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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 FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**FINAL RESULTS HIGHLIGHTS:**

- Revenue grew by approximately 46.9% to approximately US\$62.6 million (equivalent to approximately HK\$487.0 million) for the year ended 31 December 2021 as compared to approximately US\$42.7 million (equivalent to approximately HK\$332.2 million) for the year ended 31 December 2020.
- Profit for the year ended 31 December 2021 amounted to approximately US\$4.1 million (equivalent to approximately HK\$31.9 million) (2020: loss of approximately US\$3.5 million (equivalent to approximately HK\$27.2 million)).
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021.

## FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Daohe Global Group Limited (the “**Company**”) announces the consolidated financial information of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2021, together with relevant comparative figures, is as follows:

### CONSOLIDATED FINANCIAL INFORMATION

#### Consolidated Statement of Profit or Loss

	<i>Note</i>	<b>2021</b> <i>US\$ '000</i>	2020 <i>US\$ '000</i>
<b>REVENUE</b>	<i>4</i>	<b>62,639</b>	42,654
Cost of sales		<b>(41,727)</b>	(29,921)
Gross profit		<b>20,912</b>	12,733
Other income		<b>755</b>	2,360
Selling and marketing expenses		<b>(3,133)</b>	(2,410)
General and administrative expenses		<b>(14,479)</b>	(14,535)
Finance costs		<b>(107)</b>	(91)
Gain on dissolution of subsidiaries		<b>277</b>	–
Impairment of property, plant and equipment	<i>9</i>	–	(543)
Impairment of right-of-use assets	<i>9</i>	–	(1,006)
<b>PROFIT/(LOSS) BEFORE TAX</b>	<i>5</i>	<b>4,225</b>	(3,492)
Income tax (expense)/credit	<i>6</i>	<b>(139)</b>	15
<b>PROFIT/(LOSS) FOR THE YEAR</b> <b>ATTRIBUTABLE TO OWNERS OF THE</b> <b>COMPANY</b>		<b>4,086</b>	(3,477)
<b>EARNINGS/(LOSS) PER SHARE</b> <b>ATTRIBUTABLE TO ORDINARY EQUITY</b> <b>HOLDERS OF THE COMPANY</b> (expressed in US cent)	<i>8</i>		
Basic		<b>0.27</b>	(0.23)
Diluted		<b>0.27</b>	(0.23)

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>4,086</b>	<b>(3,477)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Translation of foreign operations	222	541
Reclassified to gain on dissolution of subsidiaries	(277)	—
Items that may be reclassified to profit or loss in subsequent periods	(55)	541
Item that will not be reclassified to profit or loss in subsequent periods:		
Remeasurements from defined benefit plan	8	78
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<b>(47)</b>	<b>619</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>4,039</b>	<b>(2,858)</b>

## Consolidated Statement of Financial Position

	<i>Note</i>	<b>2021</b> <i>US\$'000</i>	2020 <i>US\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>562</b>	671
Right-of-use assets	9	<b>779</b>	882
Other intangible assets		–	–
Financial asset at fair value through profit or loss		<b>135</b>	135
Equity investment designated at fair value through other comprehensive income		–	77
Deposits		<b>282</b>	272
Deferred tax asset		–	–
		<hr/>	<hr/>
Total non-current assets		<b>1,758</b>	2,037
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>772</b>	571
Trade receivables	10	<b>8,006</b>	3,707
Prepayments, deposits and other receivables		<b>4,208</b>	4,547
Cash and cash equivalents		<b>16,104</b>	12,249
		<hr/>	<hr/>
Total current assets		<b>29,090</b>	21,074
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	<b>4,253</b>	1,894
Accruals, provisions and other payables		<b>7,510</b>	6,175
Contract liabilities		<b>1,051</b>	707
Lease liabilities		<b>955</b>	869
Loan from a shareholder	12(a)	<b>3,856</b>	3,856
Bank borrowings		<b>1,161</b>	981
Tax payable		<b>305</b>	142
		<hr/>	<hr/>
Total current liabilities		<b>19,091</b>	14,624
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>9,999</b>	6,450
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,757</b>	8,487
		<hr/>	<hr/>

	<b>2021</b>	2020
	<i>US\$'000</i>	<i>US\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	<b>392</b>	983
Deferred tax liabilities	–	–
Provisions	<b>149</b>	297
Post-employment benefits	<b>257</b>	287
	<hr/>	<hr/>
Total non-current liabilities	<b>798</b>	1,567
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>10,959</b>	6,920
	<hr/>	<hr/>
<b>EQUITY</b>		
Share capital	<b>20,128</b>	20,128
Reserves	<b>(9,169)</b>	(13,208)
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<b>TOTAL EQUITY</b>	<b>10,959</b>	6,920
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Notes:

## 1. BASIS OF PREPARATION

The consolidated financial statements of the Group for the year ended 31 December 2021 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. They have been prepared under historical cost convention, except for financial asset at fair value through profit or loss and equity investment designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to HKFRSs issued by the HKICPA for the first time for the current year’s financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
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Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (early adopted)
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The adoption of the above amendments to the standards has had no significant financial effect on these consolidated 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, gain 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.

Segment assets do not include corporate and other unallocated assets. Segment liabilities do not include loan from a shareholder as well as corporate and other unallocated liabilities.

The following tables present revenue, profit/(loss), assets and liabilities for the Group's reportable segments for the year ended 31 December 2021 and 2020.

<b>Year ended 31 December 2021</b>	<b>Trading and supply chain management services US\$'000</b>	<b>Operation of online social platforms US\$'000</b>	<b>Total US\$'000</b>
<b>Segment revenue:</b>			
Revenue from external customers	29,648	32,991	62,639
	<u>29,648</u>	<u>32,991</u>	<u>62,639</u>
<b>Segment results</b>	<u>2,783</u>	<u>1,825</u>	<u>4,608</u>
Bank interest income			161
Gain on dissolution of subsidiaries			277
Corporate and other unallocated expenses			(793)
Interest on bank borrowings			(28)
			<u>4,225</u>
Profit before tax			4,225
Income tax			(139)
			<u>4,086</u>
Profit for the year			<u>4,086</u>
			<u>4,086</u>
<b>Segment assets</b>	<u>13,837</u>	<u>16,744</u>	<u>30,581</u>
Corporate and other unallocated assets			267
			<u>267</u>
Total assets			<u>30,848</u>
			<u>30,848</u>
<b>Segment liabilities</b>	<u>10,878</u>	<u>5,045</u>	<u>15,923</u>
Loan from a shareholder			3,856
Corporate and other unallocated liabilities			110
			<u>110</u>
Total liabilities			<u>19,889</u>
			<u>19,889</u>
<b>Other segment information:</b>			
Depreciation:			
Property, plant and equipment	25	411	436
Right-of-use assets	341	272	613
Capital expenditures	29	326	355
Allowance for trade receivables	153	67	220
	<u>153</u>	<u>67</u>	<u>220</u>

Year ended 31 December 2020	Trading and supply chain management services US\$'000	Operation of online social platforms US\$'000	Total US\$'000
<b>Segment revenue:</b>			
Revenue from external customers	19,703	22,951	42,654
<b>Segment results</b>			
	(1,944)	(531)	(2,475)
Bank interest income			68
Corporate and other unallocated expenses			(1,053)
Interest on bank borrowings			(32)
Loss before tax			(3,492)
Income tax credit			15
Loss for the year			(3,477)
<b>Segment assets</b>			
Corporate and other unallocated assets	9,287	13,720	23,007
Total assets			23,111
<b>Segment liabilities</b>			
Loan from a shareholder	8,016	4,239	12,255
Corporate and other unallocated liabilities			3,856
Total liabilities			80
			16,191
<b>Other segment information:</b>			
Impairment of property, plant and equipment	543	–	543
Impairment of right-of-use assets	1,006	–	1,006
Fair value loss on financial asset at fair value through profit or loss	135	–	135
Depreciation:			
Property, plant and equipment	174	285	459
Right-of-use assets	912	235	1,147
Capital expenditures	552	589	1,141
Allowance for trade receivables	336	243	579



## Geographical information

### (a) Revenue from external customers

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
People's Republic of China ("PRC")	35,466	24,605
Southern hemisphere	12,495	8,807
North America	11,001	5,619
Europe	1,698	1,923
Others	1,979	1,700
	<u>62,639</u>	<u>42,654</u>

The revenue information above is based on the locations of the customers.

### (b) Non-current assets

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
PRC	1,304	1,624
Hong Kong	141	128
Others	178	73
	<u>1,623</u>	<u>1,825</u>

The non-current assets information above is based on the location of assets and excludes a financial asset at fair value through profit or loss and an equity investment designated at fair value through other comprehensive income.

## Information about major customers

Revenue from a major customer, which amounted to 10% or more of the Group's revenue, is set out below:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Customer A      Trading and supply chain management services	<u>11,993</u>	<u>7,900</u>

#### 4. REVENUE

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

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
<i>Revenue from contracts with customers</i>		
Sales of merchandise	24,586	17,594
Commission income	11,063	7,123
Internet value-added services ("IVAS") revenue	26,965	13,542
Advertising and other services income	25	4,395
	<u>62,639</u>	<u>42,654</u>

#### *Disaggregated revenue information*

**For the year ended 31 December 2021**

Segments	Trading and supply chain management services <i>US\$'000</i>	Operation of online social platforms <i>US\$'000</i>	Total <i>US\$'000</i>
<b>Type of goods or services</b>			
Sales of merchandise	18,585	6,001	24,586
Commission income	11,063	–	11,063
IVAS revenue	–	26,965	26,965
Advertising and other services income	–	25	25
	<u>29,648</u>	<u>32,991</u>	<u>62,639</u>
<b>Geographical markets</b>			
PRC	2,475	32,991	35,466
Southern hemisphere	12,495	–	12,495
North America	11,001	–	11,001
Europe	1,698	–	1,698
Others	1,979	–	1,979
	<u>29,648</u>	<u>32,991</u>	<u>62,639</u>
<b>Timing of revenue recognition</b>			
Goods transferred/services rendered at a point in time	29,648	32,991	62,639

For the year ended 31 December 2020

Segments	Trading and supply chain management services <i>US\$'000</i>	Operation of online social platforms <i>US\$'000</i>	Total <i>US\$'000</i>
<b>Type of goods or services</b>			
Sales of merchandise	12,580	5,014	17,594
Commission income	7,123	–	7,123
IVAS revenue	–	13,542	13,542
Advertising and other services income	–	4,395	4,395
	<u>19,703</u>	<u>22,951</u>	<u>42,654</u>
<b>Geographical markets</b>			
PRC	1,654	22,951	24,605
Southern hemisphere	8,807	–	8,807
North America	5,619	–	5,619
Europe	1,923	–	1,923
Others	1,700	–	1,700
	<u>19,703</u>	<u>22,951</u>	<u>42,654</u>
<b>Timing of revenue recognition</b>			
Goods transferred/services rendered at a point in time	<u>19,703</u>	<u>22,951</u>	<u>42,654</u>

## 5. PROFIT/(LOSS) BEFORE TAX

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

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Cost of inventories sold	22,313	16,599
Cost of services provided	19,414	13,322
Depreciation:		
Property, plant and equipment	436	459
Right-of-use assets	613	1,147
Impairment of property, plant and equipment	–	543
Impairment of right-of-use assets	–	1,006
Allowance for trade receivables	220	579
Loss on disposal of property, plant and equipment	7	15
Gain on dissolution of subsidiaries	(277)	–
Fair value loss on financial asset at fair value through profit or loss	–	135
Foreign exchange differences, net	(14)	(35)
	<b>—————</b>	<b>—————</b>

## 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 year except one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are 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.

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Current		
– Provision for the year	174	36
– Net overprovision in prior years	(35)	(42)
	<b>—————</b>	<b>—————</b>
	139	(6)
Deferred tax	–	(9)
	<b>—————</b>	<b>—————</b>
Total tax expense/(credit) for the year	139	(15)
	<b>—————</b>	<b>—————</b>

## 7. DIVIDENDS

The directors do not recommend the payment of any final dividend for the year ended 31 December 2021 (2020: Nil).

## 8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to owners of the Company, and the number of ordinary shares in issue during the year.

The Group had no dilutive potential ordinary shares in issue for the year.

The calculation of the basic and diluted earnings/(loss) per share is based on:

	2021	2020
<b>Profit/(loss)</b>		
Profit/(loss) attributable to owners of the Company (US\$'000)	<b>4,086</b>	(3,477)
<b>Number of ordinary shares</b>		
Number of ordinary shares in issue during the year ('000)	<b>1,509,593</b>	1,509,593

## 9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	<b>Property, plant and equipment US\$'000</b>	<b>Right-of-use assets US\$'000</b>
At 1 January 2020, net of accumulated depreciation	509	1,206
Additions	1,141	1,925
Disposals	(15)	–
Depreciation for the year	(459)	(1,147)
Termination	–	(129)
Impairment during the year	(543)	(1,006)
Exchange realignment	38	33
At 31 December 2020, net of accumulated depreciation and impairment	<b>671</b>	<b>882</b>
At 1 January 2021, net of accumulated depreciation and impairment	<b>671</b>	<b>882</b>
Additions	<b>355</b>	<b>512</b>
Disposals	(42)	–
Depreciation for the year	(436)	(613)
Termination	–	(14)
Exchange realignment	<b>14</b>	<b>12</b>
At 31 December 2021, net of accumulated depreciation and impairment	<b>562</b>	<b>779</b>

## 10. TRADE RECEIVABLES

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Trade receivables	9,181	4,719
Allowance for doubtful debts	<u>(1,175)</u>	<u>(1,012)</u>
	<b><u>8,006</u></b>	<b><u>3,707</u></b>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing. The carrying amount of the trade receivables approximates to its fair value.

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:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Within 30 days	4,050	2,253
31 to 60 days	1,615	698
61 to 90 days	1,176	210
91 to 365 days	1,384	1,133
Over 1 year	<u>956</u>	<u>425</u>
	<b><u>9,181</u></b>	<b><u>4,719</u></b>

## 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:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Within 30 days	2,590	1,105
31 to 60 days	460	643
61 to 90 days	682	14
91 to 365 days	455	85
Over 1 year	<u>66</u>	<u>47</u>
	<b><u>4,253</u></b>	<b><u>1,894</u></b>

## 12. RELATED PARTY TRANSACTIONS

### (a) Loan from a shareholder

At 31 December 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

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Short term employee benefits	1,423	769
Post-employment benefits	140	71
	<hr/>	<hr/>
Total compensation paid to key management personnel	<b>1,563</b>	840
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Overview*

During the review year, the Group's performance began a gradual recovery, with key metrics slowly edging closer to those recorded prior to the pandemic outbreak. Revenue grew by approximately 46.9%, increasing from approximately US\$42.7 million in 2020 to approximately US\$62.6 million for the year ended 31 December 2021.

The revenue of the Group's trading and supply chain management services business grew by approximately 50.5%, rising from approximately US\$19.7 million in 2020 to approximately US\$29.6 million for the review year. In respect of the Group's online social platforms business, overall revenue surged by approximately 43.7%, climbing from approximately US\$23.0 million in 2020 to approximately US\$33.0 million for the review year.

Gross profit increased by approximately 64.2% to approximately US\$20.9 million in 2021 (2020: approximately US\$12.7 million). Gross margin increased from approximately 29.9% in 2020 to approximately 33.4% in 2021. The improvement in gross margin was mainly attributable to the change in sales mix of the online social platforms segment, in particular, the reduction in business involving low gross margin advertising services.

Other income amounted to approximately US\$0.8 million for the review year (2020: approximately US\$2.4 million). The decrease of approximately US\$1.6 million over last year was due to a one-off reversal of provisions and subsidies from the “Employment Support Scheme” launched by the Hong Kong Government which were included in 2020.

Operating expenses amounted to approximately US\$17.7 million in 2021, representing a modest increase of approximately 4.0% from approximately US\$17.0 million in 2020. The increase was mainly attributable to the increase in personnel costs and marketing expenses due to the improvement in business operations but offset by the reduction in depreciation resulting from the full impairment of certain right-of-use assets and property, plant and equipment during the year ended 31 December 2020.

The Group recognised non-cash impairment loss on property, plant and equipment, and right-of-use assets totaling approximately US\$1.5 million during the year ended 31 December 2020. It did not incur such losses during the review year.

With increased business volume as well as a more effective business structure, the Group achieved a turnaround, moving from a loss of approximately US\$3.5 million for the year ended 31 December 2020 to a profit of approximately US\$4.1 million for the review year.

## **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 year ended 31 December 2021, shipment value for trading and supply chain management services rose by approximately 62.8%, increasing from approximately US\$96.4 million in 2020 to approximately US\$156.9 million for the review year. Though business in the early part of 2020 was seriously impacted by the COVID-19 pandemic, business gradually improved in the second half of 2020.



## Geographical Analysis

	Shipment value	
	2021	2020
	<i>US\$' million</i>	<i>US\$' million</i>
North America	<b>115.7</b>	60.6
Europe	<b>27.3</b>	23.2
Others	<b>13.9</b>	12.6
	<b>156.9</b>	96.4

Shipments to North America surged by approximately 90.9% to approximately US\$115.7 million due to the rise in orders from certain US customers. North America represented the largest market for the Group, accounting for approximately 73.7% of total shipment value (2020: approximately 62.9%).

Shipments to Europe climbed by approximately 17.7% to approximately US\$27.3 million, and accounted for approximately 17.4% of the Group's total shipment value (2020: approximately 24.0%).

Shipments grouped under "Others", comprising mainly shipments to the southern hemisphere, increased by approximately 10.3% due to increased orders from a South African customer. "Others" represented approximately 8.9% of total shipment value (2020: approximately 13.1%).

The trading and supply chain management services segment recorded revenue of approximately US\$29.6 million in 2021 (2020: approximately US\$19.7 million), accounting for approximately 47.3% of the Group's total revenue (2020: approximately 46.2%).

(ii) *Operation of online social platforms*

During the review year, revenue from the operation of online social platforms grew by approximately 43.7% year-on-year, rising from approximately US\$23.0 million in 2020 to approximately US\$33.0 million in 2021.

	<b>2021</b> <i>US\$' million</i>	2020 <i>US\$' million</i>
Gamified social and online entertainment	<b>27.0</b>	14.2
Sales of goods	<b>6.0</b>	5.0
Advertising services and others	–	3.8
	<b>33.0</b>	23.0

The revenue from gamified social and online entertainment soared by approximately 90.1% year-on-year to approximately US\$27.0 million in 2021 (2020: approximately US\$14.2 million). This was due to the management's ability to secure partnerships with other online social platforms and distribution channels to promote the claw crane mobile online games.

During the review year, revenue from the sales of goods increased by approximately 20.0% year-on-year, rising from approximately US\$5.0 million in 2020 to approximately US\$6.0 million in 2021. The increase was mainly due to the growth of pop toys sales to distributors.

## **Financial Review**

### ***Financial Resources and Liquidity***

The Group had cash and cash equivalents of approximately US\$16.1 million as at 31 December 2021 (2020: approximately US\$12.2 million). In addition, the Group had total banking facilities of approximately US\$6.3 million, including borrowing facilities of approximately US\$1.3 million as at 31 December 2021 (2020: approximately US\$6.1 million and approximately US\$1.1 million, respectively).

The Group had a current ratio of approximately 1.5 (2020: approximately 1.4) and a gearing ratio of approximately 0.11 (2020: approximately 0.14), based on interest-bearing borrowings of approximately US\$1.2 million (2020: approximately US\$1.0 million) and total equity of approximately US\$11.0 million as at 31 December 2021 (2020: approximately US\$6.9 million). There has not been any material change in the Group's borrowings since 31 December 2021.

Trade receivables amounted to approximately US\$8.0 million as at 31 December 2021 (2020: approximately US\$3.7 million). Gross trade receivables aged over 90 days, which amounted to approximately US\$2.3 million as at 31 December 2021, are being carefully monitored by 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. 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\$11.0 million as at 31 December 2021 (2020: approximately US\$6.9 million).

The majority of the Group's transactions during the year 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 31 December 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 31 December 2021, the Group had 301 employees (2020: 288). During the review year, total staff costs amounted to approximately US\$12.6 million (2020: approximately US\$11.3 million).

The Group offers competitive remuneration schemes to its employees based on industry practices, and the performance of the individual employee and that of the Group. In addition, during the annual general meeting of the Company held on 1 June 2021 (the "2021 AGM"), the Company adopted a new share option scheme (the "2021 Share Option Scheme") for which eligible persons can benefit. The 2021 Share Option Scheme will remain in force for a period of 10 years up to 2031. Also, discretionary bonuses are payable to staff based on his or her individual performance and that of the Group as a whole.

## **Impact of COVID-19**

The Group has been faring well managing the impact of COVID-19 pandemic to our employees and our operations in the office. As part of the COVID-19 countermeasures and to prevent the spread of the virus, the Group complied strictly with the disease prevention regulations as required by the government, and stringent infection preventive measures were implemented to protect our employees. The Group's human resources department provided information to employees as much as possible so that they understood the pandemic and the related prevention methods in the office. The Group closely monitors the health of the employees by the arrangement of intensive cleaning and disinfection fogging service in the office and common area and daily frequent clean up by diluted bleach, as well as by providing sufficient alcohol-based hand rub, gloves, and medical supplies. The Group also implements flexible working hour arrangement and work from home policy to reduce the risk of commute, monitoring and maintaining low attendance ratio in office, seating arrangement to promote social distancing, and encouraging virtual business meetings to minimise the spread of the pandemic. Employees were advised to wear masks at all times and keep good personal hygiene and to avoid close or physical contact in the office.

## **Prospects**

The global markets have started to recover following 18 months of pandemic-related headwinds. The management expects demand for trading and supply chain management services to remain high in the first half of 2022 based on volume of orders placed. However, the rapid spread of the Omicron variant of COVID-19 has created new turbulence and interrupted the global supply chains, which, coupled with recent tensions between Russia and Ukraine, has increased inflationary pressure; threatening the recovery of the world economy. In addition, the Group still faces challenges from the ongoing global logistics disruptions, production delays and labour shortages, all of which will likely undermine the Group's growth prospects in the short term. Moreover, the massive rise in material and shipping costs will continue to place pressure on margins. To cope with these developments, the Group will continue to work closely with its customers and supply chain partners to ensure the smooth execution of relevant activities and provide comprehensive value-added services that support their needs.

As for the operation of online social platforms, this business segment demonstrated greater resilience in 2021. Its recovery was driven by the claw crane mobile online game. However, the recent surge in Omicron cases in various provinces of China may cause disruption of business activities and impact users' desire for spending on online games. Nonetheless, the Group will continue to explore opportunities to expand sales channels and provide a greater variety of products to drive its business growth. For pop toys, it is imperative to have products that possess unique and creative design elements to achieve success. The Group will therefore continue to actively pursue partnerships and collaborative ventures with toy designers, brand owners and intellectual property (“IP”) providers. At the same time, it will seek to develop proprietary IPs and launch products with relevant IPs. Since the pop toy business is still at a preliminary stage of development, the Group will continue to allocate more resources as the management believes that this product has ample room for growth in the medium to long term.

Though the macroeconomic environment remains dynamic, and potentially highly volatile in the short term, in view of the Group's healthy financial position and that its principal businesses have demonstrated resilience over the past year, the Directors share the view that the Group has a solid foundation from which to sustain long-term development.

#### **Events After the Reporting Period**

There is no material subsequent event affecting the Group after the reporting period and up to the date of this announcement.

#### **DIVIDENDS**

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2021.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2021.

## SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's results for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company's auditor, RSM Hong Kong, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2021. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement and consequently no assurance has been expressed by RSM Hong Kong on this announcement.

## AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises the three independent non-executive Directors, namely Mr. LAU Shu Yan, Mr. WANG Arthur Minshiang and Mr. ZHANG Huijun. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters. The audited consolidated financial statements of the Group for the year ended 31 December 2021 have been reviewed by the Audit Committee.

## CORPORATE GOVERNANCE

Throughout the year ended 31 December 2021, the Company has complied with all the applicable code provisions (the "**Code Provisions**") of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), save for the deviations as described below:

Code Provision F.2.2 of the CG Code requires the Chairman of the Board to attend the 2021 AGM. Due to the stringent border control under COVID-19 pandemic, 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**").

A corporate governance report containing details of the policies and practices on corporate governance of the Company will be set out in the Company's 2021 annual report.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**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 confirmations from all the Directors that they have complied with the required standards set out in the Model Code for the year ended 31 December 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 for the year ended 31 December 2021.

## **PUBLICATION OF THE FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the websites of the Company ([www.daoheglobal.com.hk](http://www.daoheglobal.com.hk)) and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2021 annual 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, 30 March 2022

*As at the date of this announcement, the Non-executive Director 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.*