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道和環球
DAOHE GLOBAL

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 2023

FINAL RESULTS HIGHLIGHTS:

- Revenue declined by approximately 14.5% to approximately US$44.4 million (equivalent to approximately HK$345.4 million) for the year ended 31 December 2023 as compared to approximately US$51.9 million (equivalent to approximately HK$403.8 million) for the year ended 31 December 2022.

- Profit for the year ended 31 December 2023 amounted to approximately US$2.0 million (equivalent to approximately HK$15.6 million), an increase of approximately 93.7% as compared to approximately US$1.0 million (equivalent to approximately HK$7.8 million) for the year ended 31 December 2022.

- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023.

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 2023, together with relevant comparative figures, is as follows:

CONSOLIDATED FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss

	Note	**2023** *US$'000*	2022 *US$'000*
REVENUE	4	**44,355**	51,878
Cost of sales		**(27,302)**	(34,776)
Gross profit		**17,053**	17,102
Other income		**997**	1,430
Selling and marketing expenses		**(2,878)**	(2,619)
General and administrative expenses		**(12,874)**	(14,248)
Finance costs		**(113)**	(104)
Impairment of property, plant and equipment	9	**–**	(20)
Impairment of right-of-use assets	9	**–**	(499)
(Allowance)/reversal of allowance for trade receivables		**(24)**	219
PROFIT BEFORE TAX	5	**2,161**	1,261
Income tax	6	**(183)**	(240)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**1,978**	1,021
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in US cent)	8		
Basic		**0.13**	0.07
Diluted		**0.13**	0.07

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2023 *US$'000*	2022 *US$'000*
PROFIT FOR THE YEAR	**1,978**	1,021
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**95**	(744)
Item that will not be reclassified to profit or loss in subsequent periods:		
Remeasurements from defined benefit plan	**(4)**	24
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**91**	(720)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**2,069**	301

Consolidated Statement of Financial Position

	Note	**2023**	2022
		US$'000	*US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	9	**447**	305
Right-of-use assets	9	**1,253**	765
Financial asset at fair value through profit or loss		**123**	167
Deposits		**309**	221
Total non-current assets		**2,132**	1,458
CURRENT ASSETS			
Inventories		**861**	837
Trade receivables	10	**3,931**	3,210
Prepayments, deposits and other receivables		**2,352**	2,562
Bank deposits with initial term of over three months		**3,538**	3,724
Cash and cash equivalents		**16,602**	14,482
Total current assets		**27,284**	24,815
CURRENT LIABILITIES			
Trade payables	11	**1,502**	885
Accruals, provisions and other payables		**6,522**	6,458
Contract liabilities		**1,640**	1,378
Lease liabilities		**991**	697
Loan from a shareholder	12(a)	**3,856**	3,856
Bank borrowings		**296**	416
Tax payable		**348**	446
Total current liabilities		**15,155**	14,136
NET CURRENT ASSETS		**12,129**	10,679
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,261**	12,137

	2023	2022
	US$'000	*US$'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**566**	703
Provisions	**154**	–
Post-employment benefits	**212**	174
Total non-current liabilities	**932**	877
NET ASSETS	**13,329**	11,260
EQUITY		
Share capital	**20,128**	20,128
Reserves	**(6,799)**	(8,868)
TOTAL EQUITY	**13,329**	11,260

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared in accordance with all applicable 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 (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Companies Ordinance. They have been prepared under historical cost convention, except for financial asset at fair value through profit or loss which has 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 applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements and are relevant to the Group:

Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. HKAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Group chooses to disclose immaterial accounting policy information, such information does not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgments" (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

Impact on application of Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has adopted Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" for the first time in the current year. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases.

Prior to the adoption of Amendments to HKAS 12, the Group applied the initial recognition exemption under paragraphs 15 and 24 of HKAS 12 for leasing transactions that give rise to equal and offsetting temporary differences, and therefore no deferred tax has been recognised for temporary differences relating to right-of-use assets and lease liabilities at initial recognition, and also over the lease terms under paragraph 22(c) of HKAS 12.

The Group has applied the transitional provisions under paragraphs 98K and 98L of Amendments to HKAS 12 to leasing transactions that occur on or after the beginning of the earliest comparative period presented and also, at the beginning of the earliest comparative period presented by:

(i) Recognising a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities; and

(ii) Recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Based on the management's assessment, there was immaterial impact on the consolidated statement of financial position as at 1 January 2022, 31 December 2022 and 31 December 2023, because the deferred tax assets and the deferred tax liabilities recognised as a result of the adoption of Amendments to HKAS 12 qualify for offset under paragraph 74 of HKAS 12. There was also immaterial impact on the opening retained earnings as at 1 January 2022 as a result of the change.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory and voluntary MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57).

In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP applying paragraph 93(a) of HKAS 19. Since the amount of the cumulative catch-up profit or loss adjustment for the year ended 31 December 2022 was immaterial, the Group did not restate the comparative figures for the financial statements. Accordingly, the Group has recognised the cumulative catch-up adjustment in the profit or loss for the year ended 31 December 2023, with corresponding adjustment to the LSP obligation.

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 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.

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.

	Trading and supply chain management services *US$'000*	Operation of online social platforms *US$'000*	Total *US$'000*
Year ended 31 December 2023			
Segment revenue:			
Revenue from external customers	**17,627**	**26,728**	**44,355**
Segment results	**1,269**	**1,157**	**2,426**
Bank interest income			**441**
Corporate and other unallocated expenses			**(684)**
Interest on bank borrowings			**(22)**
Profit before tax			**2,161**
Income tax			**(183)**
Profit for the year			**1,978**
Other segment information:			
Fair value loss on financial asset at fair value through profit or loss	**44**	**–**	**44**
Depreciation:			
Property, plant and equipment	**93**	**65**	**158**
Right-of-use assets	**525**	**224**	**749**
Capital expenditures	**301**	**6**	**307**
Allowance for trade receivables	**9**	**15**	**24**
As at 31 December 2023			
Segment assets	**14,340**	**14,957**	**29,297**
Corporate and other unallocated assets			**119**
Total assets			**29,416**
Segment liabilities	**7,052**	**5,092**	**12,144**
Loan from a shareholder			**3,856**
Corporate and other unallocated liabilities			**87**
Total liabilities			**16,087**

	Trading and supply chain management services *US$'000*	Operation of online social platforms *US$'000*	Total *US$'000*
Year ended 31 December 2022			
Segment revenue:			
Revenue from external customers	26,737	25,141	51,878
Segment results	3,931	(1,981)	1,950
Bank interest income			240
Corporate and other unallocated expenses			(901)
Interest on bank borrowings			(28)
Profit before tax			1,261
Income tax			(240)
Profit for the year			1,021
Other segment information:			
Impairment of property, plant and equipment	–	20	20
Impairment of right-of-use assets	–	499	499
Fair value gain on financial asset at fair value through profit or loss	(32)	–	(32)
Depreciation:			
Property, plant and equipment	36	324	360
Right-of-use assets	362	397	759
Capital expenditures	140	24	164
Reversal of allowance for trade receivables	(160)	(59)	(219)
As at 31 December 2022			
Segment assets	13,464	12,570	26,034
Corporate and other unallocated assets			239
Total assets			26,273
Segment liabilities	7,189	3,808	10,997
Loan from a shareholder			3,856
Corporate and other unallocated liabilities			160
Total liabilities			15,013

Geographical information

(a) Revenue from external customers

	2023	2022
	US$'000	*US$'000*
People's Republic of China ("**PRC**")	**29,014**	27,834
Southern hemisphere	**6,753**	10,334
North America	**5,480**	9,569
Europe	**1,173**	1,907
Others	**1,935**	2,234
	44,355	51,878

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

(b) Non-current assets

	2023	2022
	US$'000	*US$'000*
PRC	**1,088**	1,223
Hong Kong	**774**	26
Others	**147**	42
	2,009	1,291

The non-current assets information above is based on the locations of assets and excludes a financial asset at fair value through profit or loss.

Information about major customers

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

	Operating segment	**2023**	2022
		US$'000	*US$'000*
Customer A	Trading and supply chain management services	**6,552**	9,937

4. REVENUE

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

	2023	2022
	US$'000	*US$'000*
Revenue from contracts with customers		
Sales of merchandise	**11,188**	18,813
Commission income	**9,870**	11,751
Internet value-added services ("**IVAS**") revenue	**23,297**	21,287
Other services income	**–**	27
	44,355	51,878

Disaggregated revenue information

Segments	**Trading and supply chain management services**	**Operation of online social platforms**	**Total**
	US$'000	***US$'000***	***US$'000***
Year ended 31 December 2023			
Type of goods or services			
Sales of merchandise	**7,757**	**3,431**	**11,188**
Commission income	**9,870**	**–**	**9,870**
IVAS revenue	**–**	**23,297**	**23,297**
	17,627	**26,728**	**44,355**
Geographical markets			
PRC	**2,286**	**26,728**	**29,014**
Southern hemisphere	**6,753**	**–**	**6,753**
North America	**5,480**	**–**	**5,480**
Europe	**1,173**	**–**	**1,173**
Others	**1,935**	**–**	**1,935**
	17,627	**26,728**	**44,355**
Timing of revenue recognition			
Goods transferred/services rendered at a point in time	**17,627**	**26,728**	**44,355**

Segments	Trading and supply chain management services *US$'000*	Operation of online social platforms *US$'000*	Total *US$'000*
Year ended 31 December 2022			
Type of goods or services			
Sales of merchandise	14,986	3,827	18,813
Commission income	11,751	–	11,751
IVAS revenue	–	21,287	21,287
Other services income	–	27	27
	26,737	25,141	51,878
Geographical markets			
PRC	2,693	25,141	27,834
Southern hemisphere	10,334	–	10,334
North America	9,569	–	9,569
Europe	1,907	–	1,907
Others	2,234	–	2,234
	26,737	25,141	51,878
Timing of revenue recognition			
Goods transferred/services rendered at a point in time	26,737	25,141	51,878

5. PROFIT BEFORE TAX

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

	2023	2022
	US$'000	*US$'000*
Cost of inventories sold	**9,648**	17,523
Cost of services provided	**17,654**	17,253
Depreciation:		
Property, plant and equipment	**158**	360
Right-of-use assets	**749**	759
Loss on disposal of property, plant and equipment	**–**	1
Fair value loss/(gain) on financial asset at fair value through profit or loss	**44**	(32)
Foreign exchange differences, net	**262**	271

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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 (2022: 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.

	2023	2022
	US$'000	*US$'000*
Current		
– Provision for the year	**175**	256
– Net underprovision/(overprovision) in prior years	**8**	(16)
Total tax expense for the year	**183**	240

7. DIVIDENDS

The directors do not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

8. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company, and 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 per share is based on the following:

	2023	2022
Profit		
Profit attributable to owners of the Company (US$'000)	**1,978**	1,021
Number of ordinary shares		
Number of ordinary shares in issue during the year ('000)	**1,509,593**	1,509,593

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

	Property, plant and equipment ***US$'000***	**Right-of-use assets** ***US$'000***
At 1 January 2022, net of accumulated depreciation and impairment	562	779
Additions	164	1,308
Disposals	(1)	–
Depreciation for the year	(360)	(759)
Impairment	(20)	(499)
Exchange realignment	(40)	(64)
At 31 December 2022 and 1 January 2023, net of accumulated depreciation and impairment	**305**	**765**
Additions	**307**	**1,365**
Disposals	**(2)**	**–**
Depreciation for the year	**(158)**	**(749)**
Termination	**–**	**(115)**
Exchange realignment	**(5)**	**(13)**
At 31 December 2023, net of accumulated depreciation and impairment	**447**	**1,253**

10. TRADE RECEIVABLES

	2023	2022
	US$'000	*US$'000*
Trade receivables	**4,599**	3,870
Allowance for doubtful debts	**(668)**	(660)
	3,931	3,210

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.

The 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:

	2023	2022
	US$'000	*US$'000*
Within 30 days	**2,290**	1,865
31 to 60 days	**1,112**	796
61 to 90 days	**258**	148
91 to 365 days	**363**	488
Over 1 year	**576**	573
	4,599	3,870

11. TRADE PAYABLES

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

	2023	2022
	US$'000	*US$'000*
Within 30 days	**822**	785
31 to 60 days	**450**	17
61 to 90 days	**153**	–
91 to 365 days	**–**	19
Over 1 year	**77**	64
	1,502	885

12. RELATED PARTY TRANSACTIONS

(a) Loan from a shareholder

At 31 December 2023, the loan from a shareholder of the Company is unsecured, non-interest-bearing and repayable by 22 May 2024. The repayment date of the loan was extended to 22 May 2025 subsequent to the year end.

At 31 December 2022, the loan from a shareholder of the Company is unsecured, non-interest-bearing and repayable by 22 May 2023. The repayment date of the loan was extended to 22 May 2024 before due date.

(b) Compensation of key management personnel of the Group

	2023	2022
	US$'000	*US$'000*
Short term employee benefits	**1,423**	1,248
Post-employment benefits	**140**	227
Total compensation paid to key management personnel	**1,563**	1,475

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

The Group's revenue fell by approximately 14.5%, to approximately US$44.4 million from approximately US$51.9 million in the previous year.

In the trading and supply chain management services business, the Group continued to face challenges from high inflation, tightened monetary policies, customers' excessive inventories and political instability, which weakened demand in key markets. The shipment volume for the year declined by approximately 19.7% year-on-year to approximately US$130.8 million. Moreover, the revenue of the Group's trading and supply chain management services business decreased by approximately 34.1% to approximately US$17.6 million from approximately US$26.7 million in the previous year due to the drop in shipment volume and the change in sales mix with a lower volume of trading business.

As for the online social platforms business, its total revenue increased by approximately 6.3% to approximately US$26.7 million from approximately US$25.1 million in the previous year following the relaxation of COVID-related restrictions in the PRC.

Gross profit decreased slightly by approximately 0.3% to approximately US$17.1 million for the year ended 31 December 2023. The decrease in overall revenue was fully offset by the improved gross margin of the online social platforms business.

Other income for the year decreased from approximately US$1.4 million in 2022 to approximately US$1.0 million. The decrease was mainly attributable to the reversal of provisions in prior year and lower subsidy income from the PRC and Hong Kong Governments.

Operating expenses for the year ended 31 December 2023 amounted to approximately US$15.9 million, representing a decrease of approximately 6.5% from approximately US$17.0 million in the previous year. The savings in operating expenses were mainly due to reduced personnel costs.

The Group recognised non-cash impairment losses on property, plant and equipment, and right-of-use assets totalling approximately US$0.5 million for the online social platforms segment in the year ended 31 December 2022. No such losses were incurred during the review year.

The online social platforms segment achieved a turnaround during the year, offsetting the decline in the trading and supply chain management services business. Overall, the Group achieved a profit for the year of approximately US$2.0 million, almost double the profit for the year in 2022.

Segmental Analysis

Operating Segmentation

The Group's business comprises two operating segments, namely: (i) trading and supply chain management services; and (ii) operation of online social platforms.

(i) Trading and supply chain management services

During the year ended 31 December 2023, the shipment value of trading and supply chain management services decreased by approximately 19.7% to approximately US$130.8 million from approximately US$162.8 million in the previous year. The decline was a result of sluggish demand in key markets and the high inventories of customers amid high inflation, aggressive tightening of monetary polices and uncertainties caused by political instability. Customers were more cautious when placing orders, especially in the first half of 2023.

Geographical Analysis

	Shipment value	
	2023	2022
	US$' million	*US$' million*
North America	**101.3**	120.8
Europe	**21.3**	30.5
Others	**8.2**	11.5
	130.8	162.8

Shipments to North America fell by approximately 16.1% to approximately US$101.3 million. North America remained the Group's largest market, accounting for approximately 77.4% of the Group's total shipment value (2022: approximately 74.2%).

Shipments to Europe decreased by approximately 30.2% to approximately US$21.3 million. Europe accounted for approximately 16.3% of the Group's total shipment value (2022: approximately 18.7%).

Shipments categorised as "Others", which mainly includes shipments to the Southern Hemisphere, fell by approximately 28.7% due to fewer orders from a South African customer. "Others" represented approximately 6.3% of the segment's total shipment value (2022: approximately 7.1%).

The trading and supply chain management services segment recorded revenue of approximately US$17.6 million in 2023 (2022: approximately US$26.7 million), accounting for approximately 39.7% of the Group's total revenue (2022: approximately 51.5%).

(ii) Operation of online social platforms

During the review year, revenue from the operation of online social platforms climbed by approximately 6.3% to approximately US$26.7 million in 2023 from approximately US$25.1 million in 2022.

	2023	2022
	US$' million	*US$' million*
Gamified social and online entertainment	**23.3**	21.3
Sales of goods	**3.4**	3.8
	26.7	25.1

The gamified social and online entertainment business recorded moderate growth during the year, as the business was less disrupted after the PRC Government gradually eased the COVID-related restrictions since November 2022. In addition, the Group has actively collaborated with other platforms to expand the business of claw crane mobile online games.

In terms of sales of goods, the decrease was mainly due to the decline in sales of consumer products due to the slower than expected recovery of the domestic economy and the intensified market competition. However, the decrease was partially offset by the improvement in sales of pop toys to distributors during the year as the new series of blind boxes were launched and offline business activities gradually resumed after the pandemic had subsided.

Financial Review

Financial Resources and Liquidity

As at 31 December 2023, the Group had deposits and cash and cash equivalents of approximately US$20.1 million (2022: approximately US$18.2 million). In addition, it had total banking facilities of approximately US$5.4 million including borrowing facilities of approximately US$0.4 million as at 31 December 2023 (2022: approximately US$5.6 million and approximately US$0.5 million, respectively).

The Group's current ratio was approximately 1.8 (2022: approximately 1.8) and its gearing ratio was approximately 0.02 (2022: approximately 0.04), based on interest-bearing borrowing of approximately US$0.3 million (2022: approximately US$0.4 million) and total equity of approximately US$13.3 million as at 31 December 2023 (2022: approximately US$11.3 million). There has been no material change in the Group's borrowings since 31 December 2023.

Trade receivables amounted to approximately US$3.9 million as at 31 December 2023 (2022: approximately US$3.2 million). Gross trade receivables over 90 days, which amounted to approximately US$0.9 million, were carefully monitored by the management and adequate provisions have been made.

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

The Group's net asset value amounted to approximately US$13.3 million as at 31 December 2023 (2022: approximately US$11.3 million).

The majority of the Group's transactions during the review year were denominated in US dollars, Renminbi and Hong Kong dollars. In order to minimise exposure to foreign exchange risks, sales and purchases are usually made in the same currency.

As at 31 December 2023, the Group had no material contingent liabilities or guarantees and did not have charges on any of its assets.

Remuneration Policy and Staff Development Scheme

As at 31 December 2023, the Group had 261 employees (2022: 270). Total staff costs for the year ended 31 December 2023 amounted to approximately US$11.0 million (2022: approximately US$12.2 million).

The Group offers competitive remuneration packages to its employees based on industry practices, and individual and the Group's performance. In addition, the Company has a share option scheme for eligible employees and discretionary bonuses are paid to staff members based on individual and the Group's performance.

PROSPECTS

Although the macro-environment was recovering gradually from the pandemic in 2023, the global economy will still be filled of uncertainties in 2024. The speed of economic recovery has been slower than expected, inflation and high interest rates prevail and geopolitical tensions remain unresolved. The strained Sino-US relationship, coupled with the upcoming presidential election in the United States in 2024, also adds to the qualm surrounding the two nations' ties. Furthermore, the enduring Red Sea crisis, which has seriously impacted global maritime transportation, has triggered the threat of surging sea and air freight costs and prolonged cargo backlogs. Disrupted global supply chains are currently undergoing rebalancing, with customers expecting superior and fast services at more competitive prices. All those factors together are continuing to present challenges to the Group's trading and supply chain management services business. To address them, the Group is committed to fostering close collaboration with customers and supply chain partners. It will provide comprehensive value-added services and continuously innovate in developing new product categories to cater to the diverse needs of customers. Moreover, cost control and productivity improvement will be top priorities of the Group for the sake of enhancing profitability.

The online social platforms business recorded stable and promising performance in 2023. However, with the domestic market not having recovered as well as expected, compounded by the complex domestic and international landscapes, the domestic economic environment has remained turbulent and competition continues to be fierce. That said, the Group believes where there are risks, there are also opportunities, thus it is dedicated to continuing to expand its business and seizing market opportunities. In the realm of gamified social and online entertainment, the Group will ramp up efforts in acquiring new users. It will strengthen collaboration with key opinion leaders on popular social media platforms like "Douyin", leveraging their reach to engage potential users through live broadcasting. The strategic approach is aimed at expanding the Group's user base. Furthermore, the Group will forge tighter partnership with other online platforms and sales channels to enhance market share and consolidate its industry position. It will also continuously upgrade its game system and the claw crane online game mini-program to bolster user engagement and satisfaction. The moves will not only enhance the loyalty of existing users, but also attract new users and generate more traffic. Additionally, the Group has plans to expand the claw crane online games to overseas markets to drive business growth and boost overall revenue. For the sale of pop toys, the Group will actively explore more popular products and customize exclusive intellectual property products. It will focus on developing innovative products like plush dolls and collaborate with high-quality manufacturers to reduce procurement costs and stimulate consumption.

The Group will stay vigilant and agile in coping with the ever-changing macro environment, ensuring it has strong resilience to overcome challenges. It has cost control measures in place and is dedicated to meeting customer needs and delivering excellence. It will strive to continuously improve productivity and operational efficiency, thereby create long-term value for stakeholders.

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 2023.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's results for the year ended 31 December 2023 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 2023. 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 three independent non-executive Directors, namely Mr. LAU Shu Yan (chairman), 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 2023 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

Pursuant to code provision C.2.1 of the Corporate Governance Code ("**CG Code**") as set out in Part 2 of Appendix C1 to the Listing Rules, the roles of the chairman and chief executive officer ("**CEO**") should be separated. Since the resignation of Mr. ZHOU Xijian ("**Mr. Zhou**") as chairman of the Board ("**Chairman**") with effect from 2 June 2023 and up to the date of this announcement, no Chairman has been appointed. The Company will endeavour to identify and appoint suitable Chairman and will make announcement as and when appropriate.

Pursuant to code provision C.2.7, the Chairman should hold meetings with the independent non-executive directors without the presence of other directors at least annually. However, due to other business commitment and the resignation of Mr. Zhou in early June 2023, no meeting of the Chairman with the independent non-executive directors has been arranged and instead, a meeting between the CEO and the independent non-executive directors without the presence of other directors has been arranged.

Save as disclosed above, the Company has complied with all the applicable code provisions set out in Part 2 of the CG Code throughout the year ended 31 December 2023.

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 2023 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 C3 to the Listing Rules as its code of conduct for dealing in securities of the Company 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 year ended 31 December 2023. 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 2023.

PUBLICATION OF THE FINAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This announcement is published on the websites of the Company (www.daoheglobal.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2023 annual report will be despatched to the shareholders of the Company upon request and available on the above websites in due course.

By Order of the Board
Daohe Global Group Limited
WONG Hing Lin, Dennis
Executive Director and Chief Executive Officer

Hong Kong, 27 March 2024

As at the date of this announcement, 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.