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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

On 31 December 2010, the Shenzhen Subsidiary entered into the Tenancy Agreement with the Landlord for, pursuant to which, the Shenzhen Subsidiary has rented the Premises located in Langting Building, Chaoyang District, Beijing, the PRC, from the Landlord for a term of nine years commencing from 11 April 2011 to 10 April 2020 (both dates inclusive) for the operation of KTV.

As the applicable percentage ratios of the total rental payable under the Tenancy Agreement under the Listing Rules exceed 5% but are less than 25%, the Tenancy Agreement and the transaction contemplated thereunder constitute a discloseable transaction for the Company under the Listing Rules.

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Given that 1 January 2011 to 3 January 2011 were public holidays in the PRC, the Company only manage to receive copy of the Tenancy Agreement on late 4 January 2011 from the Shenzhen Subsidiary.

* *For identification purpose only*

PRINCIPAL TERMS OF THE TENANCY AGREEMENT

- Date: 31 December 2010
- Parties: (i) the Landlord, as the landlord; and
(ii) the Shenzhen Subsidiary, as the tenant
- Premises: units 118 and 119 on the ground floor and units 201, 202, 203 and 204 on the first floor of Langting Building, No.8 Chaoyang Road, Chaoyang District, Beijing, the PRC
- Gross floor area: approximately 1,925.07 sq. m.
- Term: 9 years commencing from 11 April 2011 and expiring on 10 April 2020 (both dates inclusive)
- Rental free period: 1 January 2011 to 10 April 2011 (both dates inclusive). During the rental free period, the Shenzhen Subsidiary is liable to pay the property management charge in the sum of RMB35,292.95 (equivalent to approximately HK\$41,670.39)
- Rental: (i) from 11 April 2011 to 10 April 2014, the annual rental is RMB2,150,000 per year (equivalent to approximately HK\$2,538,505), (inclusive of the property management charge but exclusive of water, electricity and heater fees);
(ii) from 11 April 2014 to 10 April 2017, the annual rental is RMB2,257,500 per year (equivalent to approximately HK\$2,665,430.25), (inclusive of the property management charge but exclusive of water, electricity and heater fees); and
(iii) from 11 April 2017 to 10 April 2020, the annual rental is RMB2,370,375 per year (equivalent to approximately HK\$2,798,701.76), (inclusive of the property management charge but exclusive of water, electricity and heater fees)
- Down payment: the Shenzhen Subsidiary shall pay the Landlord three months' rental in the sum of RMB537,500 (equivalent to approximately HK\$634,626.25) on or before 5 January 2011 as down payment

Security deposit: the Shenzhen Subsidiary shall pay the Landlord one month's rental in the sum of RMB180,000 (equivalent to approximately HK\$212,526) as security deposit on or before 5 January 2011

Option: the Shenzhen Subsidiary has the first right of refusal to renew the Tenancy Agreement by giving the Landlord the written notice within 3 months prior to the expiry of the Tenancy Agreement. The term and rental of the new tenancy agreement are subject to further negotiation between the Landlord and Shenzhen Subsidiary

To the best of the Directors' knowledge, information and belief after making reasonable enquiries, the Landlord is principally engaged in trading of construction materials, decoration materials, ironwares and chemicals, operation of department store, household wares and property development. To the best of the Directors' knowledge, information and belief after making reasonable enquiries, the Landlord is the registered owner of the land use right certificate of the Premises and the Landlord and its ultimate beneficial owners are Independent Third Parties.

The Shenzhen Subsidiary is an indirect non wholly-owned subsidiary of the Group which is acquired by the Group in December 2010. As at the date of this announcement, as to 99% of the equity interests of the Shenzhen Subsidiary is owned by the Group and as to 0.3% and 0.7% of the of the equity interests of the Shenzhen Subsidiary are owned by two Independent Third Parties respectively.

Conditions

Pursuant to the Tenancy Agreement, the Landlord should assist the Shenzhen Subsidiary in obtaining all the necessary licence, approval and consent in operation of KTV at the Premises. The Shenzhen Subsidiary should bear all the costs and expense in connection with such licence, approval and consent.

Save for the obtaining of all the necessary licence, approval and consent in operation of KTV at the Premises by the Landlord, the Tenancy Agreement does not contain other condition.

Termination

Pursuant to the Tenancy Agreement, the parties to the Tenancy Agreement has the right to terminate the Tenancy Agreement in the event of any force majeure event happens. The Landlord is entitled to terminate the Tenancy Agreement if the Shenzhen Subsidiary is in breach of its obligations under the Tenancy Agreement or in breach of the land use right as stipulated under the land use certificate of the Premises.

REASONS FOR ENTERING INTO THE TENANCY AGREEMENT

The Group is principally engaged in the operation of cold storage and related services, property investment and investment holding.

In December 2010, the Group acquired 99% of the equity interests of the Shenzhen Subsidiary. The joint venture partners of the Shenzhen Subsidiary have profound experiences in the operation of KTV in the PRC. The Group has also recruited a management staff who has solid experiences in the operation of KTV in Taiwan and such management staff will station in Beijing, the PRC to manage the KTV business of the Group.

The Premises is located in the Chaoyang District, Beijing, the PRC, a renowned commercial and shopping area in Beijing, the PRC. The building which the Premises forms part is a newly established office and commercial building. Given that in the area of 10 kilometers of radius from the Premises, there is no similar KTV outlet, the Directors consider that the Premises which is newly established and located in the area with high traffic in the Chaoyang District, Beijing, the PRC, is a good venue for the operation of the KTV outlet.

The rental of the Premises was arrived at after arm's length negotiations between the parties to the Tenancy Agreement in normal commercial terms after having taken into account the rental of similar property in the vicinity. The Directors consider that the terms of the Tenancy Agreement are fair and reasonable and in normal commercial terms and in the interests of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratios of the total rental payable under the Tenancy Agreement under the Listing Rules exceed 5% but are less than 25%, the Tenancy Agreement and the transaction contemplated thereunder constitute a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“Company”	Daido Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Landlord”	Beijing Dongfang Wangsheng Commercial and Trading Centre (北京東方旺盛商貿中心#), a collectively-owned cooperative joint stock enterprise established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Premises”	units 118 and 119 on the ground floor and units 201, 202, 203 and 204 on the first floor of Langting Building, No.8 Chaoyang Road, Chaoyang District, Beijing, the PRC (中國北京市朝陽區朝陽路8號朗廷大廈1層118及119房屋及2層201, 202, 203及204房屋#)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares

“Shenzhen Subsidiary”	Bohao Investment Management (Shenzhen) Company Limited (寶號投資管理(深圳)有限公司 [#]) formerly known as (Shenzhen City Bohao Cultural Communication Company Limited (深圳市寶號文化傳播有限公司 [#]), a company established in the PRC with limited liability, an indirect non wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 31 December 2010 and entered into between Shenzhen Subsidiary as the tenant and the Landlord as the landlord
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square meter
“%”	per cent.

[#] *The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

For illustration purpose in this announcement, amounts in RMB have been translated into HK\$ at the rate of RMB1.0 = HK\$1.1807.

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

Hong Kong, 5 January 2011

As at the date of this announcement, 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.