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DAIDO GROUP LIMITED
大同集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 00544)

DISCLOSEABLE TRANSACTION:
OFFER LETTER IN RELATION TO EXTENSION
OF FACILITY LETTER B

Reference is made to the announcement of Daido Group Limited (the “Company”) dated 23 April 2015 (the “Announcement”) in relation to the Facility Letter B in which Mayfair Pacific Finance as lender has agreed to provide Company B as borrower a loan of HK\$15,000,000. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements.

As at the date of this announcement, Company B repaid HK\$5,000,000 being partial repayment of the principal of the Loan B. The sum of HK\$10,000,000 (the “Remaining Loan”) being the balance of the Loan B remains due and unpaid.

PROVISION OF FINANCIAL ASSISTANCE

The Board announces that on 23 April 2018, after arm’s length negotiation, Mayfair Pacific Finance entered into an offer letter (the “Offer Letter”) with Company B to extend the repayment due date of the Remaining Loan for a further 24 months. Upon repayment schedule, Company B shall draw and deposit with Mayfair Pacific Finance 24 post-dated cheques of HK\$91,667 each and each one of such 24 cheques is for the payment of 1 month’s interest and those cheques should be respectively post-dated for 24 calendar months running from 1 month after the date of the Offer Letter and thereafter on the same of each succeeding calendar month until the end date of the 24th calendar month from the date of the Offer Letter. Company B shall also draw and deposit with Mayfair Pacific Finance a post-dated cheque (with the day of the end date of the 24th calendar month from the date of the Offer Letter) for the repayment of the principal of the Remaining Loan in the sum of HK\$10,000,000. Save as disclosed herein, all other terms and provisions of the Facility Letter B shall remain unchanged and in full force and effect.

Company B is a company incorporated in Hong Kong with limited liability. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Company B and its ultimate beneficial owner are Independent Third Parties. Save as disclosed elsewhere in the Announcement and this announcement, there is no other business relationship between the Group and Company B.

A second legal charge/mortgage in respect of property located in Hong Kong with preliminary valuation on 16 April 2018 with an amount of approximately HK\$40,400,000. The residual value of the property after deducting the outstanding first mortgage is higher than the principal amount of the Remaining Loan.

The Company is of the view that based on the valuation, the security would be sufficient to cover the Remaining Loan amount under the Offer Letter. Based on the assessment of Mayfair Pacific Finance, after considering the past credit records and backgrounds of Company B and Guarantor C in accordance with its credit policy, Mayfair Pacific Finance considers the credit risk relating to the entering into of the Offer Letter is relatively low.

REASONS FOR THE OFFER LETTER

The extension repayment due date of the Remaining Loan is in the ordinary and usual course of business of the Group on normal commercial terms within the meaning of the Listing Rules.

The terms of the Offer Letter are negotiated on an arm's length basis between Mayfair Pacific Finance and Company B with regarding to, among others, the sufficient securities provided by Company B and the guarantee provided by Guarantor C. The terms of the Offer Letter are entered into on a normal commercial terms based on the credit policy of Mayfair Pacific Finance. The terms of the Remaining Loan including the interest rate of 11% per annum charged on Company B are determined with reference to the range of market interest rates.

The Directors consider that the granting of the Remaining Loan constitutes provision of financial assistance by the Group under the Listing Rules. Taking into account of the cashflow stream from the expected interest income, the Directors consider that the entering into of the Offer Letter and the terms and conditions of the Offer Letter (including the interest rate and principal amounts of the Remaining Loan) are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the amount of the Remaining Loan under the Offer Letter exceeds 5% but is less than 25%, the entering into the Offer Letter is a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement under the Listing Rules.

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

Hong Kong, 23 April 2018

As at the date of this announcement, the Board comprises executive Directors, namely, Mr. Au Tat Wai, Mr. Choy Kai Sing and Mr. Ho Hon Chung, Ivan; 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.

** For identification purposes only*