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DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

SUPPLEMENTAL ANNOUNCEMENT:

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO
GRANT OF PUT OPTIONS**

Reference is made to the announcement of the Company dated 6 September 2018 (the “**Announcement**”) in relation to the entering into of the JV Agreement among Sky Elegant, an indirect wholly-owned subsidiary of the Company, together with Sub-Zero (HK), GIK Business and the JV Company. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

As disclosed in the Announcement, Sky Elegant will grant the First Put Option and the Second Put Option in favour of Sub-Zero (HK) pursuant to the terms and conditions of the JV Agreement. Since the exercise of the First Put Option and the Second Put Option are not at the discretion of the Group, pursuant to Rule 14.74 of the Listing Rules, on the grant of the First Put Option and the Second Put Option, the transaction will be classified as the First Put Option and the Second Put Option had been exercised. On the assumption that the First Put Option had been exercised, the highest applicable percentage ratio in respect of the JV Agreement and the transactions contemplated thereunder is more than 100%, the transactions contemplated under the JV Agreement (including but not limited to the grant and exercise of the First Put Option) constitute a very substantial acquisition of the Company and is subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

On 29 October 2018, the parties to the JV Agreement entered into a supplemental agreement, pursuant to which the parties to the JV Agreement agree that in case of the arrangement of the Bank Borrowings have not been satisfied, each of the parties to the JV Agreement shall take up the contribution of the Total Investment Amount in proportion to the shareholding held by the parties in the JV Company respectively as shareholders’ loan.

Save as disclosed above, all material terms and conditions of the JV Agreement remain unchanged.

Completion is subject to the fulfilment of various condition precedents and therefore the JV Agreement together with the transactions contemplated thereunder including but not limited to the entering into of the Management Service Agreement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 29 October 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 purpose only*