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CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
HONG KONG WING YUE ASSET MANAGEMENT LIMITED

Reference is made to the Announcement in relation to the entering into of the MOU between Daohe Capital and the Vendor on 2 December 2015 for the Acquisition.

THE ACQUISITION

The Board announces that on 22 January 2016 (after trading hours), Daohe Capital, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which Daohe Capital conditionally agreed to purchase and the Vendor conditionally agreed to sell the entire issued share capital of the Target Company at an aggregate consideration of HK\$14.5 million plus the NAV of the Target Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is wholly-owned by Mr. Zhou. Mr. Zhou is a non-executive Director, the chairman and the controlling shareholder of the Company. The Vendor is therefore an associate of Mr. Zhou and a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the Acquisition is over 0.1% but all are less than 5%, the Acquisition is subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

Reference is made to the Announcement in relation to the entering into of the MOU between Daohe Capital and the Vendor on 2 December 2015 for the Acquisition.

THE ACQUISITION

The Board announces that on 22 January 2016 (after trading hours), Daohe Capital, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the Acquisition. Details of the Agreement are set out below.

Date

22 January 2016

Parties

- (i) Daohe Capital (as purchaser)
- (ii) Vendor (as vendor)

Assets to be acquired

The entire issued share capital of the Target Company. For more details in relation to the Target Company please refer to the paragraph headed “Information on the Target Company” below.

Consideration and terms of payment

Pursuant to the Agreement, the consideration for the entire issued share capital of the Target Company shall be the aggregate of HK\$14.5 million plus the NAV of Target Company, which shall be paid to the Vendor at Completion by way of cashier’s order(s), wire transfer or such other manner as Daohe Capital and the Vendor may agree.

The consideration for the Acquisition was determined after arm’s length negotiations between Daohe Capital and the Vendor with reference to the existing financial industry, licences and qualifications held by the Target Company and the strategic value to the Group of the Target Company, including (i) the licences currently held by the Target Company to carry out certain regulated activities under the SFO, (ii) the experienced management and financial specialists team of the Target Company, and (iii) the future prospect of the Target Company.

Pursuant to the Agreement, Daohe Capital and the Vendor agree that if the NAV of the Target Company exceeds HK\$3 million, such value, for the purpose of the Agreement (and determination of the consideration for the Acquisition), shall be deemed to be HK\$3 million.

The consideration will be funded from internal resources and/or bank loans of the Group.

Conditions precedent

Pursuant to the Agreement, Completion of the Acquisition shall be conditional upon the following:

- (a) the approval by the SFC of Daohe Capital becoming a substantial shareholder of the Target Company;

- (b) Daohe Capital being satisfied with the results of its inspection and investigation as to the financial, corporate, taxation and trading position of the Target Company, and the title of the Target Company to its assets;
- (c) each of the warranties made by the Vendor in the Agreement remaining true, accurate and complete up to Completion; and
- (d) the performance and observance by the Vendor of all its undertakings and obligations under the Agreement.

The Vendor's undertakings

Pursuant to the Agreement, the Vendor undertakes to Daohe Capital, among others, that:

- (a) immediately before Completion, the Vendor shall cause five key officers of the Target Company, being the current and proposed responsible officers (within the meaning of the SFO) set out in the Agreement, to enter into appointment letters with the Target Company for a term not less than one year following Completion on terms to be agreed between Daohe Capital and each of these key officers; and
- (b) the Vendor shall procure the Target Company to terminate the employment contracts with all employees of the Target Company upon Completion and all compensation pursuant to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) shall be paid by the Vendor.

Stamp duty in connection with the Acquisition

It is agreed between Daohe Capital and the Vendor under the Agreement that any stamp duty incurred in connection with the Acquisition shall be borne by them in equal shares.

Completion

Subject to the conditions precedent of the Agreement (as disclosed above) being fulfilled, Completion shall take place on the fifth business day after the approval of the SFC for Daohe Capital and its substantial shareholders to become the substantial shareholders of the Target Company is granted.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its accounts will be consolidated into those of the Group.

Information on the Target Company

The Target Company is a company incorporated in Hong Kong with limited liability on 3 December 2007. The Target Company is a licensed corporation licensed by the SFC to carry on types 4, 5, 6 and 9 regulated activities under the SFO which are respectively advising on securities, advising on futures contracts, advising on corporate finance and asset management.

As at the date hereof, the Target Company is wholly-owned by the Vendor.

The table below sets out the financial information of the Target Company, which was extracted from the audited accounts and the latest unaudited management accounts of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards:

Book value of the total assets as at 31 December 2015 (unaudited)	HK\$5,425,270
Book value of the net assets as at 31 December 2015 (unaudited)	HK\$5,288,248
Net loss before taxation for the year ended 31 March 2015 (audited)	HK\$2,862,288
Net loss after taxation for the year ended 31 March 2015 (audited)	HK\$2,406,206
Net loss before taxation for the year ended 31 March 2014 (audited)	HK\$2,712,175
Net loss after taxation for the year ended 31 March 2014 (audited)	HK\$2,478,202

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 and expanding its business scope to include providing financial services. The Directors note the growth in the financial services industry in Hong Kong in recent years and believe that the Acquisition represents an opportunity for the Group to diversify and broaden its business base into providing financial services, especially financial services aimed at catering to the growing demand from an increasingly-wealthy and sophisticated Mainland Chinese institutional and high net worth clientele.

The Group expects to benefit from engaging in the SFO regulated financial services that the Target Company is permitted to conduct under the relevant licenses granted by the SFC. The Group also expects thereby to diversify its income stream, which in turn is expected to enhance shareholder value and benefit the Company and its Shareholders as a whole.

The terms of the Agreement (including the consideration) have been determined after arm's length negotiations between Daohe Capital and the Vendor. The Directors (including the independent non-executive Directors) consider that the Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms thereof are fair and reasonable and in the interests of the Company and Shareholders as a whole.

INFORMATION ON THE GROUP, DAOHE CAPITAL AND THE VENDOR

The Group is principally engaged in sales of merchandise and provision of procurement and value-added services. Daohe Capital is a wholly-owned subsidiary of the Company.

The Vendor is an investment holding company.

RELATIONSHIP BETWEEN PARTIES AND LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is wholly-owned by Mr. Zhou. Mr. Zhou is a non-executive Director, the chairman and the controlling shareholder of the Company. The Vendor is therefore an associate of Mr. Zhou and a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the Acquisition is over 0.1% but all are less than 5%, the Acquisition is subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

Mr. Zhou, being the sole shareholder and director of the Vendor, has abstained from voting on the Board resolutions for approving the Acquisition. Save and except for Mr. Zhou, none of the Directors has any material interest in the Acquisition.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of the Target Company by Daohe Capital from the Vendor pursuant to the Agreement
“Agreement”	the agreement dated 22 January 2016 entered into between Daohe Capital and the Vendor in relation to the Acquisition
“Announcement”	the announcement of the Company dated 2 December 2015 in relation to the entering into of the MOU between Daohe Capital and the Vendor for the Acquisition
“associate(s)”	has the meaning as ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	Daohe Global Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Agreement
“connected person(s)”	has the meaning as ascribed to this term under the Listing Rules
“controlling shareholder”	has the meaning as ascribed to this term under the Listing Rules

“Daohe Capital”	Daohe Capital Limited, a company incorporated in Hong Kong, which is a wholly-owned subsidiary of the Company and the purchaser for the Acquisition under the Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding entered into between Daohe Capital and the Vendor on 2 December 2015 for the Acquisition, details of which were disclosed in the Announcement
“Mr. Zhou”	Mr. Zhou Xijian, a non-executive Director, the chairman and the controlling shareholder of the Company, as well as the sole shareholder and director of the Vendor
“NAV”	the net assets value of the Target Company as at Completion, or the latest practicable date prior to Completion that Daohe Capital and the Vendor may agree, provided that if such value exceeds HK\$3 million, the NAV, for the purpose of the Agreement (and determination of the consideration for the Acquisition), shall be deemed to be HK\$3 million
“percentage ratio(s)”	has the meaning as ascribed to this term under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“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

“substantial shareholder”	has the meaning as ascribed to this term under Schedule 1 to the SFO
“Target Company”	Hong Kong Wing Yue Asset Management Limited, a company incorporated in Hong Kong with limited liability on 3 December 2007
“Vendor”	Hong Kong Wing Yue Financial Group Holdings Limited, a company incorporated in Hong Kong, which is the vendor of the Acquisition under the Agreement and wholly-owned by Mr. Zhou
“%”	per cent.

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

Hong Kong, 22 January 2016

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 four independent non-executive Directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius, Mr. Jakob Jacobus Koert TULLENERS and Mr. WONG Chak Keung.