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 30 APRIL 2016

FINAL RESULTS HIGHLIGHTS:

- Shipment value amounted to approximately US$217.4 million (equivalent to HK$1,691.4 million), a decrease of approximately 9.8% as compared to approximately US$241.1 million (equivalent to HK$1,880.6 million) for the last year.

- Revenue decreased by approximately 3.9% to approximately US$94.1 million (equivalent to HK$732.1 million) as compared to approximately US$97.9 million (equivalent to HK$763.6 million) for the last year.

- Loss for the year under review amounted to approximately US$0.6 million (equivalent to HK$4.7 million). The loss included the non-cash impairment of goodwill of approximately US$0.9 million (equivalent to HK$7.0 million). Excluding the goodwill impairment, the Group's profit for the year would be approximately US$0.3 million (equivalent to HK$2.3 million), a decrease of approximately 83.7% as compared to approximately US$1.7 million (equivalent to HK$13.3 million) for the last year.

- The Directors do not recommend the payment of a final dividend for the year ended 30 April 2016.

FINAL RESULTS

The board ("**Board**") of directors ("**Directors**") of Daohe Global Group Limited ("**Company**") announces the condensed consolidated financial information of the Company and its subsidiaries (together, the "**Group**") for the year ended 30 April 2016, together with comparative figures for the previous year, as follows:

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Statement of Profit or Loss

	Note	**2016** *US$'000*	2015 *US$'000*
REVENUE	*3*	**94,053**	97,872
Cost of sales		**(71,024)**	(72,879)
Gross profit		**23,029**	24,993
Other income		**653**	984
General and administrative expenses		**(22,285)**	(23,292)
Impairment loss on goodwill	*5*	**(887)**	–
Loss on dissolution of subsidiaries		**(5)**	–
PROFIT BEFORE TAX	*4*	**505**	2,685
Income tax expense	*6*	**(1,118)**	(1,009)
(LOSS)/PROFIT FOR THE YEAR		**(613)**	1,676
ATTRIBUTABLE TO:			
Owners of the Company		**(560)**	1,676
Non-controlling interests		**(53)**	–
		(613)	1,676
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in US cents)	*8*		
– Basic *(Note)*		**(0.02)**	0.05
– Diluted *(Note)*		**(0.02)**	0.05

Details of the dividends to shareholders of the Company are set out in Note 7.

Note:
Adjusted for the effect of Share Subdivision (as defined below) in June 2015.

Condensed Consolidated Statement of Comprehensive Income

	2016	2015
	US$'000	*US$'000*
(LOSS)/PROFIT FOR THE YEAR	**(613)**	1,676
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified subsequently to profit or loss:		
Fair value gain on an available-for-sale financial asset	**109**	–
Exchange differences:		
Translation of foreign operations	**80**	33
Reclassification adjustment		
– loss on dissolution of subsidiaries	**5**	–
Other comprehensive income to be reclassified subsequently to profit or loss	**194**	33
Other comprehensive loss not to be reclassified subsequently to profit or loss:		
Remeasurements from defined benefit plan	**(51)**	(34)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**143**	(1)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(470)**	1,675
ATTRIBUTABLE TO:		
Owners of the Company	**(417)**	1,675
Non-controlling interests	**(53)**	–
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(470)**	1,675

Condensed Consolidated Statement of Financial Position

	Note	**30 April 2016 US$'000**	30 April 2015 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**416**	334
Goodwill		**26,857**	26,333
Available-for-sale financial asset		**229**	84
Investment in a joint venture		**10**	10
Deferred tax assets		**10**	12
Total non-current assets		**27,522**	26,773
CURRENT ASSETS			
Trade receivables	*10*	**4,392**	4,236
Prepayments, deposits and other receivables		**3,010**	3,305
Cash and cash equivalents		**24,956**	17,044
Total current assets		**32,358**	24,585
CURRENT LIABILITIES			
Trade payables	*11*	**5,100**	4,762
Accruals and other payables		**10,936**	11,164
Tax payable		**2,388**	2,035
Total current liabilities		**18,424**	17,961
NET CURRENT ASSETS		**13,934**	6,624
TOTAL ASSETS LESS CURRENT LIABILITIES		**41,456**	33,397
NON-CURRENT LIABILITIES			
Post-employment benefits		**512**	809
Total non-current liabilities		**512**	809
NET ASSETS		**40,944**	32,588
EQUITY			
Share capital		**14,128**	13,694
Reserves		**26,890**	18,894
Equity attributable to owners of the Company		**41,018**	32,588
Non-controlling interests		**(74)**	–
TOTAL EQUITY		**40,944**	32,588

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for year ended 30 April 2016 have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and the disclosure requirements of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). They have been prepared under historical cost convention, except for an available-for-sale financial asset, which has been measured at fair value. These financial statements are presented in United States dollars ("**US$**"), unless otherwise stated.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURE

The principal accounting policies adopted in the preparation of the condensed consolidated financial statements of the Group are consistent with those followed in the preparation of the audited annual financial statements of the Group for the year ended 30 April 2015, except for the adoption of the revised International Accounting Standards ("**IASs**") as noted below.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to IFRSs 2010–2012 Cycle
Annual Improvements to IFRSs 2011–2013 Cycle

The adoption of these revised standards has had no material financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) sales of merchandise including garments, fashion accessories, hardgoods and labels; and

(b) provision of services including procurement and value-added services relating to the procurement agency business.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, reversal of impairment of an available-for-sale financial asset, impairment loss on goodwill, loss 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.

Year ended 30 April 2016	**Sales of merchandise** *US$'000*	**Provision of services** *US$'000*	**Total** *US$'000*
Segment revenue:			
Revenue from external customers	**81,038**	**13,015**	**94,053**
Segment results	**2,480**	**505**	**2,985**
Interest income			**14**
Reversal of impairment of an available-for-sale financial asset			**36**
Impairment loss on goodwill			**(887)**
Loss on dissolution of subsidiaries			**(5)**
Corporate and other unallocated expenses			**(1,638)**
Profit before tax			**505**
Income tax expense			**(1,118)**
Loss for the year			**(613)**
Other segment information:			
Depreciation	**129**	**190**	**319**
Capital expenditures	**166**	**241**	**407**
Impairment of trade receivables	**17**	**89**	**106**

Year ended 30 April 2015	Sales of merchandise *US$'000*	Provision of services *US$'000*	Total *US$'000*
Segment revenue:			
Revenue from external customers	83,002	14,870	97,872
Segment results	1,993	1,222	3,215
Interest income			7
Corporate and other unallocated expenses			(537)
Profit before tax			2,685
Income tax expense			(1,009)
Profit for the year			1,676
Other segment information:			
Depreciation	142	131	273
Capital expenditures	42	108	150
Impairment of trade receivables	–	125	125

Geographical information

(a) Revenue from external customers

	2016	2015
	US$'000	*US$'000*
Australia	**35,356**	35,002
North America	**23,338**	19,240
Africa	**22,821**	24,703
Europe	**6,625**	12,270
Others	**5,913**	6,657
	94,053	97,872

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

(b) Non-current assets

	2016	2015
	US$'000	*US$'000*
Hong Kong	**26,627**	26,555
Others	**656**	122
	27,283	26,677

The non-current assets information above is based on the locations of assets and excludes an available-for-sale financial asset and deferred tax assets.

Information about major customers

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

	Operating segment	**2016**	2015
		US$'000	*US$'000*
Customer A	Sales of merchandise	**34,270**	33,532
Customer B	Sales of merchandise	**22,821**	24,703
Customer C	Sales of merchandise	**15,336**	–
		72,427	58,235

4. PROFIT BEFORE TAX

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

	2016	2015
	US$'000	*US$'000*
Depreciation	**319**	273
Reversal of impairment of an available-for-sale financial asset	**(36)**	–
Loss on dissolution of subsidiaries	**5**	–
Gain on disposal of property, plant and equipment	**–**	(3)
Impairment loss on goodwill	**887**	–
Impairment of trade receivables	**106**	125

5. IMPAIRMENT LOSS ON GOODWILL

During the year under review, the Group recognised an impairment loss of US$887,000 (2015: nil) in connection with goodwill arose from the acquisition of a 60% interest in 深圳市國採晟唐投資管理有限公司 (Shenzhen Guo Cai Sheng Tang Investment Co. Ltd.*) ("**Guo Cai Sheng Tang**"). The impairment is made based on the results of impairment tests for the goodwill using their values in use in accordance with IAS 36.

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2016	2015
	US$'000	*US$'000*
Current		
– Hong Kong	**153**	233
– Outside Hong Kong	**68**	117
Net underprovision in prior years	**895**	662
Deferred	**2**	(3)
Total tax expense for the year	**1,118**	1,009

As of the date of this announcement, the Group has received protective assessments amounting to approximately HK$155,000,000 (equivalent to US$19,923,000) from the Inland Revenue Department of Hong Kong ("**IRD**") in respect of queries on the modus operandi of the Group and the chargeability of profits for the years of assessment from 2003/2004 to 2009/2010. In response to the assessments, objections have been lodged by the Group. In addition, Tax Reserve Certificates amounting to HK$5,250,000 (equivalent to US$675,000) have been purchased by two subsidiaries of the Company in pursuit of the holdover of tax demanded under protective assessments for these years.

In April 2015, with the assistance of an independent tax advisor, the Group submitted a settlement proposal as part of negotiations with the IRD regarding this case. As at the close of the reporting year, the case was still under review by the IRD but based on the latest assessment of the independent tax advisor, an additional provision of approximately HK$4,920,000 (equivalent to US$632,000) was made in the financial statements for the year ended 30 April 2016. Despite the unknown outcome, the Group is of the view that sufficient tax provisions have been made in the financial statements based on the information available.

* *For identification purpose only*

7. DIVIDENDS

	2016	2015
	US$'000	*US$'000*
Interim, paid, of 0.15 HK cents (2015: 0.192 HK cents) per ordinary share *(Note)*	**681**	843
Final, proposed, of nil (2015: 0.05 HK cents per ordinary share) *(Note)*	**–**	226
	681	1,069

The Directors do not recommend the payment of a final dividend for the year ended 30 April 2016.

Note:
Dividends for the year ended 30 April 2015 were adjusted for the effect of Share Subdivision in June 2015.

8. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year, after taking into account the Share Subdivision in June 2015.

The calculation of the diluted (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The Group had no dilutive potential ordinary shares in issue for the year ended 30 April 2016.

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

	2016	2015
(Loss)/earnings		
(Loss)/profit attributable to owners of the Company, used in the basic (loss)/earnings per share calculation *(US$'000)*	**(560)**	1,676
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation *('000)(Note)*	**3,514,036**	3,418,449
Effect of dilution – weighted average number of ordinary shares: Share options *('000)(Note)*	**–**	728
	3,514,036	3,419,177

Note:
Adjusted for the effect of Share Subdivision in June 2015.

9. ADDITIONS IN PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 April 2016, the Group spent approximately US$407,000 (2015: US$150,000) on acquisition of property, plant and equipment.

10. TRADE RECEIVABLES

The general credit terms granted to customers range from 60 days to 90 days. An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2016	2015
	US$'000	*US$'000*
Within 30 days	**2,967**	3,197
31 to 60 days	**369**	299
61 to 90 days	**469**	540
91 to 365 days	**782**	270
Over 1 year	**46**	74
	4,633	4,380
Impairment	**(241)**	(144)
	4,392	4,236

Note:
The trade receivables aged over 90 days are being carefully monitored by management. Approximately US$0.2 million (2015: US$0.1 million) of these balances were covered by the impairment.

11. TRADE PAYABLES

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

	2016	2015
	US$'000	*US$'000*
Within 30 days	**4,594**	3,752
31 to 60 days	**368**	908
61 to 90 days	**2**	5
91 to 365 days	**87**	5
Over 1 year	**49**	92
	5,100	4,762

12. RELATED PARTY TRANSACTIONS

(a) The Group had no significant related party transactions during the year ended 30 April 2016.

During the year ended 30 April 2015, the Group paid rental expenses to a related company, Wellbuild International Limited ("**Wellbuild**") amounting to HK$3,960,000 (equivalent to US$509,000). The rental was determined based on the market rate and floor area. Wellbuild is a controlled corporation and an associate of Mr. WANG Lu Yen ("**Mr. Wang**") who was an executive Director and is a director of Wellbuild. Mr. Wang resigned as an executive Director and a director of its subsidiary, Tamarind International Limited on 23 February 2015 and 30 April 2015 respectively. Accordingly, Wellbuild and its subsidiaries are not regarded as related parties of the Group subsequent to 30 April 2015.

(b) Balance with a related company

At 30 April 2016, the Group had nil balance with a related company (2015: prepaid rent and rental deposit of US$24,000 to a related company).

(c) Compensation of key management personnel of the Group

	2016	2015
	US$'000	*US$'000*
Short term employee benefits	**1,034**	1,229
Post-employment benefits – defined contribution plans	**103**	81
Total compensation paid to key management personnel	**1,137**	1,310

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

During the year under review, growth in the global economy continued to be slow. There was a considerable divergence of performance in the economies across regions. Although there was a steady recovery in the US after a long-term quantitative easing policy, the economy in Europe and Japan remained sluggish. The economies in major developed countries have remained weak and the economic growth in developing countries has gradually decelerated, as a result of a decline in commodity prices, weak global trade, volatility in financial markets and a slowdown in capital flows. As a result, the Group's overall shipments dropped by approximately 9.8% from approximately US$241.1 million (equivalent to HK$1,880.6 million) last year to approximately US$217.4 million (equivalent to HK$1,691.4 million) this year.

Revenue decreased by approximately 3.9% to approximately US$94.1 million (equivalent to HK$732.1 million) this year from approximately US$97.9 million (equivalent to HK$763.6 million) last year.

Gross profit dropped by around 7.9% from approximately US$25.0 million (equivalent to HK$195.0 million) last year to approximately US$23.0 million (equivalent to HK$178.9 million) this year.

With effective cost control, the general and administrative expenses for the year reduced by approximately 4.3% to approximately US$22.3 million (equivalent to HK$173.5 million), compared with approximately US$23.3 million (equivalent to HK$181.7 million) last year.

During the year under review, the Group recognised an impairment loss of approximately US$0.9 million (equivalent to HK$7.0 million) on goodwill of Guo Cai Sheng Tang.

For the year ended 30 April 2016, the Group reported a loss of approximately US$0.6 million (equivalent to HK$4.7 million), against a profit of approximately US$1.7 million (equivalent to HK$13.3 million) last year. This was mainly attributable to the decline in shipment of the Group and the impairment loss on goodwill as aforementioned and an additional tax provision for the Hong Kong Tax Case, details of which are set out in the paragraph under "Hong Kong Tax Case".

Segmental Analysis

Operating Segmentation

The Group's business comprises two operating segments: (i) sales of merchandise including garments, fashion accessories, hardgoods and labels; and (ii) provision of services including procurement and value-added services relating to the procurement agency business.

	Shipment value For the year ended 30 April	
	2016	2015
	US$' million	*US$' million*
Provision of services	**136.4**	158.1
Sales of merchandise	**81.0**	83.0
Total	**217.4**	241.1

Shipment value from the provision of services fell by approximately 13.7% to approximately US$136.4 million (equivalent to HK$1,061.2 million), accounting for roughly 62.7% of the Group's total shipment value. This was mainly due to decline in business from North America.

Shipment value from sales of merchandise also decreased by approximately 2.4% to approximately US$81.0 million (equivalent to HK$630.2 million), contributing to around 37.3% of the Group's total shipment value.

Geographical Segmentation

	Shipment value For the year ended 30 April	
	2016	2015
	US$' million	*US$' million*
North America	**105.7**	121.2
Europe	**50.9**	58.8
Others	**60.8**	61.1
Total	**217.4**	241.1

During the year under review, shipments to North America dropped by approximately 12.8% to approximately US$105.7 million (equivalent to HK$822.3 million) due to a decrease in order from certain US retail customers. Nevertheless, North America remained the Group's largest market, contributing approximately 48.6% of the Group's total shipment value.

The European market also weakened during the year under review. Shipments to Europe decreased by approximately 13.4% to approximately US$50.9 million (equivalent to HK$396.0 million) mainly due to a decline in business in Russia and the overall depreciation in European currencies. Shipments to Europe presently account for approximately 23.4% of the Group's total shipment value.

Shipments grouped under "Others", comprising mainly shipments to the southern hemisphere decreased slightly by approximately 0.5% to approximately US$60.8 million (equivalent to HK$473.0 million). "Others" represented approximately 28.0% of the Group's total shipment value.

Hong Kong Tax Case

As of the date of this announcement, the Group has received protective assessments amounting to approximately HK$155,000,000 (equivalent to US$19,923,000) from the IRD in respect of queries on the modus operandi of the Group and the chargeability of profits for the years of assessment from 2003/2004 to 2009/2010. In response to the assessments, objections have been lodged by the Group. In addition, Tax Reserve Certificates amounting to HK$5,250,000 (equivalent to US$675,000) have been purchased by two subsidiaries of the Company in pursuit of the holdover of tax demanded under protective assessments for these years.

In April 2015, with the assistance of an independent tax advisor, the Group submitted a settlement proposal as part of negotiations with the IRD regarding this case. As at the close of the reporting year, the case was still under review by the IRD but based on the latest assessment of the independent tax advisor, an additional provision of approximately HK$4,920,000 (equivalent to US$632,000) was made in the financial statements for the year ended 30 April 2016. Despite the unknown outcome, the Group is of the view that sufficient tax provisions have been made in the financial statements based on the information available.

Financial Review

The Group's financial position remains healthy with cash and cash equivalents of approximately US$25.0 million (equivalent to HK$194.5 million) as of 30 April 2016. In addition, the Group has total banking facilities of approximately US$10.3 million (equivalent to HK$80.1 million) including borrowing facilities of approximately US$0.1 million (equivalent to HK$0.8 million) as of 30 April 2016.

The Group has a current ratio of approximately 1.8 and a gearing ratio of zero, based on no interest-bearing borrowings and total equity of approximately US$40.9 million (equivalent to HK$318.2 million) as of 30 April 2016. There has not been any material change in the Group's borrowings since 30 April 2016.

Trade receivables increased from approximately US$4.2 million (equivalent to HK$32.8 million) as of 30 April 2015 to approximately US$4.4 million (equivalent to HK$34.2 million) as of 30 April 2016. Gross trade receivables aged over 90 days, which amounted to approximately US$0.8 million (equivalent to HK$6.2 million), are being carefully monitored by management and sufficient provision has been made.

The Group's net asset value recorded as of 30 April 2016 was approximately US$40.9 million (equivalent to HK$318.2 million). It had no material contingent liability as of 30 April 2016, and no material change has been identified since then.

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

Corporate Events During the Reporting Period

Share Subdivision, Change of Board Lot Size and Change of Company Name

During the year under review, the Board issued a circular to the Company's shareholders dated 29 May 2015 proposing (i) that each of the then-existing issued and unissued shares of US$0.02 each in the share capital of the Company be subdivided into five subdivided shares of US$0.004 each ("**Share Subdivision**"); (ii) to change the board lot size of trading in the shares from 2,000 shares to 10,000 subdivided shares as soon as possible after the Share Subdivision becomes effective; and (iii) to change the registered primary name of the Company from "Linmark Group Limited" to "Daohe Global Group Limited" and to adopt "道和環球集團有限公司" as its secondary name to replace the Chinese name of "林麥集團有限公司" which has been used for identification purpose only ("**Change of Company Name**").

The Share Subdivision and the Change of Company Name were approved by the shareholders of the Company at the special general meeting of the Company held on 22 June 2015. The Share Subdivision became effective on 23 June 2015, and since then, the board lot size of trading in the shares of the Company has been changed from 2,000 shares to 10,000 subdivided shares.

On 25 June 2015, the Registrar of Companies in Bermuda issued a Certificate of Incorporation on Change of Name and a Certificate of Secondary Name certifying the Change of Company Name with effect from 23 June 2015.

Subscription of New Shares under General Mandate

On 17 June 2015, a total of 20,000,000 ordinary shares (or 100,000,000 ordinary shares after Share Subdivision) were allotted and issued to six subscribers pursuant to the terms and conditions of the subscription agreement dated 1 June 2015 entered by and between the Company and the subscribers.

As announced by the Company on 1 June 2015 and 17 June 2015, the net proceeds from the subscription after deducting all relevant costs and expenses were approximately HK$64,000,000 (equivalent to US$8,205,000). The Company intends to use the net proceeds from the subscription to enlarge its capital base and prepare for any development opportunities as and when they arise. As of the date of this announcement, the Company has not used any of such proceeds but has reserved part of such proceeds to finance the acquisition of Hong Kong Wing Yue Asset Management Limited as described below. The balance of such proceeds not used to finance that acquisition will be used for other development opportunities.

Share Transaction

On 26 October 2015, 林麥商品信息諮詢(深圳)有限公司 (Linmark Merchandise Consultancy (Shenzhen) Limited*), a wholly owned subsidiary of the Company ("**Purchaser**") entered into a conditional framework sale and purchase agreement (as amended and supplemented by supplemental agreements dated 3 November 2015 and 24 November 2015) (collectively, "**Framework Agreement**") with 深圳市國採立信投資管理有限公司 (Shenzhen Guocai Lixin Investment Management Company Limited*) and 吳玥鋆 (Wu Yueyun*) ("**Vendors**"), pursuant to which, subject to certain conditions precedent, the Purchaser agreed to acquire and the Vendors agreed to sell the entire equity interests in 深圳市國採晟唐投資管理有限公司 (Shenzhen Guo Cai Sheng Tang Investment Co. Ltd.*) ("**Target Company**") for an aggregate consideration of RMB10,000,000 (approximately HK$12,195,122, at the exchange rate HK$1 to RMB0.82). The consideration shall be satisfied as to 60% by the Purchaser procuring the Company to allot and issue a total of 8,449,276 consideration shares of the Company ("**Consideration Shares**") to the Vendors as consideration for the acquisition of 60% interest in the Target Company ("**First Tranche Sale Interest**").

Completion of the acquisition of the First Tranche Sale Interest took place on 25 November 2015. A total of 8,449,276 Consideration Shares were allotted and issued to the Vendors on 25 November 2015 in accordance with the terms and conditions of the Framework Agreement. Immediately following the completion of the acquisition of the First Tranche Sale Interest, the Company through the Purchaser, indirectly owned a 60% interest in the Target Company.

According to the Framework Agreement, if the key personnel of the Target Company have not resigned from their positions in the Target Company after the expiry of six months from the date of the Framework Agreement ("**Evaluation Date**"), and the Purchaser is satisfied with their work performance, the Purchaser shall enter into a supplemental agreement with the Vendors in respect of the acquisition of the remaining 40% interest in the Target Company ("**Second Tranche Sale Interest**") within ten business days from the Evaluation Date, being on or before 9 May 2016.

* *For identification purpose only*

The Company announced that as at 13 May 2016, the Purchaser and the Vendors were still in discussion on the terms of the supplemental agreement in respect of the acquisition of the Second Tranche Sale Interest. The Company will make further announcement(s) in compliance with the Listing Rules if the discussions with the Vendors result in agreement over and entry into a supplemental agreement.

Details of this share transaction were disclosed in the Company's announcements dated 26 October 2015, 3 November 2015, 24 November 2015, 25 November 2015 and 13 May 2016.

Grant of Share Options

As disclosed by the Company in its announcement on 6 November 2015, options were granted to certain consultants on 6 November 2015 to subscribe for a total of 50,000,000 new shares of the Company at a subscription price of HK$1 per share of the Company with a validity period of 3 years and may only be exercised if the average closing price of the Company's shares for the five business days immediate preceding the exercise date exceeds HK$2 per share of the Company.

Connected Transaction regarding an Acquisition

On 2 December 2015, Daohe Capital Limited ("**Daohe Capital**"), a wholly owned subsidiary of the Company entered into a non-legally binding memorandum of understanding with Hong Kong Wing Yue Financial Group Holdings Limited ("**Vendor**"), in relation to the possible acquisition of the entire issued shares of Hong Kong Wing Yue Asset Management Limited ("**Target**") ("**Acquisition**").

On 22 January 2016, Daohe Capital entered into an agreement in relation to the Acquisition ("**Agreement**") with the Vendor, pursuant to which Daohe Capital conditionally agreed to purchase and the Vendor conditionally agreed to sell the entire issued shares of the Target at an aggregate consideration of HK$14.5 million plus the net assets value of the Target as at completion of the Acquisition, or the latest practicable date prior to completion of the Acquisition that Daohe Capital and the Vendor may agree, provided that if such value exceeds HK$3 million, such net assets value, for the purpose of the Agreement (and determination of the consideration for the Acquisition), shall be deemed to be HK$3 million.

Mr. ZHOU Xijian, a non-executive Director, the chairman of the Board and the controlling shareholder of the Company, is the sole shareholder and sole director of the Vendor. The Vendor is therefore an associate of Mr. Zhou and a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the Acquisition, which is a connected transaction, were disclosed in the Company's announcement dated 2 December 2015 and 22 January 2016.

As at the date of this announcement, the completion of the Acquisition is still subject to condition(s) precedent of the Agreement.

Remuneration Policy and Staff Development Scheme

As of 30 April 2016, the Group had 361 staff members (2015: 382 staff members). Total staff costs for the year under review amounted to approximately US$15.0 million (equivalent to HK$116.7 million) (2015: US$15.7 million (equivalent to HK$122.5 million)). The Group offers competitive remuneration schemes to its employees based on industry practices, along with individual and the Group's performance. In addition, the Company has a share option scheme for eligible staff and discretionary bonuses are payable to staff based on his or her individual performance and the Group's performance.

Prospects

The global economy is expected to remain vulnerable, as there is faster-than-expected slowdown in developing economies while the recovery in developed economies is slower-than-expected. The global economic activities are expected to remain subdued in a near-term.

The macroeconomic environment is not favorable to the Group's existing business. China, being the world's second largest economy, is undergoing an economic transformation with structural change; the price of commodities is weakening; and the US is implementing a tightened monetary policy. Manufacturing activities and trade are thus remain weak globally. Besides, consumer spending remains suppressed while the uncertainty and instability of the global economy continued.

In recent years, the buying pattern of consumers has shifted to online shopping through e-commerce platform or digital devices, leaving many of the traditional players continue to suffer from excess stock and declining sales. In addition, in the era of information and digital, with a high price transparency and a keen competition in today's consumer market, consumers expect to buy at a lower price or discount, this further lead to a markdown in price in order to maintain the business. Along with the deflation on customer's retail price, the Group is also facing challenges of increase in labour and other operating costs.

In order to cope with these difficulties, the Group continues to diversify its product portfolio and provide value-added services to strengthen its relationships with customers, as well as to implement cost controls and explore more potential low cost sourcing markets to enhance the Group's competitiveness in pricing.

We note the growth in demand for financial services and believe that certain acquisitions/proposed acquisitions during the year under review and up to the date of this announcement represent opportunities for the Group to diversify and broaden its business base. The Group will actively seek potential business and high-growth investment opportunities. The Group will also strive to provide better value-added services to our existing customers and maintain long-term relationships with them.

Looking forward, the Group will pay extra efforts to address customers' needs and explore new business opportunities, aiming to bring a greater return to our shareholders.

DIVIDENDS

An interim dividend of 0.15 HK cents per ordinary share in respect of the six months ended 31 October 2015 was paid on 8 January 2016.

The Directors do not recommend the payment of a final dividend in respect of the year ended 30 April 2016.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Wednesday, 31 August 2016. For the purpose of ascertaining the shareholders' rights of attending and voting at the forthcoming annual general meeting, the register of members of the Company will be closed from Monday, 29 August 2016 to Wednesday, 31 August 2016, both days inclusive. In order to be entitled to attend the annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 26 August 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 30 April 2016.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of this announcement of the Group's results for the year ended 30 April 2016 have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagement and consequently no assurance has been expressed by Ernst & Young on this announcement.

REVIEW OF RESULTS

The audit committee, comprising the three independent non-executive Directors referred to below, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the report prepared by the external auditors to the audit committee in respect of the audit of the financial statements of the Group for the year ended 30 April 2016.

The audit committee has also reviewed the terms and conditions of the continuing connected transaction and connected transaction of the Company that took place during the year under review.

EVENTS AFTER THE REPORTING PERIOD

Proposed Placing of New Shares under General Mandate and the Lapse of the Placing Agreement

On 5 June 2016, the Company entered into the placing agreement ("**Placing Agreement**") with the placing agent whereby the Company conditionally agreed to place, through the placing agent, on a best effort basis, 690,620,000 new shares of the Company to not less than six independent placees at the placing price of HK$0.42 per placing share pursuant to the terms and conditions of the Placing Agreement.

The Company announced on 4 July 2016 that the Placing Agreement lapsed as the conditions of the placing had not been fulfilled on or before 4 July 2016. As such, the Placing Agreement was terminated and the placing would not proceed and all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the placing should forthwith cease and determine and none of the parties should have any claim against the other party in respect of the placing save for any antecedent breaches.

The Directors are of the view that the lapse of the Placing Agreement has no material adverse impact on the business operation and financial position of the Group.

For details, please refer to the Company's announcements dated 5 June 2016 and 4 July 2016.

Acquisition of a Money Lender

On 18 May 2016, Daohe Capital, a direct wholly-owned subsidiary of the Company, entered into an agreement for the sale and purchase to acquire the entire issued share of Tingo Consulting Company Limited ("**Tingo**") and a shareholder's loan at a consideration of HK$420,000 (equivalent to approximately US$54,000). Tingo is a company incorporated in Hong Kong on 23 November 2015 with limited liability and is a holder of a Money Lenders Licence issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Such acquisition was completed on 19 May 2016.

Acquisition of a Company Established in the People's Republic of China ("PRC")

On 29 June 2016, 深圳勝運科技有限公司 (Shenzhen Sheng Yun Technology Co. Ltd.*) ("**Sheng Yun**"), a subsidiary of the Company, entered into an equity acquisition agreement with 黃雲星 (Huang Yunxing*) and 葛明德 (Ge Mingde*), pursuant to which Sheng Yun agreed to acquire (i) a 30.6% equity interest in 深圳國之道新能源汽車銷售服務有限公司 (Shenzhen Guo Zhi Dao New Energy Vehicle Sales Services Co. Ltd.*) ("**Guo Zhi Dao**") from 黃雲星 (Huang Yunxing*) at a consideration of RMB0.6; and (ii) a 20.4% equity interest in Guo Zhi Dao from 葛明德 (Ge Mingde*) at a consideration of RMB0.4.

* *For identification purpose only*

Guo Zhi Dao is a company incorporated in the PRC on 11 May 2016 with limited liability and has an unpaid registered capital of RMB10 million. Its business scope includes sale of vehicles; sale of renewable energy vehicles; leasing of vehicles; sale of parts and power batteries of renewable energy vehicles; sale and technological development of renewable energy vehicle products and accessories, renewable energy electronic products, renewable energy mechanical products and equipment; domestic trading, import and export of goods and technology.

The acquisition was completed on 7 July 2016. Upon completion of the acquisition, the Company through Sheng Yun, indirectly owned a 51% interest in Guo Zhi Dao.

As at the date of this announcement, Guo Zhi Dao has not commenced any business.

CORPORATE GOVERNANCE

The Company has adopted the code provisions ("**Code Provisions**") set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Listing Rules as the Corporate Governance Code of the Company.

Currently, there are four Board committees, namely, audit committee, remuneration committee, nomination committee and executive committee.

During the year under review, save for the deviation from Code Provision E.1.2 explained below, the Company fully complied with the Code Provisions in the CG Code.

Under the Code Provision E.1.2, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the board committees to attend. Due to other important engagement at the relevant time, Mr. ZHOU Xijian, the chairman of the Board and chairman of the nomination committee, was absent from the annual general meeting of the Company held on 27 August 2015.

A corporate governance report of the Company with details of the policies and practices on corporate governance will be set out in the Company's 2016 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**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 during the year under review.

The Company has also established written guidelines on no less exacting terms than the Model Code ("**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 during the year under review.

BOARD OF DIRECTORS

During the year under review and up to the date of this announcement, Mr. WONG Chak Keung was appointed as an independent non-executive Director and a member of audit committee with effect from 1 November 2015 and 5 May 2016 respectively; Mr. ZHANG Li was appointed as the co-chairman of the Board, an executive Director and a member of executive committee with effect from 8 April 2016 and resigned with effect from 12 July 2016; and Mr. Jakob Jacobus Koert TULLENERS ceased to be an independent non-executive Director and a member of audit committee with effect from 5 May 2016.

As at the date of this announcement, the Board comprises one non-executive Director, being Mr. ZHOU Xijian (Chairman); three executive Directors, being Mr. ZHANG Qi (Chief Executive Officer), Mr. WONG Hing Lin, Dennis (President and Chief Financial Officer) and Mr. HWANG Han-Lung, Basil (Company Secretary, General Counsel and Head of Development and Investments); and three independent non-executive Directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. WONG Chak Keung.

PUBLICATION OF THE FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is published on the website of the Stock Exchange and the Company's website at www.daoheglobal.com.hk. The Company's 2016 annual report will be despatched to the shareholders and available on the same websites on or about 28 July 2016.

By Order of the Board
Daohe Global Group Limited
ZHOU Xijian
Chairman & non-executive Director

Hong Kong, 14 July 2016

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