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**Daohe Global Group Limited**

**道和環球集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 915)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 31 OCTOBER 2015**

**INTERIM RESULTS HIGHLIGHTS:**

- Shipment value amounted to approximately US\$124.6 million (equivalent to HK\$971.9 million), a decrease of approximately 9.9% as compared to approximately US\$138.3 million (equivalent to HK\$1,078.7 million) for the corresponding period last year.
- Revenue increased slightly to approximately US\$54.1 million (equivalent to HK\$422.0 million) as compared to approximately US\$53.8 million (equivalent to HK\$419.6 million) for the corresponding period last year.
- Profit for the period under review amounted to approximately US\$2.2 million (equivalent to HK\$17.2 million), a decrease of approximately 28.8% as compared to approximately US\$3.0 million (equivalent to HK\$23.4 million) for the corresponding period last year.
- The Directors have declared an interim dividend of 0.15 HK cent per ordinary share in respect of the six months ended 31 October 2015.

## UNAUDITED INTERIM RESULTS

The board (“**Board**”) of directors (“**Directors**”) of Daohe Global Group Limited (“**Company**”) announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 31 October 2015, together with comparative figures for the previous corresponding period, as follows:

### CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

#### Condensed Consolidated Interim Statement of Profit or Loss

		<b>For the six months ended</b>	
		<b>31 October</b>	
		<b>2015</b>	2014
		<b>(Unaudited)</b>	(Unaudited)
	<i>Note</i>	<b>US\$'000</b>	US\$'000
			(Restated)
<b>REVENUE</b>	3	<b>54,086</b>	53,824
Cost of sales		<u>(40,839)</u>	<u>(39,424)</u>
Gross profit		<b>13,247</b>	14,400
Other income		<b>304</b>	223
General and administrative expenses		<b>(10,867)</b>	(11,246)
Loss on dissolution of subsidiaries		<u>(5)</u>	<u>–</u>
<b>PROFIT BEFORE TAX</b>	4	<b>2,679</b>	3,377
Income tax expense	5	<u>(509)</u>	<u>(331)</u>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>2,170</b></u>	<u>3,046</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b> (expressed in US cent)			
– Basic ( <i>Note</i> )	7	<u><b>0.06</b></u>	<u>0.09</u>
– Diluted ( <i>Note</i> )		<u><b>0.06</b></u>	<u>0.09</u>

Details of the dividends to shareholders of the Company are set out in Note 6.

*Note:*

Adjusted for the effect of Share Subdivision (as defined below) in June 2015.

## Condensed Consolidated Interim Statement of Comprehensive Income

	For the six months ended	
	31 October	
	2015	2014
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>2,170</b>	<b>3,046</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income to be reclassified subsequently to profit or loss:		
Exchange differences:		
Translation of foreign operations	<b>56</b>	13
Reclassification adjustment		
– loss on dissolution of subsidiaries	<b>5</b>	–
	<hr/>	<hr/>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>61</b>	13
	<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,231</b>	<b>3,059</b>
	<hr/> <hr/>	<hr/> <hr/>

## Condensed Consolidated Interim Statement of Financial Position

		<b>31 October 2015 (Unaudited) US\$'000</b>	30 April 2015 (Audited) US\$'000
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	345	334
Goodwill		26,333	26,333
Available-for-sale financial asset		84	84
Investment in a joint venture		10	10
Deferred tax assets		13	12
		<hr/>	<hr/>
Total non-current assets		26,785	26,773
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Trade receivables	9	6,472	4,236
Prepayments, deposits and other receivables		2,319	3,305
Cash and cash equivalents		24,919	17,044
		<hr/>	<hr/>
Total current assets		33,710	24,585
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	10	5,453	4,762
Accruals and other payables		9,682	11,164
Tax payable		1,798	2,035
		<hr/>	<hr/>
Total current liabilities		16,933	17,961
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		16,777	6,624
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		43,562	33,397
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITY</b>			
Post-employment benefits		735	809
		<hr/>	<hr/>
Total non-current liability		735	809
		<hr/>	<hr/>
<b>NET ASSETS</b>		42,827	32,588
		<hr/>	<hr/>
<b>EQUITY</b>			
Issued capital		14,094	13,694
Reserves		28,733	18,894
		<hr/>	<hr/>
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		42,827	32,588
		<hr/>	<hr/>

*Notes:*

**1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements of the Group for the six months ended 31 October 2015 have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* and the disclosure requirements of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

This condensed consolidated interim financial information is presented in United States dollars (“US\$”), unless otherwise stated.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 30 April 2015.

**2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The principal accounting policies adopted in the preparation of the condensed consolidated interim financial statements of the Group are consistent with those followed in the preparation of the audited annual financial statements of the Group for the year ended 30 April 2015, except for the adoption of the revised International Financial Reporting Standards (“**IFRSs**”) and IAS as noted below.

Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i> <sup>1</sup>
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of IFRSs <sup>1</sup>
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of IFRSs <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014

The adoption of these revised standards has had no material financial effect on the interim financial information.

**3. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) sales of merchandise including garments, fashion accessories, hardgoods, consumer electronic products and labels; and
- (b) provision of services including procurement and value-added services relating to the procurement agency business.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that interest income, loss on dissolution of subsidiaries as well as corporate and other unallocated expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue and profit for the Group's reportable segments for the six months ended 31 October 2015 and 2014.

	<b>Sales of merchandise (Unaudited) US\$'000</b>	<b>2015 Provision of services (Unaudited) US\$'000</b>	<b>Total (Unaudited) US\$'000</b>
<b>Segment revenue:</b>			
Revenue from external customers	<u>46,933</u>	<u>7,153</u>	<u>54,086</u>
<b>Segment results</b>	<u>2,176</u>	<u>1,167</u>	3,343
Interest income			10
Loss on dissolution of subsidiaries			(5)
Corporate and other unallocated expenses			<u>(669)</u>
Profit before tax			2,679
Income tax expense			<u>(509)</u>
Profit for the period			<u>2,170</u>
<b>Other segment information:</b>			
Depreciation	44	63	107
Capital expenditures	43	79	122
Impairment of trade receivables	<u>-</u>	<u>49</u>	<u>49</u>
	<b>Sales of merchandise (Unaudited) US\$'000</b>	<b>2014 Provision of services (Unaudited) US\$'000</b>	<b>Total (Unaudited) US\$'000</b>
<b>Segment revenue:</b>			
Revenue from external customers	<u>45,087</u>	<u>8,737</u>	<u>53,824</u>
<b>Segment results</b>	<u>1,744</u>	<u>1,814</u>	3,558
Interest income			2
Corporate and other unallocated expenses			<u>(183)</u>
Profit before tax			3,377
Income tax expense			<u>(331)</u>
Profit for the period			<u>3,046</u>
<b>Other segment information:</b>			
Depreciation	77	69	146
Capital expenditures	20	44	64
Impairment of trade receivables	<u>-</u>	<u>68</u>	<u>68</u>

#### 4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 31 October	
	2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Depreciation	107	146
Loss on dissolution of subsidiaries	5	–
Gain on disposal of property, plant and equipment	–	(3)
Impairment of trade receivables	49	68
	<u>161</u>	<u>211</u>

#### 5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 31 October	
	2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Current		
– Hong Kong	168	283
– Outside Hong Kong	49	68
Net underprovision/(overprovision) in prior years	293	(20)
Deferred	(1)	–
	<u>509</u>	<u>331</u>
Total tax expense for the period		

As of the date of this announcement, the Group has received protective assessments amounting to approximately HK\$137,000,000 (equivalent to US\$17,564,000) from the Inland Revenue Department of Hong Kong (“IRD”) in respect of queries on the modus operandi of the Group and the chargeability of the profits for the years of assessment from 2003/2004 to 2008/2009. Objections have been lodged by the Group against the protective assessments. In addition, Tax Reserve Certificates amounting to HK\$5,250,000 (equivalent to US\$673,000) have been purchased by two subsidiaries of the Company in pursuit of the holdover of tax demanded under protective assessments for these years.

In April 2015, with the assistance of an independent tax advisor, the Group submitted a settlement proposal as part of negotiations with the IRD (to be agreed) regarding this case. As at the close of the reporting period, the settlement proposal is still under review by the IRD. Despite the unknown outcome, the Group is of the view that sufficient tax provisions have been made in the financial statements based on the information available.

## 6. DIVIDENDS

On 2 January 2015, a dividend of 0.192 HK cent (adjusted for the effect of Share Subdivision in June 2015) per ordinary share was paid to shareholders of the Company as interim dividend in respect of the six months ended 31 October 2014.

On 11 September 2015, a final dividend of 0.05 HK cent per ordinary share in respect of the year ended 30 April 2015 was paid to shareholders of the Company.

The Directors have declared an interim dividend of 0.15 HK cent per ordinary share in respect of the six months ended 31 October 2015 and such interim dividend will be paid in cash on Friday, 8 January 2016 to shareholders whose names appear on the register of members of the Company on Thursday, 31 December 2015.

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately US\$2,170,000 (2014: US\$3,046,000), and the weighted average number of 3,497,982,916 (2014: 3,417,846,395 (adjusted for the effect of Share Subdivision in June 2015)) ordinary shares in issue during the period.

The Group had no dilutive potential ordinary shares in issue for the periods ended 31 October 2015 and 2014.

## 8. ADDITIONS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2015, the Group spent approximately US\$122,000 (2014: US\$64,000) on acquisition of property, plant and equipment.

## 9. TRADE RECEIVABLES

The general credit terms granted to customers range from 60 days to 90 days. An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>31 October 2015 (Unaudited) US\$'000</b>	30 April 2015 (Audited) US\$'000
Within 30 days	<b>3,313</b>	3,197
31 to 60 days	<b>1,750</b>	299
61 to 90 days	<b>776</b>	540
91 to 365 days	<b>733</b>	270
Over 1 year	<b>63</b>	74
	<b>6,635</b>	4,380
Impairment	<b>(163)</b>	(144)
	<b>6,472</b>	4,236

*Note:*

The trade receivables aged over 90 days are being carefully monitored by management and sufficient provision has been made.

## 10. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>31 October 2015 (Unaudited) US\$'000</b>	30 April 2015 (Audited) US\$'000
Within 30 days	<b>3,988</b>	3,752
31 to 60 days	<b>826</b>	908
61 to 90 days	<b>440</b>	5
91 to 365 days	<b>152</b>	5
Over 1 year	<b>47</b>	92
	<b>5,453</b>	4,762

## 11. RELATED PARTY TRANSACTIONS

- (a) The Group had no significant related party transactions during the six months ended 31 October 2015.

During the six months ended 31 October 2014, the Group paid rental expenses to a related company, Wellbuild International Limited (“**Wellbuild**”) amounting to US\$254,000. The rental was determined based on the market rate and floor area. Wellbuild is a controlled corporation and an associate of Mr. Wang Lu Yen (“**Mr. Wang**”) who was an executive director of the Company and is a director of Wellbuild. Mr. Wang resigned as an executive director of the Company and a director of its subsidiary, Tamarind International Limited on 23 February 2015 and 30 April 2015 respectively. Accordingly, Wellbuild and its subsidiaries are not regarded as related parties of the Group subsequent to 30 April 2015.

- (b) Balance with a related company

At 31 October 2015, the Group had nil balance with a related company (30 April 2015: prepaid rent and rental deposit to a related company of US\$24,000).

- (c) Compensation of key management personnel of the Group:

	<b>For the six months ended</b>	
	<b>31 October 2015 (Unaudited) US\$'000</b>	2014 (Unaudited) US\$'000
Short term employee benefits	<b>582</b>	623
Post-employment benefits – defined contribution plans	<b>49</b>	37
Total compensation paid to key management personnel	<b>631</b>	660

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Overview*

The macro environment remained challenging during the review period. The Group faced weakness in the Eurozone economy, geopolitical instability and a slower than expected rebound in consumer confidence in the United States (“US”). US consumer spending remained tepid, especially in apparel and accessories. This resulted in an overall decline in orders placed with the Group.

The Group recorded an approximate drop of 9.9% in total shipment from roughly US\$138.3 million (equivalent to HK\$1,078.7 million) same period last year to approximately US\$124.6 million (equivalent to HK\$971.9 million) this year. In spite of an increase in the shipment value in the “sales of merchandise” operating segment, the overall shipment dropped, as there was a bigger fall in the shipment value in the “provision of services” operating segment of the Group which offset the increase of the former.

On the other hand, revenue of the Group increased slightly to roughly US\$54.1 million (equivalent to HK\$422.0 million) from approximately US\$53.8 million (equivalent to HK\$419.6 million) for the same period last year. This was attributable mainly to an increase in sales of merchandise.

Gross profit also decreased by around 8.0% from approximately US\$14.4 million (equivalent to HK\$112.3 million) for the same period last year to approximately US\$13.2 million (equivalent to HK\$103.0 million) as a result of the overall decline in shipment value.

Effective cost control practiced by the Group during the review period also successfully reduced the general and administrative expenses by around 3.4% to roughly US\$10.9 million (equivalent to HK\$85.0 million), compared with approximately US\$11.2 million (equivalent to HK\$87.4 million) for the corresponding period last year.

Up till 31 October 2015, the Group has recorded a profit of approximately US\$2.2 million (equivalent to HK\$17.2 million), representing a decrease of approximately 28.8% compared with the approximate US\$3.0 million (equivalent to HK\$23.4 million) profit for the same period last year.

## Segmental Analysis

### *Operating Segmentation*

The Group's business comprises two operating segments: (i) sales of merchandise including garments, fashion accessories, hardgoods, consumer electronic products and labels; and (ii) provision of services including procurement and value-added services relating to the procurement agency business.

	<b>Shipment value</b>	
	<b>For the six months ended</b>	
	<b>31 October</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>US\$' million</b>	<b>US\$' million</b>
Provision of services	<b>77.7</b>	93.2
Sales of merchandise	<b>46.9</b>	45.1
Total	<b>124.6</b>	138.3

During the period under review, shipment value from the provision of services fell by approximately 16.6% to approximately US\$77.7 million (equivalent to HK\$606.1 million), accounting for roughly 62.4% of the Group's total shipment value. This was mainly due to the decline in business from North America.

Shipment value from sales of merchandise increased by approximately 4.0% to approximately US\$46.9 million (equivalent to HK\$365.8 million), contributing to around 37.6% of the Group's total shipment value.

### *Geographical Segmentation*

	<b>Shipment value</b>	
	<b>For the six months ended</b>	
	<b>31 October</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>US\$' million</b>	<b>US\$' million</b>
North America	<b>61.6</b>	70.0
Europe	<b>30.6</b>	36.7
Others	<b>32.4</b>	31.6
Total	<b>124.6</b>	138.3

In the same review period, shipments to North America dropped by approximately 12.0% to approximately US\$61.6 million (equivalent to HK\$480.5 million) due to a decrease in orders from certain US customers. Nevertheless, North America remained the largest market for the Group, making up approximately 49.4% of the Group's total shipment value.

A fall was also identified in the European market during the period under review. Shipments to Europe dropped by approximately 16.6% to approximately US\$30.6 million (equivalent to HK\$238.7 million) mainly due to the decline in business of certain customers whose businesses were affected by the vulnerable economy in the region and the overall depreciation in European currencies. Shipments to Europe accounted for approximately 24.6% of the Group's total shipment value.

On the contrary, shipments grouped under "Others", comprising mainly shipments to the southern hemisphere, increased by approximately 2.5% to approximately US\$32.4 million (equivalent to HK\$252.7 million). "Others" represented approximately 26.0% of the Group's total shipment value.

### **Hong Kong Tax Case**

As of the date of this announcement, the Group has received protective assessments amounting to approximately HK\$137,000,000 (equivalent to US\$17,564,000) from the Inland Revenue Department of Hong Kong ("IRD") in respect of queries on the modus operandi of the Group and the chargeability of profits for the years of assessment from 2003/2004 to 2008/2009. In response to the assessments, objections have been lodged by the Group. In addition, Tax Reserve Certificates amounting to HK\$5,250,000 (equivalent to US\$673,000) have been purchased by two subsidiaries of the Company in pursuit of the holdover of tax demanded under protective assessments for these years.

In April 2015, with the assistance of an independent tax advisor, the Group submitted a settlement proposal as part of negotiations with the IRD (to be agreed) regarding this case. As at the close of the reporting period, the settlement proposal was still under review by the IRD. Despite the unknown outcome, the Group is of the view that sufficient tax provisions have been made in the financial statements based on the information available.

### **Financial Review**

The Group's financial position remains healthy with cash and cash equivalents of approximately US\$24.9 million (equivalent to HK\$194.2 million) as of 31 October 2015. In addition, the Group has total banking facilities of approximately US\$20.3 million (equivalent to HK\$158.3 million) including borrowing facilities of approximately US\$0.4 million (equivalent to HK\$3.1 million) as of the same date.

The Group has a current ratio of approximately 2.0 and a gearing ratio of zero, based on no interest-bearing borrowings and total equity of approximately US\$42.8 million (equivalent to HK\$333.8 million) as of 31 October 2015. There has not been any material change in the Group's borrowings since then.

Trade receivables increased from approximately US\$4.2 million (equivalent to HK\$32.8 million) as of 30 April 2015 to approximately US\$6.5 million (equivalent to HK\$50.7 million) as of 31 October 2015. Gross trade receivables aged over 90 days, which amounted to approximately US\$0.8 million (equivalent to HK\$6.2 million), were being carefully monitored by management and sufficient provision has been made.

The Group's net asset value recorded as of 31 October 2015 was approximately US\$42.8 million (equivalent to HK\$333.8 million). It had no material contingent liability as of 31 October 2015, and no material change has been identified since then.

The majority of the Group's transactions during the period under review were denominated in US dollars and Hong Kong dollars. To minimise exchange risks, sales and purchases were generally transacted in the same currency.

### **Remuneration Policy and Staff Development Scheme**

As of 31 October 2015, the Group had 370 staff members (as of 31 October 2014: 387 staff members). Total staff costs for the period under review amounted to approximately US\$7.5 million (equivalent to HK\$58.5 million) (2014: US\$7.7 million (equivalent to HK\$60.1 million)).

The Group offers competitive remuneration schemes to its employees based on industry practices, along with individual and the Group's performance. In addition, share options and discretionary bonuses are also granted to eligible staff based on individual performance and that of the Group.

### **Corporate Events During the Reporting Period**

#### *Share Subdivision, Change of Board Lot Size and Change of Company Name*

During the period under review, the Board issued a circular to the Company's shareholders dated 29 May 2015 proposing (i) that each of the then-existing issued and unissued shares of US\$0.02 each in the share capital of the Company be subdivided into five subdivided shares of US\$0.004 each ("**Share Subdivision**"); (ii) to change the board lot size of trading in the shares from 2,000 shares to 10,000 subdivided shares as soon as possible after the Share Subdivision becomes effective; and (iii) to change the registered primary name of the Company from "Linmark Group Limited" to "Daohe Global Group Limited" and to adopt "道和環球集團有限公司" as its secondary name to replace the Chinese name of "林麥集團有限公司" which has been used for identification purposes only ("**Change of Company Name**").

The Share Subdivision and the Change of Company Name were approved by the shareholders of the Company at the special general meeting of the Company held on 22 June 2015. The Share Subdivision became effective on 23 June 2015, and since then, the board lot size of trading in the shares of the Company had been changed from 2,000 shares to 10,000 subdivided shares.

On 25 June 2015, the Registrar of Companies in Bermuda issued a Certificate of Incorporation on Change of Name and a Certificate of Secondary Name certifying the Change of Company Name with effect from 23 June 2015.

#### *Subscription of New Shares under General Mandate*

On 17 June 2015, a total of 20,000,000 ordinary shares (or 100,000,000 ordinary shares after Share Subdivision) were allotted and issued to six subscribers pursuant to the terms and conditions of the subscription agreement dated 1 June 2015 entered by and between the Company and the subscribers.

As announced by the Company on 1 and 17 June 2015, the net proceeds from the subscription after deducting all relevant costs and expenses were approximately HK\$64,000,000 (equivalent to US\$8,205,000). The Company intends to use the net proceeds from the subscription to enlarge its capital base and prepare for any development opportunities as and when they arise. As of the date of this announcement, the Company did not use any proceeds.

#### **Prospects**

The growth of the global economy is tilted to a slight downside due to increased volatility in the global financial markets. Emerging economies, such as China are facing slowing growth, while developed economies, such as Europe, continue to experience deflationary pressures. In a challenging global business environment, customers in North America and Europe are likely to be conservative when ordering, which will pressure the Group's shipment and operating costs. Also, if the US dollar continues to strengthen, the purchasing power of the Group's non-US customers will continue to weaken, which will likely negatively affect the Group's business from those regions. These factors could adversely affect the Group's supply chain business in the second half of the financial year.

The recent performance of the Group's traditional business tracks the current cycle in the global economy. In dealing with these challenges, the Group will further strengthen ties with its key customers and provide more value-added services and product categories to expand its existing business. The Group will also increase sourcing from low cost manufacturing markets to meet customers' needs.

While growth in the China market has slowed, the Chinese economy remains relatively buoyant. In the second half of the financial year, the Group aims to actively enter into and develop its business in the China market, and will strive to outperform the growth in the overall global economy.

The Group's future development will be based on continuing its solid supply chain and procurement operations, which have been the Group's strength, providing and enhancing financial services to its supply chain partners, and helping them to meet their changing development needs in a dynamic global environment. Concurrently, the Group continues to explore growth in other promising areas, including in financial services, supply chain management services and online as well as offline supply chain and sourcing platforms.

The Group expects that the recent acquisitions will result in added expenses in the short term, but in the longer term, will prove to be of important strategic value to the Group's further development.

## **INTERIM DIVIDEND**

The Directors have declared an interim dividend of 0.15 HK cent per ordinary share in respect of the six months ended 31 October 2015 and such interim dividend will be paid in cash on Friday, 8 January 2016 to shareholders whose names appear on the register of members of the Company on Thursday, 31 December 2015.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the entitlement to the interim dividend for the period under review, the register of members of the Company will be closed from Tuesday, 29 December 2015 to Thursday, 31 December 2015, both days inclusive. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 28 December 2015.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

## **REVIEW OF RESULTS**

The unaudited condensed consolidated interim financial information of the Group for the six months ended 31 October 2015 have been reviewed by Ernst & Young, the external auditors of the Company, in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. The audit committee, comprising three independent non-executive Directors, has reviewed with management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the report prepared by the external auditors to the audit committee in respect of the review of the Group's unaudited condensed consolidated interim financial information for the six months ended 31 October 2015. There was no disagreement by the external auditors or the audit committee with the accounting treatment adopted by the Company.

The audit committee has also reviewed the terms and conditions of the continuing connected transaction of the Company that took place during the period under review.

## CORPORATE EVENTS AFTER THE REPORTING PERIOD

### Share Transaction

On 26 October 2015, 林麥商品信息諮詢(深圳)有限公司 (Linmark Merchandise Consultancy (Shenzhen) Limited\*), a wholly owned subsidiary of the Company (“**Purchaser**”) entered into a conditional framework sale and purchase agreement (as amended and supplemented by supplemental agreements dated 3 and 24 November 2015) (collectively, “**Framework Agreement**”) with 深圳市國採立信投資管理有限公司 (Shenzhen Guocai Lixin Investment Management Company Limited\*) and 吳玥鑿 (Wu Yueyun\*) (“**Vendors**”), pursuant to which, subject to certain conditions precedent, the Purchaser agreed to acquire and the Vendors agreed to sell the entire equity interests in 深圳市國採晟唐投資管理有限公司 (Shenzhen Guo Cai Sheng Tang Investment Co. Ltd.\*) (“**Target Company**”) for an aggregate consideration of RMB10,000,000 (approximately HK\$12,195,122, at the exchange rate HK\$1 to RMB0.82). The consideration shall be satisfied as to 60% by the Purchaser procuring the Company to allot and issue a total of 8,449,276 consideration shares of the Company (“**Consideration Shares**”) to the Vendors as consideration for the acquisition of 60% interest in the Target Company (“**First Tranche Sale Interest**”). The acquisition of the remaining 40% interest in the Target Company is to be determined in a separate supplemental agreement.

Completion of the acquisition of the First Tranche Sale Interest took place on 25 November 2015. A total of 8,449,276 Consideration Shares were allotted and issued to the Vendors on 25 November 2015 in accordance with the terms and conditions of the Framework Agreement. Immediately following the completion of the acquisition of the First Tranche Sale Interest, the Company through the Purchaser, indirectly owned a 60% interest in the Target Company.

Details of this share transaction have been disclosed in the Company’s announcements dated 26 October 2015, 3, 24 and 25 November 2015.

### Grant of Share Options

As disclosed by the Company in its announcement on 6 November 2015, options were granted to certain consultants on 6 November 2015 to subscribe for a total of 50,000,000 new shares of the Company (“**Shares**”) at the subscription price of HK\$1 per Share with an valid period of 3 years and may only be exercised if the average closing price of the Shares for the five business days immediate preceding the exercise date, exceeds HK\$2 per Share.

\* For identification purpose only

## Possible Acquisition and Connected Transaction

On 2 December 2015, Daohe Capital Limited, a wholly owned subsidiary of the Company entered into a non-legally binding memorandum of understanding with Hong Kong Wing Yue Financial Group Holdings Limited (“**HK Wing Yue Financial Group**”), in relation to the possible acquisition of the entire issued share capital of Hong Kong Wing Yue Asset Management Limited (“**HK Wing Yue Asset Management**”) (“**Possible Acquisition**”).

The aggregate consideration for the Possible Acquisition is HK\$14.5 million plus the net asset value of HK Wing Yue Asset Management as of the date of completion of the formal agreement, subject to further agreement in the formal agreement to be entered by the parties.

Mr. ZHOU Xijian (“**Mr. Zhou**”), a non-executive Director and chairman of the Company, is the sole shareholder and sole director of HK Wing Yue Financial Group. HK Wing Yue Financial Group is therefore an associate of Mr. Zhou and a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The Possible Acquisition, if it proceeds, will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

Details of the Possible Acquisition and the connected transaction have been disclosed in the Company’s announcement dated 2 December 2015.

## CORPORATE GOVERNANCE

A corporate governance report has been published and included in the Company’s 2015 annual report, in which the Company reported the adoption of the code provisions (“**Code Provisions**”) set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 to the Listing Rules as the Corporate Governance Code of the Company.

During the period under review, save for the deviation from Code Provision E.1.2, the Company fully complied with the Code Provisions in the CG Code.

Under the Code Provision E.1.2, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the board committees to attend. Due to other important engagement at the relevant time, Mr. Zhou, the chairman of the Board and chairman of the Company’s nomination committee, was absent from the annual general meeting of the Company held on 27 August 2015.

Save as disclosed above, the corporate governance practices adopted by the Company during the period under review are in line with those practices set out in the Company’s 2015 annual report.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix 10 to the Listing Rules as its model code for securities transactions by the Directors. The Company, having made specific enquiries, obtained all the Directors’ confirmations that they have complied with the Model Code during the period under review.

The Company has also established written guidelines on no less exacting terms than the Model Code (“**Employees Written Guidelines**”) for securities transactions by relevant employees who are likely to possess unpublished inside information in relation to the Company or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company during the period under review.

## **BOARD OF DIRECTORS**

Mr. WONG Chak Keung was appointed as an independent non-executive Director with effect from 1 November 2015.

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 four independent non-executive Directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius, Mr. Jakob Jacobus Koert TULLENERS and Mr. WONG Chak Keung.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange and the Company’s website at [www.daoheglobal.com.hk](http://www.daoheglobal.com.hk). The Company’s 2016 interim report will be despatched to the shareholders and available on the same websites on or about 21 December 2015.

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

Hong Kong, 14 December 2015

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