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Daohe Global Group Limited

道和環球集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 915)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

FINAL RESULTS HIGHLIGHTS:

- Revenue declined by approximately 5.8% to approximately US\$41.8 million (equivalent to approximately HK\$325.2 million) for the year ended 31 December 2024 as compared to approximately US\$44.4 million (equivalent to approximately HK\$345.4 million) for the year ended 31 December 2023.
- Profit for the year ended 31 December 2024 amounted to approximately US\$2.7 million (equivalent to approximately HK\$21.0 million), an increase of approximately 34.2% as compared to approximately US\$2.0 million (equivalent to approximately HK\$15.6 million) for the year ended 31 December 2023.
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2024.

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 2024, together with relevant comparative figures, is as follows:

CONSOLIDATED FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss

		2024	2023
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
REVENUE	4	41,777	44,355
Cost of sales		<u>(24,278)</u>	<u>(27,302)</u>
Gross profit		17,499	17,053
Other income		874	997
Selling and marketing expenses		(1,712)	(2,878)
General and administrative expenses		(13,728)	(12,874)
Finance costs		(52)	(113)
Allowance for trade receivables		<u>(35)</u>	<u>(24)</u>
PROFIT BEFORE TAX	5	2,846	2,161
Income tax	6	<u>(191)</u>	<u>(183)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>2,655</u>	<u>1,978</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
(expressed in US cent)	8		
Basic		<u>0.18</u>	<u>0.13</u>
Diluted		<u>0.18</u>	<u>0.13</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2024 US\$'000	2023 US\$'000
PROFIT FOR THE YEAR	<u>2,655</u>	<u>1,978</u>
OTHER COMPREHENSIVE INCOME		
Items that reclassified or may be reclassified to profit or loss:		
Exchange differences:		
Translation of foreign operations	(95)	95
Dissolution of subsidiaries	<u>(1)</u>	<u>–</u>
Items that reclassified or may be reclassified to profit or loss	(96)	95
Items that will not be reclassified to profit or loss:		
Remeasurements from:		
Defined benefit plan	27	(4)
Long service payment	<u>7</u>	<u>–</u>
Items that will not be reclassified to profit or loss	<u>34</u>	<u>(4)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>(62)</u>	<u>91</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>2,593</u>	<u>2,069</u>

Consolidated Statement of Financial Position

		2024	2023
	Note	US\$'000	US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	420	447
Right-of-use assets	9	655	1,253
Financial asset at fair value through profit or loss		95	123
Deposits		190	309
		<hr/>	<hr/>
Total non-current assets		1,360	2,132
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		1,725	861
Trade receivables	10	3,901	3,931
Prepayments, deposits and other receivables		1,969	2,352
Bank deposits with initial term of over three months		5,700	3,538
Cash and cash equivalents		15,354	16,602
		<hr/>	<hr/>
Total current assets		28,649	27,284
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	11	1,449	1,502
Accruals, provisions and other payables		5,512	6,522
Contract liabilities		1,683	1,640
Lease liabilities		576	991
Loan from a shareholder	12(a)	3,856	3,856
Bank borrowing		–	296
Tax payable		523	348
		<hr/>	<hr/>
Total current liabilities		13,599	15,155
		<hr/>	<hr/>
NET CURRENT ASSETS		15,050	12,129
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,410	14,261
		<hr/>	<hr/>

	2024 US\$'000	2023 US\$'000
NON-CURRENT LIABILITIES		
Lease liabilities	139	566
Deferred tax liability	20	–
Provisions	154	154
Post-employment benefits	175	212
	<hr/>	<hr/>
Total non-current liabilities	488	932
	<hr/>	<hr/>
NET ASSETS	15,922	13,329
	<hr/>	<hr/>
EQUITY		
Share capital	20,128	20,128
Reserves	(4,206)	(6,799)
	<hr/>	<hr/>
TOTAL EQUITY	15,922	13,329
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Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group for the year ended 31 December 2024 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**”) 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 (Cap. 622). 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 and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 and relevant to the Group for the preparation of the consolidated financial statements:

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Hong Kong Interpretation 5 (Revised)	<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>

Except as described below, the application of the amendments to HKFRSs and interpretation 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.

Adoption of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (collectively the “HKAS 1 Amendments”)

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

3. OPERATING SEGMENT INFORMATION

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

- (a) trading and supply chain management services; and
- (b) culture and entertainment*.

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, 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 bank interest income, interest on bank borrowings, gain on dissolution of subsidiaries as well as corporate and other unallocated expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

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

- * During the year ended 31 December 2024, the Group renamed the segment from operation of online social platforms to culture and entertainment in order to align with business development of that segment.

	Trading and supply chain management services US\$'000	Culture and entertainment US\$'000	Total US\$'000
Year ended 31 December 2024			
Segment revenue:			
Revenue from external customers	<u>19,227</u>	<u>22,550</u>	<u>41,777</u>
Segment results	<u>1,481</u>	<u>1,944</u>	<u>3,425</u>
Bank interest income			367
Gain on dissolution of subsidiaries			1
Corporate and other unallocated expenses			(944)
Interest on bank borrowing			<u>(3)</u>
Profit before tax			2,846
Income tax			<u>(191)</u>
Profit for the year			<u>2,655</u>
Other segment information:			
Cost of inventories sold	8,213	5,733	13,946
Cost of services provided	14	10,318	10,332
Employee benefit expense	7,518	3,594	11,112
Fair value loss on financial asset at fair value through profit or loss	28	–	28
Depreciation:			
Property, plant and equipment	117	29	146
Right-of-use assets	569	244	813
Capital expenditures	31	96	127
Allowance/(reversal of allowance) for trade receivables	<u>42</u>	<u>(7)</u>	<u>35</u>
As at 31 December 2024			
Segment assets	<u>13,418</u>	<u>16,295</u>	<u>29,713</u>
Corporate and other unallocated assets			<u>296</u>
Total assets			<u>30,009</u>
Segment liabilities	<u>5,396</u>	<u>4,746</u>	<u>10,142</u>
Loan from a shareholder			3,856
Corporate and other unallocated liabilities			<u>89</u>
Total liabilities			<u>14,087</u>

	Trading and supply chain management services US\$'000	Culture and entertainment US\$'000	Total US\$'000
Year ended 31 December 2023			
Segment revenue:			
Revenue from external customers	<u>17,627</u>	<u>26,728</u>	<u>44,355</u>
Segment results	<u>1,269</u>	<u>1,157</u>	2,426
Bank interest income			441
Corporate and other unallocated expenses			(684)
Interest on bank borrowings			<u>(22)</u>
Profit before tax			2,161
Income tax			<u>(183)</u>
Profit for the year			<u>1,978</u>
Other segment information:			
Cost of inventories sold	7,035	2,613	9,648
Cost of services provided	50	17,604	17,654
Employee benefit expense	7,097	3,430	10,527
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	<u>9</u>	<u>15</u>	<u>24</u>
As at 31 December 2023			
Segment assets	<u>14,340</u>	<u>14,957</u>	29,297
Corporate and other unallocated assets			<u>119</u>
Total assets			<u>29,416</u>
Segment liabilities	<u>7,052</u>	<u>5,092</u>	12,144
Loan from a shareholder			3,856
Corporate and other unallocated liabilities			<u>87</u>
Total liabilities			<u>16,087</u>

Geographical information

(a) Revenue from external customers

	2024 US\$'000	2023 US\$'000
People's Republic of China (the "PRC")	25,233	29,014
Southern hemisphere	8,177	6,753
North America	5,353	5,480
Europe	1,220	1,173
Others	1,794	1,935
	<u>41,777</u>	<u>44,355</u>

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

(b) Non-current assets

	2024 US\$'000	2023 US\$'000
PRC	791	1,088
Hong Kong	293	774
Others	181	147
	<u>1,265</u>	<u>2,009</u>

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	2024 US\$'000	2023 US\$'000
Customer A Trading and supply chain management services	<u>8,118</u>	<u>6,552</u>

4. REVENUE

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

	2024 US\$'000	2023 US\$'000
<i>Revenue from contracts with customers</i>		
Sales of merchandise	18,771	11,188
Commission income	10,153	9,870
Internet value-added services ("IVAS") revenue	12,853	23,297
	<u>41,777</u>	<u>44,355</u>

Disaggregated revenue information

Segments	Trading and supply chain management services US\$'000	Culture and entertainment US\$'000	Total US\$'000
Year ended 31 December 2024			
Type of goods or services			
Sales of merchandise	9,074	9,697	18,771
Commission income	10,153	–	10,153
IVAS revenue	–	12,853	12,853
	<u>19,227</u>	<u>22,550</u>	<u>41,777</u>
Geographical markets			
PRC	2,683	22,550	25,233
Southern hemisphere	8,177	–	8,177
North America	5,353	–	5,353
Europe	1,220	–	1,220
Others	1,794	–	1,794
	<u>19,227</u>	<u>22,550</u>	<u>41,777</u>
Timing of revenue recognition			
Goods transferred/services rendered at a point in time	<u>19,227</u>	<u>22,550</u>	<u>41,777</u>

Segments	Trading and supply chain management services US\$'000	Culture and entertainment US\$'000	Total 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
	<u>17,627</u>	<u>26,728</u>	<u>44,355</u>
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
	<u>17,627</u>	<u>26,728</u>	<u>44,355</u>
Timing of revenue recognition			
Goods transferred/services rendered at a point in time	<u>17,627</u>	<u>26,728</u>	<u>44,355</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2024 US\$'000	2023 US\$'000
Cost of inventories sold	13,946	9,648
Cost of services provided	10,332	17,654
Depreciation:		
Property, plant and equipment	146	158
Right-of-use assets	813	749
Loss on disposal of property, plant and equipment	4	–
Fair value loss on financial assets at fair value through profit or loss	28	44
Foreign exchange differences, net	<u>103</u>	<u>262</u>

6. INCOME TAX

Income tax has been recognised in profit or loss as following:

	2024 US\$'000	2023 US\$'000
Current		
– Provision for the year	172	175
– Net (overprovision)/underprovision in prior years	(1)	8
	<u>171</u>	<u>183</u>
Deferred tax	<u>20</u>	<u>–</u>
Total tax expense for the year	<u>191</u>	<u>183</u>

Under the two-tiered profits tax regime, the first HK\$2 million of assessable profits of the qualifying group entity established in Hong Kong are taxed at 8.25%, and profits above that amount are subject to the tax rate of 16.5%. The profits of the Group entities not qualifying for the two-tiered profit tax rate regime continue to be taxed at a rate of 16.5%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

7. DIVIDENDS

The directors do not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: 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:

	2024	2023
Profit		
Profit attributable to owners of the Company (US\$'000)	<u>2,655</u>	<u>1,978</u>
Number of ordinary shares		
Number of ordinary shares in issue during the year ('000)	<u>1,509,593</u>	<u>1,509,593</u>

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 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)
	<hr/>	<hr/>
At 31 December 2023 and 1 January 2024, net of accumulated depreciation and impairment	447	1,253
Additions	127	237
Disposals	(6)	–
Depreciation for the year	(146)	(813)
Termination	–	(5)
Exchange realignment	(2)	(17)
	<hr/>	<hr/>
At 31 December 2024, net of accumulated depreciation and impairment	420	655

10. TRADE RECEIVABLES

	2024 US\$'000	2023 US\$'000
Trade receivables	4,531	4,599
Allowance for doubtful debts	(630)	(668)
	<hr/>	<hr/>
	3,901	3,931

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:

	2024 US\$'000	2023 US\$'000
Within 30 days	1,963	2,290
31 to 60 days	921	1,112
61 to 90 days	345	258
91 to 365 days	708	363
Over 1 year	594	576
	<u>4,531</u>	<u>4,599</u>

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:

	2024 US\$'000	2023 US\$'000
Within 30 days	651	822
31 to 60 days	637	450
61 to 90 days	74	153
91 to 365 days	11	–
Over 1 year	76	77
	<u>1,449</u>	<u>1,502</u>

12. RELATED PARTY TRANSACTIONS

(a) Loan from a shareholder

At 31 December 2024, the loan from a shareholder of the Company is unsecured, non-interest-bearing and repayable by 22 May 2025. The repayment date of the loan was extended to 22 May 2026 subsequent to the year end.

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 before due date.

(b) Compensation of key management personnel of the Group

	2024 US\$'000	2023 US\$'000
Short term employee benefits	1,931	1,423
Post-employment benefits	162	140
	<u>2,093</u>	<u>1,563</u>
Total compensation paid to key management personnel	<u>2,093</u>	<u>1,563</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

The Group's revenue fell by approximately 5.8%, from approximately US\$44.4 million last year to approximately US\$41.8 million.

In respect of the trading and supply chain management services business, the shipment volume for the year has recorded a moderate growth of approximately 4.5% to approximately US\$136.7 million as the key customers' excessive inventories have begun to lessen and the Group continued to develop different product categories with customers. The revenue of the Group's trading and supply chain management services business grew by approximately 9.1% to approximately US\$19.2 million from last year's approximately US\$17.6 million due to the growth in shipment volume and the change in sales mix with an increased volume of trading business.

As for culture and entertainment business, its overall revenue dropped by approximately 15.6% to approximately US\$22.6 million from approximately US\$26.7 million last year due to the competition from brick-and-mortar shops and the restrictions on promotions from Douyin.

Gross profit increased by approximately 2.6% to approximately US\$17.5 million for the year ended 31 December 2024 despite the drop in overall revenue. The growth was attributable to the improved gross margin of culture and entertainment business.

Other income for the year reduced from approximately US\$1.0 million in 2023 to approximately US\$0.9 million. The decrease was mainly attributable to the reduction in subsidy income from the PRC Government.

Operating expenses for the year ended 31 December 2024 amounted to approximately US\$15.5 million, representing a drop of approximately 2.3% from last year's approximately US\$15.9 million. The savings in operating expenses were mainly from selling and marketing expenses of the culture and entertainment business but partially offset by the increase in employee benefit expense.

The profit for the year achieved approximately US\$2.7 million, representing a growth of approximately 34.2% from approximately US\$2.0 million last year.

Segmental Analysis

Operating Segmentation

The Group's business comprises two operating segments, namely: (i) trading and supply chain management services; and (ii) culture and entertainment.

(i) Trading and supply chain management services

During the year ended 31 December 2024, the shipment value of trading and supply chain management services increased by approximately 4.5% to approximately US\$136.7 million from approximately US\$130.8 million in the previous year as the key customers' excessive inventories situation was gradually eased and the Group's effort to explore different product categories.

Geographical Analysis

	Shipment value	
	2024	2023
	<i>US\$' million</i>	<i>US\$' million</i>
North America	103.8	101.3
Europe	23.6	21.3
Others	9.3	8.2
	<u>136.7</u>	<u>130.8</u>

Shipments to North America rose by approximately 2.5% to approximately US\$103.8 million. North America remained the largest market of the Group, accounting for approximately 75.9% of the Group's total shipment value (2023: approximately 77.4%).

Shipments to Europe climbed by approximately 10.8% to approximately US\$23.6 million, accounting for approximately 17.3% of the Group's total shipment value (2023: approximately 16.3%).

Shipments grouped under "Others", comprising mainly shipments to the southern hemisphere, increased by approximately 13.4%. "Others" represented approximately 6.8% of the segment's total shipment value (2023: approximately 6.3%).

The trading and supply chain management services segment recorded revenue of approximately US\$19.2 million in 2024 (2023: approximately US\$17.6 million), accounting for approximately 46.0% of the Group's total revenue (2023: approximately 39.7%).

(ii) *Culture and entertainment*

During the review year, the Group renamed the segment from operation of online social platforms to culture and entertainment in order to align with the business development of that segment. The revenue from culture and entertainment slipped by approximately 15.6% to approximately US\$22.6 million in 2024 from approximately US\$26.7 million in 2023.

	2024	2023
	<i>US\$' million</i>	<i>US\$' million</i>
Online entertainment	12.9	23.3
Sales of goods	9.7	3.4
	22.6	26.7

The revenue from online entertainment business declined by approximately 44.8% from approximately US\$23.3 million in 2023 to approximately US\$12.9 million during the year. The drop was due to the challenges from the rise of claw machines installed in shopping malls and more brick-and-mortar shops were opened during the year. In addition, the restrictions on promotions from Douyin impacted the online traffic significantly.

Sales of goods escalated by approximately 182.6% from approximately US\$3.4 million in 2023 to approximately US\$9.7 million. The growth was attributable to the increase in sales of pop toys as new series of self-developed blind boxes were launched during the year.

Financial Review

Financial Resources and Liquidity

As at 31 December 2024, the Group had deposits and cash and cash equivalents of approximately US\$21.1 million (2023: approximately US\$20.1 million). In addition, it had total banking facilities of approximately US\$5.1 million including borrowing facilities of approximately US\$0.1 million as at 31 December 2024 (2023: approximately US\$5.4 million and approximately US\$0.4 million, respectively).

The Group's current ratio was approximately 2.1 (2023: approximately 1.8) and its gearing ratio was zero (2023: approximately 0.02), based on no interest-bearing borrowing (2023: approximately US\$0.3 million) and total equity of approximately US\$15.9 million as at 31 December 2024 (2023: approximately US\$13.3 million). There has been no material change in the Group's borrowings since 31 December 2024.

Trade receivables amounted to approximately US\$3.9 million as at 31 December 2024 (2023: approximately US\$3.9 million). Gross trade receivables over 90 days, which amounted to approximately US\$1.3 million, were carefully monitored by 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\$15.9 million as at 31 December 2024 (2023: approximately US\$13.3 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 2024, 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 2024, the Group had 245 employees (2023: 261). Total staff costs for the year ended 31 December 2024 amounted to approximately US\$11.8 million (2023: approximately US\$11.0 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

Looking ahead to 2025, the business environment faces significant challenges amid renewed US-China trade tensions following Donald Trump's return to office as the President of the US. The announcements of additional 10% tariff on Chinese imports by the US in February and March 2025 have not only escalated trade friction, but also threatens to reverse the progress made in controlling inflation in the second half of 2024. This development, coupled with unpredictable policy shifts, has created market volatility and dampened both investor and consumer confidence. With customers exercising greater caution when placing orders while demanding more competitive pricing, elevated service levels and shorter lead times, and with the increasing trend among the US customers seeking to diversify their sourcing away from China, the coming year is expected to be very difficult and filled with uncertainty. To navigate these headwinds, the Group is actively implementing strategic measures. Our focus remains on expanding our sourcing network beyond China, in particular, targeting offshore markets and Chinese manufacturers with overseas production capabilities. Additionally, we continue to broaden our product portfolio and maintain strict cost control to protect our profit margins. These initiatives position us to better meet our customers' evolving needs while maintaining our competitive edge in this dynamic market environment.

With regard to culture and entertainment, the Group faces challenging market conditions as increased tariffs on Chinese imports continue to weigh on domestic economic growth and consumer sentiment. The retail landscape has become increasingly competitive as brick-and-mortar expansion has outpaced market demand, reaching several times the pre-pandemic levels. Together with restrictions on promotions by online platforms, the claw crane mobile online business will continue to be impacted. In addition, the pop toys and blind box business is experiencing market saturation with declining domestic demand and intensifying competition from new entrants. Despite these challenges, we remain committed to executing our growth strategy through a number of initiatives. We are strengthening our innovation capabilities through continued investment in product research and development, while expanding our online presence via strategic partnerships with KOLs, new media platforms, and targeted advertising campaigns. To capitalise on the evolving retail environment, we are exploring partnerships with brick-and-mortar claw machine operators to create seamless online-to-offline experiences. Furthermore, we have identified Southeast Asian markets as key expansion targets to diversify our revenue streams. Our product strategy focuses on developing exclusive IP-based merchandise and expanding our product portfolio with additional design teams to rekindle consumer interest and maintain our competitive edge in this challenging market environment. The Group is also exploring potential mergers and acquisitions and investment opportunities to strengthen and diversify our business. These initiatives will not only bolster our market position but also provide us with new revenue streams and operational synergies.

The global business landscape is expected to remain challenging and uncertain in the coming year. The Group will continue to closely monitor international economic developments and adjust its strategic initiatives accordingly. At the same time, the Group will maintain its commitment to operational excellence through strict cost management and the adoption of enhanced efficiency measures to improve productivity and operational efficiency.

EVENTS AFTER THE REPORTING PERIOD

On 13 January 2025, a wholly-owned subsidiary of the Company had entered into a memorandum of understanding (the “**MOU**”) with an independent third party regarding a proposed acquisition of 51% equity interest in a limited company established in the PRC (the “**Possible Acquisition**”). The MOU is not legally binding on the Group to proceed with the Possible Acquisition. Details of the MOU and Possible Acquisition are set out in the announcement dated 13 January 2025 of the Company.

Save as disclosed above or elsewhere in this announcement, there are no other important events affecting the Group since 31 December 2024 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 2024.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2024, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any securities of the Company (including sale of treasury shares (the “**Treasury Shares**”) within the meaning under the Listing Rules). As at 31 December 2024, the Company did not hold any Treasury Shares.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group’s results for the year ended 31 December 2024 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 2024. 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 2024 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. During the year ended 31 December 2024, Mr. WONG Hing Lin, Dennis, held the role of CEO of the Group. For the year ended 31 December 2024 and as of the date of this announcement, the Company has not appointed the Chairman of the Board (“**Chairman**”). The Company will endeavour to identify and appoint suitable Chairman and will make announcement as and when appropriate. The Board believes that the absence of the Chairman will not have adverse effect to the Company, as decisions of the Company were made collectively by the Board.

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 the absence of Chairman, no meeting of the Chairman with the independent non-executive Directors had been arranged and instead, a meeting between the CEO and the independent non-executive Directors without the presence of other Directors had 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 2024.

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 2024 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 2024. 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 with the Employees Written Guidelines by the relevant employees was noted by the Company during the year ended 31 December 2024.

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 (www.hkexnews.hk). The Company’s 2024 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, 26 March 2025

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, Mr. ZHANG Huijun and Ms. LUO Juan.