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**Daohe Global Group Limited**

**道和環球集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 915)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**INTERIM RESULTS HIGHLIGHTS:**

- Revenue increased by approximately 8.3% to approximately US\$30.4 million (equivalent to approximately HK\$236.5 million) from approximately US\$28.1 million (equivalent to approximately HK\$218.6 million) for the six months ended 30 June 2021.
- For the six months ended 30 June 2022, a profit of approximately US\$0.7 million (equivalent to approximately HK\$5.4 million) (2021: approximately US\$0.8 million (equivalent to approximately HK\$6.2 million)) was achieved.
- The Directors have not declared the payment of an interim dividend for the six months ended 30 June 2022.

## UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Daohe Global Group Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2022, together with relevant comparative figures as follows:

### CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

#### Condensed Consolidated Interim Statement of Profit or Loss

		For the six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	Note	US\$'000	US\$'000
<b>REVENUE</b>	4	<b>30,389</b>	28,072
Cost of sales		<u>(20,851)</u>	<u>(19,189)</u>
Gross profit		<b>9,538</b>	8,883
Other income		<b>512</b>	381
Selling and marketing expenses		<b>(1,710)</b>	(1,436)
General and administrative expenses		<b>(7,462)</b>	(6,859)
Finance costs		<u>(59)</u>	<u>(58)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>819</b>	911
Income tax	6	<u>(138)</u>	<u>(75)</u>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>681</b></u>	<u>836</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
(expressed in US cents)			
Basic	8	<u><b>0.05</b></u>	<u>0.06</u>
Diluted		<u><b>0.05</b></u>	<u>0.06</u>

## Condensed Consolidated Interim Statement of Comprehensive Income

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>681</b>	<b>836</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(438)	229
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(438)</b>	<b>229</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>243</b>	<b>1,065</b>

## Condensed Consolidated Interim Statement of Financial Position

		<b>30 June 2022 (Unaudited) US\$'000</b>	31 December 2021 (Audited) US\$'000
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>333</b>	562
Right-of-use assets		<b>1,667</b>	779
Financial asset at fair value through profit or loss		<b>135</b>	135
Deposits		<b>190</b>	282
		<hr/>	<hr/>
Total non-current assets		<b>2,325</b>	1,758
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>1,512</b>	772
Trade receivables	10	<b>6,233</b>	8,006
Prepayments, deposits and other receivables		<b>3,830</b>	4,208
Cash and cash equivalents		<b>15,628</b>	16,104
		<hr/>	<hr/>
Total current assets		<b>27,203</b>	29,090
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	<b>2,409</b>	4,253
Accruals, provisions and other payables		<b>7,217</b>	7,510
Contract liabilities		<b>1,267</b>	1,051
Lease liabilities		<b>1,043</b>	955
Loan from a shareholder	12(a)	<b>3,856</b>	3,856
Bank borrowings		<b>924</b>	1,161
Tax payable		<b>375</b>	305
		<hr/>	<hr/>
Total current liabilities		<b>17,091</b>	19,091
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>10,112</b>	9,999
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>12,437</b>	11,757
		<hr/>	<hr/>

	<b>30 June 2022 (Unaudited) US\$'000</b>	31 December 2021 (Audited) US\$'000
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	<b>1,008</b>	392
Provisions	–	149
Post-employment benefits	<b>227</b>	257
	<hr/>	<hr/>
Total non-current liabilities	<b>1,235</b>	798
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>11,202</b>	10,959
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
Share capital	<b>20,128</b>	20,128
Reserves	<b>(8,926)</b>	(9,169)
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>11,202</b>	10,959
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Notes:

## 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The condensed consolidated interim financial information is presented in United States dollars (“US\$”), unless otherwise stated.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	<i>Business Combination – Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018–2020 Cycle	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41</i>

The adoption of the above amendments to the standards has no material impact on the Group’s financial position and performance for the current and prior periods and on the disclosures set out in these condensed consolidated interim financial statements.

## 3. OPERATING SEGMENT INFORMATION

The Group’s business comprises two reportable operating segments as follows:

- (a) trading and supply chain management services; and
- (b) operation of online social platforms.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit 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.

The following tables present revenue and results for the Group's reportable segments for the six months ended 30 June 2022 and 2021:

<b>For the six months ended 30 June 2022 (Unaudited)</b>	<b>Trading and supply chain management services <i>US\$'000</i></b>	<b>Operation of online social platforms <i>US\$'000</i></b>	<b>Total <i>US\$'000</i></b>
<b>Segment revenue:</b>			
Revenue from external customers	<u>15,226</u>	<u>15,163</u>	<u>30,389</u>
<b>Segment results</b>	<u>1,625</u>	<u>(469)</u>	<u>1,156</u>
Bank interest income			<b>106</b>
Corporate and other unallocated expenses			<b>(422)</b>
Interest on bank borrowings			<u><b>(21)</b></u>
Profit before tax			<b>819</b>
Income tax			<u><b>(138)</b></u>
Profit for the period			<u><u><b>681</b></u></u>
<b>Other segment information:</b>			
Depreciation:			
Property, plant and equipment	<b>9</b>	<b>226</b>	<b>235</b>
Right-of-use assets	<b>227</b>	<b>171</b>	<b>398</b>
Capital expenditures	<b>12</b>	<b>16</b>	<b>28</b>
Reversal of allowance for trade receivables	<u><b>(20)</b></u>	<u><b>(51)</b></u>	<u><b>(71)</b></u>

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

The following table presents assets and liabilities of the Group's reportable segments as at 30 June 2022 and 31 December 2021:

	<b>Trading and supply chain management services <i>US\$'000</i></b>	<b>Operation of online social platforms <i>US\$'000</i></b>	<b>Total <i>US\$'000</i></b>
<b>As at 30 June 2022 (Unaudited)</b>			
<b>Segment assets</b>	<u>14,792</u>	<u>14,408</u>	29,200
Corporate and other unallocated assets			<u>328</u>
Total assets			<u><u>29,528</u></u>
<b>Segment liabilities</b>	<u>9,838</u>	<u>4,509</u>	14,347
Loan from a shareholder			3,856
Corporate and other unallocated liabilities			<u>123</u>
Total liabilities			<u><u>18,326</u></u>
<b>As at 31 December 2021 (Audited)</b>			
<b>Segment assets</b>	<u>13,837</u>	<u>16,744</u>	30,581
Corporate and other unallocated assets			<u>267</u>
Total assets			<u><u>30,848</u></u>
<b>Segment liabilities</b>	<u>10,878</u>	<u>5,045</u>	15,923
Loan from a shareholder			3,856
Corporate and other unallocated liabilities			<u>110</u>
Total liabilities			<u><u>19,889</u></u>

#### 4. REVENUE

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

	For the six months ended 30 June	
	2022	2021
	(Unaudited) US\$'000	(Unaudited) US\$'000
<i>Revenue from contracts with customers</i>		
Sales of merchandise	10,993	10,306
Commission income	5,897	4,350
Internet value-added services ("IVAS") revenue	13,262	13,414
Others	237	2
	<u>30,389</u>	<u>28,072</u>

#### Disaggregated revenue information

	For the six months ended 30 June 2022		
	Trading and supply chain management services (Unaudited) US\$'000	Operation of online social platforms (Unaudited) US\$'000	Total (Unaudited) US\$'000
<b>Type of goods or services</b>			
Sales of merchandise	9,329	1,664	10,993
Commission income	5,897	–	5,897
IVAS revenue	–	13,262	13,262
Others	–	237	237
	<u>15,226</u>	<u>15,163</u>	<u>30,389</u>
<b>Geographical markets</b>			
People's Republic of China (the "PRC")	1,266	15,163	16,429
Southern hemisphere	6,180	–	6,180
North America	6,000	–	6,000
Europe	765	–	765
Others	1,015	–	1,015
	<u>15,226</u>	<u>15,163</u>	<u>30,389</u>
<b>Timing of revenue recognition</b>			
Goods transferred/services rendered at a point in time	<u>15,226</u>	<u>15,163</u>	<u>30,389</u>

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

## 5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	(Unaudited) US\$'000	(Unaudited) US\$'000
Cost of inventories sold	10,420	9,691
Cost of services provided	10,431	9,498
Depreciation:		
Property, plant and equipment	235	152
Right-of-use assets	398	303
Employee benefit expense	6,451	5,736
(Reversal of allowance)/allowance for trade receivables	(71)	67
Loss on disposal of property, plant and equipment	1	1
Foreign exchange differences, net	187	134
	<u>187</u>	<u>134</u>

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rate regime. The first HK\$2,000,000 (2021: 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.

	For the six months ended 30 June	
	2022	2021
	(Unaudited) US\$'000	(Unaudited) US\$'000
Current		
– Hong Kong	30	20
– Outside Hong Kong	110	78
Net overprovision in prior periods	(2)	(23)
	<u>(2)</u>	<u>(23)</u>
Total tax expense for the period	<u>138</u>	<u>75</u>

## 7. DIVIDEND

The Directors have not declared the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

## 8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of US\$681,000 (2021: US\$836,000), and the number of 1,509,592,701 (2021: 1,509,592,701) ordinary shares in issue during the period.

The Group had no dilutive potential ordinary shares in issue for the period ended 30 June 2022 (2021: Nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with a total cost of US\$28,000 (2021: US\$48,000).

Assets with a net book value of US\$1,000 were disposed of by the Group during the six months ended 30 June 2022 (2021: US\$1,000), at a net loss on disposal of US\$1,000 (2021: US\$1,000).

## 10. TRADE RECEIVABLES

	<b>30 June 2022 (Unaudited) US\$'000</b>	31 December 2021 (Audited) US\$'000
Trade receivables	7,287	9,181
Allowance for doubtful debts	<u>(1,054)</u>	<u>(1,175)</u>
	<b><u>6,233</u></b>	<b><u>8,006</u></b>

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

	<b>30 June 2022 (Unaudited) US\$'000</b>	31 December 2021 (Audited) US\$'000
Within 30 days	2,747	4,050
31 to 60 days	904	1,615
61 to 90 days	994	1,176
91 to 365 days	1,774	1,384
Over 1 year	<u>868</u>	<u>956</u>
	<b><u>7,287</u></b>	<b><u>9,181</u></b>

## 11. TRADE PAYABLES

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

	<b>30 June 2022 (Unaudited) US\$'000</b>	31 December 2021 (Audited) US\$'000
Within 30 days	786	2,590
31 to 60 days	138	460
61 to 90 days	583	682
91 to 365 days	837	455
Over 1 year	65	66
	<u>2,409</u>	<u>4,253</u>

## 12. RELATED PARTY TRANSACTIONS

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

### (a) Loan from a shareholder

At 30 June 2022, the loan from a shareholder of the Company is unsecured, non-interest-bearing and repayable by 22 May 2023.

### (b) Compensation of key management personnel of the Group

	<b>For the six months ended 30 June</b>	
	<b>2022 (Unaudited) US\$'000</b>	2021 (Unaudited) US\$'000
Short term employee benefits	399	399
Post-employment benefits	39	39
	<u>438</u>	<u>438</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Overview*

During the period under review, the Group's revenue increased by approximately 8.3% to approximately US\$30.4 million from approximately US\$28.1 million for the same period last year.

The revenue of the Group's trading and supply chain management services grew approximately 22.1% from approximately US\$12.5 million to approximately US\$15.2 million. In respect of the Group's online social platforms business, overall revenue fell by approximately 2.8% from approximately US\$15.6 million to approximately US\$15.2 million in the review period.

Gross profit increased by approximately 7.4% from approximately US\$8.9 million to approximately US\$9.5 million for the six months ended 30 June 2022. Gross margin dropped slightly from approximately 31.6% to approximately 31.4%.

Operating expenses for the six months ended 30 June 2022 amounted to approximately US\$9.2 million, representing a growth of approximately 10.5% from approximately US\$8.4 million for the corresponding period last year. The rise in operating expenses was mainly attributable to the employee benefit expenses as headcount increased and depreciation of right-of-use assets from expansion of office space since second half of 2021 to support the growth of business, as well as the increase in marketing expenses for promotion of the online social platforms business.

The profit for the period decreased from approximately US\$0.8 million for the six months ended 30 June 2021 to approximately US\$0.7 million for the review period.

## Segmental Analysis

### *Operating Segmentation*

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

#### *(i) Trading and supply chain management services*

During the period under review, shipment value for trading and supply chain management services rose by approximately 37.9% from approximately US\$61.2 million to approximately US\$84.4 million. The surge was driven by the organic growth under the growing economy when the orders were placed in the last quarter of 2021 and early 2022. However, the demand is expected to slow down in the second half as inflation continues to increase globally that weigh on consumption.

#### Geographical Analysis

	<b>Shipment value For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$' million</b>	US\$' million
North America	<b>64.2</b>	42.3
Europe	<b>13.5</b>	11.7
Others	<b>6.7</b>	7.2
	<hr/>	<hr/>
	<b>84.4</b>	61.2
	<hr/> <hr/>	<hr/> <hr/>

Shipments to North America escalated by approximately 51.8% to approximately US\$64.2 million due to the growth of certain key US customers. North America represented the largest market for the Group, accounting for approximately 76.1% of the Group's total shipment value (2021: approximately 69.1%).

Shipments to Europe increased by approximately 15.4% to approximately US\$13.5 million, and accounted for approximately 16.0% of total shipment value (2021: approximately 19.1%).

Shipments grouped under "Others", comprising mainly shipments to the southern hemisphere, represented approximately 7.9% of the total shipment value (2021: approximately 11.8%). A decrease of approximately 6.9% to approximately US\$6.7 million in shipments was recorded, which was mainly due to decrease in orders from a South African customer.

During the period under review, revenue from trading and supply chain management services was approximately US\$15.2 million (2021: approximately US\$12.5 million), representing approximately 50.1% (2021: approximately 44.4%) of the Group's total revenue.

(ii) *Operation of online social platforms*

During the review period, the revenue derived from the operation of online social platforms fell by approximately 2.8% from approximately US\$15.6 million to approximately US\$15.2 million.

	<b>For the six months ended 30 June</b>	
	<b>2022 (Unaudited) US\$' million</b>	<b>2021 (Unaudited) US\$' million</b>
Gamified social and online entertainment	<b>13.3</b>	13.4
Sales of goods	<b>1.7</b>	2.2
Others	<b>0.2</b>	–
	<b><u>15.2</u></b>	<b><u>15.6</u></b>

The revenue from gamified social and online entertainment decreased slightly year-on-year from approximately US\$13.4 million to approximately US\$13.3 million. Despite the Group recorded a growth of approximately 13.1% in the first quarter but the impact was fully offset by the drop subsequently as many provinces in the PRC were forced to put under lockdown due to the spread of the Omicron variant which affected the consumers' sentiment on consumption.

Sales of goods fell by approximately 23.7% to approximately US\$1.7 million in the first half of 2022 as the downtrend in domestic economy and the launch of a new compliance guideline on sales of blind box in early 2022 adversely impacted the sales of pop toys.

## **Financial Review**

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

The Group had cash and cash equivalents of approximately US\$15.6 million as at 30 June 2022 (31 December 2021: approximately US\$16.1 million). In addition, the Group had total banking facilities of approximately US\$6.1 million, including borrowing facilities of approximately US\$1.1 million as at 30 June 2022 (31 December 2021: approximately US\$6.3 million and approximately US\$1.3 million, respectively).

The Group had a current ratio of approximately 1.6 (31 December 2021: approximately 1.5) and a gearing ratio of approximately 0.08 (31 December 2021: approximately 0.11), based on interest-bearing borrowings of approximately US\$0.9 million (31 December 2021: approximately US\$1.2 million) and total equity of approximately US\$11.2 million as at 30 June 2022 (31 December 2021: approximately US\$11.0 million).

Trade receivables amounted to approximately US\$6.2 million as at 30 June 2022 (31 December 2021: approximately US\$8.0 million). Gross trade receivables aged over 90 days, which amounted to approximately US\$2.6 million, are being carefully monitored by the management and sufficient provision has been made.

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

The Group's net asset value amounted to approximately US\$11.2 million as at 30 June 2022 (31 December 2021: approximately US\$11.0 million).

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

As at 30 June 2022, the Group had no material contingent liabilities or guarantees, or charges on any of its assets.

### ***Remuneration Policy and Staff Development Scheme***

As at 30 June 2022, the Group had 307 employees (2021: 290). Total staff costs for the period under review amounted to approximately US\$6.5 million (2021: approximately US\$5.7 million).

The Group offers competitive remuneration schemes to its employees based on industry practice, and the performance of the individual employee and that of the Group. In addition, the Company has adopted a share option scheme for which eligible persons can benefit. Also, discretionary bonuses are payable to staff based on his or her individual performance and that of the Group as a whole.

## **Prospects**

The global markets started to recover in 2021 and the management were cautiously optimistic about the demand for trading and supply chain management services at the start of 2022. Nevertheless, a series of unpredicted headwinds have combined to create more challenges. The massive price increase in raw materials has lifted the cost of merchandise coupled with the rapid inflation in the world weakened consumers' sentiment on spending. The outbreak of more transmissible variants of COVID-19 forced the PRC government to impose lockdown across provinces and caused further disruption in the global supply chain. The passing of the Xinjiang forced labour bill into law by the U.S. Government will further worsen the US-China relations and the global supply chain crisis. The management expects the global business environment will remain challenging in the second half and correspondingly the order placement is expected to be adversely affected. To mitigate the negative effects, the Group will continue to work closely with its customers and supply chain partners, provide comprehensive value-added services and offer more product categories to support their needs, as well as exercise stringent cost control and enhance operational efficiencies to maintain its competitiveness.

During the second quarter of 2022, the domestic economy in the PRC was impacted by the rapid spread of the COVID-19 variants and the tight control measures from the government. Many provinces were forced to put under lockdown which weighed on consumer spending. As a result, the Group's online business and its profitability were also impacted in view of the consumers' sentiment, the timeliness of logistics in some areas, as well as the associated costs. In addition, a new compliance guideline to regulate the "blind box" market was released by Shanghai market regulators in early 2022 after a string of negative incidents within the blind box markets in the PRC, which greatly affected the sales of blind box products in the first half of 2022. With the uncertainty of the COVID-19 pandemic as well as the downward pressure on China's economy, the downtrend on the performance of online social platforms business is expected to be carried forward into the second half of 2022. To cope with the challenges ahead, the management will continue to explore new distribution channels and strengthen ties with its existing channels to acquire new users for claw crane mobile online business. Besides, the Group will continue to bring in new ideas and upgrade the gameplay to improve users' experience which in turn elevate users' consumption. For pop toys, developing proprietary intellectual properties ("IP(s)") and launch products with relevant IPs will still be our key focus. The Group will therefore continue to cultivate talents and pursue partnerships with toy designers and IP providers in order to achieve a more balanced and sustainable growth in the long run.

Looking ahead, despite the business environment is still full of challenges and uncertainties in the near future, the Group will continue to closely monitor the economic development globally and adjust its strategies and measures from time to time.

## **Significant Investments, Material Acquisitions or Disposals**

Save as disclosed in this announcement, during the six months ended 30 June 2022, the Group did not have any significant investments, material acquisitions or disposals.

## **Events after the Reporting Period**

No material event occurred after the end of the reporting period and up to the date of this announcement.

## **INTERIM DIVIDEND**

The Board has resolved not to declare the payment of any interim dividend for the six months ended 30 June 2022 (2021: Nil).

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

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the accounting policies adopted by the Group including review of the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2022. Such condensed consolidated interim financial information has not been audited nor reviewed by the Company's independent auditor.

## **CORPORATE GOVERNANCE**

The Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its model code for securities transactions by the Directors. The Company, having made specific enquiries, obtained confirmations from all the Directors that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2022.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "**Employees Written Guidelines**") for securities transactions by relevant employees who are likely to possess unpublished inside information in relation to the Company or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company throughout the six months ended 30 June 2022.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is published on the websites of the Company ([www.daoheglobal.com.hk](http://www.daoheglobal.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2022 interim report will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board  
**Daohe Global Group Limited**  
**ZHOU Xijian**  
*Chairman and Non-executive Director*

Hong Kong, 30 August 2022

*As at the date of this announcement, the Non-executive Director of the Company is Mr. ZHOU Xijian, the Executive Directors are Mr. WONG Hing Lin, Dennis and Mr. LONG Liping, and the Independent Non-executive Directors are Mr. WANG Arthur Minshiang, Mr. LAU Shu Yan and Mr. ZHANG Huijun.*