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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 2021**

INTERIM RESULTS HIGHLIGHTS:

- Revenue increased by approximately 49.8% to approximately US\$28.1 million (equivalent to approximately HK\$218.6 million) from approximately US\$18.7 million (equivalent to approximately HK\$145.5 million) for the six months ended 30 June 2020.
- For the six months ended 30 June 2021, a profit of approximately US\$0.8 million (equivalent to approximately HK\$6.2 million) was achieved. For the six months ended 30 June 2020, the Group reported a loss of approximately US\$3.4 million (equivalent to approximately HK\$26.5 million).
- The Directors have not declared the payment of an interim dividend for the six months ended 30 June 2021.

UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) 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 2021, 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	
		2021	2020
		(Unaudited)	(Unaudited)
	Note	US\$'000	US\$'000
REVENUE	4	28,072	18,734
Cost of sales		<u>(19,189)</u>	<u>(13,307)</u>
Gross profit		8,883	5,427
Other income		381	1,655
Selling and marketing expenses		(1,436)	(1,427)
General and administrative expenses		(6,859)	(8,989)
Finance costs		<u>(58)</u>	<u>(38)</u>
PROFIT/(LOSS) BEFORE TAX	5	911	(3,372)
Income tax (expense)/credit	6	<u>(75)</u>	<u>20</u>
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>836</u>	<u>(3,352)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
(expressed in US cents)	8		
Basic		<u>0.06</u>	<u>(0.22)</u>
Diluted		<u>0.06</u>	<u>(0.22)</u>

Condensed Consolidated Interim Statement of Comprehensive Income

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
PROFIT/(LOSS) FOR THE PERIOD	<u>836</u>	<u>(3,352)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>229</u>	<u>(120)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>229</u>	<u>(120)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u><u>1,065</u></u>	<u><u>(3,472)</u></u>

Condensed Consolidated Interim Statement of Financial Position

		30 June 2021	31 December 2020
		(Unaudited)	(Audited)
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	573	671
Right-of-use assets		1,027	882
Financial asset at fair value through profit or loss		135	135
Equity investment designated at fair value through other comprehensive income		–	77
Deposits		355	272
		<hr/>	<hr/>
Total non-current assets		2,090	2,037
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		1,118	571
Trade receivables	10	3,872	3,707
Prepayments, deposits and other receivables		4,382	4,547
Cash and cash equivalents		12,064	12,249
		<hr/>	<hr/>
Total current assets		21,436	21,074
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	11	2,296	1,894
Accruals, provisions and other payables		5,837	6,175
Contract liabilities		901	707
Lease liabilities		1,040	869
Loan from a shareholder	12(a)	3,856	3,856
Bank borrowings		–	981
Tax payable		273	142
		<hr/>	<hr/>
Total current liabilities		14,203	14,624
		<hr/>	<hr/>
NET CURRENT ASSETS		7,233	6,450
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,323	8,487
		<hr/>	<hr/>

	30 June 2021 (Unaudited) <i>US\$'000</i>	31 December 2020 (Audited) <i>US\$'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	781	983
Provisions	300	297
Post-employment benefits	270	287
	<hr/>	<hr/>
Total non-current liabilities	1,351	1,567
	<hr/>	<hr/>
NET ASSETS	7,972	6,920
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	20,128	20,128
Reserves	(12,156)	(13,208)
	<hr/>	<hr/>
TOTAL EQUITY	7,972	6,920
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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 2021 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 2020.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) and interpretation issued by the HKICPA as noted below for the first time:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to HKFRS 16	<i>COVID-19-related rent concessions beyond 30 June 2021 (early adopted)</i>

The adoption of the above amendments to the standards has no material impact on the preparation of the Group’s condensed consolidated interim financial statements.

3. OPERATING SEGMENT INFORMATION

The Group’s business comprises 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 profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that bank interest income, interest on bank borrowings 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 results for the Group's reportable segments for the six months ended 30 June 2021 and 2020:

For the six months ended 30 June 2021 (Unaudited)	Trading and supply chain management services US\$'000	Operation of online social platforms US\$'000	Total US\$'000
Segment revenue:			
Revenue from external customers	<u>12,474</u>	<u>15,598</u>	<u>28,072</u>
Segment results	<u>365</u>	<u>891</u>	1,256
Bank interest income			68
Corporate and other unallocated expenses			(398)
Interest on bank borrowings			<u>(15)</u>
Profit before tax			911
Income tax			<u>(75)</u>
Profit for the period			<u><u>836</u></u>
Other segment information:			
Depreciation:			
Property, plant and equipment	16	136	152
Right-of-use assets	172	131	303
Capital expenditures	16	32	48
Impairment/(reversal of impairment) of trade receivables	<u>69</u>	<u>(2)</u>	<u>67</u>

For the six months ended 30 June 2020 (Unaudited)	Trading and supply chain management services <i>US\$'000</i>	Operation of online social platforms <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue:			
Revenue from external customers	8,239	10,495	18,734
	<u>8,239</u>	<u>10,495</u>	<u>18,734</u>
Segment results			
	<u>(2,100)</u>	<u>(643)</u>	<u>(2,743)</u>
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	198	230	428
	<u>198</u>	<u>230</u>	<u>428</u>

The following table presents assets and liabilities of the Group's reportable segments as at 30 June 2021 and 31 December 2020:

	Trading and supply chain management services US\$'000	Operation of online social platforms US\$'000	Total US\$'000
As at 30 June 2021 (Unaudited)			
Segment assets	<u>9,447</u>	<u>13,924</u>	23,371
Corporate and other unallocated assets			<u>155</u>
Total assets			<u><u>23,526</u></u>
Segment liabilities	<u>7,758</u>	<u>3,830</u>	11,588
Loan from a shareholder			3,856
Corporate and other unallocated liabilities			<u>110</u>
Total liabilities			<u><u>15,554</u></u>
As at 31 December 2020 (Audited)			
Segment assets	<u>9,287</u>	<u>13,720</u>	23,007
Corporate and other unallocated assets			<u>104</u>
Total assets			<u><u>23,111</u></u>
Segment liabilities	<u>8,016</u>	<u>4,239</u>	12,255
Loan from a shareholder			3,856
Corporate and other unallocated liabilities			<u>80</u>
Total liabilities			<u><u>16,191</u></u>

4. REVENUE

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

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>
<i>Revenue from contracts with customers</i>		
Sales of merchandise	10,306	6,811
Commission income	4,350	2,763
Internet value-added services (“IVAS”) revenue	13,414	5,784
Advertising and other services income	2	3,376
	<u>28,072</u>	<u>18,734</u>

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June 2021		
	Trading and supply chain management services	Operation of online social platforms	Total
	(Unaudited)	(Unaudited)	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Type of goods or services			
Sales of merchandise	8,124	2,182	10,306
Commission income	4,350	–	4,350
IVAS revenue	–	13,414	13,414
Advertising and other services income	–	2	2
	<u>12,474</u>	<u>15,598</u>	<u>28,072</u>
Geographical markets			
People's Republic of China (the “PRC”)	1,044	15,598	16,642
Southern hemisphere	6,493	–	6,493
North America	3,536	–	3,536
Europe	664	–	664
Others	737	–	737
	<u>12,474</u>	<u>15,598</u>	<u>28,072</u>
Timing of revenue recognition			
Goods transferred/services rendered at a point in time	<u>12,474</u>	<u>15,598</u>	<u>28,072</u>

	For the six months ended 30 June 2020		
	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	5,476	1,335	6,811
Commission income	2,763	–	2,763
IVAS revenue	–	5,784	5,784
Advertising and other services income	–	3,376	3,376
	<u>8,239</u>	<u>10,495</u>	<u>18,734</u>
Geographical markets			
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
	<u>8,239</u>	<u>10,495</u>	<u>18,734</u>
Timing of revenue recognition			
Goods transferred/services rendered at a point in time	<u>8,239</u>	<u>10,495</u>	<u>18,734</u>

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/loss before tax is arrived at after charging:

	For the six months ended 30 June	
	2021	2020
	(Unaudited) US\$'000	(Unaudited) US\$'000
Cost of inventories sold	7,375	4,845
Cost of services provided	11,814	8,462
Depreciation:		
Property, plant and equipment	152	213
Right-of-use assets	303	754
Employee benefit expense	5,736	6,047
Impairment of property, plant and equipment	–	274
Impairment of right-of-use assets	–	536
Impairment of trade receivables	67	428
Loss on disposal of property, plant and equipment	1	10
Foreign exchange differences, net	134	64
	<u> </u>	<u> </u>

6. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 rate regime. The first HK\$2,000,000 (2020: 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 jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2021	2020
	(Unaudited) US\$'000	(Unaudited) US\$'000
Current		
– Hong Kong	20	–
– Outside Hong Kong	78	17
Net overprovision in prior periods	(23)	(37)
	<u> </u>	<u> </u>
Total tax expense/(credit) for the period	<u>75</u>	<u>(20)</u>

7. DIVIDEND

The Directors have not declared the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/loss per share is based on the profit for the period attributable to owners of the Company of approximately US\$836,000 (2020: loss of US\$3,352,000), and the number of 1,509,592,701 (2020: 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 2021 (2020: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with a total cost of US\$48,000 (2020: US\$1,047,000).

Assets with a net book value of US\$1,000 were disposed of by the Group during the six months ended 30 June 2021 (2020: US\$10,000), at a net loss on disposal of US\$1,000 (2020: net loss of US\$10,000).

10. TRADE RECEIVABLES

	30 June 2021 (Unaudited) US\$'000	31 December 2020 (Audited) US\$'000
Trade receivables	4,944	4,719
Impairment	<u>(1,072)</u>	<u>(1,012)</u>
	<u>3,872</u>	<u>3,707</u>

An ageing analysis of the gross carrying amount of trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 (Unaudited) US\$'000	31 December 2020 (Audited) US\$'000
Within 30 days	2,386	2,253
31 to 60 days	888	698
61 to 90 days	334	210
91 to 365 days	438	1,133
Over 1 year	<u>898</u>	<u>425</u>
	<u>4,944</u>	<u>4,719</u>

11. 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 2021 (Unaudited) US\$'000	31 December 2020 (Audited) US\$'000
Within 30 days	1,337	1,105
31 to 60 days	463	643
61 to 90 days	306	14
91 to 365 days	143	85
Over 1 year	47	47
	<u>2,296</u>	<u>1,894</u>

12. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in this announcement, the Group had the following significant transactions with related parties during the period:

(a) **Loan from a shareholder**

At 30 June 2021, the loan from a shareholder of the Company is unsecured, non-interest-bearing and repayable by 22 May 2022.

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

	For the six months ended 30 June	
	2021 (Unaudited) US\$'000	2020 (Unaudited) US\$'000
Short term employee benefits	399	395
Post-employment benefits – defined contribution plans	<u>39</u>	<u>35</u>
Total compensation paid to key management personnel	<u>438</u>	<u>430</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

During the period under review, the Group's revenue increased by approximately 49.8% to approximately US\$28.1 million from approximately US\$18.7 million for the same period last year. The growth was primarily due to the recovery from last year's low level of revenue as impacted by COVID-19 pandemic.

The revenue of the Group's trading and supply chain management services grew approximately 51.4% from approximately US\$8.2 million to approximately US\$12.5 million. In respect of the Group's online social platforms business, overall revenue surged by approximately 48.6% from approximately US\$10.5 million to approximately US\$15.6 million in the review period.

Gross profit increased by approximately 63.7% to approximately US\$8.9 million for the six months ended 30 June 2021 (2020: approximately US\$5.4 million). The improved gross margin was mainly attributable to the change in sales mix of the online social platforms segment, in particular the decline in the low gross margin advertising services business.

Other income for the review period amounted to approximately US\$0.4 million, decreased by approximately US\$1.3 million from the same period last year as an one-off reversal of provision was included in that period.

Operating expenses for the six months ended 30 June 2021 amounted to approximately US\$8.4 million, representing a drop of approximately 20.1% from approximately US\$10.5 million for the corresponding period last year. The decline in operating expenses was mainly due to the reduction in depreciation resulting from re-negotiations of rent, reduced office area and the full impairment of certain right-of-use assets and property, plant and equipment during the year ended 31 December 2020. Besides, the savings was also attributable to less impairment of trade receivables and lower personnel costs as headcount reduced. In addition, the impairment of property, plant and equipment and right-of-use assets recorded in the first half of 2020 (approximately US\$0.8 million) did not recur in the review period.

With increased business volume as well as a more effective structure, the Group turned around from a loss of approximately US\$3.4 million for the six months ended 30 June 2020 to a profit of approximately US\$0.8 million for the review period.

Segmental Analysis

Operating Segmentation

The Group's business comprises 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 rose by approximately 65.9% from approximately US\$36.9 million to approximately US\$61.2 million as the business for corresponding period last year was seriously impacted by the outbreak of the COVID-19 pandemic but the business was gradually improved in the second half of 2020.

Geographical Analysis

	Shipment value	
	For the six months	
	ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	US\$' million	US\$' million
North America	42.3	21.7
Europe	11.7	10.5
Others	7.2	4.7
	61.2	36.9

Shipments to North America increased by approximately 94.9% to approximately US\$42.3 million due to the growth of certain US customers. North America represented the largest market for the Group, accounting for approximately 69.1% of the Group's total shipment value (2020: approximately 58.8%).

Shipments to Europe escalated by approximately 11.4% to approximately US\$11.7 million, and accounted for approximately 19.1% of total shipment value (2020: approximately 28.5%).

Shipments grouped under "Others", comprising mainly shipments to the southern hemisphere represented approximately 11.8% of the total shipment value (2020: approximately 12.7%). A lift of approximately 53.2% to approximately US\$7.2 million in shipments was recorded, which was mainly due to increase in orders from a South African customer.

During the period under review, revenue from trading and supply chain management services was approximately US\$12.5 million (2020: approximately US\$8.2 million), representing approximately 44.4% (2020: approximately 44.0%) of the Group's total revenue.

(ii) *Operation of online social platforms*

During the review period, the revenue derived from the operation of online social platforms surged by approximately 48.6% from approximately US\$10.5 million to approximately US\$15.6 million.

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	US\$' million	US\$' million
Gamified social and online entertainment	14.8	6.8
Sales of goods	0.8	0.8
Advertising services and others	–	2.9
	<u>15.6</u>	<u>10.5</u>

The revenue from gamified social and online entertainment grew by approximately 117.6% year-on-year to approximately US\$14.8 million (2020: approximately US\$6.8 million) since the management has actively sought partnerships with other online platforms and distribution channels to promote the claw crane mobile online game and the significant growth of pop toys business.

Financial Review

Financial Resources and Liquidity

The Group had cash and cash equivalents of approximately US\$12.1 million as at 30 June 2021 (31 December 2020: approximately US\$12.2 million). In addition, the Group had total banking facilities of approximately US\$5.1 million, including borrowing facilities of approximately US\$0.1 million as at 30 June 2021 (31 December 2020: approximately US\$6.1 million and approximately US\$1.1 million, respectively).

The Group had a current ratio of approximately 1.5 (31 December 2020: approximately 1.4) and zero gearing (31 December 2020: approximately 0.14), based on nil interest-bearing borrowing (31 December 2020: approximately US\$1.0 million) and total equity of approximately US\$8.0 million as at 30 June 2021 (31 December 2020: approximately US\$6.9 million).

Trade receivables amounted to approximately US\$3.9 million as at 30 June 2021 (31 December 2020: approximately US\$3.7 million). Gross trade receivables aged over 90 days, which amounted to approximately US\$1.3 million, are being carefully monitored by management and sufficient provision has been made.

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

The Group's net asset value amounted to approximately US\$8.0 million as at 30 June 2021 (31 December 2020: approximately US\$6.9 million).

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

As at 30 June 2021, the Group had no material contingent liabilities or guarantees, or charges on any of its assets.

Remuneration Policy and Staff Development Scheme

As at 30 June 2021, the Group had 290 employees (2020: 338). Total staff costs for the period under review amounted to approximately US\$5.7 million (2020: approximately US\$6.0 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 which eligible persons can benefit. Also, discretionary bonuses are payable to staff based on his or her individual performance and that of the Group as a whole.

Prospects

The management maintains a cautious view on the trading and supply chain management services segment despite a moderate growth was achieved in the first half of 2021. The recent rebound of infections and rapid spread of the Delta variant has forced many countries to reimpose lockdowns and social distancing measures, which is expected to cause disruptions in the supply chain and weaken consumers' sentiment. Apart from the pandemic, the business segment is also facing challenges which arise from the rising cost of raw materials, the global shortage of shipping containers, as well as the political interference from the West, in particular the strained relations between the PRC and the United States as driven by the boycott of Xinjiang cotton. The management expects that the business environment will be challenging in the second half of 2021. To overcome

these challenges, the management will work closely with its customers and supply chain partners, provide comprehensive value-added services and identify effective alternative sourcing solutions to support customers' needs during this uncertain period. Meanwhile, the management will continue to impose effective cost control measures to maintain its competitiveness.

The business from operation of online social platforms has been recovering since last quarter of 2020 and the management expects the positive trend to be sustainable into the second half of 2021 as the pop toys market is still showing signs of growth in the PRC. Having unique and creative designs of products are the key to success in this business segment and the management will therefore pro-actively seek more collaborations and partnerships with toy designers and brand owners to expand product offerings. Besides, the management will continue to enhance its sales and promotional strategies through different channels and to explore new and innovative ideas to satisfy the changing needs of consumers in the PRC.

Looking ahead, despite the challenges and uncertainties in the global markets and the continued spread of the COVID-19 pandemic, the Group will continue to closely monitor the economic development globally and adjust its strategies and measures from time to time. The Directors remain cautiously optimistic about the Group's long-term business development.

Significant Investments, Material Acquisitions or Disposals

Save as disclosed in this announcement, during the six months ended 30 June 2021, the Group did not have any significant investments, material acquisitions or disposals.

Events after the Reporting Period

There has 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 2021 (2020: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2021, 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 2021. 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 2021, 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 1 June 2021 (the “**2021 AGM**”). Due to the COVID-19 pandemic and the relative entry restrictions, Mr. ZHOU Xijian was not able to attend the 2021 AGM. Mr. WONG Hing Lin, Dennis, an Executive Director and the Chief Executive Officer of the Company, acted as the Chairman of the 2021 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 2021.

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 2021.

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 2021 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, 27 August 2021

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.