

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Daido Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

- (1) PROPOSED RE-ELECTION OF DIRECTORS;
(2) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE
AND TO REPURCHASE SHARES;
(3) CLOSURE OF REGISTER OF MEMBERS;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Daido Group Limited to be held at Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 31 May 2019 at 10:30 a.m. is set out on pages 15 to 19 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	an annual general meeting of the Company to be held at Plaza 1–2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 31 May 2019 at 10:30 a.m., a notice of which is set out on pages 15 to 19 of this circular or, where the context so admits, any adjournment thereof
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company, and “Bye-Law” shall mean a bye-law of the Bye-Laws
“Company”	Daido Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted, issued and dealt with under the Issue Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general mandate proposed to be granted to the Directors at the AGM to allot and issue further new Shares not exceeding 20% of the total number of the issued Shares at the date of the passing of such resolution

DEFINITIONS

“Latest Practicable Date”	16 April 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the total number of the issued Shares at the date of the passing of such resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Codes”	the Codes on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

Executive Directors:

Mr. Au Tat Wai

Mr. Choy Kai Sing

Mr. Ho Hon Chung, Ivan

Non-executive Director:

Mr. Fung Wa Ko

Independent Non-executive Directors:

Mr. Fung Siu Kit, Ronny

Mr. Leung Chi Hung

Mr. Tse Yuen Ming

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place of
business in Hong Kong:*

Unit No. 1906, 19th Floor

West Tower

Shun Tak Centre

168–200 Connaught Road Central
Hong Kong

25 April 2019

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED RE-ELECTION OF DIRECTORS;
(2) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE
AND TO REPURCHASE SHARES;
(3) CLOSURE OF REGISTER OF MEMBERS;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM of the Company to be held at Plaza 1–2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 31 May 2019 at 10:30 a.m. approving, among other matters: (i) the re-election of Directors; and (ii) the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

* For identification purpose only

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board comprises three executive Directors, namely, Mr. Au Tat Wai, Mr. Choy Kai Sing and Mr. Ho Hon Chung, Ivan (“Mr. Ho”); one non-executive Director, namely, Mr. Fung Wa Ko (“Mr. Fung”); and three independent non-executive Directors, namely, Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung (“Mr. Leung”) and Mr. Tse Yuen Ming (“Mr. Tse”).

At the AGM, ordinary resolutions will be proposed to re-elect Mr. Ho as executive Director; Mr. Fung as non-executive Director; and Mr. Leung and Ms. Tse as independent non-executive Directors.

Pursuant to Bye-Law 87, at each annual general meeting one-third of the Directors for the time being (save and except those Directors in respect of whom the provision of Bye-Law 86(2) applies) or, if their number is not a multiple of three (3), then the number nearest to, but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall retire from office by rotation at least once in every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. Ho, Mr. Fung, Mr. Leung and Mr. Tse will retire by rotation and, being eligible, offer themselves for re-election at the AGM.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders’ approval at that relevant general meeting. Details of the above four retiring Directors who offer themselves for re-election at the AGM and are required to be disclosed under the Listing Rules are set out in Appendix I to this circular.

ISSUE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

At the annual general meeting of the Company held on 25 May 2018, ordinary resolutions were passed granting general mandates to the Directors, inter alia, (i) to allot, issue and deal with additional Shares not exceeding 20% of the total number of the issued Shares as at 25 May 2018 and Shares not exceeding 10% of the total number of the issued Shares as at 25 May 2018 repurchased by the Company pursuant to the mandate to repurchase Shares; and (ii) to repurchase Shares not exceeding 10% of the total number of the issued Shares as at 25 May 2018. As at the Latest Practicable Date, no Shares have been issued nor repurchased pursuant to such mandates.

In accordance with the provisions of the Listing Rules and the terms of the general mandates granted to the Directors at the annual general meeting of the Company held on 25 May 2018, the mandate to issue Shares and the mandate to repurchase Shares granted at the annual general meeting held on 25 May 2018 shall expire at the conclusion of the forthcoming AGM to be held on 31 May 2019.

The Directors propose to seek the approval of the Shareholders of the resolutions to be proposed and set out in resolutions numbered 4 and 5 respectively in the notice of the

LETTER FROM THE BOARD

AGM to grant to the Directors new general mandates (i) to allot, issue and deal with additional Shares not exceeding 20% of the total number of the issued Shares as at the date of the AGM; and (ii) to repurchase Shares not exceeding 10% of the total number of the issued Share as at the date of the AGM.

In addition, subject to the resolutions numbered 4 and 5 are granted, a resolution numbered 6 as set out in the notice of the AGM will also be proposed as a separate ordinary resolution at the AGM to grant to the Directors the extension of the Issue Mandate, which provides that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate.

As at the Latest Practicable Date, the Company has 2,432,304,000 Shares in issue. Subject to the passing of the proposed resolution granting the Issue Mandate and on the basis that no further Shares are issued or repurchased from the Latest Practicable Date up to the date of the AGM, the Company will be allowed to allot, issue and deal with a maximum of 486,460,800 Shares pursuant to the Issue Mandate.

An explanatory statement required by the Listing Rules in connection with the Repurchase Mandate containing all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the AGM is set out in the Appendix II to this circular.

ACTION TO BE TAKEN

The resolutions referred to above are set out in full in the notice of the AGM as contained in this circular on pages 15 to 19. A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published at the website of the HKExnews at www.hkexnews.hk. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same at the offices of Company's branch share registrars and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

VOTING AT THE AGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Chairman of the AGM will therefore demand a poll for every resolution put to the vote at the AGM pursuant to Bye-Law 66.

After the closure of the AGM, the poll results of the AGM will be published on HKExnews' website at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/daido/index.htm in accordance with Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolutions to be proposed at the AGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 28 May 2019 to Friday, 31 May 2019 (both days inclusive) during which period, no transfer of Shares will be registered. In order to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Monday, 27 May 2019.

RECOMMENDATION

The Directors consider that the proposals for (i) the re-election of Directors; and (ii) the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

GENERAL

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully
For and on behalf of the Board
Daido Group Limited
Au Tat Wai
Executive Director

The details of the Directors proposed to be re-elected at the AGM are set out as follows:

HO HON CHUNG, IVAN

Mr. Ho Hon Chung, Ivan (“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 did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Ho has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

Mr. Ho is a younger brother of Ms. Wulglar Wai Wan, whom is the sole ultimate beneficial owner of Elite Plan Investments Limited (“Elite”) and Bingo Chance Limited, a wholly-owned subsidiary of Elite, which in turn interested in 140,000,000 shares of the Company as at the Latest Practicable Date. Save as disclosed above, Mr. Ho did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO.

The Company has entered into a formal letter of appointment with Mr. Ho pursuant to which he has agreed to act as an executive Director until the conclusion of the AGM. If Mr. Ho is re-elected, a new letter of appointment will be entered into by the Company with him, which will supersede the current letter of appointment, upon which he will be appointed for a term of 3 years commencing from 31 May 2019. The term of appointment of Mr. Ho is also subject to retirement by rotation and re-election in accordance with the Bye-laws. Pursuant to the current letter of appointment, Mr. Ho received the emoluments of approximately HK\$1,268,000 per annum, with a discretionary year-end bonus and he is also entitled to a Director’s fee of HK\$132,000 per annum. The emoluments and Director’s fee of Mr. Ho are determined by reference to his experience, duties, responsibilities and time commitment with the Company, the Company’s remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

Save for the information set out above, there is no other information 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 Shareholders in relation to the re-election of Mr. Ho as an executive Director.

FUNG WA KO

Mr. Fung Wa Ko (“Mr. Fung”), aged 57, is currently a non-executive Director of the Company. Mr. Fung joined the Group as an executive Director and the Chief Executive Officer of the Company in October 2003. He was appointed as the Deputy Chairman of the Company in April 2004 and has become the Chairman and an authorised representative of the Company in August 2006. In September 2009, Mr. Fung was re-designated from an executive Director to a non-executive Director and resigned as the Chief Executive Officer and an authorised representative. He resigned as the Chairman of the Company in October 2011. Mr. Fung has over 20 years of experience in the area of business development, corporate management and budget control. He received his education in the United Kingdom and has worked in various management positions in Hong Kong, Mainland China, and other countries in Asia Pacific Regions. Save as disclosed above, Mr. Fung did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Fung has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Mr. Fung did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO.

The Company has entered into a formal letter of appointment with Mr. Fung pursuant to which he has agreed to act as a non-executive Director until the conclusion of the AGM. If Mr. Fung is re-elected, a new letter of appointment will be entered into by the Company with him, which will supersede the current letter of appointment, upon which he will be appointed for a term of 3 years commencing from 31 May 2019. The term of appointment of Mr. Fung is also subject to retirement by rotation and re-election in accordance with the Bye-laws. Pursuant to the current letter of appointment, Mr. Fung received a fixed remuneration of HK\$120,000 per annum as Director’s fee. The remuneration of Mr. Fung is determined by reference to his experience, duties, responsibilities and time commitment with the Company, the Company’s remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

Save for the information set out above, there is no other information 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 Shareholders in relation to the re-election of Mr. Fung as a non-executive Director.

LEUNG CHI HUNG

Mr. Leung Chi Hung (“Mr. Leung”), aged 63, joined the Group as an independent non-executive Director of the Company in September 2003. He is also the chairman of audit committee and the member of nomination committee and remuneration committee of the Company respectively. Mr. Leung has commenced his accountancy professional training since 1976 and is now members of international accountancy bodies. He is a certified public accountant (Practising) in Hong Kong and a director of Philip Leung & Co. Limited. Mr. Leung is also an independent non-executive director of eForce Holdings Limited, Finet Group Limited, REF Holdings Limited and WT Group Holdings Limited, those companies are listed on The Stock Exchange of Hong Kong Limited. Save as disclosed above, Mr. Leung did not hold any positions with the Company and other members of the Group and has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Mr. Leung did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO.

The Company has entered into a formal letter of appointment with Mr. Leung pursuant to which he has agreed to act as an independent non-executive Director until the conclusion of the AGM. If Mr. Leung is re-elected, a new letter of appointment will be entered into by the Company with him, which will supersede the current letter of appointment, upon which he will be appointed for a term of 3 years commencing from 31 May 2019. The term of appointment of Mr. Leung is also subject to retirement by rotation and re-election in accordance with the Bye-laws. Pursuant to the current letter of appointment, Mr. Leung received a fixed remuneration of HK\$120,000 per annum as Director’s fee. The remuneration of Mr. Leung is determined by reference to his experience, duties, responsibilities and time commitment with the Company, the Company’s remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

Mr. Leung has been appointed as an independent non-executive Director since 4 September 2003. Therefore, Mr. Leung has accordingly served the Company for more than 9 years after 4 September 2012. Mr. Leung and his immediate family members have no financial or family relationships with any other Directors, senior management or substantial or controlling Shareholders. Currently, or within one year immediately prior to the Latest Practicable Date, he and his immediate family members do or did not have a material interest in any principal business activity of or are or were not involved in any material business dealings with the Company, its holding company or their respective subsidiaries or with any core connected persons of the Company. He and his immediate family members are independent of management and free from any business or other relationships or circumstances which could materially interfere with the exercise of Mr. Leung’s independent judgement. Mr. Leung has met the independence guidelines set out in Rule 3.13 of the Listing Rules. The Board, therefore, considers him to be independent.

Mr. Leung is a certified public accountant (Practising) in Hong Kong. He has commenced his accountancy professional training since 1976 and now is the members of

international accountancy bodies. The election of Mr. Leung as an independent non-executive Director may replenish the professional knowledge of the Board in financial management, promote the diversity of the Board in skills and experience, and enhance the financial reporting standard of the Company. Therefore, the Board recommends to the Shareholders to re-elect Mr. Leung as an independent non-executive Director at the AGM.

Save for the information set out above, there is no other information 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 Shareholders in relation to the re-election of Mr. Leung as an independent non-executive Director.

TSE YUEN MING

Mr. Tse Yuen Ming (“Mr. Tse”), aged 51, joined the Group as an independent non-executive Director of the Company in August 2003. He is also the chairman of nomination committee and the member of audit committee and remuneration committee of the Company respectively. Mr. Tse is a partner of Messrs. Tung, Ng, Tse & Heung. He holds a bachelor of laws degree with honour from the University of Hong Kong and admitted to The Supreme Court of Hong Kong as a solicitor in 1993. Mr. Tse is also an independent non-executive director of Inno-Tech Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited. He was an independent non-executive director of Celebrate International Holdings Limited during the period from 16 November 2015 to 31 August 2018 and CEFC Hong Kong Financial Investment Company Limited during the period from 2 November 2016 to 5 June 2017 respectively. The shares of these 2 companies are listed on The Stock Exchange of Hong Kong Limited. Mr. Tse is also the Vice President of The Hong Kong Chamber of Small and Medium Business and the Legal Adviser of Life Underwriters & Sales Executives Board (HK) Ltd. Save as disclosed above, Mr. Tse did not hold any positions with the Company and other members of the Group and has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Mr. Tse did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO.

The Company has entered into a formal letter of appointment with Mr. Tse pursuant to which he has agreed to act as an independent non-executive Director until the conclusion of the AGM. If Mr. Tse is re-elected, a new letter of appointment will be entered into by the Company with him, which will supersede the current letter of appointment, upon which he will be appointed for a term of 3 years commencing from 31 May 2019. The term of appointment of Mr. Tse is also subject to retirement by rotation and re-election in accordance with the Bye-laws. Pursuant to the current letter of appointment, Mr. Tse received a fixed remuneration of HK\$120,000 per annum as Director’s fee. The remuneration of Mr. Tse is determined by reference to his experience, duties, responsibilities and time commitment with the Company, the Company’s remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

Mr. Tse has been appointed as an independent non-executive Director since 6 August 2003. Therefore, Mr. Tse has accordingly served the Company for more than 9

years after 6 August 2012. Mr. Tse and his immediate family members have no financial or family relationships with any other Directors, senior management or substantial or controlling Shareholders. Currently, or within one year immediately prior to the Latest Practicable Date, he and his immediate family members do or did not have a material interest in any principal business activity of or are or were not involved in any material business dealings with the Company, its holding company or their respective subsidiaries or with any core connected persons of the Company. He and his immediate family members are independent of management and free from any business or other relationships or circumstances which could materially interfere with the exercise of Mr. Tse's independent judgement. Mr. Tse has met the independence guidelines set out in Rule 3.13 of the Listing Rules. The Board, therefore, considers him to be independent.

Mr. Tse admitted to The Supreme Court of Hong Kong as a solicitor in 1993. The election of Mr. Tse as an independent non-executive Director may replenish the professional knowledge of the Board in legal and regulatory aspects, promote the diversity of the Board in skills and experience, and enhance the standard of compliance of the Company. Therefore, the Board recommends to the Shareholders to re-elect Mr. Tse as an independent non-executive Director at the AGM.

Save for the information set out above, there is no other information 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 Shareholders in relation to the re-election of Mr. Tse as an independent non-executive Director.

This appendix provides an explanatory statement containing all the information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision as to whether to vote for or against the ordinary resolution to be proposed at the AGM to approve the Repurchase Mandate.

LISTING RULES RELATING TO REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

SHARE CAPITAL

As at the Latest Practicable Date, the Company has 2,432,304,000 Shares in issue. Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 243,230,400 Shares, representing 10% of the total number of the issued Shares as at the date of approval of the Repurchase Mandate.

REASONS FOR THE REPURCHASE OF SHARES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole.

FUNDING OF REPURCHASE OF SHARES

Repurchase made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Bye-Laws, the Companies Act 1981 (as amended) and other applicable laws of Bermuda.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2018, being the date of its latest published audited financial statements.

However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve months immediately preceding (and including) the Latest Practicable Date are as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2018		
April	0.094	0.074
May	0.098	0.080
June	0.118	0.074
July	0.088	0.070
August	0.081	0.054
September	0.066	0.045
October	0.050	0.032
November	0.050	0.033
December	0.050	0.036
2019		
January	0.046	0.035
February	0.045	0.038
March	0.075	0.041
April (up to the Latest Practicable Date)	0.054	0.042

THE TAKEOVERS CODES AND MINIMUM PUBLIC HOLDING

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Codes. Accordingly, a Shareholder, or group of Shareholders acting in concert (as defined in the Takeovers Codes), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Codes.

At the Latest Practicable Date, there is no Shareholder interested in more than 10% of the Shares in issue.

On the basis of the current shareholdings structure of the Company, an exercise of the Repurchase Mandate in full will not result in any Shareholders becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Codes.

As at the Latest Practicable Date, the Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in a requirement of any Shareholder, or any other persons to make a general offer under the Takeovers Codes or the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

SHARE REPURCHASED BY THE COMPANY

No Shares have been repurchased by the Company, whether on the Stock Exchange or otherwise, in the last six months preceding the Latest Practicable Date.

GENERAL INFORMATION

To the best of the information, knowledge and belief of the Directors, having made all reasonable enquiries, none of the Directors or any of their respective close associates has any Shares in the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Bye-Laws and the applicable laws of Bermuda.

No core connected person has notified the Company that he has a present intention to sell any Shares to the Company nor has any such core connected person undertaken not to sell any Shares held by him to the Company in the event that the Repurchase Mandate is granted by the Shareholders to the Board.

NOTICE OF AGM

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DAIDO GROUP LIMITED

大同集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

NOTICE OF 2019 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2019 Annual General Meeting (the "Meeting") of Daido Group Limited (the "Company") will be held at Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 31 May 2019 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company as ordinary resolutions:

1. To receive and approve the audited consolidated financial statements together with the report of the directors (the "Director(s)") of the Company and the independent auditor's report for the year ended 31 December 2018.
2.
 - (i) To re-elect Mr. Ho Hon Chung, Ivan as an executive Director;
 - (ii) To re-elect Mr. Fung Wa Ko as a non-executive Director;
 - (iii) To re-elect Mr. Leung Chi Hung as an independent non-executive Director;
 - (iv) To re-elect Mr. Tse Yuen Ming as an independent non-executive Director; and
 - (v) To authorise the board of Directors (the "Board") to fix the Directors' remuneration.
3. To re-appoint Deloitte Touche Tohmatsu as the Company's auditors and to authorise the Board to fix their remuneration.

* For identification purpose only

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To consider, as special business and, if thought fit, pass the following resolutions with or without amendments as ordinary resolutions:

4. **“THAT:**

- (a) subject to paragraph 4(c) below, pursuant to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors during the Relevant Period (as defined in paragraph 4(d) below) of all the powers of the Company to allot, issue and deal with unissued shares of HK\$0.01 each in the capital of the Company (the “Shares”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph 4(a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph 4(a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph 4(d) below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws (the “Bye-Laws”) of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
 - (aa) 20% of the total number of the issued Shares on the date of the passing of this resolution; and
 - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the total number of any Shares repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the total number of issued Shares on the date of the passing of resolution no. 5),

and the authority pursuant to paragraph 4(a) of this resolution shall be limited accordingly; and

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(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws, the Companies Act 1981 of Bermuda (as amended) (the “Companies Act”) or any other applicable laws of Bermuda to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. “**THAT:**

- (a) subject to paragraph 5(b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph 5(c) below) of all powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Act and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the total number of Shares which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph 5(a) during the Relevant Period (as defined in paragraph 5(c) below) shall not exceed 10% of the total number of the issued Shares as at the

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date of the passing of this resolution and the authority pursuant to paragraph 5(a) of this resolution shall be limited accordingly; and

(c) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws, the Companies Act or any other applicable laws of Bermuda to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

6. “**THAT** subject to the ordinary resolutions nos. 4 and 5 above being duly passed, the unconditional general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements and options which might require to exercise of such powers pursuant to resolution no. 4 above be and is hereby extended by the addition thereon of an amount representing the aggregate number of Shares repurchased by the Company under the authority granted pursuant to resolution no. 5, provided that such amount shall not exceed 10% of the total number of the issued Shares on the date of the passing of resolution no. 5.”

By order of the Board
Daido Group Limited
Choy Kai Sing
Company Secretary

Hong Kong, 25 April 2019

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
Unit No. 1906, 19th Floor
West Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

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Notes:

1. For the purposes of determining members' eligibility to attend and vote at the Meeting to be held on Friday, 31 May 2019, the register of members of the Company will be closed. Details of such closure are set out below:

For determining eligibility to attend and vote at the Meeting:

Latest time to lodge transfer documents for registration	4: 00 p.m. on Monday, 27 May 2019
Closure of register of members	Tuesday, 28 May 2019 to Friday, 31 May 2019 (both days inclusive)
Record date	Friday, 31 May 2019

During the above closure period, no transfer of Shares will be registered. To be eligible to attend and vote at the Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than the aforementioned latest time.

2. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Bye-Laws, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above Meeting or any adjournment thereof, should he/she so wishes.
4. In the case of joint holders of Shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such Shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
5. If Typhoon Signal No.8 or above, or a "black" rainstorm warning is in effect any time after 7:30 a.m. on the date of the Meeting, the Meeting will be rescheduled. The Company will post an announcement on the website of the Company at www.irasia.com/listco/hk/daido/index.htm and on the HKEX news website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled Meeting.
6. Pursuant to the Listing Rules, the voting on all resolutions at the Meeting will be conducted by way of poll.
7. As at the date hereof, 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.