

Daohe Global Announces Final Results for Eight Months Ended 31 December 2017

(HONG KONG, 23 March 2018) – **Daohe Global Group Limited** (“Daohe Global” or the “Group”; stock code: 915) today announced its operating results for the eight months ended 31 December 2017. Overall, the Group was able to achieve breakthroughs and developed steadily, and grasp opportunities and challenges.

On 1 June 2017, the Group acquired the entire issued share capital of Loovee Holdings Inc., which principally engages in the development and operation of Duimian (對面), a gamified mobile social networking platform in the PRC. Duimian targets younger user groups whose members reside mostly in first-tier cities in the PRC. Since completion of the acquisition, the business generated revenue of approximately US\$14.8 million which accounted for approximately 18.8% of the Group’s total revenue.

Starting from the financial year 2017, the financial year end date of the Group has been changed from 30 April to 31 December in order to align with its operating subsidiaries established in the PRC, thereby streamlining and facilitating the preparation of the consolidated financial statements of the Group. As the current financial period only covers eight months from 1 May to 31 December 2017, it may not be entirely comparable with last year’s results which covered 12 months.

Total revenue of the Group for the eight months ended 31 December 2017 was approximately US\$78.5 million, of which the trading and supply chain management services business recorded revenue of approximately US\$63.7 million, representing approximately 81.1% of the Group’s total revenue. During the period, gross profit was approximately US\$18.2 million. Excluding the impairment losses on goodwill and amortisation of intangible assets, and net of deferred tax credit of approximately US\$1.9 million, the Group’s profit for the period would be approximately US\$2.6 million, representing an increase of approximately US\$2.3 million as compared with a profit of approximately US\$0.3 million for the year ended 30 April 2017.

The Group’s financial position remains healthy with cash and cash equivalents of approximately US\$13.3 million as at 31 December 2017, and current ratio of approximately 1.3 and a gearing ratio of zero.

Prospects

Rapid development of the Internet has not only dramatically changed all industries, but has also seen the emergence of new economies, including the gamified mobile social network industry in the PRC, which the Group ventured into in 2017. According to a report by the independent market research firm Analysys International, the total user population of the PRC mobile social network market is expected to reach 880 million by 2018, representing a compound annual growth rate of 147.1% between 2014 and 2018.

To capture the enormous opportunities presented by the gamified mobile social network platform in the PRC, in addition to major cities, the management will explore third and fourth-tier city markets, which will help to broaden the user base of Duimian. Furthermore, the Group has developed a claw crane mobile online game that was launched at the end of 2017. Offering players a “lifelike” in-store experience via their mobile devices, the game won the favor of users in increasing numbers. The Group will continue to develop and launch more innovative mobile games.

In respect of the traditional trading and supply chain management services business, the Group will continue to expand its product offerings and provide more comprehensive value-added services to fortify its relationship with key customers. Furthermore, the Group will actively embrace the Internet era by making good use of information technologies to bring positive changes to its operations. Also, in view of the immense potential that the retail industry holds in the PRC, the Group will explore opportunities to offer supply chain management services to its domestic customers.

Going forward, the management will continue to look for high-potential acquisition and investment opportunities, and ensure that the Group’s resources are put into projects with the best development prospects. In this way, the Group will be best able to capture opportunities in the ever-changing market and deliver favourable returns to its shareholders.

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About Daohe Global Group Limited

Daohe Global Group Limited is an investment holding company listed on the Main Board of the Hong Kong Stock Exchange since 2002 (stock code: 915). In 2017, the Group entered into a new business operating an online social platform, which is principally engaged in the development and operation of Duimian, a gamified mobile social networking platform in the PRC. Duimian targets younger user groups with most users currently residing in first-tier cities in the PRC. Daohe Global is further broadening Duimian’s user base through expanding to third and fourth-tier cities in the PRC. Moreover, the Group also continues to develop its traditional supply chain management and solutions business. With a global presence in over 20 regions/territories and a sourcing network throughout Asia, the Group offers comprehensive and efficient sourcing solutions and value-added services to its customers.

Our website: www.daoheglobal.com.hk

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Daohe Global Group Limited 2017 Final Results

Condensed Consolidated Statement of Profit or Loss

	Eight months ended 31 December 2017 US\$'000	Year ended 30 April 2017 US\$'000 (Restated)
REVENUE	78,527	90,470
Cost of sales	(60,282)	(68,851)
Gross profit	18,245	21,619
Other income	543	288
Selling and marketing expenses	(8,638)	-
General and administrative expenses	(14,931)	(20,910)
Gain on disposal of a subsidiary	-	62
Expenses in relation to a proposed acquisition	-	(638)
Share of loss of a joint venture	(1)	-
Impairment losses on goodwill	(73,098)	-
(LOSS)/PROFIT BEFORE TAX	(77,880)	421
Income tax credit/(expense)	1,690	(167)
(LOSS)/PROFIT FOR THE PERIOD/YEAR	(76,190)	254
ATTRIBUTABLE TO:		
Owners of the Company	(76,187)	290
Non-controlling interests	(3)	(36)
	(76,190)	254
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
(expressed in US cents)		
Basic (<i>Note</i>)	(5.24)	0.03
Diluted (<i>Note</i>)	(5.24)	0.03

Note:

Adjusted for the effect of share subdivision of Daohe Global with effect from 10 August 2017.

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