

Daohe Global Announces FY2016 Interim Results

(14 December, 2015 – Hong Kong) – 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 interim results for the six months ended 31 October 2015.

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. The 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.

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.

Mr. ZHOU Xijian, Chairman of Daohe Global, said, “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.”

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.

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.

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.", said Mr. Zhou.

Mr. Zhou added that 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.”, said Mr. Zhou.

About Daohe Global Group Limited

Daohe Global Group Limited (formerly known as Linmark Group Limited) is an investment holding company with its principal business being a one-stop supply chain management solutions provider. 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, 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.

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Daohe Global Group Limited FY2016 Interim Results Announcement

Condensed Consolidated Interim Statement of Profit or Loss

	For the six months ended 31 October	
	2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000 (Restated)
Revenue	54,086	53,824
Cost of sales	(40,839)	(39,424)
Gross profit	13,247	14,400
Other income	304	223
General and administrative expenses	(10,867)	(11,246)
Loss on dissolution of subsidiaries	(5)	-
Profit before tax	2,679	3,377
Income tax expense	(509)	(331)
Profit for the period attributable to owners of the Company	2,170	3,046
Earnings per share attributable to ordinary equity holders of the Company (expressed in US cent)		
– Basic (<i>Note</i>)	0.06	0.09
– Diluted (<i>Note</i>)	0.06	0.09

Note:

Adjusted for the effect of Share Subdivision in June 2015.