of China

“Issue Mandate”

the general mandate proposed to be granted to the Directors at the AGM to allot and issue further new Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of such resolution

DEFINITIONS

| | |
|---------------------------------------|--|
| “Latest Practicable Date” | 14 April 2010, 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 |
| “Options” | the options granted under the Share Option Scheme to subscribe for Shares in accordance with the Share Option Scheme |
| “Refreshment of Scheme Mandate Limit” | the proposed refreshment of the Scheme Mandate Limit under the Share Option Scheme |
| “Repurchase Mandate” | the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company at the date of the passing of such resolution |
| “Scheme Mandate Limit” | the maximum number of Shares which may be allotted and issued upon the exercise of all Options which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company as at the Latest Practicable Date |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Share Option Scheme” | the share option scheme adopted by the Company on 9 January 2006 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “%” | per cent. |

DAIDO

DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00544)

Executive Directors:

Mr. Au Tat Wai
Mr. Choy Kai Sing
Mr. Ho Hon Chung, Ivan
Mr. Tang Tsz Man, Philip

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Director:

Mr. Fung Wa Ko (Chairman)

Head office and principal place

of business in Hong Kong:
Unit No. 1906, 19th Floor
West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Independent Non-executive Directors:

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

21 April 2010

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM of the Company to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 9 June 2010 at 10:30 a.m., resolutions will be proposed, among other matters: (i) the re-election of Directors; (ii) the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; and (iii) the Refreshment of Scheme Mandate Limit.

* For identification purposes only

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

Pursuant to Bye-Law 86(2), 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. Choy Kai Sing, Mr. Au Tat Wai and Mr. Ho Hon Chung, Ivan, who were appointed by the Board as an addition to the existing Board with effect from 13 August 2009, 15 September 2009 and 2 November 2009 respectively, will retire at the AGM and, being eligible, offer themselves for re-election at the AGM.

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

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

ISSUE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

References are made to the announcements of the Company dated 23 November 2009, 2 December 2009 and 18 December 2009 respectively and the circular of the Company dated 29 October 2009. At the special general meeting of the Company held on 23 November 2009, ordinary resolutions were passed granting general mandates to the Directors, inter alia, (i) to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at 23 November 2009 and Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at 23 November 2009 repurchased by the Company pursuant to the Repurchase Mandate; and (ii) to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at 23 November 2009. Each of such mandates is taken effect on 18 December 2009 and no Shares have been issued nor repurchased pursuant to such mandates.

In accordance with the provisions of the Listing Rules and the terms of the general mandates granted to the Directors at the special general meeting of the Company held on

LETTER FROM THE BOARD

23 November 2009, the mandate to issue Shares and the mandate to repurchase Shares granted at the special general meeting held on 23 November 2009 shall expire at the conclusion of the forthcoming AGM to be held on 9 June 2010.

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

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

At Latest Practicable Date, the Company had in issue 999,600,000 Shares (adjusted for the share consolidation of the Company that became effective on 24 November 2009). Subject to the passing of the proposed resolution granting the Issue Mandate and on the basis that no further Shares are issued (whether generally or pursuant to the exercise of conversion rights attaching to the outstanding convertible bonds for 42,068,965 Shares, which have been adjusted as a result of the share consolidation of the Company at become effective on 24 November 2009) or repurchased before the AGM, the Company will be allowed to issue a maximum of 199,920,000 Shares pursuant to the Issue Mandate.

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

REFRESHMENT OF SCHEME MANDATE LIMIT

Pursuant to a resolution passed at the special general meeting of the Company held on 9 January 2006, the Share Option Scheme was adopted and the old share option scheme was terminated. The Scheme Mandate Limit was set at 10% (equivalent to 300,000,000 shares of HK\$0.01 each in the Company) of the Shares in issue as at the date of adoption of the Share Option Scheme in compliance with the Listing Rules. Subject to prior Shareholders' approval, the Company may, at any time thereafter, refresh the Scheme Mandate Limit to the extent not exceeding 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval. The Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

LETTER FROM THE BOARD

On 9 January 2006, the Company adopted the Share Option Scheme, which allows the Company to grant 300,000,000 Shares (representing 10% of the issued share capital of the Company as at 9 January 2006). As a result of the share consolidation of the Company became effective on 24 November 2009, the maximum number of Shares to be allowed the Company to grant was adjusted from 300,000,000 shares of HK\$0.01 each in the Company to 60,000,000 shares of HK\$0.05 each in the Company (representing approximately 6% of the issued share capital of the Company as at the Latest Practicable Date).

During the period from 9 January 2006 to the Latest Practicable Date, there was no Option granted, exercised, cancelled or lapsed under the Share Option Scheme and the Company has not refreshed the Scheme Mandate Limit.

If the Refreshment of Scheme Mandate Limit is approved at the AGM, based on the 999,600,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares (whether generally or pursuant to the exercise of conversion rights attaching to the outstanding convertible bonds for 42,068,965 Shares, which have been adjusted as a result of the share consolidation of the Company at become effective on 24 November 2009) will be allotted and issued up to the date of the AGM or no repurchase of Shares prior to the AGM, the Company will be authorised to grant Options under the Share Option Scheme for subscription of up to a total of 99,960,000 Shares, representing 10% of the issued share capital of the Company as at the date of the AGM. Any remaining available share options that are not granted under the Scheme Mandate Limit, will not be granted in the future upon the approval of the proposed Refreshment of Scheme Mandate Limit at the AGM. As at the Latest Practicable Date, the Company has not adopted any share option schemes other than the Share Option Scheme.

Conditions of the Refreshment of Scheme Mandate Limit

The Refreshment of Scheme Mandate Limit is conditional upon:

1. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be allotted and issued by the Company pursuant to the exercise of the Options to be granted under the refreshed Scheme Mandate Limit; and
2. the passing of the necessary ordinary resolution by the Shareholders at the AGM to approve the Refreshment of Scheme Mandate Limit.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to the exercise of Options to be granted under the refreshed Scheme Mandate Limit.

Reason for the Refreshment of Scheme Mandate Limit

The Refreshment of Scheme Mandate Limit will provide the Company with greater flexibility in granting Options to Eligible Participants as incentives or rewards for their contribution to the Group. The Directors consider that the Refreshment of Scheme Mandate Limit is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

ACTION TO BE TAKEN

The resolutions referred to above are set out in full in the notice of the AGM as contained in this circular on pages 19 to 23. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same at the offices of Company's branch share registrar in Hong Kong, Union Registrars Limited, at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

VOTING AT THE AGM

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

After the closure of the AGM, the poll results will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/daido/index.htm.

RECOMMENDATION

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

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 circular and confirm, having made all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

LETTER FROM THE BOARD

GENERAL

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

Yours faithfully
For and on behalf of the Board of
Daido Group Limited
Fung Wa Ko
Chairman

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

AU TAT WAI

Mr. Au Tat Wai (“**Mr. Au**”), aged 37, was appointed as an executive Director and the Chief Executive Officer of the Company in September 2009. Mr. Au has also served as a director of certain subsidiaries of the Company. He is responsible for all day-to-day corporate management matters. Mr. Au graduated from Lakehead University – Ontario, Canada with a Bachelor of Business Administration and subsequently received his Master of Business Administration from The Hong Kong University of Science and Technology. He has over 8 years’ experience in information technology and e-commerce business and theme park and resort sectors project development. Save as disclosed above, Mr. Au did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Au has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Mr. Au did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO.

There was no service contract entered into between Mr. Au and the Company regarding his directorship of the Company and there was no specific length of service with the Company. His appointment subjects to retirement by rotation and re-election pursuant to the Bye-Laws. Mr. Au received total emoluments of approximately HK\$56,000 per month from the Group. The emoluments of Mr. Au are determined by reference to his experience, duties and responsibilities with the Company, the Company’s remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

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

CHOY KAI SING

Mr. Choy Kai Sing (“**Mr. Choy**”), aged 46, joined the Group in June 1998 and was appointed as an executive Director of the Company in August 2009. Mr. Choy has also served as the Chief Financial Officer, the Company Secretary and an authorized representative of the Company and a director of certain subsidiaries of the Company. Mr. Choy is responsible for the finance and accounting affairs of the Group. Mr. Choy is a fellow member of Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants and a member of Institute of Chartered Accountants in England and Wales. He is a Certified Public Accountant and has over 20 years’ working experience in auditing, accounting and investment banking. Save as disclosed above, Mr. Choy did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Choy has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Mr. Choy did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO.

There was no service contract entered into between Mr. Choy and the Company regarding his directorship of the Company and there was no specific length of service with the Company. His appointment subjects to retirement by rotation and re-election pursuant to the Bye-Laws. Mr. Choy received total emoluments of approximately HK\$76,000 per month from the Group. The emoluments of Mr. Choy are determined by reference to his experience, duties and responsibilities with the Company, the Company's remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

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

HO HON CHUNG, IVAN

Mr. Ho Hon Chung, Ivan ("Mr. Ho"), aged 55, was appointed as an executive Director of the Company in November 2009. He has also served as a director of certain subsidiaries of the Company. Mr. Ho has been in the travel industry and consultancy services for over 20 years, principally in the senior managerial position. Save as disclosed above, Mr. Ho did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Ho has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

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

There was no service contract entered into between Mr. Ho and the Company regarding his directorship of the Company and there was no specific length of service with the Company. His appointment subjects to retirement by rotation and re-election pursuant to the Bye-Laws. Mr. Ho received total emoluments of approximately HK\$76,000 per month from the Group. The emoluments of Mr. Ho are determined by reference to his experience, duties and responsibilities with the Company, the Company's remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

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

FUNG WA KO

Mr. Fung Wa Ko (“**Mr. Fung**”), aged 48, has over 18 years of experience in the area of business development, corporate management, and budget control. He received his education in the United Kingdom and has worked in various management positions in Hong Kong, Mainland China and other countries in Asia Pacific Regions.

Mr. Fung, formerly an executive Director, the Chairman, the Chief Executive Officer and an authorized representative of the Company, joined the Group since October 2003. In September 2009, Mr. Fung was re-designated from an executive Director to a non-executive Director and resigned as the Chief Executive Officer and an authorized representative, but remains to serve as the Chairman of the Company providing leadership for the Board. 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 held directorships in any listed companies in Hong Kong or overseas in the last 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 and also did not have any interests in Shares within the meaning of Part XV of the SFO.

The service contract of Mr. Fung as the Chief Executive Officer of the Company was terminated by mutual agreement between Mr. Fung and the Company on 15 September 2009. There was no service contract entered into between Mr. Fung and the Company regarding his new directorship of the Company and there was no specific length of service with the Company. His appointment subjects to retirement by rotation and re-election pursuant to the Bye-Laws. Mr. Fung received total emoluments of approximately HK\$95,000 per month from the Group. The emoluments of Mr. Fung are determined by reference to his experience, duties and responsibilities with the Company, the Company’s remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

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

TSE YUEN MING

Mr. Tse Yuen Ming (“**Mr. Tse**”), aged 42, joined the Group as an independent non-executive Director of the Company in August 2003. He is also the chairman of nomination committee and the member of audit committee and remuneration committee of the Company respectively. Mr. Tse is a partner of Messrs. Tung, Ng, Tse & Heung. He holds a bachelor of laws degree with honours from the University of Hong Kong and admitted to The Supreme Court of Hong Kong as a solicitor in 1993. Mr. Tse is also the Vice President of the Intellectual Property Committee of The Hong Kong Chamber of Small and Medium Business, the Legal Adviser of Life Underwriters & Sales Executives Board (HK) Ltd. and ECO Foundation Limited. Save as disclosed above, Mr. Tse did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Tse has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Mr. Tse did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO.

Mr. Tse has entered into a service contract with the Company for an initial period of one year commencing from 26 May 2006 and will continue thereafter which may be terminated by either party given the other not less than three months’ notice. Mr. Tse is also subject to retirement by rotation and re-election pursuant to the Bye-Laws. Mr. Tse received a fixed remuneration of HK\$90,000 per annum from the Company as director’s fee effective from 1 January 2008. The remuneration of Mr. Tse is determined by reference to his experience, duties and responsibilities with the Company, the Company’s remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

As disclosed in the announcement of the Company dated 12 March 2010, the Board announced that the circumstances of Mr. Tse, under Rule 13.51(2)(s) of the Listing Rules has been changed since the disclosure of his particulars made in the circular of the Company dated 30 April 2008 in relation to the re-election of Mr. Tse.

Mr. Tse, being a member of the Law Society of Hong Kong (the “**Law Society**”) has been convicted on 10 July 2008 by the Solicitors Disciplinary Tribunal (the “**Tribunal**”) of the Law Society for breach (the “**Breach**”) of Rules 2(c), (d) and (e) of the Solicitors Practice Rules in that he released a certain sum of money in circumstances which were unsafe and inappropriate. By a letter (the “**Letter**”) dated 25 June 2009, Mr. Tse was notified that he was censured by the Tribunal and his solicitor practising certificate is subject to a special condition (the “**Special Condition**”), namely “the solicitor shall not sign cheques on a client account” for twelve months commencing from the date when Mr. Tse are notified of the resolution as set out in the Letter.

As advised by Mr. Tse, on 16 March 2001 Mr. Tse was asked to witness an agreement made between party A and party B pursuant to which party A agreed to deposit US\$150,000 (the “**Stakeheld Money**”), to be stakeheld by the solicitors firm in which Mr. Tse is a partner, pending issuance of an irrevocable pay order from party B.

On 21 March 2001, Mr. Tse was informed by party B's representative that the pay order was ready and asked for the release of the Stakeheld Money. Mr. Tse requested party A, who was in Taiwan at that moment, to confirm the instruction on releasing the Stakeheld Money in writing. Mr. Tse then prepared an authorization letter for party A's execution. On the evening of the following day, party A verbally informed Mr. Tse that she had received the authorization letter and would sign the same and fax it back to Mr. Tse. On 23 March 2001, upon receipt of the signed authorization letter by fax, Mr. Tse released the Stakeheld Money to the party B. Party A subsequently lodged a complaint to the Law Society against Mr. Tse for improper release of the Stakeheld Money without her consent.

The disciplinary proceedings commenced on 8 June 2004. On 14 July 2006, the Law Society applied for withdrawal of the proceeding against Mr. Tse because party A informed the Law Society in writing that she decided to withdraw her complaint and refused to give any evidence. In her letter to Law Society, party A stated that the complaint was involuntarily made by her and Mr. Tse was innocent.

Nevertheless, the Tribunal dismissed the Law Society's application because the Tribunal took the view that the prosecution could still proceed on the basis of the agreed facts and the affirmation of Mr. Tse, amongst other things, other documents in the agreed bundles. On 10 July 2008, the Tribunal convicted Mr. Tse for the Breach. On 21 April 2009, the Tribunal ordered that Mr. Tse be censured and be fined a sum of HK\$100,000 and as to costs, Mr. Tse was ordered to pay 70% of the costs of the proceedings. By the Letter, Mr. Tse was notified by the Law Society that the Law Society had resolved to exercise its power to impose the Special Condition on the practicing certificate of Mr. Tse.

On 20 November 2009, Mr. Tse took out a summons for leave to appeal out of time. By the order of Hon Cheung JA dated 11 February 2010, Mr. Tse was granted such leave. Mr. Tse filed an Originating Motion for the appeal on 17 February 2010 accordingly and the hearing date for the appeal is to be fixed.

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

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

LISTING RULES RELATING TO REPURCHASE OF SHARES

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

SHARE CAPITAL

As at the Latest Practicable Date, the Company had in issue 999,600,000 Shares (adjusted for the share consolidation of the Company that became effective on 24 November 2009). Subject to the passing of the proposed resolution granting the Repurchase Mandate and assuming no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 99,960,000 Shares, representing 10% of the issued share capital of the Company as at the Latest Practicable Date.

REASONS FOR THE REPURCHASE OF SHARES

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

FUNDING OF REPURCHASE OF SHARES

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

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might not have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2009, being the date of its latest published audited financial statements.

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

SHARE PRICES

The highest and lowest prices (adjusted for the share consolidation of the Company that became effective on 24 November 2009) at which the Shares have been traded on the Stock Exchange in each of the twelve (12) calendar months immediately preceding (and including) the Latest Practicable Date are as follows:

| | Price per Shares | |
|---|------------------|----------------|
| | Highest HK\$ | Lowest HK\$ |
| 2009 | | |
| April | 0.180 | 0.120 |
| May | 0.200 | 0.140 |
| June | 0.540 | 0.175 |
| July | 0.365 | 0.265 |
| August | 0.445 | 0.200 |
| September | 0.240 | 0.185 |
| October | 0.220 | 0.160 |
| November | 0.230 | 0.165 |
| December | 0.222 | 0.151 |
| 2010 | | |
| January | 0.175 | 0.145 |
| February | 0.150 | 0.125 |
| March | 0.170 | 0.142 |
| April (up to the Latest Practicable Date) | 0.165 | 0.146 |

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, to the best of the knowledge and belief of the Directors, 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 ^(note 1) | 202,323,133 | 20.24 | 22.49% |
| Bingo Chance Limited ^(note 2) | 140,000,000 | 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 Investments Limited. As at the Latest Practicable Date, she was deemed to be interested in the 140,000,000 Shares which were held by Bingo Chance Limited under the SFO. Wulglar Wai Wan is an elder sister of Mr. Ho Hon Chung, Ivan, whom is an executive director of the Company.

Assuming that there are no alternations to the existing shareholdings of the Company, the exercise of the Repurchase Mandate in full in accordance with the terms of the ordinary resolution to be proposed at the AGM, will not give rise to an obligation for the above Shareholders to make a mandatory offer under Rule 26 of the Takeover Code.

The Listing Rules prohibit a company from making repurchases on the Stock Exchange if the result of such repurchases would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. 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%.

SHARE REPURCHASED BY THE COMPANY

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

GENERAL INFORMATION

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 or its subsidiaries, 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 has notified the Company that he has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any Shares held by him to the Company in the event that the Repurchase Mandate is granted by the Shareholders to the Board.

NOTICE OF AGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

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

DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00544)

NOTICE OF 2010 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2010 Annual General Meeting of Daido Group Limited (the “**Company**”) will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 9 June 2010 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

1. To receive and approve the audited consolidated financial statements and the report of the directors (the “**Directors**”) and the independent auditor’s report for the year ended 31 December 2009.
2. To re-elect the following retiring Directors and to authorize the board of Directors (the “**Board**”) to fix the Directors’ remuneration:
 - (i) Mr. Au Tat Wai as an executive Director;
 - (ii) Mr. Choy Kai Sing as an executive Director;
 - (iii) Mr. Ho Hon Chung, Ivan as an executive Director;
 - (iv) Mr. Fung Wa Ko as a non-executive Director; and
 - (v) Mr. Tse Yuen Ming as an independent non-executive Director.
3. To re-appoint the Company’s auditors and to authorize the Board to fix their remuneration.

* For identification purposes only

NOTICE OF AGM

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

4. **“THAT:**

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

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

NOTICE OF AGM

(d) for the purposes of this resolution:

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

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

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

5. “**THAT:**

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

NOTICE OF AGM

(c) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws, the Companies Act or any other applicable laws of Bermuda to be held; or
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
6. “**THAT** subject to the ordinary resolutions nos. 4 and 5 above being duly passed, the unconditional general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements and options which might require to exercise of such powers pursuant to resolution no. 4 above be and is hereby extended by the addition thereon of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 5, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued Shares on the date of the passing of resolution no. 5.”
7. “**THAT** (i) subject to and conditional upon the listing committee of the Stock Exchange (as defined in the circular dated 21 April 2010 despatched to the shareholders of the Company (the “**Circular**”)) granting approval for the listing of, and permission to deal in, the new shares of the Company to be issued pursuant to the exercise of share options which may be granted under the Scheme Mandate Limit (as defined in the Circular), the refreshment of the limit in respect of the granting of share options under the Share Option Scheme (as defined in the Circular) up to 10% of the shares of the Company in issue as at the date of the passing of this resolution be and is hereby approved; and (ii) any director of the Company be and is hereby authorized to do all such acts and execute all such documents to effect the proposed Refreshment of Scheme Mandate Limit (as defined in the Circular).”

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

Hong Kong, 21 April 2010

NOTICE OF AGM

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 comprises executive Directors, namely, Mr. Au Tat Wai, Mr. Choy Kai Sing, Mr. Ho Hon Chung, Ivan and Mr. Tang Tsz Man, Philip, non-executive Director, namely, Mr. Fung Wa Ko and independent non-executive Directors, namely, Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung and Mr. Tse Yuen Ming.