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DISCLOSEABLE TRANSACTION

PROVISION OF LOAN

Loan Agreement

On 15 November 2016 (after trading hours), the Lender, a wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower and the Guarantor pursuant to which the Lender agreed to provide a loan in the principal amount of US\$6,000,000 (or its equivalent in Hong Kong Dollars) to the Borrower subject to and upon the terms and conditions thereof.

Listing Rules Implications

As one or more of the applicable percentage ratios in respect of the Loan Agreement are more than 5% and all of such ratios are less than 25%, the Loan Agreement constitutes a discloseable transaction for the Company under Rule 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The assets ratio in respect of the Loan Agreement exceeds 8%. The Loan Agreement also constitutes an advance to an entity under Rule 13.13 of the Listing Rules and is subject to the relevant disclosure requirements thereunder.

On 15 November 2016 (after trading hours), the Lender, a wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower and the Guarantor. The principal terms of the Loan Agreement are set out below.

Loan Agreement

Parties: (i) the Lender, a wholly-owned subsidiary of the Company;
(ii) the Borrower; and
(iii) the Guarantor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) as at the date of this announcement, the Borrower is the holder of the entire issued share capital of the Guarantor and (ii) the Borrower and the Guarantor are independent of the Company and connected persons of the Company.

Principal amount: US\$6,000,000 (or its equivalent in Hong Kong Dollars)

Interest: The loan carries interest at 9.5% per annum which is payable on 31 December, 31 March, 30 June and 30 September of each year.

Repayment: The Borrower shall repay the loan on a date which is the earlier of (i) the fifth anniversary of the loan utilisation date and (ii) the date on which demand for repayment is made by the Lender. The Lender may at any time demand immediate repayment of the loan by notice in writing to the Borrower and upon demand, the loan shall become immediately due and repayable.

Prepayment: At any time after the first anniversary of the loan utilisation date, the Borrower may prepay the loan in whole or in part, together with all accrued or unpaid interest thereon, without penalty or premium by giving not less than three (3) business days' prior written notice to the Lender.

Call option: In consideration of the Lender agreeing to grant the loan to the Borrower, the Borrower has granted to the Lender the right to require the Borrower to sell such number of shares in the Guarantor as determined in accordance with the terms of the Loan Agreement at such consideration as elected by the Lender, which shall be an amount not more than the outstanding principal amount of the loan.

Should the Lender exercise the above call option, the Company will comply with the Listing Rules and make further announcements as and when appropriate.

Security: The loan is secured by a share charge to be provided by the Borrower in favour of the Lender in respect of the entire issued share capital of the Guarantor.

The loan proceeds under the Loan Agreement will be funded by the internal resources of the Group.

The terms of the Loan Agreement (including the interest rate) have been arrived at by the parties after arm's length negotiation, having regard to the commercial practice in the money lending market in Hong Kong including the provision of loans to business enterprises at an interest rate higher than the best lending rate quoted by the Hongkong and Shanghai Banking Corporation (which is currently 5% per annum) and the amount of the loan being provided under the Loan Agreement.

INFORMATION ON THE BORROWER AND THE GUARANTOR

The Borrower is Mr. ZHENG Lianjun who is a businessman, and the Guarantor is a company incorporated under the laws of Hong Kong that is principally engaged in general trading.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE LOAN AGREEMENT

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

The Lender is a wholly-owned subsidiary of the Company and a money lender licensed in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Loan Agreement is conducted in the ordinary and usual course of business of the Lender which will provide interest income to the Group. The Guarantor, whose business and cash flow are the principal source of security for the Loan, is engaged in trading and supplying goods from outside Mainland China to customer(s) in Mainland China. Accordingly, the Directors consider that the terms of the Loan Agreement are normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Loan Agreement are more than 5% and all of such ratios are less than 25%, the Loan Agreement constitutes a discloseable transaction for the Company under Rule 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The assets ratio in respect of the Loan Agreement exceeds 8%. The Loan Agreement also constitutes an advance to an entity under Rule 13.13 of the Listing Rules and is subject to the relevant disclosure requirements thereunder.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	Mr. ZHENG Lianjun
“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)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Xin Kai He Trading Co., Limited, a company incorporated under the laws of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Dollars”	the lawful currency of Hong Kong
“Lender”	Tingo Consulting Company Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 15 November 2016 entered into by and among the Lender, the Borrower and the Guarantor in relation to the provision of a loan in the principal amount of US\$6,000,000 (or its equivalent in Hong Kong Dollars)
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US\$” United States dollar(s), 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, 15 November 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 Hau-zen, 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. HENG Victor Ja Wei.