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DAIDO GROUP LIMITED

大同集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00544)

**SECOND SUPPLEMENTAL AGREEMENT
IN RELATION TO THE DISPOSAL OF A SUBSIDIARY
AND
SUPPLEMENTAL MEMORANDUM
IN RELATION TO THE DISPOSAL OF THE PROPERTY**

Reference is made to the announcements of the Company dated 11 February 2010 and 10 February 2011.

On 11 February 2010, New Auto entered into the Agreement with Winning Step, pursuant to which New Auto agreed to sell and Winning Step agreed to purchase the Sale Shares and the Loan at the consideration of HK\$20,000,000 (subject to adjustment). Completion of the Agreement was originally expected to take place on or before 10 February 2011.

On 10 February 2011, (i) New Auto and Winning Step entered into the Supplemental Agreement to amend the Agreement; and (ii) Best Shining and Winning Step entered into the Memorandum pursuant to which Best Shining agreed to sell and Winning Step agreed to purchase the Property for a cash consideration of HK\$20,000,000. The completion of the sale and purchase of the Property was expected to take place on or before 10 March 2011.

On 7 March 2011, (i) New Auto and Winning Step entered into the Second Supplemental Agreement to amend the Agreement and the Supplemental Agreement; and (ii) Best Shining and Winning Step entered into the Supplemental Memorandum pursuant to which the parties agreed to further extend the completion of the sale and purchase of the Property to on or before 31 May 2011 instead of on or before 10 March 2011.

Reference is made to the announcements of the Company dated 11 February 2010 and 10 February 2011.

THE AGREEMENT, THE SUPPLEMENTAL AGREEMENT AND THE MEMORANDUM

On 11 February 2010, New Auto and Winning Step entered into the Agreement for the disposal of the Sale Shares and the Loan, and the Licence for the Property.

On 10 February 2011, (i) New Auto and Winning Step entered into the Supplemental Agreement to amend the Agreement; and (ii) Best Shining and Winning Step entered into the Memorandum pursuant to which Best Shining agreed to sell and Winning Step agreed to purchase the Property.

Despite that the Company had continuously urged Winning Step to complete the transaction on or before 10 March 2011, the Company was informed by Winning Step that it would not be able to fully complete the transaction contemplated under the Memorandum on or before 10 March 2011 due to the unexpected internal circumstances and asked for a further extension to on or before 31 May 2011. Given the current fluctuating property market conditions, New Auto has entered into the Second Supplemental Agreement with Winning Step and Best Shining has entered into the Supplemental Memorandum with Winning Step with details as follows:

THE SECOND SUPPLEMENTAL AGREEMENT

Date: 7 March 2011

Vendor: New Auto

Purchaser: Winning Step

To the best knowledge, information and belief of the Board having made all reasonable enquiries, as at the date of this announcement, Winning Step and its ultimate beneficial owner(s) are third parties independent of the Company and Connected Persons of the Company.

Subject matters of the Second Supplemental Agreement

New Auto and Winning Step have agreed that:

- (i) the Second Supplemental Agreement is supplemental to the Agreement and the Supplemental Agreement;
- (ii) completion of the sale and purchase of the Property shall take place on or before 31 May 2011 instead of on or before 10 March 2011;

- (iii) Winning Step shall pay New Auto a second further deposit in the sum of HK\$1,000,000 by way of cashier order and/or solicitors firm cheque drawn in favor of New Auto or its nominee upon signing of the Second Supplemental Agreement;
- (iv) New Auto shall procure Best Shining to enter into the Supplemental Memorandum with Winning Step;
- (v) the Licence shall be extended to 31 May 2011 with all the terms and conditions therein remaining the same;
- (vi) upon signing of the Supplemental Memorandum by Best Shining and Winning Step, the second further deposit of HK\$1,000,000 paid to New Auto under the Second Supplemental Agreement shall be released by New Auto to Best Shining and shall be regarded as the second further deposit paid by Winning Step to Best Shining;
- (vii) all outstanding management fees and licence fee regarding the Property up to 31 May 2011 shall be apportioned and settled on completion of the sale and purchase of the Property;
- (viii) the Agreement as supplemented by the Supplemental Agreement and the Second Supplemental Agreement shall be terminated accordingly upon the completion of the sale and purchase of the Property;
- (ix) if Winning Step fail to complete the purchase of the Property under the Memorandum as supplemented by the Supplemental Memorandum or fail to perform its obligations under the terms of the Licence, New Auto may forthwith terminate the Agreement as supplemented by the Supplemental Agreement and the Second Supplemental Agreement and treat the Memorandum as supplemented by the Supplemental Memorandum null and void ab initio whereupon New Auto shall be entitled to forfeit the deposits paid by Winning Step under the Agreement, the Supplemental Agreement and the Second Supplemental Agreement (i.e. in the sum of HK\$3,000,000) and Winning Step shall pay to New Auto an additional sum of HK\$1,000,000 as and for liquidated damages and not penalty (i.e. in the total sum of HK\$4,000,000); and
- (x) if New Auto for any cause (other than the default of Winning Step) fail to complete the sale of the Property under the Memorandum as supplemented by the Supplemental Memorandum, then all money paid by Winning Step to New Auto pursuant to the provisions of the Agreement as supplemented by the Supplemental Agreement and the Second Supplemental Agreement (i.e. in the sum of HK\$3,000,000) shall forthwith be returned to Winning Step and New Auto shall pay HK\$4,000,000 as and for liquidated damages and not penalty to Winning Step.

THE SUPPLEMENTAL MEMORANDUM

Date: 7 March 2011

Vendor: Best Shining

Purchaser: Winning Step

Subject matters of the Supplemental Memorandum

Best Shining and Winning Step have agreed that:

- (i) completion of the sale and purchase of the Property shall take place on or before 31 May 2011 instead of on or before 10 March 2011;
- (ii) a second further deposit in the sum of HK\$1,000,000 and in part payment of the purchase price is deemed to have been paid by Winning Step to Best Shining before signing of the Supplemental Memorandum;
- (iii) balance of purchase price payable upon completion of the sale and purchase of the Property shall accordingly be reduced from HK\$18,000,000 to HK\$17,000,000; and
- (iv) the registration fee payable on the Supplemental Memorandum shall be borne by Winning Step absolutely.

Apart from the aforesaid matters, there is no change to any other terms and conditions of the Agreement, the Supplemental Agreement and the Memorandum.

INFORMATION OF THE PARTIES

Best Shining

Best Shining is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of New Auto. The principal business activity of Best Shining is property investment.

New Auto

New Auto is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. The principal business activity of New Auto is investment holding.

Winning Step

Winning Step is a company incorporated in the British Virgin Islands with limited liability. To the best knowledge of the Board, the principal business activity of Winning Step is property investment.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT AND THE SUPPLEMENTAL MEMORANDUM

The Group is principally engaged in cold storage and related services, and some investment projects.

The principal asset of Best Shining is the Property, which is currently used by Winning Step under the Licence. The Company considered that the entering into of the Agreement, the Licence and the Memorandum is in the interest of the Company and its shareholders as a whole. The Agreement, the Licence and the Memorandum also provides an opportunity for the Group to enhance its liquidity.

As a result of the Second Supplemental Agreement and the Supplemental Memorandum, the Company can secure the completion of sale of the Property which is the subject matter of the Agreement notwithstanding the current fluctuating property market conditions, and accordingly will record, subject to review by the auditors of the Company, a gain of HK\$500,000 (on the basis of the difference between the consideration and the carrying amount of the Property of HK\$19,500,000 stated at the unaudited management account of Best Shining as at 31 January 2011). The proceeds from the disposal of the Property will be used for the general working capital of the Group.

Having regard to the benefits resulting from the Second Supplemental Agreement and the Supplemental Memorandum, the Board believes that the terms of the Second Supplemental Agreement and the Supplemental Memorandum are fair and reasonable and in the interests of the Company and its shareholders taken as a whole.

DEFINITIONS

Unless otherwise defined, terms used in this announcement shall have the following meanings:

"Agreement"	the conditional sale and purchase agreement dated 11 February 2010 entered into between New Auto and Winning Step relating to the acquisition by Winning Step of the Sale Shares and the Loan from New Auto
"Best Shining"	Best Shining Limited a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of New Auto
"Board"	the board of directors of the Company
"Company"	Daido Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
"Completion"	completion of the Agreement
"Connected Persons"	has the meaning ascribed to it under the Listing Rules
"Group"	the Company and its subsidiaries

"Licence"	the licence regarding the Property
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	the total amount of the shareholder's loans due by Best Shining to the Company and Lubrano Properties Limited, a wholly owned subsidiary of the Company at the date of Completion
"Memorandum"	the memorandum of sale and purchase for the Property entered into between Best Shining and Winning Step on 10 February 2011
"New Auto"	New Auto Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Property"	Units Nos.80, 81, 93, Coffee Shop and Unit No. 80A on the Basement Floor of Hunghom Commercial Centre
"Sale Shares"	the entire issued share capital of Best Shining
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Second Supplemental Agreement"	the second supplemental agreement to the Agreement and the Supplement Agreement dated 7 March 2011 entered into between New Auto and Winning Step
"Supplemental Agreement"	the supplemental agreement to the Agreement dated 10 February 2011 entered into between New Auto and Winning Step
"Supplemental Memorandum"	the supplemental agreement to the Memorandum entered into between Best Shining and Winning Step on 7 March 2011
"Winning Step"	Winning Step Investment Limited, a company incorporated in the British Virgin Islands with limited liability

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

Hong Kong, 7 March 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.

**For identification purposes only.*