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**LAPSE OF THE OPTION TO ACQUIRE  
THE SECOND TRANCHE SALE INTEREST  
RELATING TO THE SHARE TRANSACTION  
AND  
CONNECTED TRANSACTION  
DISPOSAL OF 60% EQUITY INTERESTS IN  
SHENZHEN GUO CAI SHENG TANG INVESTMENT CO. LTD.\***

**LAPSE OF OPTION**

Reference is made to the Announcements in relation to the Share Transaction. Pursuant to the Framework Agreement, the Supplemental Agreement and the Second Supplemental Agreement (as defined in the Announcements), the Vendor has decided not to exercise its option to acquire the Second Tranche Sale Interest (as defined in the Announcements).

**THE DISPOSAL**

On 10 August 2016 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, and the Purchasers entered into the Disposal Agreement, pursuant to which the Vendor agreed to sell and the Purchasers agreed to acquire an aggregate of 60% equity interests in the Target Company at an aggregate consideration of HK\$5,000,000.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Target Company is a subsidiary of the Company and is owned as to 20.4% by the First Purchaser and as to 19.6% by the Second Purchaser. The Purchasers are therefore connected persons of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Board has approved the Disposal and the transactions contemplated under the Disposal Agreement and no Director was required to abstain from voting on such board resolutions. In addition, the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Disposal Agreement are fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Disposal is therefore subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, the First Purchaser is 70%-owned by the spouse of Mr. ZHANG Li, who is a former director of the Company who resigned on 12 July 2016. As such, the First Purchaser is an associate of Mr. ZHANG Li and thus a connected person of the Company. Accordingly, the Disposal 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 Disposal is over 0.1% but all are less than 5%, the Disposal is subject to the reporting and announcement requirements only and exempt from the independent shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

## **LAPSE OF OPTION**

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## **THE DISPOSAL**

On 10 August 2016 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, and the Purchasers entered into the Disposal Agreement, pursuant to which the Vendor agreed to sell and the Purchasers agreed to acquire an aggregate of 60% equity interests in the Target Company at an aggregate consideration of HK\$5,000,000. Details of the Disposal Agreement are set out below.

### **Date**

10 August 2016 (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 Vendor
- (ii) 深圳市國採立信投資管理有限公司 (Shenzhen Guocai Lixin Investment Management Company Limited\*) as the First Purchaser
- (iii) 吳玥鋆 (Wu Yueyun\*) as the Second Purchaser

The First Purchaser is 70%-owned by the spouse of Mr. ZHANG Li, who is a former director of the Company who resigned on 12 July 2016. As such, the First Purchaser is an associate of Mr. Zhang Li and thus a connected person of the Company.

As at the date of this announcement, the Target Company is a subsidiary of the Company and is owned as to 20.4% by the First Purchaser and as to 19.6% by the Second Purchaser.

### **Assets to be disposed of**

An aggregate of 60% equity interests in the Target Company, of which 30.6% equity interests and 29.4% equity interests in the Target Company will be transferred to the First Purchaser and the Second Purchaser respectively within five business days from the date of the Disposal Agreement. For more details in relation to the Target Company please refer to the paragraph headed “Information on the Target Company” below.

### **Consideration**

Pursuant to the Disposal Agreement, the aggregate consideration for the 60% equity interests in the Target Company shall be the aggregate of HK\$5,000,000, of which HK\$2,550,000 shall be paid by the First Purchaser and HK\$2,450,000 shall be paid by the Second Purchaser, by way of cashier’s order(s), wire transfer or such other manner as the Vendor may agree, on the signing date of the Disposal Agreement. The Vendor purchased 60% equity interest in the Target Company from the First Purchaser and the Second Purchaser pursuant to a framework agreement dated 26 October 2015. The original acquisition cost of 60% equity interest in the Target Company was approximately HK\$10,730,000 and the cost was satisfied by the Vendor procuring the Company to allot and issue a total of 8,449,276 Consideration Shares to the First Purchaser and the Second Purchaser.

The consideration for the Disposal was determined after protracted arm’s length negotiations between the Vendor and the Purchasers with reference to current business and financial condition as well as the future prospects of the Target Company.

The Directors consider that the terms and conditions of the Disposal, including the consideration are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Completion**

Completion shall take place upon 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 or change of registration notice (變更(備案)通知書) for the Target Company reflecting or other documentations evidencing such new shareholding.

Upon completion of the Disposal, the Target Company will be owned as to 51% by the First Purchaser and 49% by the Second Purchaser. The Target Company will cease to be a subsidiary of the Company and its assets, liabilities, the carrying amount of the non-controlling interest and the cumulative translation differences recorded in equity will be derecognised from the Group’s consolidated financial statements.

## **INFORMATION ON 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 April 2015. According to the unaudited management accounts of the Target Company for the year ended 31 December 2015 (since the establishment of the Target Company) and the unaudited management accounts of the Target Company for the period ended 31 July 2016, the Target Company recorded a loss of approximately RMB1,512,000 and RMB1,208,000 respectively both before and after taxation and extraordinary items. The net liability value of the Target Company as at 31 July 2016 according to the unaudited management accounts of the Target Company for the period ended 31 July 2016 is approximately RMB1,720,000.

## **INFORMATION ON THE GROUP, THE VENDOR AND THE PURCHASERS**

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

The Vendor is a wholly-owned subsidiary of the Company and is principally engaged in investment holding, provision of market consultancy and product development services.

The First Purchaser 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 20.4% of the equity interests in the Target Company.

The Second Purchaser is a PRC resident and, as at the date of this announcement, is interested in 19.6% of the equity interests in the Target Company.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

As stated in the Announcements, the Board believed 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. As such, the Directors considered that the Share Transaction represented a good opportunity for the Group to enter the industry.

However, as informed by the Purchasers, the Target Company will be unable to complete the application of its registration as private equity investment fund manager within the time limit as prescribed by the relevant industry regulation in the PRC. As such, the Target Company will be unable to carry out its principal activities as contemplated by the Company at the time of the Share Transaction.

In light of the above, the Board considers that the Disposal allows the Group to exit from subsidising the nonperforming business of the Target Company having considered the Target Company has been loss-making since its incorporation.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

The original acquisition cost of the Target Company pursuant to the Share Transaction was approximately HK\$10,730,000.

As a result of the Disposal, the Group is expected to record an unaudited gain on the Disposal of approximately HK\$450,000. Such gain is estimated based on the consideration of the Disposal of HK\$5,000,000 less the net liability value of the Target Company and the carrying amount of the goodwill arising from the acquisition of the Target Company (after the impairment loss of approximately HK\$6,900,000 (equivalent to US\$887,000) provided in the year ended 30 April 2016) at the date of Disposal. Shareholders should note that the actual amount of gain on the Disposal to be recorded by the Company will be subject to review by auditors of the Company.

The net proceeds from the Disposal will be approximately HK\$3,282,000. The Board plans to use the net proceeds as general working capital for the Group.

## **LISTING RULES IMPLICATIONS**

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The Board has approved the Disposal and the transactions contemplated under the Disposal Agreement and no Director was required to abstain from voting on such board resolutions. In addition, the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Disposal Agreement are fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Disposal is therefore subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, the First Purchaser is 70%-owned by the spouse of Mr. ZHANG Li, who is a former director of the Company who resigned on 12 July 2016. As such, the First Purchaser is an associate of Mr. ZHANG Li and thus a connected person of the Company. Accordingly, the Disposal 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 Disposal is over 0.1% but all are less than 5%, the Disposal is subject to the reporting and announcement requirements only and exempt from the independent shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

## DEFINITIONS

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

“Announcements”	the announcements of the Company dated 26 October 2015, 3 November 2015, 24 November 2015, 25 November 2015 and 13 May 2016 in relation to the Share Transaction
“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
“connected person(s)”	has the meaning as ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of 60% equity interests in the Target Company by the Vendor to the Purchasers pursuant to the Disposal Agreement
“Disposal Agreement”	the disposal agreement dated 10 August 2016 entered into between the Vendor and the Purchasers in respect of the Disposal
“First Purchaser”	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 Purchasers under the Disposal Agreement
“Group”	collectively, the Company and its subsidiaries from time to time
“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
“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

“Purchasers”	collectively the First Purchaser and the Second Purchaser
“RMB”	Renminbi, the lawful currency of the PRC
“Second Purchaser”	吳玥鋆 (Wu Yueyun*), one of the Purchasers under the Disposal 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)
“Share Transaction”	the acquisition of the 60% equity interests in the Target Company by the Vendor from the Purchasers, the details of which are in the Announcements
“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
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	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
“%”	per cent.

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

Hong Kong, 10 August 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 three independent non-executive Directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. WONG Chak Keung.*

\* For identification purpose only