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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 Function Room A&B, Lower Ground Floor, Hotel COZI • Oasis, 443 Castle Peak Road, Kwai Chung, Hong Kong on Thursday, 4 June 2020 at 2:00 p.m. is set out on pages 17 to 21 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 adjournment thereof should you so wish.

**PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING**

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the 2020 Annual General Meeting of the Company ("AGM"):

- (1) Compulsory temperature screening/checks
- (2) Submission of Health Declaration Form
- (3) Wearing of surgical face mask (no mask will be provided)
- (4) No provision of refreshments or drinks

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the AGM venue, at the absolute discretion of the Company as permitted by law.

**For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy and to return their forms of proxy by the time specified above, instead of attending the AGM in person.**

# CONTENTS

	<i>Page</i>
<b>Precautionary Measures for the Annual General Meeting</b> .....	1
<b>Definitions</b> .....	3
<b>Letter from the Board</b>	
Introduction .....	5
Re-election of Directors .....	6
Issue Mandate, Repurchase Mandate and Extension Mandate .....	6
Action to be taken .....	7
Voting at the AGM. ....	8
Closure of Register of Members .....	8
Recommendation .....	8
Responsibility statement .....	8
General .....	9
<b>Appendix I — Details of Directors proposed for re-election</b> .....	10
<b>Appendix II — Explanatory statement</b> .....	14
<b>Notice of AGM</b> .....	17

## PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

With the outbreak and spreading of the COVID-19 pandemic and the heightened requirements for the prevention and control of its spreading, to safeguard the health and safety of Shareholders who might be attending the 2020 Annual General Meeting (“AGM”) in person, the Company will implement the following precautionary measures at the AGM.

**Voting by proxy in advance of the AGM:** The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy instead of attending the AGM in person. Physical attendance is not necessary for the purpose of exercising Shareholders’ rights. **Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof should they subsequently so wish.**

**The deadline to submit completed forms of proxy is not less than 48 hours before the time appointed for the holding of the AGM (i.e. Tuesday, 2 June 2020 at 2:00 p.m.) or any adjournment thereof.** Completed forms of proxy must be returned 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.

**Shareholders are strongly encouraged to cast their votes by submitting a form of proxy and appointing the Chairman of the AGM as their proxy.**

To safeguard the health and safety of Shareholders who might be attending the AGM in person, the Company will also implement the following precautionary measures at the AGM:

- (1) Compulsory temperature screening/checks will be carried out on every attendee at the entrance of the AGM venue. Any person with a body temperature exceeds 37.5°C, or is exhibiting flu-like symptoms may be denied entry into the AGM venue and be requested to leave the AGM venue.
- (2) Every attendee will be required to complete and submit a Health Declaration Form prior to entry into the AGM venue.
- (3) Every attendee will be required to wear a surgical face mask throughout the AGM and sit at a safe distance from other attendees. Please note that no masks will be provided at the AGM venue and attendees should bring and wear their own masks.
- (4) No refreshments or drinks will be provided to attendees at the AGM.

## PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Attendees are requested to observe and practise good personal hygiene at all times at the AGM venue. To the extent permitted under law, the Company reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue so as to ensure the health and safety of the attendees at the AGM.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the AGM arrangements at short notice. Shareholders should check the Company's website at [www.irasia.com/listco/hk/daido/index.htm](http://www.irasia.com/listco/hk/daido/index.htm) and the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for further announcements and updates on the AGM arrangements.

If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If Shareholders have any questions relating to the AGM, please contact the Hong Kong Branch Share Registrar as follows:

Union Registrars Limited  
Suites 3301-04, 33/F.  
Two Chinachem Exchange Square  
338 King's Road, North Point  
Hong Kong.  
Telephone: +852 2849 3399  
Facsimile: +852 2849 3319

## 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 Function Room A&B, Lower Ground Floor, Hotel COZi • Oasis, 443 Castle Peak Road, Kwai Chung, Hong Kong on Thursday, 4 June 2020 at 2:00 p.m., a notice of which is set out on pages 17 to 21 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 as at the date of the passing of such resolution

## DEFINITIONS

“Latest Practicable Date”	22 April 2020, 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 as 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.

LETTER FROM THE BOARD

DAIDO

DAIDO GROUP LIMITED

大同集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

*Executive Directors:*

Mr. Ho Hon Chung, Ivan

Mr. Fung Pak Kei

*Non-executive Directors:*

Mr. Au Tat Wai

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. 1301, Level 13

Tower 1, Kowloon Commerce Centre

No. 51 Kwai Cheong Road

Kwai Chung

New Territories

Hong Kong

29 April 2020

*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 Function Room A&B, Lower Ground Floor, Hotel COZi • Oasis, 443 Castle Peak Road, Kwai Chung, Hong Kong on Thursday, 4 June 2020 at 2:00 p.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 two executive Directors, namely, Mr. Ho Hon Chung, Ivan and Mr. Fung Pak Kei; two non-executive Directors, namely, Mr. Au Tat Wai and Mr. Fung Wa Ko; and three independent non-executive Directors, namely, Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung and Mr. Tse Yuen Ming.

At the AGM, ordinary resolutions will be proposed to re-elect Mr. Fung Pak Kei as executive Director; Mr. Au Tat Wai as non-executive Director; and Mr. Fung Siu Kit, Ronny as independent non-executive Director.

Pursuant to Bye-Law 86(2), the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of the filling of casual vacancy on the Board), or until the next following annual general meeting of the Company (in the case of an addition to the existing Board), and shall then be eligible for re-election at that meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.

According to the above provision, Mr. Fung Pak Kei, who was appointed by the Board after the annual general meeting of the Company held on 31 May 2019 to fill the casual vacancy on the Board, shall retire at the AGM and, being eligible, offers himself for re-election at the AGM.

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. Au Tat Wai and Mr. Fung Siu Kit, Ronny 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 three retiring Directors who offer themselves for re-election at the AGM which 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 31 May 2019, 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 31 May 2019 and Shares not exceeding 10% of the total number of the issued



## LETTER FROM THE BOARD

Shares as at 31 May 2019 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 31 May 2019. 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 31 May 2019, the mandate to issue Shares and the mandate to repurchase Shares granted at the annual general meeting held on 31 May 2019 shall expire at the conclusion of the forthcoming AGM to be held on 4 June 2020.

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 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 17 to 21. A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.irasia.com/listco/hk/daido/index.htm](http://www.irasia.com/listco/hk/daido/index.htm). 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 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

## LETTER FROM THE BOARD

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 adjournment thereof 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 the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.irasia.com/listco/hk/daido/index.htm](http://www.irasia.com/listco/hk/daido/index.htm) in accordance with Rule 13.39(5) of the Listing Rules.

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 Monday, 1 June 2020 to Thursday, 4 June 2020 (both days inclusive) during which period, no transfer of Shares will be registered. In order to be eligible 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 Friday, 29 May 2020.

### 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.

**LETTER FROM THE BOARD**

**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**  
**Ho Hon Chung, Ivan**  
*Executive Director*

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

#### FUNG PAK KEI

Mr. Fung Pak Kei (“Mr. Fung”), aged 37, has been appointed as an executive Director of the Company in June 2019. Subsequently, Mr. Fung has been appointed as Chief Operating Officer of the Group. He has also served as a director of certain associates of the Company. Mr. Fung is a member of Hong Kong Institute of Certified Public Accountants since 2008 and a member of Hong Kong Institute of Taxation since 2012. He 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 was also awarded a scholarship to Hitotsubashi University in Japan and completed a Brand Marketing and a Japanese program in 2002. He worked at PricewaterhouseCoopers from 2005 to 2017 and was focusing on merger & acquisition and tax planning and has been involved in various international/regional business advisory projects. Mr. Fung founded GIK Business Consulting Limited (“GIK”), which is focusing on a wide range of business consulting and also has been a director of GIK since 2017. Currently, Mr. Fung is also the Chief Financial Officer, Chief Operations Officer and a director of Brilliant Cold Chain Solutions Limited, an associate of the Company since September 2018, where he handles the financials and oversees the management services arrangement. 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 Pak Kei was deemed to be interested in shares of the following associated company of the Company through corporation controlled by him:

Name of associated corporation	No. of shares held	Percentage of total issued share capital
Loving Peace International Limited <sup>(Note)</sup>	20	10%

*Note:* Loving Peace International Limited (“Loving Peace”) is a company incorporated in the British Virgin Islands with limited liability and is owned as to 30% by the Group and as to 10% by GIK Business Consulting Limited (“GIK”). The entire issued share capital of GIK is beneficially owned by Mr. Fung Pak Kei, an Executive Director of the Company.

The 10% shareholdings of Loving Peace were held by GIK directly. Loving Peace is the sole shareholder of Brilliant Cold Chain Solutions Limited.

Save as disclosed above, 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 an 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 4 June 2020. 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 letter of appointment entered into between the Company and Mr. Fung on 4 June 2019, Mr. Fung is entitled to receive for the year of 2019 the Director's fees of HK\$69,000 and other emoluments (including salaries, allowances, retirement scheme contributions and discretionary bonus) of approximately HK\$621,000. The remuneration package 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 an executive Director.

#### AU TAT WAI

Mr. Au Tat Wai ("Mr. Au"), aged 47, is currently a non-executive Director of the Company. Mr. Au joined the Group as an executive Director and the Chief Executive Officer in September 2009. In June 2019, Mr. Au resigned as the Chief Executive Officer and an authorised representative of the Company. Subsequently, he was re-designated from an executive Director to a non-executive Director in December 2019. Mr. Au has over 8 years of experience in information technology and e-commerce businesses, as well as in resort sector project development. He has, among ongoing efforts, promoted long term Chinese interests abroad – acting as a key liaison, bringing together in partnership Western and Chinese interests. Mr. Au graduated from Lakehead University, Ontario, Canada with a Bachelor of Business Administration and subsequently received his Master of Business Administration from The Hong Kong University of Science and Technology. Save as disclosed above, Mr. Au did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Au 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. Au 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. Au pursuant to which he has agreed to act as a non-executive Director until the conclusion of the AGM. If Mr. Au 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 4 June 2020. The term of appointment of Mr. Au is also subject to retirement by rotation and re-election in accordance with the Bye-laws. Pursuant to the current letter of appointment, Mr. Au received a fixed

remuneration of HK\$72,000 per annum as Director's fee. The remuneration of Mr. Au 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. Au as a non-executive Director.

#### **FUNG SIU KIT, RONNY**

Mr. Fung Siu Kit, Ronny ("Mr. Fung"), aged 76, joined the Group as an independent non-executive Director of the Company in August 2009. He is also the chairman of remuneration committee and a member of audit committee and nomination committee of the Company respectively. Mr. Fung has worked for a local bank for 20 years and has over 30 years of experience in banking, finance, investment and securities. Currently, he is a director of Goldfield Asia Investment Limited, a company providing gold/silver trading services in Hong Kong. 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 an independent 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 4 June 2020. 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\$180,000 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.

Mr. Fung has been appointed as an independent non-executive Director since 13 August 2009. Therefore, Mr. Fung has accordingly served the Company for more than 9 years after 13 August 2018. Mr. Fung 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. Fung's independent judgement. Mr. Fung has met the independence guidelines set out in Rule 3.13 of the Listing Rules. The Board, therefore, considers him to be independent.

Mr. Fung has over 30 years of experience in banking, finance, investment and securities. Therefore, he is able to provide valuable advices for promoting the business of the Company. The election of Mr. Fung as an independent non-executive Director may replenish the professional knowledge of the Board in financial investment, promote the diversity of the Board in skills and experience, and provide valuable advices in financial investment for the Company. Therefore, the Board recommends to the Shareholders to re-elect Mr. Fung 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. Fung 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 not 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 2019, 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>
<b>2019</b>		
April	0.054	0.042
May	0.047	0.039
June	0.047	0.037
July	0.045	0.036
August	0.041	0.022
September	0.046	0.024
October	0.060	0.028
November	0.040	0.029
December	0.036	0.028
<b>2020</b>		
January	0.034	0.028
February	0.033	0.022
March	0.028	0.018
April (up to the Latest Practicable Date)	0.021	0.017

## 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 2020 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2020 Annual General Meeting (the “Meeting”) of Daido Group Limited (the “Company”) will be held at Function Room A&B, Lower Ground Floor, Hotel COZi • Oasis, 443 Castle Peak Road, Kwai Chung, Hong Kong on Thursday, 4 June 2020 at 2:00 p.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 2019.
2.
  - (i) To re-elect Mr. Fung Pak Kei as an executive Director;
  - (ii) To re-elect Mr. Au Tat Wai as a non-executive Director;
  - (iii) To re-elect Mr. Fung Siu Kit, Ronny as an independent non-executive Director; and
  - (iv) 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

## NOTICE OF AGM

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

## NOTICE OF AGM

(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

## NOTICE OF AGM

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, 29 April 2020

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

*Head office and principal place of  
business in Hong Kong:*  
Unit No. 1301, Level 13  
Tower 1, Kowloon Commerce Centre  
No. 51 Kwai Cheong Road  
Kwai Chung  
New Territories  
Hong Kong

## NOTICE OF AGM

*Notes:*

1. For the purposes of determining members' eligibility to attend and vote at the Meeting to be held on Thursday, 4 June 2020, 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 Friday, 29 May 2020
Closure of register of members .....	Monday, 1 June 2020 to Thursday, 4 June 2020 (both days inclusive)
Record date .....	Thursday, 4 June 2020

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 for registration 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 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 were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. If Typhoon Signal No.8 or above, or a "black" rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong any time after 11:00 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](http://www.irasia.com/listco/hk/daido/index.htm) and on the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://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. Ho Hon Chung, Ivan and Mr. Fung Pak Kei, non-executive Directors, namely Mr. Au Tat Wai and Mr. Fung Wa Ko and independent non-executive Directors, namely, Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung and Mr. Tse Yuen Ming.