[For Immediate Release]

Daohe Global Announces FY2017 Interim Results

(14 December, 2016 – Hong Kong) – Supply chain management and solutions provider **Daohe Global Group Limited** ("Daohe Global" or the "Group"; stock code: 915) today announced its interim results for the six months ended 31 October 2016.

The Group continued to face price deflation from retailers, currency depreciation and increased competition during the period ended 31 October 2016. The Group's overall shipment dropped by approximately 9.0% from approximately US$124.6 million (equivalent to HK$971.9 million) for the same period last year to approximately US$113.4 million (equivalent to HK$882.3 million). Revenue decreased by approximately 2.9% to approximately US$52.5 million (equivalent to HK$408.5 million) from approximately US$54.1 million (equivalent to HK$422.0 million) for the same period last year.

Gross profit also dropped by around 4.3% from approximately US$13.2 million (equivalent to HK$103.0 million) for the same period last year to approximately US$12.7 million (equivalent to HK$98.8 million).

With effective cost controls, the Group saved general and administrative expenses during the period under review by 4.3% to approximately US$10.4 million (equivalent to HK$80.9 million), compared with approximately US$10.9 million (equivalent to HK$85.0 million) for the corresponding period last year.

Up till 31 October 2016, the Group reported a profit of approximately US$2.2 million (equivalent to HK$17.1 million), maintained at a similar level with the same period last year.

The Directors have declared an interim dividend of 1.38 HK cents per ordinary share in respect of the six months ended 31 October 2016.

Mr. ZHOU Xijian, Chairman of Daohe Global, said, "The global economy remained sluggish in the period under review. Divergence of economic performance across regions remained unchanged. In the meantime, volatility in the financial markets and weakness in global trade continued together with rising uncertainty in geopolitical and political risks in the world."

In the same review period, shipments to North America slightly increased by approximately 0.6% to approximately US$62.0 million (equivalent to HK$482.4 million). North America continued to be the largest market of the Group, contributing approximately 54.7% of the Group's total shipment value.

A fall was identified in the European market during the period under review. Shipments to Europe decreased by approximately 30.1% to approximately US$21.4 million (equivalent to HK$166.5 million), due to the decline in business in United Kingdom and the overall depreciation in European currencies. Shipments to Europe presently account for approximately 18.9% of the Group's total shipment value.

Shipments grouped under "Others", comprising mainly shipments to the southern hemisphere decreased by approximately 7.4% to approximately US$30.0 million (equivalent to HK$233.4 million), mainly due to the price competition and depreciation in Australian dollars and South African Rand. Others represented approximately 26.4% of the Group's total shipment value.

The Group's financial position remains healthy with cash and cash equivalents of approximately US$27.3 million (equivalent to HK$212.4 million) as of 31 October 2016. In addition, the Group has total banking facilities of approximately US$10.3 million (equivalent to HK$80.0 million) including borrowing facilities of approximately US$0.1 million (equivalent to HK$1.0 million) as of 31 October 2016. The Group has a current ratio of approximately 1.9 and a gearing ratio of zero, based on no interest-bearing borrowings and total equity of approximately US$43.2 million (equivalent to HK$336.1 million) as of 31 October 2016. There has not been any material change in the Group's borrowings since 31 October 2016.

Prospects

Looking ahead, the global economy is expected to remain vulnerable. Brexit, political uncertainty in Europe and an unexpected US presidential election result have only increased the uncertainty in the state of the global economy. At the same time, China, the world's second largest economy, is undergoing structural transformation and has been experiencing slower growth.

The global trade environment has been unfavorable for the Group's business. Potential adverse US trade policies against China under the new presidency would negatively affect the Group's trading business, as China is the major sourcing hub of the Group.

Meanwhile, global buying patterns are shifting away from traditional in-store shopping, to online shopping. This poses challenges to the Group's traditional supply chain business. The increased popularity of e-commence has resulted in higher price transparency and pricing pressures, accompanied by increased competition in the consumer market.

The weakness of many currencies against the US dollar will also dampen consumer spending in some of the Group's key markets, such as Europe, Australia and elsewhere.

In order to cope with the difficulties and maximize the returns to our shareholders, the Group will continue to strengthen ties with our key customers by providing more value-added services and product categories to expand the existing business, to remain cautious on cost and implement effective cost control measures, to continue expanding different markets to mitigate the political risks and widen vendor base to address customers' needs, and to explore new customers and new business platform and opportunities.

During the reporting period and as at the date of this news release, due to the non-performance of the investment management and advisory related services PRC company in which the Company invested ("**Investment**"), and the change in the business environment and strategy of the Company, the Company has since disposed of the Investment, and also terminated a proposed acquisition of a licensed corporation licensed by the Securities and Futures Commission respectively.

Concurrently with the foregoing, the Group has continued to explore new income streams. On 7 December 2016, the Company granted a loan to the owner of a company engaged in supplying goods from outside Mainland China to customer(s) in Mainland China, secured against the shares and business of that company. The loan is expected to generate stable income for the Group.

Going forward, the Group will continue to explore other potential investment opportunities to further develop its business, bringing a long-term and stable income, aiming to bring a greater return to our shareholders.

About Daohe Global Group Limited

Daohe Global Group Limited is an investment holding company with its principal business being a one-stop supply chain management solutions provider. With a global presence in over 20 regions/territories and a sourcing network throughout Asia, the Group offers comprehensive and efficient sourcing solutions and value-added services to its customers, the majority of whom are leading retail chain operators, well-known brands and licensors, wholesalers, mail order houses and department stores in North America, Europe, Asia, Australia and South Africa.

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Daohe Global Group Limited
FY2017 Interim Results Announcement

Condensed Consolidated Interim Statement of Profit or Loss

	For the six months ended 31 October	
	2016	2015
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
		(Restated)
REVENUE	**52,539**	54,086
Cost of sales	**(39,856)**	(40,839)
Gross profit	**12,683**	13,247
Other income	**164**	304
General and administrative expenses	**(10,397)**	(10,867)
Gain on disposal of a subsidiary	**62**	-
Loss on dissolution of subsidiaries	**-**	(5)
PROFIT BEFORE TAX	**2,512**	2,679
Income tax expense	**(298)**	(509)
PROFIT FOR THE PERIOD	**2,214**	2,170
ATTRIBUTABLE TO:		
Owners of the Company	**2,249**	2,170
Non-controlling interests	**(35)**	-
	2,214	2,170
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in US cents)		
Basic *(Note)*	**0.64**	0.62
Diluted *(Note)*	**0.64**	0.62

Note:
Adjusted for the effect of Share Consolidation in September 2016.

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