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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 30 JUNE 2020**

INTERIM RESULTS HIGHLIGHTS:

- Revenue dropped by approximately 48.8% to approximately US\$18.7 million (equivalent to approximately HK\$145.5 million) as compared to approximately US\$36.6 million (equivalent to approximately HK\$284.7 million) for the six months ended 30 June 2019.
- Loss for the six months ended 30 June 2020 was approximately US\$3.4 million (equivalent to approximately HK\$26.5 million) (2019: approximately US\$3.5 million (equivalent to approximately HK\$27.2 million)). For the six months ended 30 June 2019, if excluding the non-cash amortisation of other intangible assets of approximately US\$3.0 million (equivalent to approximately HK\$23.3 million), net of deferred tax credit of approximately US\$0.7 million (equivalent to approximately HK\$5.4 million), the Group's loss would have been approximately US\$1.2 million (equivalent to approximately HK\$9.3 million).
- The Directors have not declared the payment of an interim dividend for the six months ended 30 June 2020.

UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Daohe Global Group Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2020, together with relevant comparative figures:

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed Consolidated Interim Statement of Profit or Loss

		For the six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	Note	US\$'000	US\$'000
REVENUE	3	18,734	36,557
Cost of sales		<u>(13,307)</u>	<u>(29,077)</u>
Gross profit		5,427	7,480
Other income		1,655	531
Selling and marketing expenses		(1,427)	(2,507)
General and administrative expenses		(8,989)	(9,646)
Finance costs		(38)	(65)
Share of loss of a joint venture		<u>–</u>	<u>(1)</u>
LOSS BEFORE TAX	4	(3,372)	(4,208)
Income tax credit	5	<u>20</u>	<u>729</u>
LOSS FOR THE PERIOD		<u>(3,352)</u>	<u>(3,479)</u>
ATTRIBUTABLE TO:			
Owners of the Company		(3,352)	(3,465)
Non-controlling interests		<u>–</u>	<u>(14)</u>
		<u>(3,352)</u>	<u>(3,479)</u>
LOSS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
(expressed in US cents)			
Basic	7	<u>(0.22)</u>	<u>(0.23)</u>
Diluted		<u>(0.22)</u>	<u>(0.23)</u>

Condensed Consolidated Interim Statement of Comprehensive Income

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
LOSS FOR THE PERIOD	(3,352)	(3,479)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(120)</u>	<u>(696)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	<u>(120)</u>	<u>(696)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(3,472)</u></u>	<u><u>(4,175)</u></u>
ATTRIBUTABLE TO:		
Owners of the Company	(3,472)	(4,159)
Non-controlling interests	<u>–</u>	<u>(16)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(3,472)</u></u>	<u><u>(4,175)</u></u>

Condensed Consolidated Interim Statement of Financial Position

		30 June	31 December
		2020	2019
		(Unaudited)	(Audited)
	<i>Note</i>	US\$'000	US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,050	509
Right-of-use assets		1,248	1,206
Financial asset at fair value through profit or loss		270	270
Equity instrument at fair value through other comprehensive income		71	–
Deposits		138	29
Deferred tax asset		4	4
		<hr/>	<hr/>
Total non-current assets		2,781	2,018
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		311	313
Trade receivables	9	4,529	6,462
Prepayments, deposits and other receivables		2,866	4,929
Cash and cash equivalents		10,699	12,723
		<hr/>	<hr/>
Total current assets		18,405	24,427
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	10	1,571	1,820
Accruals, provisions and other payables		4,721	7,733
Contract liabilities		888	629
Lease liabilities		1,043	1,077
Loan from a shareholder	11(a)	3,856	3,856
Bank borrowings		1,116	631
Tax payable		135	296
		<hr/>	<hr/>
Total current liabilities		13,330	16,042
		<hr/>	<hr/>
NET CURRENT ASSETS		5,075	8,385
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,856	10,403
		<hr/>	<hr/>

	30 June 2020 (Unaudited) US\$'000	31 December 2019 (Audited) US\$'000
NON-CURRENT LIABILITIES		
Deferred tax liability	13	13
Post-employment benefits	383	371
Provisions	300	–
Lease liabilities	854	241
	<hr/>	<hr/>
Total non-current liabilities	1,550	625
	<hr/>	<hr/>
NET ASSETS	6,306	9,778
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	20,128	20,128
Reserves	(13,822)	(10,350)
	<hr/>	<hr/>
TOTAL EQUITY	6,306	9,778
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Notes:

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**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 31 December 2019.

2. OPERATING SEGMENT INFORMATION

During the period ended 30 June 2020, the Group’s business comprised two reportable operating segments as follows:

- (a) trading and supply chain management services; and
- (b) operation of online social platforms.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group’s loss before tax except that bank interest income, interest on bank borrowings, share of loss of a joint venture 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 loss for the Group's reportable segments for the six months ended 30 June 2020 and 2019.

	For the six months ended 30 June 2020		
	Trading and supply chain management services (Unaudited) US\$'000	Operation of online social platforms (Unaudited) US\$'000	Total (Unaudited) US\$'000
Segment revenue:			
Revenue from external customers	<u>8,239</u>	<u>10,495</u>	<u>18,734</u>
Segment results	(2,100)	(643)	(2,743)
Bank interest income			30
Corporate and other unallocated expenses			(649)
Interest on bank borrowings			<u>(10)</u>
Loss before tax			(3,372)
Income tax credit			<u>20</u>
Loss for the period			<u><u>(3,352)</u></u>
Other segment information:			
Depreciation:			
Property, plant and equipment	98	115	213
Right-of-use assets	640	114	754
Capital expenditures	540	507	1,047
Impairment of property, plant and equipment	274	–	274
Impairment of right-of-use assets	536	–	536
Impairment of trade receivables	<u>198</u>	<u>230</u>	<u>428</u>

	For the six months ended 30 June 2019		
	Trading and supply chain management services (Unaudited) <i>US\$'000</i>	Operation of online social platforms (Unaudited) <i>US\$'000</i>	Total (Unaudited) <i>US\$'000</i>
Segment revenue:			
Revenue from external customers	17,847	18,710	36,557
Segment results	(1,637)	(1,596)	(3,233)
Bank interest income			10
Share of loss of a joint venture			(1)
Corporate and other unallocated expenses			(976)
Interest on bank borrowing			(8)
Loss before tax			(4,208)
Income tax credit			729
Loss for the period			(3,479)
Other segment information:			
Amortisation of other intangible assets	–	2,981	2,981
Depreciation:			
Property, plant and equipment	101	60	161
Right-of-use assets	639	129	768
Unallocated depreciation:			
Right-of-use assets	–	–	157
Capital expenditures	38	67	105
Impairment of trade receivables	5	–	5

3. REVENUE

An analysis of the Group's revenue is as follows:

	For the six months ended 30 June	
	2020 (Unaudited) US\$'000	2019 (Unaudited) US\$'000
<i>Revenue from contracts with customers</i>		
Sales of merchandise	5,476	13,297
Commission income	2,763	4,550
Internet value-added services ("IVAS") revenue	5,784	9,175
Advertising and other services income	4,711	9,535
	18,734	36,557

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June 2020		
	Trading and supply chain management services (Unaudited) US\$'000	Operation of online social platforms (Unaudited) US\$'000	Total (Unaudited) US\$'000
Type of goods or services			
Sales of merchandise	5,476	–	5,476
Commission income	2,763	–	2,763
IVAS revenue	–	5,784	5,784
Advertising and other services income	–	4,711	4,711
	8,239	10,495	18,734
Total revenue from contracts with customers			
Geographical markets			
People's Republic of China (the "PRC")	687	10,495	11,182
Southern hemisphere	3,629	–	3,629
North America	2,012	–	2,012
Europe	1,071	–	1,071
Others	840	–	840
	8,239	10,495	18,734
Total revenue from contracts with customers			
Timing of revenue recognition			
Goods transferred/services rendered at a point in time	8,239	10,495	18,734
	8,239	10,495	18,734

For the six months ended 30 June 2019

	Trading and supply chain management services (Unaudited) <i>US\$'000</i>	Operation of online social platforms (Unaudited) <i>US\$'000</i>	Total (Unaudited) <i>US\$'000</i>
Type of goods or services			
Sales of merchandise	13,297	–	13,297
Commission income	4,550	–	4,550
IVAS revenue	–	9,175	9,175
Advertising and other services income	–	9,535	9,535
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>17,847</u>	<u>18,710</u>	<u>36,557</u>
Geographical markets			
PRC	1,330	18,710	20,040
Southern hemisphere	8,064	–	8,064
North America	5,665	–	5,665
Europe	2,174	–	2,174
Others	614	–	614
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>17,847</u>	<u>18,710</u>	<u>36,557</u>
Timing of revenue recognition			
Goods transferred/services rendered at a point in time	<u>17,847</u>	<u>18,710</u>	<u>36,557</u>

4. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2020	2019
	(Unaudited) US\$'000	(Unaudited) US\$'000
Cost of inventories sold	4,845	11,725
Cost of services provided	8,462	17,352
Depreciation:		
Property, plant and equipment	213	161
Right-of-use assets	754	768
Employee benefit expense	6,047	7,039
Impairment of property, plant and equipment	274	–
Impairment of right-of-use assets	536	–
Impairment of trade receivables	428	5
Amortisation of other intangible assets	–	2,981
Loss on disposal of property, plant and equipment	10	3
Foreign exchange differences, net	64	(99)

5. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

	For the six months ended 30 June	
	2020	2019
	(Unaudited) US\$'000	(Unaudited) US\$'000
Current		
– Hong Kong	–	10
– Outside Hong Kong	17	38
Net overprovision in prior periods	(37)	(32)
Deferred	–	(745)
Total tax credit for the period	(20)	(729)

6. DIVIDEND

The Directors have not declared the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately US\$3,352,000 (2019: US\$3,465,000), and the number of 1,509,592,701 (2019: 1,509,592,701) ordinary shares in issue during the period.

The Group had no dilutive potential ordinary shares in issue for the period ended 30 June 2020 (2019: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with a total cost of US\$1,047,000 (2019: US\$105,000).

Assets with a net book value of US\$10,000 were disposed of by the Group during the six months ended 30 June 2020 (2019: US\$3,000), at a net loss on disposal of US\$10,000 (2019: net loss of US\$3,000).

9. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2020 (Unaudited) US\$'000	31 December 2019 (Audited) US\$'000
Within 30 days	2,617	3,071
31 to 60 days	490	2,139
61 to 90 days	293	766
91 to 365 days	1,120	483
Over 1 year	9	3
	<u>4,529</u>	<u>6,462</u>

10. TRADE PAYABLES

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

	30 June 2020 (Unaudited) US\$'000	31 December 2019 (Audited) US\$'000
Within 30 days	935	1,189
31 to 60 days	161	515
61 to 90 days	91	39
91 to 365 days	336	20
Over 1 year	48	57
	<u>1,571</u>	<u>1,820</u>

11. RELATED PARTY TRANSACTIONS

(a) Loan from a shareholder

At 30 June 2020, the loan from a shareholder is unsecured, non-interest-bearing and repayable by 22 May 2021.

(b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Short term employee benefits	395	478
Post-employment benefits – defined contribution plans	35	39
Total compensation paid to key management personnel	430	517

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

During the period under review, as impacted by the outbreak of the COVID-19 pandemic and the down turning business environment, the Group's revenue decreased by approximately 48.8% to approximately US\$18.7 million from approximately US\$36.6 million for the corresponding period last year.

The revenue of the Group's trading and supply chain management services dropped 53.8% from approximately US\$17.8 million to approximately US\$8.2 million. In respect of the Group's online social platforms business, the overall revenue from the online social platforms business slipped by approximately 43.9% from approximately US\$18.7 million to approximately US\$10.5 million.

Gross profit decreased by approximately 27.4% to approximately US\$5.4 million for the six months ended 30 June 2020 (2019: approximately US\$7.5 million). The increase in gross margin was mainly attributable to the change in sales mix, in particular the significant decline in the low margin advertising services business of the online social platforms operation.

Other income for the six months ended 30 June 2020 amounted to approximately US\$1.7 million (2019: approximately US\$0.5 million). The increase was mainly attributable to the reversal of provisions in prior years.

Operating expenses for the six months ended 30 June 2020 amounted to approximately US\$10.5 million, representing a drop of approximately 14.4% from approximately US\$12.2 million for the corresponding period last year. The decline in operating expenses was mainly due to the reduction in personnel costs as headcount reduced, advertising expenses and travelling expenses as business activities decreased over the period. The effect was partly offset by the provision for impairment of property, plant and equipment, and right-of-use assets totalled approximately US\$0.8 million for the trading and supply chain management services segment.

Loss for the six months ended 30 June 2020 was approximately US\$3.4 million (2019: approximately US\$3.5 million). For the six months ended 30 June 2019, if excluding the non-cash amortisation of other intangible assets of approximately US\$3.0 million and net of deferred tax credit of approximately US\$0.7 million, the Group's loss would have been approximately US\$1.2 million. The increase in operating loss for six months ended 30 June 2020 was mainly a result of the decline in business.

Segmental Analysis

Operating Segmentation

During the period ended 30 June 2020, the Group's business comprised two operating segments, namely (i) trading and supply chain management services; and (ii) the operation of online social platforms.

(i) Trading and supply chain management services

During the period under review, the shipment value for trading and supply chain management services fell by approximately 43.1% from approximately US\$64.8 million to approximately US\$36.9 million.

Geographical Analysis

	Shipment value	
	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US\$' million	US\$' million
North America	21.7	35.5
Europe	10.5	20.4
Others	4.7	8.9
Total	<u>36.9</u>	<u>64.8</u>

Shipments to North America dropped by approximately 38.9% to approximately US\$21.7 million. Nevertheless, North America remained the largest market for the Group, accounting for approximately 58.8% of the Group's total shipment value (2019: approximately 54.8%).

Shipments to Europe fell by approximately 48.5% and accounted for approximately 28.5% of total shipment value (2019: approximately 31.5%).

Shipments grouped under "Others", comprising mainly shipments to the southern hemisphere represented approximately 12.7% of the total shipment value (2019: approximately 13.7%). A decline of approximately 47.2% to approximately US\$4.7 million in shipments was recorded.

During the period under review, revenue from trading and supply chain management services was approximately US\$8.2 million (2019: approximately US\$17.8 million), representing approximately 44.0% (2019: approximately 48.8%) of the Group's total revenue.

(ii) *Operation of online social platforms*

The revenue of operation of online social platforms for the period under review fell by approximately 43.9% from approximately US\$18.7 million to approximately US\$10.5 million.

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US\$' million	US\$' million
IVAS revenue	5.8	9.2
Advertising and other services income	4.7	9.5
	<hr/>	<hr/>
Total revenue	10.5	18.7
	<hr/> <hr/>	<hr/> <hr/>

IVAS revenue decreased by approximately 37.0% year-on-year to approximately US\$5.8 million (2019: approximately US\$9.2 million) mainly due to the intense competition in the live streaming business in the PRC from other new entertainment platforms in the market, such as Douyin and Kuaishou etc., compounded by fast changing trends and tastes of users that adversely affected its business performance. Meanwhile, the weak macroeconomic conditions and the implementation of measures to reduce the local transmission of COVID-19 in Mainland China had also caused disruption in business activities, advertising and other services income slipped almost by half to approximately US\$4.7 million (2019: approximately US\$9.5 million).

Financial Review

Financial Resources and Liquidity

The Group had cash and cash equivalents of approximately US\$10.7 million as at 30 June 2020 (31 December 2019: approximately US\$12.7 million). In addition, the Group had total banking facilities of approximately US\$6.3 million, including borrowing facilities of approximately US\$1.2 million as at 30 June 2020 (31 December 2019: approximately US\$5.7 million and approximately US\$0.7 million, respectively).

The Group had a current ratio of approximately 1.4 (31 December 2019: 1.5) and a gearing ratio of 0.18 (31 December 2019: 0.06), based on an interest-bearing borrowing of approximately US\$1.1 million (31 December 2019: approximately US\$0.6 million) and total equity of approximately US\$6.3 million as at 30 June 2020 (31 December 2019: approximately US\$9.8 million). There has not been any material change in the Group's borrowings since 30 June 2020.

Trade receivables amounted to approximately US\$4.5 million as at 30 June 2020 (31 December 2019: approximately US\$6.5 million). Gross trade receivables aged over 90 days, which amounted to approximately US\$2.3 million, are being carefully monitored by the management and sufficient provisions have been made.

The Group has a prudent treasury policy to manage its investments in financial products such as wealth management products and shares. All investments must be conducted in accordance with such treasury policy with the view to maximise the utilisation of the Group's surplus cash received from its business operations.

The Group's net asset value amounted to approximately US\$6.3 million as at 30 June 2020 (31 December 2019: approximately US\$9.8 million).

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

As at 30 June 2020, the Group had no material contingent liabilities or guarantees, or charges on any assets of the Group.

Remuneration Policy and Staff Development Scheme

As at 30 June 2020, the Group had 338 employees (2019: 381). Total staff costs for the period under review amounted to approximately US\$6.0 million (2019: approximately US\$7.0 million).

The Group offers competitive remuneration schemes to its employees based on industry practice, and the performance of the individual employee and that of the Group. In addition, the Company has adopted a share option scheme for eligible persons and discretionary bonuses are payable to staff based on his or her individual performance and that of the Group as a whole.

Prospects

The COVID-19 pandemic has spread with alarming speed, infecting millions and triggered the most severe economic shock in decades. After six months of the outbreak, the path to economic recovery remains highly uncertain, with new rounds of lock downs in many countries recently. In particular US, the biggest market for trading and supply chain management services segment, the number of infections continues to rise in certain key hotspot states, which severely impacted the local economy. The number of bankruptcies and closure of stores are increasing over the period. Besides, the recent development of the US-China trade and technology wars, and political instability will likely worsen the global economy. The management expects the demand on sourcing and supply chain management operation will remain stagnant in the second half of 2020. To cope with the challenging business environment, the management is on the one hand working closely with its customers and supply chain partners, and on the other hand, taking proactive measures to mitigate the operational risk, enhance operational efficiency and reduce costs.

The business environment for operation of online social platforms became increasingly challenging since the government imposed a new policy in the second half of 2018 and the emergence of new entertainment platforms, including but not limited to Douyin and Kuaishou, which posed great challenges to the live streaming business. To cope with these, management will keep exploring new ideas to diversify their business such as advertising service, selling of mini figures and blind box. Unfortunately, the outbreak of COVID-19 has significantly impacted the macroeconomic conditions and slowed down the development of these businesses. Nevertheless, the management perceives the growth potential of blind box and will continue to put more resources to expand this segment such as promoting and cooperating with other online stores and sourcing unique design and exclusivity products. Besides, the Group will continue to explore and develop new and innovative mobile games in the future.

To summarise, the Group will continue to closely monitor the macroeconomic development. With the strategies and measures in place, the management believes that the Group will get through this difficult time and strengthen its foundation for long term development.

Significant Investments, Material Acquisitions or Disposals

During the six months ended 30 June 2020, the Group did not have any significant investments, material acquisitions or disposals.

Events after the Reporting Period

There have been no material event occurring after the end of the reporting period and up to the date of this announcement.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of any interim dividend for the six months ended 30 June 2020 (2019: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting policies adopted by the Group including review of the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2020. Such condensed consolidated interim financial information has not been audited nor reviewed by the Company's independent auditor.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2020, save for the deviation as described below:

Code Provision E.1.2 of the CG Code requires the Chairman of the Board to attend the annual general meeting held on 28 May 2020 (the “**2020 AGM**”). Due to the outbreak of COVID-19 Pandemic and the relative entry restrictions, Mr. ZHOU Xijian was not able to attend the 2020 AGM. Mr. WONG Hing Lin, Dennis, an Executive Director and the Chief Executive Officer of the Company, acted as the Chairman of the 2020 AGM to ensure that an effective communication was carried out with the shareholders of the Company (the “**Shareholders**”).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as 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 confirmations from all the Directors that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2020.

The Company has also established written guidelines on no less exacting terms than the Model Code (the “**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 throughout the six months ended 30 June 2020.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.daoheglobal.com.hk) and the Stock Exchange (www.hkexnews.hk). The 2020 interim report will be despatched to the Shareholders and available on the above websites in due course.

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

Hong Kong, 21 August 2020

As at the date of this announcement, the Non-executive Director of the Company is Mr. ZHOU Xijian, the Executive Directors are Mr. WONG Hing Lin, Dennis and Mr. LONG Liping, and the Independent Non-executive Directors are Mr. WANG Arthur Minshiang, Mr. LAU Shu Yan and Mr. ZHANG Huijun.