

Daohe Global Announces FY2015 Annual Results

(HONG KONG, 14 July 2015) – Supply chain management and solutions provider **Daohe Global Group Limited** (formerly known as Linmark Group Limited) (“Daohe Global” or the “Group”; stock code: 915) today announced its annual results for the year ended 30 April 2015 (“FY2015”).

The business environment remained difficult during the year under review. Sales of merchandise and provision of services experienced a decline in shipment value, with overall shipments dropping by approximately 8.2% from approximately US\$262.6 million (equivalent to HK\$2,048.3 million) last year to approximately US\$241.1 million (equivalent to HK\$1,880.6 million) this year. The Group’s revenue dropped by approximately 5.3% from approximately US\$103.4 million (equivalent to HK\$806.5 million) last year to approximately US\$97.9 million (equivalent to HK\$763.6 million) for the reporting year.

Gross profit decreased by around 7.3% from approximately US\$27.0 million (equivalent to HK\$210.6 million) last year to approximately US\$25.0 million (equivalent to HK\$195.0 million). The Group reported a profit of approximately US\$1.7 million (equivalent to HK\$13.3 million), a decrease of approximately 62.4% when compared to approximately US\$4.5 million (equivalent to HK\$35.1 million) last year. This was largely attributable to the decline in turnover of the Group as aforementioned and an additional tax provision for the Hong Kong Tax Case.

Basic earnings per share were approximately 0.25 US cent (equivalent to 1.95 HK cents) (before Share Subdivision) or approximately 0.05 US cent (equivalent to 0.39 HK cent) (after Share Subdivision). The Board of Directors recommends the payment of a final dividend of 0.25 HK cent per ordinary share (before Share Subdivision) or 0.05 HK cents per ordinary share (after Share Subdivision) in respect of the year ended 30 April 2015. Together with the paid interim dividend of 0.96 HK cent per ordinary share (before Share Subdivision) or 0.192 HK cent per ordinary share (after Share Subdivision), the total dividend paid will be 1.21 HK cents per ordinary share (before Share Subdivision) or 0.242 HK cent per ordinary share (after Share Subdivision).

Mr. ZHOU Xijian, Chairman of Daohe Global, said, “With the weak economic development in Europe, cautious consumption sentiment in the United States, and a combination of other factors led many of our customers to adopt a highly cautious approach towards restocking inventory, the effects of which were reflected in the decline of both of our sales of merchandise and provision of services business segments. To mitigate the impact of weakening business momentum, we sought to strengthen ties with our key customers in efforts to stimulate organic growth. At the same time, we will seek to establish ties with new customers so as to widen our client base, as well as investigate new business opportunities.”

Shipments to North America dropped by approximately 8.0% to approximately US\$121.2 million (equivalent to HK\$945.4 million) as a result of a change in procurement strategy by certain customers. Nevertheless, North America remained the largest market of the Group, contributing approximately 50.3% of the Group’s total shipment value.

Shipments to Europe decreased by approximately 15.2% to approximately US\$58.8 million (equivalent to HK\$458.6 million). The contraction was due to a number of factors, including the weak European economy, the depreciation of the Euro against the US dollar and the international sanctions on Russia that led to weaker consumption sentiment, in turn, spurring the Group's customers to implement a more conservative policy towards replenishing inventory. As a result, shipments to Europe accounted for approximately 24.4% of the Group's total shipment value as at the end of the reporting year.

Shipments grouped under "Others", comprising mainly shipments to the southern hemisphere, remained relatively stable. Shipments decreased slightly by approximately 0.7% to approximately US\$61.1 million (equivalent to HK\$476.6 million). "Others" represented approximately 25.3% of the Group's total shipment value.

The Group's financial position remains healthy with cash and cash equivalents of approximately US\$17.0 million (equivalent to HK\$132.6 million) as at 30 April 2015. In addition, the Group has total banking facilities of approximately US\$20.8 million (equivalent to HK\$162.2 million), including borrowing facilities of approximately US\$0.4 million (equivalent to HK\$3.1 million) as at 30 April 2015.

Prospects

The new financial year is expected to remain challenging as the poor global business environment will likely persist. Consequently, the Group will inevitably face a number of obstacles that it was confronted with during the past year. While the US economy has been recovering modestly, the upturn has not immediately translated into increased demand for the Group's services. Based on the experience of the Group's customers, the general public remains highly price conscious, which in turn will mean the Group's such customers will continue to follow a more cautious approach towards placing orders.

The economic stagnation in Europe, Russia and other markets has directly been reflected in the devaluation of most major currencies against the US dollar, including the Euro, Australian dollar and South African Rand. As a result, this will place mounting price pressure on the Group's imported products.

"Linmark" is an established and trusted brand with a 50-year history. The Group expects to develop the existing business under the "Linmark" brand, as part of its portfolio of holdings. At the same time, the Group's new name, "Daohe Global", reflects the ambitions of the Group to grow and to pursue new opportunities as they arise.

Management will closely examine the product mix and seek to expand product offerings. Furthermore, the Group will look to deepen its sourcing base in order to address customers' needs, as well as reduce its own exposure to cost and currency related pressures. Management will also continue to closely monitor and implement effective cost control measures so as to bolster efficiency and reign in expenses.

“Following the placement of the Company’s shares in June 2015, the financial position of the Group has been further strengthened and the capital base has been broadened. We are now in an even stronger financial position, have a broader shareholder base and are well prepared for seizing opportunities that may arise in the future. We will keep on looking for merger and acquisition opportunities that allow the Group to effectively broaden its businesses, services and product offerings. With a diversified portfolio of products and services, trusted group of customers and vendors, and an experienced management team, we remain optimistic about the Group’s long-term prospects.” **Mr. Zhou** concluded.

About Daohe Global Group Limited

Daohe Global Group Limited (formerly known as Linmark Group Limited) is a one-stop supply chain management solutions and premium brands partner. With a global presence in 15 countries/territories and a sourcing network throughout Asia, the Group offers comprehensive and efficient sourcing solutions and value-added services to its customers, the majority of whom are leading retail chain operators, well-known brands and licensors, wholesalers, mail order houses and department stores in North America, Europe, Asia, Australia and South Africa.

Our website: www.daoheglobal.com.hk

For more information:

Strategic Financial Relations Limited

Veron Ng	Tel: +852 2864 4831	Email: veron.ng@sprg.com.hk
Keris Leung	Tel: +852 2864 4863	Email: keris.leung@sprg.com.hk
Lisa Dai	Tel: +852 2864 4870	Email: lisa.dai@sprg.com.hk

Daohe Global Group Limited FY2015 Annual Results Announcement

Condensed Consolidated Statement of Profit or Loss	For the year ended 30 April	
	2015	2014 (Restated)
	US\$'000	US\$'000
Revenue	98,872	103,397
Cost of sales	<u>(72,879)</u>	<u>(76,427)</u>
Gross profit	24,993	26,970
Other income	984	1,353
General and administrative expenses	(23,292)	(23,329)
Loss on dissolution of a subsidiary	-	(138)
Share of loss of a joint venture	<u>-</u>	<u>(1)</u>
Profit before tax	2,685	4,855
Income tax expense	<u>(1,009)</u>	<u>(399)</u>
Profit for the year attributable to owners of the Company	<u>1,676</u>	<u>4,456</u>
Dividends	1,069	1,942
Distribution	-	12,863
Earnings per share attributable to ordinary equity holders of the Company (expressed in US cent)		
- Basic	<u>0.05</u>	<u>0.13</u>
- Diluted	<u>0.05</u>	<u>0.13</u>

Notes:

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year, after taking into account the Share Subdivision which was effective from 23 June 2015.

The calculation of diluted earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The Group had no dilutive potential ordinary shares in issue for the year ended 30 April 2014.