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SHARE TRANSACTION

On 26 October 2015 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, entered into the Framework Agreement with the Vendors pursuant to which the Purchaser agreed to acquire and the Vendors agreed to sell the entire equity interests in the Target Company for an aggregate Consideration of RMB10,000,000 (approximately HK\$12,195,122, at the Exchange Rate). The Consideration shall be satisfied as to 60% by the Purchaser procuring the Company to allot and issue a total of 8,449,276 Consideration Shares to the Vendors, and the settlement of the remaining 40% of the Consideration is to be determined in a separate supplemental agreement.

The Consideration Shares represent approximately 0.2398% of the existing issued share capital of the Company and approximately 0.2392% of the issued share capital of the Company, as enlarged by the issuance of the Consideration Shares. The Consideration Shares will be issued under the General Mandate and will rank *pari passu* in all respects with each other and with the other Shares then in issue.

As all the applicable percentage ratios in respect of the Acquisition are less than 5% and the Framework Agreement provides that the Consideration shall be satisfied by the allotment and issue of Consideration Shares, the Acquisition constitutes a share transaction on the part of the Company under Chapter 14 of the Listing Rules.

On 26 October 2015 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, entered into the Framework Agreement with the Vendors pursuant to which the Purchaser agreed to acquire and the Vendors agreed to sell the entire equity interests in the Target Company. A summary of the principal terms of the Framework Agreement and details of the Target Company are set out below.

THE FRAMEWORK AGREEMENT

- Date : 26 October 2015 (after trading hours)
- Parties : (i) 林麥商品信息諮詢 (深圳) 有限公司 (Linmark Merchandise Consultancy (Shenzhen) Limited*), being the Purchaser
(ii) 深圳市國採立信投資管理有限公司 (Shenzhen Guocai Lixin Investment Management Company Limited*) as one of the Vendors
(iii) 吳玥鑒 (Wu Yueyun*) as one of the Vendors

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors and each of their respective ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

Assets to be acquired

Pursuant to the Framework Agreement, the Purchaser agreed to acquire the entire equity interests in the Target Company. As at the date of this announcement, the Target Company is owned as to 51% by the First Vendor and as to the remaining 49% by the Second Vendor.

Consideration

The aggregate Consideration for the Acquisition is the sum of RMB10,000,000, or approximately HK\$12,195,122 at the Exchange Rate, to be satisfied in the following manner:

- (i) RMB6,000,000, or approximately HK\$7,317,073 at the Exchange Rate, by the Purchaser procuring the Company to allot and issue 8,449,276 Consideration Shares, as consideration for the acquisition of the First Tranche Sale Interest on Completion Date; and
- (ii) RMB4,000,000, or approximately HK\$4,878,049 at the Exchange Rate, (being the remainder of the Consideration), to be settled in such manner as the Purchaser and the Vendors may agree under a separate supplemental agreement, as consideration for the acquisition of the Second Tranche Sale Interest.

The Consideration was agreed between the Purchaser and the Vendors after arm's length negotiations with reference to the existing financial industry qualifications held by the Target Company and strategic value to the Group of the Target Company. Completion of the acquisition of the First Tranche Sale Interest is subject to delivery to the Purchaser of a valuation report satisfactory to the Purchaser. Subject to delivery of a satisfactory valuation report, the Directors consider that the Consideration is fair and reasonable.

Consideration Shares

A total of 8,449,276 Consideration Shares will be allotted and issued, representing approximately 0.2398% of the existing issued share capital of the Company and approximately 0.2392% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The issue price of HK\$0.866 per Consideration Share represents:

- (i) a premium of approximately 5.61% to the closing price of HK\$0.82 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) equal to the average of the closing prices of HK\$0.866 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 3.35% to the average of the closing prices of HK\$0.896 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The issue price of HK\$0.866 per Consideration Share was based on the average closing price of the Shares for the last five trading days as quoted on the Stock Exchange prior to the date of the Framework Agreement, as stipulated in the Framework Agreement. The Directors consider that the issue price is fair and reasonable and the issuance of the Consideration Shares at the issue price is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares are to be issued under the General Mandate granted by the Shareholders to the Directors at the last annual general meeting held by the Company on 27 August 2015, which authorised the Board to issue up to 704,705,279 Shares. As at the date of this announcement, no Shares have been issued pursuant to the General Mandate.

The Company will make an application to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

The Consideration Shares, when issued and fully paid, will rank *pari passu* in all respects with each other and with the other Shares in issue at the time of issue of the Consideration Shares.

Lock-up

The Consideration Shares are subject to a lock up period of six months from the date of allotment.

Conditions precedent

Completion of the acquisition of the First Tranche Sale Interest is subject to the fulfillment of the following conditions (or otherwise waived by the Purchaser) pursuant to the Framework Agreement:

- (i) the Purchaser being satisfied with the results of the due diligence review on the Target Company;
- (ii) delivery of a valuation report on the Target Company by a valuer engaged by the Purchaser, and Purchaser being satisfied with the valuation report;
- (iii) the representations and warranties given by either party under the Framework Agreement remaining true and accurate in all material respects and in substance and not misleading from the date of the Framework Agreement until (and including) the Completion Date;
- (iv) all necessary consents and approvals relating to the Acquisition having been obtained, including but not limited to approvals from the Stock Exchange and any other regulators or third parties, if any; and
- (v) the Acquisition is in compliance with the Listing Rules.

In the event that the above conditions are not fulfilled on or before 31 January 2016 (or such other date that may be agreed by both parties in writing), the Framework Agreement shall terminate and no party to the Framework Agreement shall have any obligations and liabilities towards one another thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion of the acquisition of the First Tranche Sale Interest shall take place on the date the registration of change in shareholder of the Target Company is completed with the relevant authority in the PRC and such authority issues the new business registration certificate for the Target Company reflecting such new shareholding.

Upon completion of the First Tranche Sale Interest, the Target Company will become a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The Group is principally engaged in the business of sales of merchandise and provision of procurement and value-added services.

As stated in the annual report of the Company for the year ended 30 April 2015, the Group continues to look for merger and acquisition opportunities that allow the Group to effectively expand its scope of businesses, services and product offerings.

The Group has reviewed the possibility of diversifying into the business of providing corporate finance and advisory services.

The Board believes that the rapid growth of the corporate finance and advisory industry provides an optimum opportunity for the Group to diversify and broaden its business base. The Directors consider that the Acquisition represents a good opportunity for the Group to enter the industry.

In view of the above, the Directors consider that the transactions under the Framework Agreement are on normal commercial terms, and that the terms of the transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE VENDORS AND THE TARGET COMPANY

The First Vendor is a company established in the PRC and is principally engaged in providing investment advisory, economic information advisory, corporate management advisory and investment management advisory services (excluding trust, financial asset management, securities asset management activities). As at the date of this announcement, it is interested in 51% of the equity interests in the Target Company.

The Second Vendor, is a PRC resident and as at the date of this announcement, is interested in 49% of the equity interests in the Target Company.

The Target Company is a company established in the PRC with limited liability and is principally engaged in providing investment management (excluding trust, financial asset management, securities asset management activities), investment advisory, economic information advisory, corporate management advisory and investment management advisory services.

The Target Company was incorporated in 2015 with a registered capital of RMB10,000,000. According to the unaudited management accounts of the Target Company for the period ended 30 September 2015 (since the establishment of the Target Company), the Target Company recorded a loss of approximately RMB1,001,000 both before and after taxation and extraordinary items. To the knowledge of the Company, but subject to due diligence, the Target Company has no material assets or liabilities as at the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE

Assuming there being no other change in the shareholding structure of the Company, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the First Tranche Sale Interest and the allotment and issue of the Consideration Shares.

Shareholders	As at the date of this Announcement		Immediately after completion of the First Tranche Sale Interest and the allotment and issue of the Consideration Shares	
	Number of Shares	%	Number of Shares	%
Substantial Shareholders				
Sino Remittance Holding Limited (<i>Note</i>)	1,707,500,000	48.46	1,707,500,000	48.34
Fame City Developments Limited (<i>Note</i>)	198,968,455	5.65	198,968,455	5.63
Oceanic Force Limited (<i>Note</i>)	306,809,640	8.71	306,809,640	8.69
Winning Port International Limited (<i>Note</i>)	460,000	0.01	460,000	0.01
Directors				
WONG Hing Lin, Dennis	12,500,000	0.35	12,500,000	0.35
WANG Arthur Minshiang	1,300,000	0.04	1,300,000	0.04
A director of the Company's subsidiary	50,000	0.00	50,000	0.00
Public Shareholders				
First Vendor	—	—	4,309,131	0.12
Second Vendor	—	—	4,140,145	0.12
Other public Shareholders	<u>1,295,938,300</u>	<u>36.78</u>	<u>1,295,938,300</u>	<u>36.70</u>
Total	<u><u>3,523,526,395</u></u>	<u><u>100.00</u></u>	<u><u>3,531,975,671</u></u>	<u><u>100.00</u></u>

Note: Each of Sino Remittance Holding Limited, Fame City Developments Limited, Oceanic Force Limited and Winning Port International Limited is wholly-owned by Daohe Global Investment Holding Limited, which is in turn 80%-owned by Mr. ZHOU Xijian, a non-executive Director and the chairman of the Company and 20%-owned by Mr. ZHANG Qi, an executive Director and the chief executive officer of the Group.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios in respect of the Acquisition are less than 5% and the Framework Agreement provides that the Consideration shall be satisfied by the allotment and issue of Consideration Shares, the Acquisition constitutes a share transaction on the part of the Company under Chapter 14 of the Listing Rules.

GENERAL

As the Acquisition is subject to the fulfillment of the conditions precedent set out above, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire equity interests in the Target Company by the Purchaser from the Vendors pursuant to the Framework Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Daohe Global Group Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange
“Completion Date”	the date the completion of registration of change in shareholder of the Target Company completed with the relevant authority in the PRC and such authority issues the new business registration certificate for the Target Company reflecting such new shareholding, being the completion date of the acquisition of the First Tranche Sale Interest
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition pursuant to the Framework Agreement
“Consideration Shares”	8,449,276 new Shares to be allotted and issued to the Vendors pursuant to the Framework Agreement in respect of the acquisition of the First Tranche Sale Interest
“Director(s)”	the director(s) of the Company
“Exchange Rate”	HK\$1 to RMB0.82
“First Tranche Sale Interest”	30.6% interest in the Target Company from the First Vendor; and 29.4% interest in the Target Company from the Second Vendor

“First Vendor”	深圳市國採立信投資管理有限公司 (Shenzhen Guocai Lixin Investment Management Company Limited*), one of the Vendors under the Framework Agreement, is a company established in the PRC with limited liability and is principally engaged in investment advisory, economic information advisory, corporate management advisory and investment management advisory services (excluding trust, financial asset management, securities asset management activities)
“Framework Agreement”	the conditional framework sale and purchase agreement dated 26 October 2015 entered into between the Purchaser and the Vendors in relation to the Acquisition
“General Mandate”	the general mandate granted to the Directors pursuant to the ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 27 August 2015
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	23 October 2015, being the last trading day of the Shares before the signing of the Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Purchaser”	林麥商品信息諮詢（深圳）有限公司 (Linmark Merchandise Consultancy (Shenzhen) Limited*), a company registered as a wholly-foreign-owned enterprise under the laws of the PRC and a wholly owned subsidiary of the Company
“Second Tranche Sale Interest”	the remaining 20.4% interest in the Target Company from the First Vendor; and the remaining 19.6% interest in the Target Company from the Second Vendor
“Second Vendor”	吳玥鑿 (Wu Yueyun*), one of the Vendors under the Framework Agreement
“Share(s)”	ordinary share(s) of US\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳市國採晟唐投資管理有限公司 (Shenzhen Guo Cai Sheng Tang Investment Co. Ltd.*), a company established in the PRC with limited liability
“Vendors”	collectively the First Vendor and the Second Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board
Daohe Global Group Limited
ZHOU Xijian
Chairman and non-executive Director

Hong Kong, 26 October 2015

As at the date of this announcement, the Board comprises one non-executive Director, being Mr. ZHOU Xijian (Chairman); three executive Directors, being Mr. ZHANG Qi (Chief Executive Officer), Mr. WONG Hing Lin, Dennis (President and Chief Financial Officer) and Mr. HWANG Han-Lung, Basil (Company Secretary, General Counsel and Head of Development and Investments); and three independent non-executive Directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. Jakob Jacobus Koert TULLENERS.

For the purposes of this announcement, conversion of HK\$ into RMB is based on the approximate exchange rate of HK\$1 to RMB0.82 for the purposes of illustration only. No representation is made that any amount of HK\$ or RMB could have been or could be converted at the above rate or any other rates.

* *For identification purpose only*