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DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

ANNOUNCEMENT IN RELATION TO (1) CHANGE OF CHIEF EXECUTIVE OFFICER, AUTHORISED REPRESENTATIVE AND DIRECTORS; (2) APPOINTMENT OF ACTING CHIEF EXECUTIVE OFFICER; AND (3) CONNECTED TRANSACTION PURSUANT TO RULE 14A.32 OF THE LISTING RULES

The board announces the following changes with effect from 4 June 2019:

- (i) Mr. Au Tat Wai has resigned as the Chief Executive Officer and an Authorised Representative of the Company. Mr. Au will continue to be an Executive Director of the Company after his resignation as the Chief Executive Officer and Authorised Representative of the Company;
- (ii) Mr. Ho Hon Chung, Ivan, an existing Executive Director of the Company, has been appointed as the Acting Chief Executive Officer and an Authorised Representative of the Company;
- (iii) Mr. Choy Kai Sing has resigned as Executive Director of the Company. Mr. Choy will continue to be the Chief Financial Officer of the Group, Company Secretary and Authorised Representative of the Company after his resignation as the Executive Director of the Company; and
- (iv) Mr. Fung Pak Kei has been appointed as Executive Director of the Company.

CONNECTED TRANSACTION PURSUANT TO RULE 14A.32 OF THE LISTING RULES

Upon the appointment of Mr. Fung as Executive Director, by virtue of Mr. Fung owning the entire interests in GIK Business, GIK Business has become a connected person of the Company under Chapter 14A of the Listing Rules after the appointment of Mr. Fung as Executive Director.

On 1 August 2018, the Company entered into the Consulting Service Agreement with GIK Business for provision of business consulting advice in relation to the Group's trading of food and beverage business in the PRC for a period from 1 August 2018 to 30 June 2019 at a fee of HK\$200,000 per quarter. The Consulting Service Agreement has been terminated on 31 May 2019.

On 6 September 2018, Sky Elegant, an indirect wholly-owned subsidiary of the Company, together with Sub-Zero (HK), GIK Business and the JV Company entered into the JV Agreement in relation to the operation and management of the JV Company. Immediately after Completion, the issued share capital of the JV Company would be owned as to 30% by Sky Elegant, as to 60% by Sub-Zero (HK) and as to 10% by GIK Business. The JV Company will be principally engaged in cold storage business in Hong Kong and/or the PRC. Completion of the JV Agreement has taken place in accordance with the terms thereof.

Listing Rules Implications

As such, the transactions entered into prior to the appointment of Mr. Fung as Executive Director will become connected transactions of the Company since GIK Business is an associate of Mr. Fung pursuant to Rules 14A.12(1)(c) of the Listing Rules and Mr. Fung has become a connected person upon his appointment as Executive Director. Pursuant to the Rule 14A.76 of the Listing Rules, all applicable percentage ratios of the Consulting Service Agreement are less than 5% and total consideration is less than HK\$3,000,000 and thus such transaction is fully exempted from the reporting and disclosure requirements for connected transactions.

The Board (including the independent non-executive Directors) considers that the terms of the Consulting Service Agreement and the JV Agreement are fair and reasonable and are on normal commercial terms and in the interest of the Company and its shareholders as a whole.

The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of such agreements.

(1) CHANGE OF CHIEF EXECUTIVE OFFICER, AUTHORISED REPRESENTATIVE AND DIRECTORS; AND (2) APPOINTMENT OF ACTING CHIEF EXECUTIVE OFFICER

The board (the "Board") of directors (the "Directors") of Daido Group Limited (the "Company", together with its subsidiaries, collectively known as the "Group") hereby announces the following changes:

(i) RESIGNATION OF CHIEF EXECUTIVE OFFICER AND AUTHORISED REPRESENTATIVE

Mr. Au Tat Wai ("Mr. Au") has resigned as the Chief Executive Officer and an authorised representative ("Authorised Representative") of the Company under Rule 3.05 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 4 June 2019 in order to focus on his duties as the Executive Director. Mr. Au will continue to be an Executive Director of the Company after his resignation as the Chief Executive Officer and Authorised Representative of the Company.

Mr. Au has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation as the Chief Executive Officer and Authorised Representative of the Company that needs to be brought to the attention of the shareholders of the Company.

(ii) APPOINTMENT OF ACTING CHIEF EXECUTIVE OFFICER AND AUTHORISED REPRESENTATIVE

Following the resignation of Mr. Au as the Chief Executive Officer, Mr. Ho Hon Chung, Ivan (“Mr. Ho”), an existing Executive Director of the Company, will perform the duties of the Chief Executive Officer for the time being. Mr. Ho has been appointed as the Acting Chief Executive Officer and an Authorised Representative of the Company with effect from 4 June 2019.

Set out below are the biographical details of Mr. Ho:

Mr. Ho, aged 64, was appointed as an Executive Director of the Company in November 2009 and 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 does not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Ho has not served as a director of any listed companies in Hong Kong or overseas in the past three years and as at the date of this announcement.

Mr. Ho is a younger brother of Ms. Wulglar Wai Wan, who is the sole ultimate beneficial owner of Elite Plan Investments Limited (“Elite”) and Bingo Chance Limited, a wholly-owned subsidiary of Elite. She is deemed to be interested in 140,000,000 shares of the Company which are held by Bingo Chance Limited under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) as at the date of this announcement. Save as disclosed above, Mr. Ho does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company and also does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

There was no service contract regarding the appointment of Acting Chief Executive Officer entered into between Mr. Ho and the Company. There was no fixed term of service with the Company and his term of service shall continue unless and until terminated by either the Company or Mr. Ho by giving to the other three months’ prior notice in writing. Mr. Ho will not receive any fee for the service as the Acting Chief Executive Officer.

Save as disclosed in this announcement, there is no other information required 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 the shareholders of the Company in relation to the appointment of Mr. Ho as the Acting Chief Executive Officer and an Authorised Representative of the Company.

The Company is in the process of identifying a suitable candidate to fill the vacancy of the Chief Executive Officer, and will make further announcement as and when appropriate in compliance with the Listing Rules. The Directors are of the view that the resignation of Mr. Au from certain positions in the Group will not affect the daily operation of the Company.

(iii) RESIGNATION OF EXECUTIVE DIRECTOR

Mr. Choy Kai Sing (“Mr. Choy”) has resigned as Executive Director of the Company with effect from 4 June 2019 so as to allow him more time to concentrate on corporate financial and corporate governance matters of the Group. Mr. Choy will continue to be the Chief Financial Officer of the Group, Company Secretary and Authorised Representative of the Company after his resignation as the Executive Director of the Company.

Mr. Choy has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation as the Executive Director of the Company that needs to be brought to the attention of the shareholders of the Company.

(iv) APPOINTMENT OF EXECUTIVE DIRECTOR

Mr. Fung Pak Kei (“Mr. Fung”) has been appointed as Executive Director of the Company with effect from 4 June 2019.

Set out below are the biographical details of Mr. Fung:

Mr. Fung, aged 37, is a member of Hong Kong Institute of Certified Public Accountants since 2008 and a member of Hong Kong Institute of Taxation since 2012. Mr. Fung holds Bachelor of Commerce and Bachelor of Arts (Asian Studies) from the University of Queensland and was admitted to the Golden Key International Honour Society in 2000. Mr. Fung worked at PricewaterhouseCoopers from 2005 to 2014 and was focusing on accounting and tax planning and has been involved in various international / regional business advisory projects. Mr. Fung founded GIK Business Consulting Limited (“GIK Business”), which is focusing on a wide range of business consulting and Mr. Fung has been a director of GIK Business since 2017. Mr. Fung is also the Chief Financial Officer, Chief Operations Officer and a director of Brilliant Cold Chain Solutions Limited since September 2018, where Mr. Fung handles the financials and oversees the management services arrangement.

In the past three years and as at the date of this announcement, Mr. Fung has not served as a director of any listed companies in Hong Kong or overseas.

Save as disclosed in this announcement, Mr. Fung does not hold any positions with the Company and other members of the Group. He does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company and also does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Mr. Fung is expected to enter into an appointment letter with the Company for an initial period of three years commencing from 4 June 2019 and will continue thereafter which may be terminated by either party given the other not less than three months’ notice. He will hold office until the next following general meeting of the Company, or until the next annual general meeting of the Company and will be eligible for re-election at that meeting and is thereafter subject to retirement by rotation and re-election pursuant to the Bye-Laws of the Company. Mr. Fung is entitled to an annual remuneration of HK\$120,000 and will also be entitled to receive discretionary bonus. The remuneration package of Mr. Fung will be determined by the Board based on the recommendation of the remuneration committee of the Company with reference to his qualifications, experiences, 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 as disclosed in this announcement, there is no other information required 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 the shareholders of the Company in relation to the appointment of Mr. Fung as Executive Director.

The Board would like to take this opportunity to extend its warmest welcome to Mr. Fung for his appointment to the Board and congratulate Mr. Ho on his new appointment.

The Board also would like to thank Mr. Au and Mr. Choy for their contributions to the Company during their tenure and the Board also considers that it would be beneficial to the Company for Mr. Au and Mr. Choy to continue their employment as the aforesaid positions subsequent to their resignations from certain positions in the Group.

CONNECTED TRANSACTION PURSUANT TO RULE 14A.32 OF THE LISTING RULES

Upon the appointment of Mr. Fung as Executive Director, by virtue of Mr. Fung owning the entire interests in GIK Business, GIK Business has become a connected person of the Company under Chapter 14A of the Listing Rules after the appointment of Mr. Fung.

Consulting Service Agreement

On 1 August 2018, the Company entered into a consulting service agreement (the “Consulting Service Agreement”) with GIK Business for provision of business consulting advice in relation to the Group’s trading of food and beverage business in the People’s Republic of China (the “PRC”) for a period from 1 August 2018 to 30 June 2019 at a fee of HK\$200,000 per quarter. Pursuant to Rule 14A.76 of the Listing Rules, all applicable percentage ratios in respect of the Consulting Service Agreement are less than 5% and total consideration is less than HK\$3,000,000 and thus such transaction is fully exempted from the reporting and disclosure requirements for connected transactions. The Consulting Service Agreement has been terminated on 31 May 2019

JV Agreement

Reference is made to the announcements of the Company dated 6 September 2018 and 29 October 2018 respectively and the circular of Company dated 31 October 2018 (collectively “JV Announcements and Circular”). Terms used herein shall have the same meanings as defined in the JV Announcements and Circular unless the context requires otherwise.

On 6 September 2018, Sky Elegant, an indirect wholly-owned subsidiary of the Company, together with Sub-Zero (HK), GIK Business and the JV Company entered into the JV Agreement in relation to the operation and management of the JV Company. Immediately after Completion, the issued share capital of the JV Company will be owned as to 30% by Sky Elegant, as to 60% by Sub-Zero (HK) and as to 10% by GIK Business. The JV Company would be principally engaged in cold storage business in Hong Kong and/or the PRC. Completion of the JV Agreement has taken place during the year ended 31 December 2018 in accordance with the terms thereof.

Please refer to the JV Announcement and Circular for further details of the JV Agreement and the transactions thereunder.

Listing Rules Implications

As such, the transactions entered into prior to the appointment of Mr. Fung as Executive Director have become connected transactions of the Company since GIK Business is an associate of Mr. Fung pursuant to Rules 14A.12(1)(c) of the Listing Rules and Mr. Fung has become a connected person upon his appointment as Executive Director. Pursuant to the Rule 14A.76 of the Listing Rules, all applicable percentage ratios of the Consulting Service Agreement are less than 5% and total consideration is less than HK\$3,000,000 and thus such transaction is fully exempted from the reporting and disclosure requirements for connected transactions.

The Board (including the independent non-executive Directors) considers that the terms of the Consulting Service Agreement and the JV Agreement are fair and reasonable and are on normal commercial terms and in the interest of the Company and its shareholders as a whole.

The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of such agreements.

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

Hong Kong, 4 June 2019

As at the date of this announcement, the Board comprises Executive Directors, namely, Mr. Au Tat Wai, Mr. Fung Pak Kei 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*