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PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



恒明珠證券有限公司
ETERNAL PEARL SECURITIES LTD.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 5 June 2016, the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, 690,620,000 new Shares to not less than six independent Placers at the Placing Price of HK\$0.42 per Placing Share pursuant to the terms and conditions of the Placing Agreement.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and Completion, the Placing Shares represent approximately 19.55% of the total issued share capital of the Company as at the date of this announcement, and approximately 16.36% of the total issued share capital of the Company as enlarged by the Placing Shares.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares. The Placing Price of HK\$0.42 per Placing Share represents (i) a discount of approximately 19.23% to the closing price of HK\$0.52 per Share as quoted on the Stock Exchange on 3 June 2016, being the last trading day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 18.60% to the average closing price of HK\$0.516 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 2 June 2016, being the trading day immediately prior to the date on which the Placing Price is fixed.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the Placing Shares.

Assuming all the Placing Shares are placed to the Placees in full, the maximum gross proceeds from the Placing will be approximately HK\$290.1 million. The net proceeds, after deducting the all relevant costs and expenses, will be approximately HK\$282.7 million (assuming the Placing Agent is able to place all the Placing Shares in full within the first 10 Business Days from the date of the Placing Agreement in which case a placing fee of 2.5% of the aggregate Placing Price of the Placing Shares placed by the Placing Agent to Placees independently introduced or procured by the Placing Agent is payable by the Company). The net proceeds represent a net placing price of approximately HK\$0.41 per Placing Share. The Company intends to use the net proceeds from the Placing to enlarge its capital base and to finance opportunistic acquisitions that the Company is seeking to enter into in the medium term, and to take advantage of investor interest in the Company at the current market price of its Shares.

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM. The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

The Placing Agreement may be terminated pursuant to the termination provisions contained therein. In addition, Completion of the Placing is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 5 June 2016, the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, 690,620,000 new Shares to not less than six independent Placees at the Placing Price of HK\$0.42 per Placing Share pursuant to the terms and conditions of the Placing Agreement.

Set out below is a summary of the principal terms of the Placing Agreement:

THE PLACING AGREEMENT

Date: 5 June 2016

Parties: (a) The Company
(b) The Placing Agent

Placing Agent

Eternal Pearl Securities Limited, the Placing Agent, has conditionally agreed to place 690,620,000 Placing Shares on a best effort basis and in consideration thereof, it will receive a placing fee of 2.5% of the aggregate Placing Price of the Placing Shares actually placed by it to Placees independently introduced or procured by it within the first 10 Business Days from the date of the Placing Agreement, and 1.0% of the aggregate Placing Price of the Placing Shares placed by it to Placees independently introduced or procured by it after the first 10 Business Days from the date of the Placing Agreement, which the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company at Completion. The Directors are of the view that the placing fee accords with the market rate and is fair and reasonable.

To the best of the Directors' knowledge and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of, not acting in concert (as defined in the Takeovers Code) with and not connected with the Company and its connected persons.

The Placees

The Placing Agent represents, warrants and undertakes to the Company that it will place the Placing Shares to not less than six independent Placees, being investors who and whose ultimate beneficial owners are (i) third parties independent of, and not acting in concert (as defined in the Takeovers Code) with, the Company or directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates and (ii) not connected persons of the Company.

It is expected that none of the Placees will become a substantial shareholder of the Company after Completion.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and Completion, the Placing Shares represent approximately 19.55% of the total issued share capital of the Company as at the date of this announcement, and approximately 16.36% of the total issued share capital of the Company as enlarged by the Placing Shares.

The aggregate nominal value of the Placing Shares is approximately US\$2.76 million (equivalent to approximately HK\$21.49 million).

Placing Price

The Placing Price of HK\$0.42 per Placing Share represents (i) a discount of approximately 19.23% to the closing price of HK\$0.52 per Share as quoted on the Stock Exchange on 3 June 2016, being the last trading day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 18.60% to the average closing price of HK\$0.516 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 2 June 2016, being the trading day immediately prior to the date on which the Placing Price is fixed.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares.

Ranking of Placing Shares

The Placing Shares, when issued and credited as fully paid up, will rank *pari passu* in all respects with all other Shares in issue on the date of allotment of the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 704,705,279 new Shares. As at the date of this announcement, 8,449,276 new Shares have been issued under the General Mandate. The remaining number of Shares which the Company may allot and issue pursuant to the General Mandate is 696,256,003 Shares. The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Conditions of the Placing

The Completion of the Placing is conditional *inter alia* upon the satisfaction of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in all the Placing Shares;
- (b) each of the Company and the Placing Agent having obtained all necessary consents and approvals in relation to the Placing from the relevant authorities, if applicable.

If any of the above conditions is not fulfilled on or before 4 July 2016 (or such later date as may be agreed by the Company and the Placing Agent in writing), all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the Placing shall cease and determine and none of the parties shall have any claim against any other party in respect of the Placing save for any antecedent breaches.

The Board is not aware of any circumstances which may render the conditions not to be fulfilled as at the date of this announcement.

Completion

Subject to the fulfilment of the conditions set out above, Completion shall take place within three Business Days following fulfillment of all the conditions and unless otherwise agreed between the parties, shall be no later than 4 July 2016.

Termination of the Placing

Unless otherwise agreed between the Company and the Placing Agent, the appointment in respect of a Placing Agent under the Placing Agreement shall terminate simultaneously upon the earlier of (a) Completion and (b) termination of the Placing by the Placing Agent in accordance with paragraphs numbered (I) and (II) below, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.

- (I) The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the date of Completion (the “**Completion Date**”), if in its reasonable opinion, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a “force majeure event” refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not *sui generis* with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any material change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which materially and adversely affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

(II) If, at or prior to 9:00 a.m. on the Completion Date:

- (a) the Company commits any material breach of or omits in any material respect to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than thirty consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties on the part of the Company contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall reasonably determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing;

the Placing Agent shall be entitled by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

The Company may, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 9:00 a.m. on the Completion Date if there is a breach of the warranties, representations or undertakings given by the Placing Agent in the Placing Agreement or if after 10 Business Days from the date thereof the Company is of the reasonable opinion that the Placing Agent is unable to procure Placees in respect of at least 80% of the Placing Shares.

Upon termination of the Placing Agreement by giving of notice pursuant to the paragraphs above, all obligations of the Company and the Placing Agent shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

Assuming all the Placing Shares are placed to the Placees in full, the maximum gross proceeds from the Placing will be approximately HK\$290.1 million. The net proceeds, after deducting the all relevant costs and expenses, will be approximately HK\$282.7 million (assuming the Placing Agent is able to place all the Placing Shares in full within the first 10 Business Days from the date of the Placing Agreement in which case a placing fee of 2.5% of the aggregate Placing Price of the Placing Shares placed by the Placing Agent to Placees independently introduced or procured by the Placing Agent is payable by the Company). The net proceeds represent a net placing price of approximately HK\$0.41 per Placing Share. The Company intends to use the net proceeds from the Placing to enlarge its capital base

and to finance opportunistic acquisitions that the Company is seeking to enter into in the medium term, and to take advantage of investor interest in the Company at the current market price of its Shares.

The Directors are of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position and broaden the shareholder and capital base of the Group so as to facilitate its future development. Accordingly, the Board considers that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

Set out below is the fund raising activity conducted by the Company in the past 12 months prior to the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
1 June 2015 and 17 June 2015	Placing of new Shares under general mandate	Approximately HK\$64 million	To enlarge the Company's capital base and prepare for any development opportunities as and when they arise	The Company has reserved part of such proceeds to finance the acquisition of Hong Kong Wing Yue Asset Management Limited, which was announced on 2 December 2015 and 22 January 2016, and which is pending the approval of the Securities and Futures Commission. The balance of such proceeds not used to finance that acquisition will be used for other development opportunities

Save as disclosed above, the Company has not conducted any other fund raising exercises in the past twelve months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding in the Company as at the date of this announcement and, for illustrative purposes only, upon completion of the Placing, assuming there being no other changes in the issued share capital and the shareholding structure of the Company after the date of this announcement.

<u>Name of the Shareholders</u>	<u>As at the date of this announcement</u>		<u>Upon completion of the Placing</u>	
	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>
Substantial Shareholders				
Sino Remittance Holding Limited ^(Note 1)	1,707,500,000	48.34	1,707,500,000	40.44
Fame City Developments Limited ^(Note 1)	198,968,455	5.63	198,968,455	4.71
Oceanic Force Limited ^(Note 1)	306,809,640	8.69	306,809,640	7.27
Winning Port International Limited ^(Note 1)	460,000	0.01	460,000	0.01
Directors				
ZHANG Li ^(Note 2)	4,309,131	0.12	4,309,131	0.10
WONG Hing Lin, Dennis	12,500,000	0.35	12,500,000	0.30
WANG Arthur Minshiang	1,300,000	0.04	1,300,000	0.03
Director of the Company's subsidiaries	50,000	0.00	50,000	0.00
Public Shareholders (including the Placees)				
The Placees	—	—	690,620,000	16.36
Public Shareholders ^(Note 3)	1,300,078,445	36.82	1,300,078,445	30.78
Total:	<u>3,531,975,671</u>	<u>100.00</u>	<u>4,222,595,671</u>	<u>100.00</u>

Notes:

- 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.
- The Shares are owned by 深圳市國採立信投資管理有限公司 (Shenzhen Guocai Lixin Investment Management Company Limited*), a company which is 70%-owned by the spouse of Mr. ZHANG Li, an executive Director and the co-chairman of the Company.
- Immediately after Completion, the public Shareholders will hold an aggregate of 1,990,698,445 Shares, representing approximately 47.14% of the issued share capital of the Company and therefore the Company will be able to satisfy with the public float requirement under the Listing Rules.

* *for identification only*

APPLICATION FOR LISTING

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

The Placing Agreement may be terminated pursuant to the termination provisions contained therein. In addition, Completion of the Placing is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 27 August 2015 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“associates”	has the same meaning as ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday and public holidays in Hong Kong and the PRC) on which banks in Hong Kong and the PRC are open for business
“Company”	Daohe Global Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 915)
“Completion”	completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement
“connected person(s)”	has the same meaning as ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company

“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placees”	investors who would subscribe for the Placing Shares
“Placing”	the placing for the Placing Shares by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Eternal Pearl Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) and type 2 regulated activity (dealing in futures contracts) under the Securities and Futures Ordinance
“Placing Agreement”	the agreement dated 5 June 2016 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.42 per Placing Share pursuant to the terms and conditions of the Placing Agreement
“Placing Shares”	an aggregate of 690,620,000 new Shares to be allotted and issued upon the terms and subject to the conditions set out in the Placing Agreement, which will rank <i>pari passu</i> in all respects with all other Shares in issue on the date of allotment of the Placing Shares. Such number of new Shares representing in aggregate approximately 19.55% of the total issued shares of the Company as at the date of the Placing Agreement and approximately 16.36% of the total issued shares of the Company as enlarged by the placing of the Placing Shares to be placed for by the Placing Agent and issued by the Company under the Placing Agreement
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of US\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) for the time being of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to this term under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 5 June 2016

In this announcement, all amounts denominated in US\$ have been converted into HK\$ at the exchange rate of US\$1 = HK\$7.78 for illustration purposes only.

As at the date of this announcement, the Board comprises one non-executive Director, being Mr. ZHOU Xijian (Chairman); four executive Directors, being Mr. ZHANG Li (Co-Chairman), 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. WONG Chak Keung.