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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

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

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities in the Company.

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### DAIDO GROUP LIMITED

大同集團有限公司\*

*(Incorporated in Bermuda and its members' liability is limited)*

**(Stock Code: 00544)**

### SUBSCRIPTION OF CONVERTIBLE BONDS, PROPOSED SHARE CONSOLIDATION, PROPOSED CHANGE IN BOARD LOT SIZE AND NOTICE OF SPECIAL GENERAL MEETING

*Financial Adviser to the Company*



**Ignite Capital**

**Ignite Capital (Asia Pacific) Limited**

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A notice convening the special general meeting (the “**SGM**”) of the Company to be held at Conference Room, 1st Floor, No. 8 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong on Monday, 14 July 2025 at 3:00 p.m. is set out on pages SGM-1 to SGM-5 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you intend to attend the SGM (or any adjournment thereof), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar 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 and in any event not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event the form of proxy shall be deemed to be revoked.

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## EXPECTED TIMETABLE

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The expected timetable for the implementation of the Share Consolidation and the Change in Board Lot Size is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

**2025**

Latest time for lodging transfer documents in  
order to qualify for attendance and voting at the SGM..... 4:00 p.m. on  
Tuesday, 8 July

Closure of the register of members for determining  
the entitlement to attend and vote at the SGM  
(both days inclusive) ..... Wednesday, 9 July to  
Monday, 14 July

Latest time for lodging forms of proxy for the SGM ..... 3:00 p.m. on  
Saturday, 12 July

Date and time of the SGM ..... 3:00 p.m. on  
Monday, 14 July

Record date for the SGM ..... Monday, 14 July

Publication of the announcement of the results of the SGM..... Monday, 14 July

**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size as set out in this circular.**

Effective date of the Share Consolidation ..... Wednesday, 16 July

First day of free exchange of existing share certificates  
for new share certificates for Consolidated Shares..... Wednesday, 16 July

Dealing in the Consolidated Shares commences ..... 9:00 a.m. on  
Wednesday, 16 July

Original counter for trading in the Existing Shares  
in board lots of 20,000 Existing Shares (in the form  
of existing share certificates) temporarily closes..... 9:00 a.m. on  
Wednesday, 16 July

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## EXPECTED TIMETABLE

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2025

Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Wednesday, 16 July
Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens. . . . .	9:00 a.m. on Wednesday, 30 July
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences . . . . .	9:00 a.m. on Wednesday, 30 July
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares. . . . .	9:00 a.m. on Wednesday, 30 July
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . .	4:00 p.m. on Tuesday, 19 August
Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) closes . . . . .	4:10 p.m. on Tuesday, 19 August
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends . . . . .	4:10 p.m. on Tuesday, 19 August
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares. . . . .	Thursday, 21 August

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:*

“Announcement”	the announcement dated 21 April 2025 in relation to, among others, the CB Subscription
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of the Directors
“Business Day(s)”	a day (not being a Saturday, Sunday, public holiday in Hong Kong or any day on which a tropical cyclone warning no. 8 or above, a “black” rainstorm warning or “extreme conditions” announced by the Government of Hong Kong is in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are generally open for business throughout their normal business hours
“Bye-laws”	the bye-laws for the time being adopted by the Company and as amended from time to time
“CB Subscriber A”	YuYu Future Investment Limited, a company incorporated in the British Virgin Islands
“CB Subscriber B”	Protoss Global Opportunities Fund, an exempted Cayman fund
“CB Subscriber C”	Providence Discovery Fund, a sub fund of Providence Strategic Discovery OFC
“CB Subscribers”	together the CB Subscriber A, the CB Subscriber B and the CB Subscriber C and each a “CB Subscriber”
“CB Subscription”	the subscription of the Convertible Bonds to be issued by the Company by the CB Subscribers pursuant to the CB Subscription Agreements
“CB Subscription Agreement A”	the conditional agreement dated 20 April 2025 and entered into between the Company and the CB Subscriber A in respect of the CB Subscription
“CB Subscription Agreement B”	the conditional agreement dated 20 April 2025 and entered into between the Company and the CB Subscriber B in respect of the CB Subscription

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## DEFINITIONS

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“CB Subscription Agreement C”	the conditional agreement dated 20 April 2025 and entered into between the Company and the CB Subscriber C in respect of the CB Subscription
“CB Subscription Agreements”	together with the CB Subscription Agreement A, the CB Subscription Agreement B and the CB Subscription Agreement C and each a “CB Subscription Agreement”
“CCASS”	Central Clearing and Settlement System established and operated by the HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Existing Shares to 5,000 Consolidated Shares upon the Share Consolidation becoming effective
“Company”	Daido Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
“Convertible Bonds”	the unlisted convertible bonds with aggregate principal amount of HK\$45,000,000 to be subscribed by the CB Subscribers
“Conversion Price”	initially HK\$0.04801 per Conversion Share, which shall be adjusted to HK\$0.4801 as a result of the Share Consolidation becoming effective, subject to the adjustment mechanism under the Convertible Bonds
“Conversion Shares”	new Shares to be allotted and issued upon conversion of the Convertible Bonds, comprising an aggregate of 937,304,727 new Existing Shares, to be adjusted to 93,730,470 new Consolidated Shares upon the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company from time to time

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## DEFINITIONS

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“Existing Share(s)”	issued and unissued existing ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation becomes effective
“General Rules of HKSCC”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its core connected persons in accordance with the Listing Rules
“Latest Practicable Date”	24 June 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the outstanding share options to subscribe for new Shares granted by the Company under the share option scheme(s) adopted by the Company
“PRC”	The People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be convened and held for approving the CB Subscription Agreements and the transactions contemplated thereunder and the Share Consolidation
“Share(s)”	Existing Share(s) or Consolidated Share(s), as the case maybe
“Share Consolidation”	the proposed share consolidation of every ten (10) Existing Shares into one (1) Consolidated Share as disclosed in the announcement of the Company dated 13 June 2025
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought at the SGM for the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	YuYu Future Investment Limited, a company incorporated in the British Virgin Islands
“Subscriber B”	Mr. Bi Wei
“Subscriber C”	Providence Capital Group Limited, a licensed corporation to carry out Type 9 (asset management) regulated activity under the SFO
“Subscribers”	together the Subscriber A, the Subscriber B and the Subscriber C
“Subscription”	the subscription of the Subscription Shares by the Subscribers as disclosed in the Announcement
“Subscription Agreements”	the conditional subscription agreements dated 20 April 2025 entered into between the Company and each of the Subscribers in relation to the Subscription
“Subscription Shares”	an aggregate of 58,022,079 new Existing Shares, to be adjusted to 5,802,207 new Consolidated Shares upon the Share Consolidation becoming effective, by the Subscribers under the Subscription



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## DEFINITIONS

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“Takeovers Code”	the Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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### DAIDO GROUP LIMITED

大同集團有限公司\*

*(Incorporated in Bermuda and its members' liability is limited)*

**(Stock Code: 00544)**

*Executive Director:*

Mr. Fung Pak Kei

*Non-executive Director:*

Ms. Kwan Nga Chung

*Independent non-executive Directors:*

Mr. Leung Chi Hung

Mr. Lo Chi Wang

Mr. Tse Yuen Ming

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

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

Unit No. 1301, Level 13

Tower 1, Kowloon Commerce Centre

N. 51 Kwai Cheong Road

Kwai Chung

New Territories

Hong Kong

27 June 2025

*To the Shareholders*

Dear Sir or Madam,

**SUBSCRIPTION OF CONVERTIBLE BONDS,  
PROPOSED SHARE CONSOLIDATION  
AND  
PROPOSED CHANGE IN BOARD LOT SIZE**

#### **INTRODUCTION**

Reference is made to the Announcement dated 21 April 2025 in relation to, among others, the entering into of the CB Subscription Agreements between the CB Subscribers and the Company in relation to the issue of the Convertible Bonds. The CB Subscription is conditional upon, among others, the passing of the relevant resolution(s) at the SGM to approve the CB

\* For identification purposes only

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## LETTER FROM THE BOARD

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Subscription and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares upon conversion of the Convertible Bonds.

Reference is also made to the announcement of the Company dated 13 June 2025 in relation to, among others, the Share Consolidation and the Change in Board Lot Size. The Company proposes implementing the Share Consolidation on the basis that every ten (10) Existing Shares will be consolidated into one (1) Consolidated Share. Furthermore, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 20,000 Existing Shares to 5,000 Consolidated Shares.

The purpose of this circular is to provide you with, among other things, (i) details of the CB Subscription, the Share Consolidation and the Change in Board Lot Size; and (ii) the notice of SGM and other information as required under the Listing Rules.

### THE CB SUBSCRIPTION

On 20 April 2025, the Company entered into the CB Subscription Agreements with each of the CB Subscribers respectively, pursuant to which (a) the CB Subscriber A has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds with the principal amount of HK\$15,000,000 convertible into Conversion Shares at the Conversion Price of HK\$0.04801 per Conversion Share, which shall be adjusted to HK\$0.4801 as a result of the Share Consolidation becoming effective; (b) the CB Subscriber B has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds with the principal amount of HK\$15,000,000 convertible into Conversion Shares at the Conversion Price of HK\$0.04801 per Conversion Share, which shall be adjusted to HK\$0.4801 as a result of the Share Consolidation becoming effective; and (c) the CB Subscriber C has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds with the principal amount of HK\$15,000,000 convertible into Conversion Shares at the Conversion Price of HK\$0.04801 per Conversion Share, which shall be adjusted to HK\$0.4801 as a result of the Share Consolidation becoming effective.

### CB Subscription Agreement A

Date: 20 April 2025

Parties: (i) The Company as issuer

(ii) The CB Subscriber A

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## LETTER FROM THE BOARD

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### **CB Subscription Agreement B**

Date: 20 April 2025

Parties: (i) The Company as issuer

(ii) The CB Subscriber B

### **CB Subscription Agreement C**

Date: 20 April 2025

Parties: (i) The Company as issuer

(ii) The CB Subscriber C

### **The CB Subscribers**

The CB Subscriber A is a company incorporated in British Virgin Islands and is principally engaged in investment. The CB Subscriber A is also the Subscriber A in the Subscription. The ultimate beneficial owner of the CB Subscriber A is Mr. Yu Chunfeng, who holds 100% equity interest in the CB Subscriber A. Mr. Yu Chunfeng has over twenty years of experience in the finance industry. His career began in the real economic sector, where he gained experience in positions related to technology, marketing, and management before transitioning to finance. Mr. Yu Chunfeng previously worked at China International Capital Corporation. He later served as the Head of Emerging Industries Investment at CITIC M&A Fund, which is noted as China's first brokerage-backed M&A fund with an initial closing of RMB10 billion. Since 2016, Mr. Yu Chunfeng has actively invested in numerous companies across consumer and TMT sectors. He also actively explores investment and business opportunities internationally, in regions including Europe, the Americas, Hong Kong, Singapore, the Middle East, and Southeast Asia. Mr. Yu Chunfeng holds a Finance MBA from the joint program of Tsinghua University and The Chinese University of Hong Kong. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the CB Subscriber A and its ultimate beneficial owner are Independent Third Parties.

The CB Subscriber B is an exempted company incorporated in the Cayman Islands with limited liability and is principally engaged in investment fund business. The ultimate beneficial owner of the CB Subscriber B is Mr. Bi Wei, who is also the Subscriber B in the Subscription. Mr. Bi Wei is the founder of Protoss Capital Management Limited. Before that he worked at Pine River Capital Management Limited in Hong Kong. Before joining Pine River Capital Management Limited, he worked at UBS and Barclays, in Hong Kong and Singapore. Mr. Bi Wei obtained a Master's degree of Electronic Engineering from University of Pennsylvania and a Bachelor's degree of Electronic Engineering from Tsinghua University. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the CB Subscriber B and its ultimate beneficial owner are Independent Third Parties.

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## LETTER FROM THE BOARD

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The CB Subscriber C is a sub fund of Providence Strategic Discovery OFC, which is an open-ended fund incorporated in Hong Kong, of which Mr. Zhang Xian holds 100% participating shares interest of CB Subscriber C. Mr. Zhang Xian is an individual investor. Providence Capital Group Limited (“PCG”) is an asset management company licensed by the Hong Kong Securities and Futures Commission to conduct Type 9 (Asset Management) regulated activity in Hong Kong, and is the investment manager of CB Subscriber C. The investment manager of CB Subscriber C is PCG, who is also the Subscriber C in the Subscription. Mr. Dong Zimeng, as the founder and ultimate beneficial owner of PCG, leverages nearly 16 years of extensive experience in investment management, mergers and acquisitions, corporate finance and capital markets. Mr. Dong previously served as CEO of Shenzhen Capital International Company Limited, CEO of Co-High Investment Management Limited, and Investment Director at the China-ASEAN Fund. Mr. Dong holds master’s and bachelor’s degrees in engineering from the University of Warwick. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the CB Subscriber C and its ultimate beneficial owner(s) are Independent Third Parties.

The CB Subscriber B and CB Subscriber C were introduced to the Company through the financial adviser of the Company, Ignite Capital (Asia Pacific) Limited, whereas the CB Subscriber A was introduced by CB Subscriber C.

Save for the Subscription and the CB Subscription, each of the CB Subscribers has no past or present relationship (financial, business or otherwise) with the Company, its connected persons and their respective associates.

Each of the CB Subscribers and their ultimate beneficial owners are not related parties and are independent from each other. The CB Subscribers have no past or present relationship (financial, business or otherwise) with each other and their respective associates.

Under the CB Subscription Agreements, the CB Subscribers shall have the right to assign their rights under the CB Subscription Agreements to its affiliates who shall also be Independent Third Party(ies).

Each of the CB Subscribers is making its CB Subscription with a strategic investment purpose. While the terms of the Convertible Bonds and the potential for future appreciation are key considerations, the CB Subscribers also recognize the inherent development potential within the Company’s core business areas. Each of the CB Subscribers believes its financing through the CB Subscription will strengthen the Company’s financial position and support its sustainable growth. The CB Subscribers collectively possess extensive experience and deep resources in sectors relevant to and potentially synergistic with the Company’s operations, including finance, logistics, trade, and agriculture. As significant investors, they believe they can contribute their resources, networks, and expertise to reinforce the Company’s existing business and explore new avenues for value creation.

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## LETTER FROM THE BOARD

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### Conversion Price

The initial Conversion Price of HK\$0.04801 per Conversion Share, which shall be adjusted to HK\$0.4801 as a result of the Share Consolidation becoming effective, represents:

- (i) a discount of approximately 19.98% to the closing price of HK\$0.060 per Share as quoted on the Stock Exchange on 17 April 2025, being the last trading day immediately preceding to the date of the CB Subscription Agreements (the “**Last Trading Day**”);
- (ii) a discount of approximately 18.63% to the average of the closing prices of HK\$0.059 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to the Last Trading Day;
- (iii) a discount of approximately 15.77% to the average of the closing prices of HK\$0.057 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding to the Last Trading Day;
- (iv) a discount of approximately 19.98% to the average of the closing prices of HK\$0.060 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately preceding to the Last Trading Day;
- (v) a discount of approximately 32.38% to the closing price of HK\$0.071 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 15.3%, represented by a discount of theoretical diluted price of approximately HK\$0.051 per Share to the benchmarked price of approximately HK\$0.060 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.06 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the Last Trading Day of approximately HK\$0.059 per Share).

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.04339 per Conversion Share, which shall be adjusted to HK\$0.4339 as a result of the Share Consolidation becoming effective.

The Conversion Price was arrived at after arm’s length negotiations between the Company and the CB Subscribers, taking into account, among others, the recent market prices of the Shares and the net liabilities position of the Company. The Board has further assessed initial Conversion Price and the terms of the Convertible Bonds by comparing against certain comparable transactions (the “**Comparable Transactions**”), which were selected by applying the following criteria: (i) companies listed on the Main Board of the Stock Exchange; (ii) companies that had published announcements and the corresponding circulars in relation to the issue of

## LETTER FROM THE BOARD

convertible securities (excluding transactions involving issue of convertible securities (a) as part of the consideration of an acquisition(s); and (b) for the purpose of rollover, renewal or restructuring of debt) under specific mandate for cash consideration for the period from 1 April 2024 to the Last Trading Day (being approximately 12 months prior to and including the date of the CB Subscription Agreements). Based on the above criteria, the Board identified an exhaustive list of four Comparable Transactions. The Board considers that the Comparable Transactions were determined under similar market conditions and sentiment, and hence represent fair and representative samples and provide a general reference of this type of transaction in the market. Set out below is the Comparable Transactions analysis:

Item	Date of announcement	Stock code	Name of company	Principal amount	Term to maturity (years)	Interest rate	Premium/ (discount) of the conversion price over/ to the closing price as at the last trading day	Theoretical value dilution
1	28 January 2025	1636	China Metal Resources Utilization Limited	HK\$10,000,000	0.5	9.0%	(90.58)%	(15.6)%
2	4 November 2024	1640	Qian Xun Technology Limited	Up to HK\$300,001,000	1.0	5.0%	1.56%	No dilution
3	19 August 2024	348	China Healthwise Holdings Limited	HK\$16,800,000	2.0	6.0%	57.14%	No dilution
4	29 May 2024	992	Lenovo Group Limited	US\$2,000,000,000	3.0	0.0%	(13.50)%	(1.5)%
				<b>Max</b>	<b>3.0</b>	<b>9.0%</b>	<b>57.14%</b>	<b>(1.5)%</b>
				<b>Min</b>	<b>0.5</b>	<b>0.0%</b>	<b>(90.58)%</b>	<b>(15.6)%</b>
				<b>Average</b>	<b>1.6</b>	<b>5.0%</b>	<b>(11.35)%</b>	<b>(8.6)%</b>
			<b>The Company</b>	<b>HK\$45,000,000</b>	<b>3.0</b>	<b>6.0%</b>	<b>(19.98)%</b>	<b>(15.3)%</b>

Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM THE BOARD

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### *Conversion price*

The Board noted from the Comparable Transactions that the premiums/discounts of the conversion prices over/to the closing prices as at the last trading day of the Comparable Transactions ranged from a discount of approximately 90.58% to a premium of approximately 57.14% to/over the respective closing price of their shares on the last trading day prior to/on the date of the relevant announcement/agreement, with an average discount of approximately 11.35%. The initial Conversion Price, which represents a discount of approximately 19.98% to the closing price of the Shares on the Last Trading Day, is within the said market range and is higher the market average discount of approximately 11.35% while significantly lower than the maximum discount of approximately 90.58%.

### *Dilution effect*

The Board noted that the theoretical dilution effect of the Comparable Transactions ranged from approximately 1.5% to approximately 15.6%, with an average theoretical dilution effect of approximately 8.6%. The initial Conversion Price, which represents a theoretical dilution effect of approximately 15.3%, is within the said market range.

### *Duration*

As shown in the table above, the duration of the Comparable Transactions ranged from 0.5 year to 3 years with an average duration of 1.6 years. The duration of the Convertible Bonds is within the range of the duration of the Comparable Transactions.

### *Interest rate*

The Board considers that the interest rate is at market rate that the interest rate of 6% per annum is same as the interest rate of the bonds issued by the Company. The Board has further assessed the interest rate of the Convertible Bonds by comparing against the Comparable Transactions. The interest rate of 6% is within the range of those of the Comparable Transactions.

Shareholders should note that the financial position, business, operations, and prospects of the listed companies of the Comparable Transactions may not be identical to those of the Group and the Board has not conducted any in-depth investigation into the respective business and operations of the listed companies of the Comparable Transactions. Therefore, the Board considers that the Comparable Transactions are able to provide the Shareholders a general reference as to the common market practice in respect of the terms of Comparable Transactions as compared with the terms of the Convertible Bonds. Other considerations taken by the Board in determining the initial Conversion Price included that the Company has been loss-making for the year ended 31 December 2024 with a net liabilities position as at 31 December 2024 so it was difficult during the parties' commercial negotiation to seek a higher initial Conversion Price.



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## LETTER FROM THE BOARD

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Based on the above, the Board is of the view that the terms of the Convertible Bonds (including the Conversion Price, dilution effect, interest rate and duration) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate consideration for the Convertible Bonds shall be settled by the CB Subscribers in cash upon completion of the CB Subscription Agreements.

### Adjustments to the Conversion Price

The Conversion Price is initially HK\$0.04801 per Share, subject to adjustment for, among other matters, subdivision, consolidation or reclassification of Shares, capitalization of profits or reserves, capital distribution, rights issue of Shares or options over Shares, issue of further Shares or securities and other events analogous to the above events as detailed below.

- (i) *Consolidation, subdivision or reclassification:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect. In case of the Share Consolidation, the Conversion Price shall be adjusted to HK\$0.4801.

- (ii) *Capitalisation of profits or reserves:* If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account), including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend, being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a capital distribution (or, a scrip dividend), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

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## LETTER FROM THE BOARD

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where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(iii) *Capital distribution*: If and whenever the Company shall pay or make any capital distribution to the Shareholders (except where the Conversion Price is to be adjusted under (ii) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such capital distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price on the last trading day preceding (a) the date on which the capital distribution is publicly announced or (b) (where no such announcement is required to be made under the Listing Rules) the record date of the capital distribution; and

B is the fair market value on the date of such announcement (or, where no such announcement is required to be made under the Listing Rules, such record date) of the portion of the capital distribution attributable to one Share.

Such adjustment shall become effective on the date that such capital distribution is made.

For the avoidance of doubt, capital distribution excludes all cash distributions paid to the Shareholders. For the avoidance of doubt, capital distribution may or may not involve a reduction of capital, depending upon how the capital distribution will be proceeded with. In the event that a capital reduction involves capital distribution, the Conversion Price will be adjusted in accordance with the terms of the Convertible Bonds thereof. In the event that a capital reduction does not involve capital distribution, such as share premium cancellation, the Conversion Price will remain unchanged. capital distribution shall (without prejudice to the generality of that phrase) include distributions in cash or specie.

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## LETTER FROM THE BOARD

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- (iv) *Rights issues of Shares or Options over Shares:* If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares (other than options granted by the Company pursuant to a share option scheme to the respective directors and senior management of the Company or the specified subsidiaries), in each case at less than 95 per cent. of the current market price on the last trading day preceding the date of the announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would purchase at such current market price; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

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## LETTER FROM THE BOARD

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- (v) *Issues of further Shares or securities:* If and whenever the Company shall issue any Shares, whether for cash or non-cash consideration (other than (a) Shares issued on the exercise of conversion rights and (b) Shares issued under any agreement entered into by the Company on or before the date of the Subscription Agreement) or the issue or grant of options, warrants or other rights to subscribe for or purchase Shares or securities convertible or exchangeable into Shares, in each case at a price per Share which is less than 95 per cent. of the current market price on the last trading day preceding the date of announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the prevailing Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase Shares;
- B is the number of Shares which the aggregate consideration receivable by the Company for the issue of such additional Shares would purchase at such current market price per Share; and
- C is the aggregate number of such additional Shares comprised in the issue or the additional Shares to be issued upon full exercise of such options, warrants or other rights to subscribe for or purchase Shares comprised in the grant (as the case may be).

Such adjustment shall become effective on the date of issue of the additional Shares or grant of such rights, options or warrants (as the case may be).

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## LETTER FROM THE BOARD

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- (vi) *Rights issues of other securities:* If and whenever the Company shall issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class, by way of rights, or the issue or grant by the Company to all or substantially all Shareholders as a class by way of rights, of any options, warrants or other rights to subscribe for or purchase or otherwise acquire, any securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the current market price on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

- (vii) *Other events: If:*

- (A) the rights of conversion, exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for Shares or the rights carried by such securities to subscribe for or purchase Shares are modified (other than pursuant to, and as provided in, the existing terms and conditions of such options, rights, warrants or securities); or
- (B) the Company determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in any other provisions of the anti-dilution adjustment provision which in either case have or would have an effect on the position of the Bondholders as a class compared with the position of the holders of all the securities (and options, rights and warrants relating thereto) of the Company, taken as a class, which is analogous to any of the events referred to in (i) to (vi),

then, in any such case, the Company shall at its own expense request an approved financial adviser (acting as expert) to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such

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## LETTER FROM THE BOARD

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determination provided that where the circumstances giving rise to any adjustment pursuant to this anti-dilution adjustment provision have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of the anti-dilution adjustment provision as may be advised by the approved financial adviser (acting as expert) to be in their opinion appropriate to give the intended result.

For the purpose of Conversion Price adjustment, “current market price” means in respect of the Shares on a particular date, the average closing price per Share quoted on the daily quotation sheets of the Stock Exchange for the thirty (30) consecutive trading days immediately preceding the day of such date; and “fair market value” means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an approved financial adviser (acting as an expert); provided that: (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such investment banks) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day on which such options, warrants or other rights are publicly traded.

### Principal terms of the Convertible Bonds

Aggregate Principal amount:	HK\$45,000,000
Interest rate:	6% per annum and the interest accrued shall be payable on each anniversary of the initial issue date of the Convertible Bonds (the “ <b>Initial Issue Date</b> ”)
Maturity date:	the calendar day falling on the third anniversary date of the Initial Issue Date which, in respect of the outstanding Convertible Bonds, shall be extended to the fifth anniversary date of the Initial Issue Date if the holder of the Convertible Bonds agrees to the extension by giving a written notice to the Company not later than three Business Days prior to the original maturity date

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## LETTER FROM THE BOARD

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The Company does not have any early redemption right and the amount payable by the Company upon redemption of the Convertible Bonds at maturity shall be 100% of the outstanding principal amount of the Convertible Bonds plus outstanding interest accrued thereon.

**Conversion:**

The holder(s) of the Convertible Bonds will have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at any time and from time to time, from the date of issue of the Convertible Bonds.

Pursuant to the terms of the Convertible Bonds, the Company is not obliged to adjust the Conversion Price or issue Shares in satisfaction of the conversion rights attached to the Convertible Bonds in breach of the Company's obligations under the Listing Rules (including but not limited to the minimum public float requirement of the Listing Rules) or in breach of the Takeovers Code. Accordingly, the conversion of the Convertible Bonds is subject to the conditions that the conversion will not result in any breach of the minimum public float requirements under Rule 8.08(1)(a) the Listing Rules or the Takeovers Code.

The Convertible Bonds will not be converted if it results or will result in the holders of the Convertible Bonds (or any of its parties acting in concert with it within the meaning of the Takeovers Code) being obliged to make a mandatory offer for all the Shares under the Takeovers Code unless (i) the mandatory offer obligations under the Takeovers Code have been complied with; or (ii) prior approval or waiver from the Executive of the Securities and Futures Commission, and (where so required) approval of the whitewash waiver by the Shareholders, have been obtained in accordance with the requirements of the Takeovers Code (and where any conditions to which such approval or waiver is subject are duly complied with).

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## LETTER FROM THE BOARD

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Conversion price:	The Conversion Price is initially HK\$0.04801 per Share, subject to adjustment for, among other matters, subdivision, consolidation or reclassification of Shares, capitalization of profits or reserves, capital distribution, rights issue of Shares or options over Shares, issue of further Shares or securities and other events analogous to the above events.
Voting:	The holder(s) of the Convertible Bonds will not be entitled to attend or vote at any general meeting of the Company by reason only of it being the holder(s) of the Convertible Bonds.
Transfer:	With the prior written notification to the Company, the Convertible Bonds may be transferable provided that transfer or assignment of the Convertible Bonds to any connected person of the Company shall be subject to, among others, compliance with the Listing Rules.

Based on the initial conversion price of HK\$0.04801 per Conversion Share which shall be adjusted to HK\$0.4801 after the Share Consolidation becoming effective, a maximum number of up to 937,304,727 Conversion Shares, which shall be adjusted to 93,730,470 after the Share Consolidation becoming effective) will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent: (i) approximately 323.09% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 72.92% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Subscription Shares and the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full.

The maximum aggregate nominal value of the Conversion Shares is HK\$9,373,047.27 (prior to the Share Consolidation becoming effective) or HK\$9,373,047 (upon the Share Consolidation becoming effective).

The Company will comply with the relevant requirements of Chapter 14A of the Listing Rules in the event the Convertible Bonds are transferred to a connected person of the Company or their respective associates.

### **Rights of the Conversion Shares**

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Conversion Shares.



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## LETTER FROM THE BOARD

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### **Mandate to issue the Conversion Shares**

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the SGM.

### **Conditions of the CB Subscription**

The CB Subscription is conditional upon:

- (i) the passing by the Shareholders or independent Shareholders (as the case may be) of the Company (as required under the Listing Rules) at the SGM all resolution(s) required under the relevant laws and regulations to effect, among others, the CB Subscription Agreements, the issue of the Convertible Bonds and the Conversion Shares as well as the transactions contemplated thereunder;
- (ii) the granting of approval by the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares which may only be subject to conditions as are customarily stipulated by the Stock Exchange for listing of shares, and such approval not having been revoked;
- (iii) in respect of the CB Subscription Agreements and the transactions contemplated thereunder, all necessary approvals and consents by government and regulatory authorities having been obtained, and all relevant regulatory requirements (including but not limited to those under the Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;
- (iv) no material adverse change or prospective material adverse change in the Group's business, operations, financial conditions or prospects has occurred since the date of the CB Subscription Agreements;
- (v) the warranties given by the Company under the CB Subscription Agreements having remained true and accurate in all material respects;
- (vi) the warranties given by the relevant CB Subscriber under the CB Subscription Agreement having remained true and accurate in all material respects; and
- (vii) the CB Subscribers having been satisfied with the results of the due diligence investigation on the business, assets, liabilities and financial position of the Company and having notified the Company of the same.

As at the Latest Practicable Date, none of the conditions of the CB Subscription have been fulfilled. The relevant CB Subscriber may at any time waive in writing condition (iv), condition (v) and/or condition (vii). The Company may at any time waive in writing condition (vi). All other conditions of the CB Subscription may not be waived. As at the Latest Practicable Date, the Company and the CB Subscribers did not have any intention to waive any of the conditions.

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## LETTER FROM THE BOARD

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In the event that the conditions of the CB Subscription are not fulfilled or waived on or before 21 July 2025 (the “**CB Long Stop Date**”) or such other date as may be agreed between the parties to the CB Subscription Agreement, the CB Subscription Agreements shall cease and terminate and neither the Company nor the CB Subscribers shall have any obligations and liabilities under the CB Subscription Agreements.

The Subscription Agreements and the CB Subscription Agreements are not inter-conditional upon each other. The Subscription and the CB Subscription are not inter-conditional upon each other. Each of the CB Subscription Agreements is not inter-conditional upon each other.

The CB Subscription and the Share Consolidation are not inter-conditional upon each other.

The Company will re-comply with the applicable Listing Rules requirements (including obtaining Shareholders’ approval regarding the CB Subscription) in the event of any extension of the CB Long Stop Date.

### **Completion of the CB Subscription**

Completion of the CB Subscription will take place on a Business Day on or before the CB Long Stop Date after the conditions of the CB Subscription are fulfilled (or such other date as may be agreed between the parties). The CB Subscription is expected to be completed on or before 21 July 2025.

As at the Latest Practicable Date, the Company has no treasury shares and no intention to transfer treasury shares upon the CB Subscribers exercise of the conversion rights attached to the Convertible Bonds.

**Completion of the CB Subscription is subject to the satisfaction of the conditions precedent in the CB Subscription Agreements. As the CB Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

### **Application for listing**

No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

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## LETTER FROM THE BOARD

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### REASONS FOR THE CB SUBSCRIPTION AGREEMENTS AND USE OF PROCEEDS

The Company is an investment holding company and the Group is mainly engaged in cold storage and related business, trading and sale of food and beverage business, and investment holding.

As disclosed in the annual results announcement of the Company for the year ended 31 December 2024, the Group's total liabilities exceed its total assets by approximately HK\$22.88 million as at 31 December 2024. The Directors considered that the net liabilities position of the Group as of 31 December 2024 was primarily due to the bonds payables amounted to HK\$85 million and a bank borrowing amounted to HK\$35 million. The Company is in the process of negotiating for a settlement of bonds payables to several bondholders and for an extension for the bank loan repayment, which was granted to July 2025.

As at the Latest Practicable Date, the Group had bank loans and bonds in the aggregate principal amount of approximately HK\$115 million outstanding, which will become due during the period from July 2025 to May 2026. The latest cash position of the Group in May 2025 was approximately HK\$37 million. Regarding the outstanding bonds payable, before the repayment due date, at an appropriate timing, the Company will negotiate with the respective bondholders for extension. Based on historical track record, it is more likely than not that such extension(s) can be obtained. In case the remaining outstanding indebtedness cannot be extended and has to be repaid when due, for prudence, the Company is currently in the process of seeking other suitable fund-raising alternatives.

Set out below is the breakdown of respective amount of bank loans and bonds of the Group which are outstanding as at the Latest Practicable Date and the intended repayment schedule.

<b>Item</b>	<b>Outstanding amount as at the Latest Practicable Date</b>	<b>Maturity date/ extended maturity date</b>	<b>The Company's plan to finance the outstanding indebtedness</b>
Bond #1	HK\$10,000,000	27 June 2025	The Company is currently in the process of negotiating with the bondholder on the extended maturity date. If the Company cannot reach an agreement with such bondholder, the outstanding amount of bond payable will be repaid by the Group's internal resources.

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## LETTER FROM THE BOARD

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<b>Item</b>	<b>Outstanding amount as at the Latest Practicable Date</b>	<b>Maturity date/ extended maturity date</b>	<b>The Company's plan to finance the outstanding indebtedness</b>
Bank loan	HK\$35,000,000	23 July 2025	It is expected to be financed by the net proceeds of the CB Subscription.
Bond #2	HK\$10,000,000	10 December 2025	The Company is currently in the process of seeking other suitable fund-raising alternatives.
Bond #3	HK\$10,000,000	10 December 2025	
Bond #4	HK\$10,000,000	14 January 2026	
Bond #5	HK\$10,000,000	5 February 2026	
Bond #6	HK\$10,000,000	12 March 2026	
Bond #7	HK\$10,000,000	21 May 2026	
Bond #8	HK\$10,000,000	28 May 2026	
<b>TOTAL</b>	<b>HK\$115,000,000</b>		

The gross proceeds and net proceeds of the CB Subscription are approximately HK\$45.00 million and HK\$40.67 million respectively. It is intended the net proceeds of the CB Subscription of approximately HK\$40.67 million will be applied towards (i) repayment of bank loan of approximately HK\$35 million as mentioned in the above table by end of July 2025; and (ii) the remaining balance of approximately HK\$5.67 million be used as general working capital of the Group including staff cost and other office overhead of the Group for the year ending 31 December 2025.

The Company will have sufficient working capital for the next 12 months taking into account the net proceeds from the CB Subscription of HK\$40.67 million and the Subscription of HK\$2.52 million and the outstanding indebtedness, when due, can be extended subject to negotiation with the respective creditors. Based on historical track record, it is more likely than not that such extension can be obtained.

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## LETTER FROM THE BOARD

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The Group's latest working capital and the net proceeds from the CB Subscription of HK\$40.67 million and the Subscription of HK\$2.52 million should be sufficient to repay a significant portion of the outstanding indebtedness (including the bank loan and the bonds) that are due in 2025, if cannot be extended.

The Directors have considered various ways of funds raising in the capital market to settle the said bond payable and the bank borrowing. The Company had sought to explore other debt and equity opportunities but could not secure any financing arrangement in more favourable terms than that of the CB Subscription. In respect of bank borrowing and debt financing, it may be difficult and uncertain for the Company to obtain additional bank borrowings in light of the financial conditions of the Company that it was loss-making for the year ended 31 December 2024 with a net current liabilities position as at 31 December 2024. In respect of equity financing such as rights issue/open offer, the Directors consider that (i) it would be difficult for the Company to engage placing agent for share placement or underwriter for rights issue/ open offer without offering a considerable discount to attract subscription in light of the recent financial performance and financial position of the Company, the prevailing market prices and trading volume of the existing Shares alongside with the recent market sentiment; and (ii) rights issue/open offer may be subject to underwriting uncertainty and market risks and lengthy discussions with potential commercial underwriters may also be involved, the Directors consider equity financing not being a viable financial alternative for the Company. In view of the foregoing, the Directors consider that the issuance of Convertible Bonds is an appropriate means of raising additional capital of the Company to repay the indebtedness as it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The Directors consider raise funds by issuing the CB Subscription is justifiable considering the recent difficult market conditions and consider that the CB Subscription represents an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position. The CB Subscription not only represents an opportunity to raise capital for the Company, which also enlarges and broadens the Shareholder base and capital base of the Company in the event that the CB Subscribers elect to convert the Convertible Bonds into Conversion Shares. The Directors also consider that the CB Subscription will strengthen the financial position of the Group.

Having considered the above, in particular the uncertainties involved in the debt financing and equity financing as compared to that of the CB Subscription, the Directors are of the view that the CB Subscription is comparatively a more appropriate and viable means in light of its imminent funding needs. Accordingly, notwithstanding the significant dilution impact upon the full conversion of Convertible Bonds, given (i) the current financial position of the Company that it is in a net current liabilities position; (ii) the potential adverse impact on the Company's cash position to settle the indebtedness; and (iii) the Company had sought to explore other debt and equity opportunities but could not secure any financing arrangement in more favourable terms than that of the CB Subscription, the Directors believe that the CB Subscription is the most feasible available option for the Company and is in the interests of the Company and the Shareholders as a whole and the Directors are of the view that the dilution impact on the shareholding interests of the public Shareholders of the Company as a result of the full conversion of the Convertible Bonds is justifiable.

## LETTER FROM THE BOARD

The Directors consider that the CB Subscription Agreements are entered into on normal commercial terms following arm's length negotiations between the Company and the CB Subscribers and that the terms of the CB Subscription Agreements are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

### CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Subscription and the CB Subscription (assuming that (i) there will be no other change in the issued share capital and shareholding structure of the Company between the date of the CB Subscription Agreements and its completion; and (ii) the Share Consolidation having become effective) are as follows:

Shareholders	At the Latest Practicable Date		Immediately after the Share Consolidation		Immediately after completion of the Subscription (Note 1)		Immediately after completion of the CB Subscription and full conversion of the Convertible Bonds (Note 8)	
	Number of Existing Shares		Number of Consolidated Shares		Number of Consolidated Shares		Number of Consolidated Shares	
	Approx. %		Approx. %		Approx. %		Approx. %	
Ever Achieve Enterprises Limited (Note 2)	20,232,313	6.97%	2,023,231	6.97%	2,023,231	5.81%	2,023,231	1.57%
Great Virtue Holding Limited (Note 3)	46,880,000	16.16%	4,688,000	16.16%	4,688,000	13.46%	4,688,000	3.65%
<b>The CB Subscribers and the Subscribers</b>								
Subscriber A and CB								
Subscriber A (Note 4)	–	–	–	–	1,934,069	5.56%	33,177,559	25.81%
Subscriber B and CB								
Subscriber B (Note 5)	–	–	–	–	1,934,069	5.56%	33,177,559	25.81%
Subscriber C and CB								
Subscriber C (Note 6)	–	–	–	–	1,934,069	5.56%	33,177,559	25.81%
Public shareholders								
(Notes 3 and 8)	222,998,087	76.87%	22,299,809	76.87%	22,299,809	64.05%	22,299,809	17.35%
Total (Note 7):	290,110,400	100%	29,011,040	100%	34,813,247	100%	128,543,717	100%

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## LETTER FROM THE BOARD

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*Notes:*

1. The number of Subscription Shares shall be 58,022,079 new Existing Shares, to be further adjusted to 5,802,207 new Consolidated Shares upon the Share Consolidation becoming effective.
2. Ever Achieve Enterprises Limited (“**Ever Achieve**”) is 100% owned by Mr. Fung Pak Kei and Mr. Ho Hon Chung, Ivan, being executive Director and former executive Director, through their wholly-owned companies, in equal shares. Therefore, Mr. Fung Pak Kei and Mr. Ho Hon Chung, Ivan are deemed to be interested in all the Shares held by Ever Achieve under provisions of the SFO. Mr. Ho Hon Chung, Ivan has retired as executive Director on 30 May 2025.
3. The entire issued share capital of Great Virtue Holding Limited (“**Great Virtue**”) is beneficially owned by Mr. William Waileung Kong, and therefore, Mr. William Waileung Kong is deemed to be interested in the same number of Shares in which Great Virtue is interested under provisions of the SFO. Great Virtue will become a public shareholder of the Company in the event that its interest is reduced to below 10% as a result of full conversion of the Convertible Bonds.
4. The CB Subscriber A is YuYu Future Investment Limited, which is also the Subscriber A in the Subscription.
5. The ultimate beneficial owner of the CB Subscriber B is Mr. Bi Wei, who is also the Subscriber B in the Subscription.
6. The investment manager of CB Subscriber C is Providence Capital Group Limited (i.e. PCG), who is also the Subscriber C in the Subscription.
7. The above table is based on the assumption that none of the outstanding Options granted under the share option scheme adopted by the Company on 2 June 2015 are exercised.
8. Pursuant to the terms of the Convertible Bonds, the Company is not obliged to adjust the Conversion Price or issue Shares in satisfaction of the conversion rights attached to the Convertible Bonds in breach of the Company’s obligations under the Listing Rules (including but not limited to the minimum public float requirement of the Listing Rules) or in breach of the Takeovers Code. Accordingly, the conversion of the Convertible Bonds is subject to the conditions that the conversion will not result in any breach of the minimum public float requirements under Rule 8.08(1)(a) the Listing Rules or the Takeovers Code. The Convertible Bonds will not be converted if it results or will result in the holders of the Convertible Bonds (or any of its parties acting in concert with it within the meaning of the Takeovers Code) being obliged to make a mandatory offer for all the Shares under the Takeovers Code unless (i) the mandatory offer obligations under the Takeovers Code have been complied with; or (ii) prior approval or waiver from the Executive of the Securities and Futures Commission, and (where so required) approval of the whitewash waiver by the Shareholders, have been obtained in accordance with the requirements of the Takeovers Code (and where any conditions to which such approval or waiver is subject are duly complied with).
9. Certain figures and percentage included in the above table have been subject to rounding difference, if any. The percentage of shareholding in the above table is for illustrative purpose only. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

### EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Save for the Subscription of the new Shares as disclosed in the Announcement dated 21 April 2025, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of the Announcement.

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## LETTER FROM THE BOARD

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Date of announcement	Event	Net proceeds	Intended use of net proceeds	Actual use of net proceeds as at the Latest Practicable Date
21 April 2025	Subscription of new Shares	HK\$2.52 million	(i) repayment of indebtedness of the Group; and  (ii) fund working capital of the Group (including staff salary and rental expenses)	Not applicable as the Subscription has not yet completed. The Subscription is expected to be completed on or before 21 July 2025.
			It is contemplated that the net proceeds for both repayment of indebtedness and general working capital will be utilized by end of 2025.	

The Subscription and the Share Consolidation are not inter-conditional upon each other.

### PROPOSED SHARE CONSOLIDATION

As disclosed in the announcement of the Company dated 13 June 2025, the Board proposes to implement the Share Consolidation whereby every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.10.

As at the Latest Practicable Date, the total authorised share capital of the Company is HK\$600,000,000, which is divided into 60,000,000,000 Shares of par value of HK\$0.01 each, of which 290,110,400 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

On the assumption that there is no change in the issued share capital prior to the date of the SGM and upon the Share Consolidation becoming effective, the authorised share capital of the Company shall remain at HK\$600,000,000 which will be divided into 6,000,000,000 Consolidated Shares of par value of HK\$0.10 each, of which 29,011,040 Consolidated Shares shall be in issue and fully paid or credited as fully paid.



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## LETTER FROM THE BOARD

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### Status of the Consolidated Shares

Upon the Share Consolidation becoming effective, the issued Consolidated Shares will rank *pari passu* in all respects with each other in the same class in accordance with the Bye-laws. The Share Consolidation will not result in any change in the relative rights or proportionate interests of the holders of shares of the same class.

Other than the expenses incurred in relation to the Share Consolidation, its implementation will not in itself, alter the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders.

### Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the SGM to approve the Share Consolidation;
- (b) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation; and
- (c) the compliance with the relevant procedures and requirements under the applicable Bermuda law and the Listing Rules to effect the Share Consolidation.

Subject to the satisfaction of the above conditions, it is expected that the Share Consolidation will become effect on the second Business Day following the date of the SGM. As at the Latest Practicable Date, none of the conditions above has been fulfilled.

The Share Consolidation and the Subscription are not inter-conditional upon each other. The Share Consolidation and the CB Subscription are not inter-conditional upon each other.

### Listing application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

## LETTER FROM THE BOARD

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### Adjustment to the Options

As at the Latest Practicable Date, there are outstanding 23,208,832 Options, entitling the holder(s) thereof to subscribe for a total of 23,208,832 Existing Shares upon exercise of the Options. The Share Consolidation will lead to adjustments to the exercise price of the Options and the number of Consolidated Shares to be issued upon the exercise of the outstanding Options, such adjustment to be made in accordance with the terms and conditions of the relevant share option scheme adopted by the Company and the applicable rules and guidance of the Stock Exchange.

Set out below are the expected adjustments to the exercise price of the Options and the number of Consolidated Shares to be issued upon the exercise of the outstanding Options.

Date of grant	Exercise Period	Immediately before the Share Consolidation becoming effective		Immediately after the Share Consolidation becoming effective	
		Exercise price per Existing Share	Number of Existing Shares to be issued upon full exercise of the Options	Exercise price per Consolidated Share	Number of Consolidated Shares to be issued upon full exercise of the Options
30 April 2021	1 January 2022 to 29 April 2031	HK\$0.39	11,604,416	HK\$3.90	1,160,440
4 May 2022	1 January 2023 to 3 May 2032	HK\$0.192	11,604,416	HK\$1.92	1,160,440

The number of Shares that remain to be available for future grant of Options under the scheme mandate limit of the share option scheme adopted by the Company is 29,011,040 Existing Shares (equivalent to 2,901,104 Consolidated Shares upon the Share Consolidation becoming effective). The Company will instruct its auditors or independent financial advisor to certify in writing that the adjustments made to the exercise price and number of Consolidated Shares to be issued are in compliance with the requirements of the relevant terms of the share option scheme, Rule 17.03(13) of the Listing Rules and the note immediately after such Rule attached to the Frequently Asked Questions No. 072-2020 issued by the Stock Exchange on 6 November 2020 (as updated in January 2023).

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## LETTER FROM THE BOARD

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Save for the 23,208,832 Options, the Company has no outstanding options, warrants or other securities convertible into Existing Shares and/or Consolidated Shares as at the Latest Practicable Date.

### PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Existing Shares are traded on the Stock Exchange in board lot size of 20,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 20,000 Existing Shares to 5,000 Consolidated Shares.

Based on the closing price of HK\$0.071 per Existing Share as quoted on the Stock Exchange as at the Latest Practicable Date, the value of each board lot of 20,000 Existing Shares was HK\$1,420.

Based on the closing price of HK\$0.71 per Existing Share as quoted on the Stock Exchange as at the Latest Practicable Date, the value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation had already been effective would be HK\$3,550.

### REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in September 2024 (the “Guide”) has further stated that market price of the shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules. It has also stated in the Guide that taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view that (i) the closing prices of the Existing Shares have remained below HK\$0.1; and (ii) the Existing Shares are trading under HK\$2,000 per board lot as at the date of the announcement of the Company dated 13 June 2025 in relation to the Share Consolidation, for a number of trading days. Accordingly, the Company proposes to effect the Share Consolidation and the Change in Board Lot Size in order to comply with Rule 13.64 of the Listing Rules and the Guide.

The Board believes that the Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders.

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## LETTER FROM THE BOARD

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Based on the reasons above, the Board considers that the Share Consolidation and the Change in Board Lot Size are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **OTHER ARRANGEMENTS**

#### **Arrangement for odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

The Company has agreed to procure BMI Securities Limited to arrange for matching services regarding the sale and purchase of odd lots of the Consolidated Shares from 30 July 2025 to 19 August 2025 (both days inclusive). Shareholders of odd lots of the new Shares may contact Mr. Chow Man Ho (telephone number: +852 3575 1388) of Suite 01-08, 27/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong during normal business hours in the aforesaid period.

**Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.**

#### **Fractional entitlement to the Consolidated Shares**

Fractional Consolidated Shares (if any) will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefits of the Company.

#### **Exchange of certificates for Consolidated Shares**

Subject to the Share Consolidation becoming effective, which is currently expected to be Wednesday, 16 July 2025, Shareholders may on or after 16 July 2025 and until 21 August 2025 (both days inclusive), submit their existing share certificates in blue colour for the Existing Shares to the Company's branch share registrar 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 exchange for new share certificates in green colour for the Consolidated Shares at the expense of the Company.

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## LETTER FROM THE BOARD

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Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Company's branch share registrar in Hong Kong for each share certificate issued for the Consolidated Shares or each share certificate for the Existing Shares submitted for cancellation, whichever the number of share certificates issued or cancelled is higher.

Subject to the Share Consolidation becoming effective, after 4:10 p.m. on Tuesday, 19 August 2025, trading will only be in Consolidated Shares which share certificates will be issued in green colour. Existing share certificates in blue colour for the Existing Shares will cease to be valid for delivery, trading and settlement purpose, but will remain valid and effective as documents of title.

### SGM

The SGM will be convened and held at Conference Room, 1st Floor, No. 8 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong on Monday, 14 July 2025 at 3:00 p.m. for the Shareholders to approve the CB Subscription Agreements and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds, and the issue and allotment of the Conversion Shares upon conversion of the Convertible Bonds, and the Share Consolidation. A notice convening the SGM is set out on pages SGM-1 to SGM-5 of this circular. Whether or not you are able to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar 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 and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM if you so wish.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the CB Subscription Agreement(s) and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting under the Listing Rules on the resolution(s) to be proposed at the SGM to approve the CB Subscription Agreement(s) and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Share Consolidation and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting under the Listing Rules on the resolution to be proposed at the SGM to approve the Share Consolidation and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 9 July 2025 to Monday, 14 July 2025 (both days inclusive) during which period, no transfer of Shares will be registered. In order to be eligible to attend and vote at the SGM, 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 Tuesday, 8 July 2025.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular 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 is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

### RECOMMENDATION

The Board (including the independent non-executive Directors) is of the view that the terms and conditions of the CB Subscription Agreements and the transactions contemplated thereunder including but not limited to the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares upon conversion of the Convertible Bonds are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the CB Subscription Agreements and the transactions contemplated thereunder.

The Board (including the independent non-executive Directors) is of the view that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Share Consolidation and the transactions contemplated thereunder.

### GENERAL INFORMATION

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

By order of the Board  
**Daido Group Limited**  
**Fung Pak Kei**  
*Executive Director*

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## NOTICE OF SGM

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### DAIDO GROUP LIMITED

### 大同集團有限公司\*

*(Incorporated in Bermuda and its members' liability is limited)*

**(Stock Code: 00544)**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of Daido Group Limited (the “**Company**”) will be held at Conference Room, 1st Floor, No. 8 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong on Monday, 14 July 2025 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

#### **ORDINARY RESOLUTIONS**

1. “**THAT**

- (a) the conditional subscription agreement dated 20 April 2025 (the “**CB Subscription Agreement A**”) entered into between YuYu Future Investment Limited as subscriber (the “**CB Subscriber A**”) and the Company as issuer, in relation to, among other things, the issue of the convertible bonds in the principal amount of HK\$15,000,000 (the “**Convertible Bonds A**”) convertible into conversion shares (the “**Conversion Shares A**”) at the initial conversion price of HK\$0.04801, which shall be adjusted to HK\$0.4801 upon the Share Consolidation (as defined below) becoming effective, and the transactions contemplated thereunder (copies of the CB Subscription Agreement A having been produced to the Meeting and marked “A” and initialed by the Chairman of the Meeting for the purpose of identification) and are ratified, confirmed and approved and any directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and give effect to the CB Subscription Agreement A and the transactions contemplated thereunder;
- (b) the Directors hereby be granted by a specific mandate to allot and issue the Conversion Shares A upon the exercise of the conversion rights attached to the Convertible Bonds A in accordance with the terms and conditions of the Convertible Bonds A; and

\* *for identification purposes only*

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## NOTICE OF SGM

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- (c) any Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in the CB Subscription Agreement A and the transactions contemplated thereunder as he/she/they may in his/her/their absolute discretion consider necessary, desirable or expedient to give effect to the CB Subscription Agreement A and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, necessary or desirable.”

### 2. “THAT

- (a) the conditional subscription agreement dated 20 April 2025 (the “**CB Subscription Agreement B**”) entered into between Protoss Global Opportunities Fund as subscriber (the “**CB Subscriber B**”) and the Company as issuer, in relation to, among other things, the issue of the convertible bonds in the principal amount of HK\$15,000,000 (the “**Convertible Bonds B**”) convertible into conversion shares (the “**Conversion Shares B**”) at the initial conversion price of HK\$0.04801, which shall be adjusted to HK\$0.4801 upon the Share Consolidation (as defined below) becoming effective, and the transactions contemplated thereunder (copies of the CB Subscription Agreement B having been produced to the Meeting and marked “B” and initialed by the Chairman of the Meeting for the purpose of identification) be and are ratified, confirmed and approved and any Directors be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and give effect to the CB Subscription Agreement B and the transactions contemplated thereunder;
- (b) the Directors hereby be granted by a specific mandate to allot and issue the Conversion Shares B upon the exercise of the conversion rights attached to the Convertible Bonds B in accordance with the terms and conditions of the Convertible Bonds B; and
- (c) any Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in the CB Subscription Agreement B and the transactions contemplated thereunder as he/she/they may in his/her/their absolute discretion consider necessary, desirable or expedient to give effect to the CB Subscription Agreement B and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, necessary or desirable.”



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## NOTICE OF SGM

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3. “**THAT**

- (a) the conditional subscription agreement dated 20 April 2025 (the “**CB Subscription Agreement C**”) entered into between Providence Discovery Fund as subscriber (the “**CB Subscriber C**”) and the Company as issuer, in relation to, among other things, the issue of the convertible bonds in the principal amount of HK\$15,000,000 (the “**Convertible Bonds C**”) convertible into conversion shares (the “**Conversion Shares C**”) at the initial conversion price of HK\$0.04801, which shall be adjusted to HK\$0.4801 upon the Share Consolidation (as defined below) becoming effective, and the transactions contemplated thereunder (copies of the CB Subscription Agreement C having been produced to the Meeting and marked “C” and initialed by the Chairman of the Meeting for the purpose of identification) be and are ratified, confirmed and approved and any Directors be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and give effect to the CB Subscription Agreement C and the transactions contemplated thereunder;
- (b) the Directors hereby be granted by a specific mandate to allot and issue the Conversion Shares C upon the exercise of the conversion rights attached to the Convertible Bonds C in accordance with the terms and conditions of the Convertible Bonds C; and
- (c) any Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in the CB Subscription Agreement C and the transactions contemplated thereunder as he/she/they may in his/her/their absolute discretion consider necessary, desirable or expedient to give effect to the CB Subscription Agreement C and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, necessary or desirable.”

4. “**THAT** subject to and conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited of the listing of, and permission to deal in, the Consolidated Shares (as defined below) in issue and to be issued arising from the Share Consolidation (as defined below) and with effect from the later of (i) the second business day immediately following the date of passing of this resolution; or (ii) the date on which such listing and permission to deal are granted:

- (a) every ten (10) issued and unissued ordinary shares of par value of HK\$0.01 each in the share capital of the Company be and are hereby consolidated into one (1) share of par value of HK\$0.10 (the “**Consolidated Shares**”) and such Consolidated Share(s) shall rank *pari passu* in all respects with each other and

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## NOTICE OF SGM

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have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the bye-laws of the Company (the “**Share Consolidation**”);

- (b) all fractional entitlements to the issued Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to the shareholders of the Company but all such fractional Consolidated Shares will be aggregated and, if possible, sold and the net proceeds shall be retained for the benefit of the Company in such manner and on such terms as the Directors may think fit; and
- (c) any one of the Directors be and is hereby authorised to do all such acts and things and execute all documents he/she considers necessary, desirable or expedient to give effect to any or all of the foregoing arrangements, the Share Consolidation and the transactions contemplated thereunder.”

By order of the Board  
**Daido Group Limited**  
**Fung Pak Kei**  
*Executive Director*

Hong Kong, 27 June 2025

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

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

*Notes:*

1. For the purposes of determining members’ eligibility to attend, speak and vote at the Meeting (or at any adjournment thereof) to be held on Monday, 14 July 2025, the register of members of the Company will be closed. Details of such closure are set out below:

For determining eligibility to attend, speak and vote at the Meeting:

Latest time to lodge transfer documents for registration . . . . . 4:00 p.m. on  
Tuesday, 8 July 2025

Closure of register of members. . . . . Wednesday, 9 July 2025 to  
Monday, 14 July 2025 (both days inclusive)

Record date. . . . . Monday, 14 July 2025

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## NOTICE OF SGM

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During the above closure period, no transfer of shares of the Company (“Shares”) will be registered. To be eligible to attend, speak and vote at the Meeting (or at any adjournment thereof), 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, speak and vote at the Meeting (or at any adjournment thereof) convened by the above notice is entitled to appoint one or more than one proxy (if holding two or more Shares) to attend, speak and 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 completed form of proxy must be deposited 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, at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof (as the case may be). If a form of proxy is signed by an attorney of a shareholder who is not a corporation, the power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong) must be delivered to Union Registrars Limited together with the form of proxy. For the avoidance of doubt, form of proxy sent by facsimile or electronic means is not accepted.
4. 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 so wish, and in such event, the form of proxy shall be deemed to be revoked.
5. 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.
6. 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 12:00 noon 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.
7. Pursuant to the Listing Rules, all resolutions set out in the notice of the Meeting will be decided by poll at the Meeting.
8. As at the date hereof, the Board comprises executive Director, namely, Mr. Fung Pak Kei, non-executive Director, namely Ms. Kwan Nga Chung and independent non-executive Directors, namely, Mr. Leung Chi Hung, Mr. Lo Chi Wang and Mr. Tse Yuen Ming.