



DAISHO MICROLINE HOLDINGS LIMITED

大昌微纜集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 0567

# 2023/2024 Interim Report



**UNAUDITED INTERIM RESULTS**

The board (the “Board”) of Directors (the “Directors”) of Daisho Microline Holdings Limited (the “Company”) presents the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2023 together with the comparative figures for the corresponding period in 2022 as follows. The interim results have not been audited by the external auditors but they have been reviewed by the Audit Committee of the Company.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

		(Unaudited)	
		Six months ended	
		30 September	
	Note	2023	2022
		HK\$'000	HK\$'000
<b>Revenue</b>	3	<b>37,288</b>	46,756
Cost of sales		<u>(29,224)</u>	<u>(37,545)</u>
<b>Gross profit</b>		<b>8,064</b>	9,211
Other income	4	1,998	2,022
Selling and distribution expenses		(1,722)	(1,977)
Administrative expenses		(13,450)	(13,607)
Other operating expenses		–	(35)
Impairment loss on trade receivables, net	11(b)	(39)	(292)
Loss on de-consolidation of a subsidiary	15	–	(15,309)
Share of results of a joint venture	10	312	–
Finance costs	5	<u>(21)</u>	<u>(232)</u>
<b>Loss before taxation</b>	5	<b>(4,858)</b>	(20,219)
Income tax credit	6	<u>29</u>	<u>29</u>
<b>Loss for the period</b>		<b><u>(4,829)</u></b>	<b><u>(20,190)</u></b>
<b>Loss per share</b>			
Basic and diluted (Hong Kong cents)	8	<b><u>(0.30)</u></b>	<b><u>(1.24)</u></b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	(Unaudited)	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
<b>Loss for the period</b>	<u>(4,829)</u>	<u>(20,190)</u>
<b>Other comprehensive (loss) income:</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Change in fair value of other long-term investments	–	3,969
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of functional currency to presentation currency	<u>(413)</u>	<u>(3,011)</u>
<b>Total other comprehensive (loss) income for the period</b>	<u>(413)</u>	<u>958</u>
<b>Total comprehensive loss for the period</b>	<u><u>(5,242)</u></u>	<u><u>(19,232)</u></u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) 30 September 2023 HK\$'000	(Audited) 31 March 2023 HK\$'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	9	28,961	28,816
Intangible assets		257	411
Interests in a joint venture	10	20,791	20,479
Deferred tax assets		216	224
		<u>50,225</u>	<u>49,930</u>
<b>Current assets</b>			
Inventories		12,461	13,112
Trade and bills receivables	11	14,682	14,987
Other receivables, deposits and prepayments	12	8,743	16,968
Cash and cash equivalents		42,817	49,606
		<u>78,703</u>	<u>94,673</u>
<b>Current liabilities</b>			
Trade payables	13	10,442	22,272
Other payables and accruals		17,151	15,229
Lease liabilities		616	748
Tax payable		-	127
		<u>28,209</u>	<u>38,376</u>
<b>Net current assets</b>		<u>50,494</u>	<u>56,297</u>
<b>Total assets less current liabilities</b>		<u>100,719</u>	<u>106,227</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		(Unaudited) 30 September 2023 HK\$'000	(Audited) 31 March 2023 HK\$'000
	Note		
<b>Non-current liabilities</b>			
Lease liabilities		–	237
Deferred tax liabilities		47	76
		<u>47</u>	<u>313</u>
<b>NET ASSETS</b>		<u><u>100,672</u></u>	<u><u>105,914</u></u>
<b>Capital and reserves</b>			
Share capital	14	161,328	161,328
Reserves		<u>(60,656)</u>	<u>(55,414)</u>
<b>TOTAL EQUITY</b>		<u><u>100,672</u></u>	<u><u>105,914</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Reserves								
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange translation reserve HK\$'000	FVOCI reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Total HK\$'000
At 1 April 2023	161,328	134,154	9,379	84,058	-	-	(283,005)	(55,414)	105,914
Loss for the period	-	-	-	-	-	-	(4,829)	(4,829)	(4,829)
<b>Other comprehensive loss</b>									
<i>Item that may be reclassified subsequently to profit or loss:</i>									
Exchange difference on translation of functional currency to presentation currency	-	-	-	(413)	-	-	-	(413)	(413)
<b>Total other comprehensive loss for the period</b>	-	-	-	(413)	-	-	-	(413)	(413)
<b>At 30 September 2023</b>	<u>161,328</u>	<u>134,154</u>	<u>9,379</u>	<u>83,645</u>	<u>-</u>	<u>-</u>	<u>(287,834)</u>	<u>(60,656)</u>	<u>100,672</u>
At 1 April 2022	161,328	134,154	9,379	88,757	(24,219)	-	(236,738)	(28,667)	132,661
Loss for the period	-	-	-	-	-	-	(20,190)	(20,190)	(20,190)
<b>Other comprehensive income (loss)</b>									
<i>Item that will not be reclassified to profit or loss:</i>									
Change in fair value of other long-term investments	-	-	-	-	3,969	-	-	3,969	3,969
<i>Item that may be reclassified subsequently to profit or loss:</i>									
Exchange difference on translation of functional currency to presentation currency	-	-	-	(3,011)	-	-	-	(3,011)	(3,011)
<b>Total other comprehensive income for the period</b>	-	-	-	(3,011)	3,969	-	-	958	958
<b>Transaction with owners</b>									
Transfer to accumulated losses upon disposal of other long term investments	-	-	-	-	20,250	-	(20,250)	-	-
<b>At 30 September 2022</b>	<u>161,328</u>	<u>134,154</u>	<u>9,379</u>	<u>85,746</u>	<u>-</u>	<u>-</u>	<u>(277,178)</u>	<u>(47,899)</u>	<u>113,429</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		(Unaudited)	
		Six months ended	
		30 September	
		2023	2022
	Note	HK\$'000	HK\$'000
<b>OPERATING ACTIVITIES</b>			
Loss before taxation		(4,858)	(20,219)
Adjustments for:			
Amortisation of intangible assets		154	154
Depreciation		2,139	3,311
Finance costs		21	232
(Gain) loss on disposal of property, plant and equipment		(3)	35
Interest income		(107)	(25)
Loss on de-consolidation of a subsidiary		–	15,309
Impairment loss on trade receivables, net		39	292
Share of results of a joint venture	10	(312)	–
<b>Operating cash flows before changes in working capital</b>		<b>(2,927)</b>	<b>(911)</b>
Changes in working capital:			
Inventories		202	1,427
Trade and bills receivables		(135)	(9,989)
Other receivables, deposits and prepayments		7,780	(1,857)
Trade payables		(11,076)	10,203
Other payables and accruals		2,333	1,510
<b>Cash (used in) generated from operations</b>		<b>(3,823)</b>	<b>383</b>
Income tax paid		(127)	–
Interest received		71	25
<b>Net cash (used in) from operating activities</b>		<b>(3,879)</b>	<b>408</b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		(Unaudited)	
		Six months ended	
		30 September	
		2023	2022
	Note	HK\$'000	HK\$'000
<b>INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment, including deposits paid		(2,498)	(230)
Proceeds from disposal of property, plant and equipment		12	–
Proceeds from disposal of other long-term investments		–	9,690
Cash outflow arising from de-consolidation of a subsidiary	15	–	(67)
Loan to a joint venture		–	(19,844)
<b>Net cash used in investing activities</b>		<b>(2,486)</b>	<b>(10,451)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(348)	(260)
Interest paid		(21)	(232)
<b>Net cash used in financing activities</b>		<b>(369)</b>	<b>(492)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(6,734)</b>	<b>(10,535)</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>49,606</b>	<b>55,012</b>
Effect of foreign exchange rate changes, net		(55)	(73)
<b>Cash and cash equivalents at the end of period, represented by bank balances and cash</b>		<b>42,817</b>	<b>44,404</b>

## NOTES

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2023 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 (the “HKICPA”) and the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The preparation of the unaudited condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2023, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by HKICPA. They shall be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 March 2023 (the “Annual Financial Statements”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation applied in the preparation of the unaudited condensed consolidated financial statements are the same as those adopted in preparing the Annual Financial Statements except for the adoption of the new/revised HKFRSs, HKASs and Interpretations as detailed in note 2 below (hereinafter collectively referred to as the “new/revised HKFRSs”) which are effective for current interim period.

### 2. ADOPTION OF NEW/REVISED HKFRSs

In the current interim period, the Group has adopted, for the first time, the following new/revised HKFRSs issued by the HKICPA which are effective for the current period:

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17	Insurance Contracts
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of those new/revised HKFRSs does not have any significant impact on the Group’s unaudited condensed consolidated financial statements for current and prior periods.

### 3. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are investment holdings, manufacturing and trading of printed circuit boards, trading of petroleum and energy products and related business, manufacturing and trading of printing and packaging products and funds investment.

	(Unaudited)	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
<hr/>		
<b>Revenue from contracts with customers within HKFRS 15</b>		
Manufacturing and trading of printed circuit boards	10,194	14,545
Manufacturing and trading of printing and packaging products	<u>27,094</u>	<u>32,211</u>
	<u><u>37,288</u></u>	<u><u>46,756</u></u>

The Directors have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments. Based on risks and returns and the Group's internal financial reporting, the Directors consider that the operating segments of the Group comprise:

- (i) Manufacturing and trading of printed circuit boards;
- (ii) Trading of petroleum and energy products and related business;
- (iii) Manufacturing and trading of printing and packaging products; and
- (iv) Investments in funds.

Segment results represent the results before taxation earned by each segment without allocation of certain other income generated, certain administrative expenses and other operating expenses incurred by the corporate office, loss on de-consolidation of a subsidiary and finance costs.

**3. REVENUE AND SEGMENT INFORMATION** (continued)

All assets are allocated to reportable segments other than unallocated assets which are mainly cash and cash equivalents and other corporate assets. All liabilities are allocated to reportable segments other than other corporate liabilities.

In determining the Group's geographical segments, revenue is attributed to the segments based on the location of customers; assets and capital expenditure are attributed to the segments based on the locations of the assets.

**(A) By Business Segments**

Six months ended 30 September 2023 (Unaudited)

	Manufacturing and trading of printed circuit boards HK\$'000	Trading of petroleum and energy products and related business HK\$'000	Manufacturing and trading of printing and packaging products HK\$'000	Investments in funds HK\$'000	Consolidated HK\$'000
<b>Segment revenue</b>					
Major customer A	-	-	13,062	-	13,062
Major customer B (Note)	-	-	5,642	-	5,642
Other customers	10,194	-	8,390	-	18,584
	<u>10,194</u>	<u>-</u>	<u>27,094</u>	<u>-</u>	<u>37,288</u>
<b>Segment results</b>	<u>(1,821)</u>	<u>-</u>	<u>(325)</u>	<u>312</u>	<u>(1,834)</u>
Unallocated other income					1,223
Unallocated administrative expenses					(4,226)
Finance costs					(21)
Loss before taxation					(4,858)
Income tax credit					29
<b>Loss for the period</b>					<u>(4,829)</u>

**3. REVENUE AND SEGMENT INFORMATION** (continued)**(A) By Business Segments** (continued)

Six months ended 30 September 2022 (Unaudited)

	Manufacturing and trading of printed circuit boards HK\$'000	Trading of petroleum and energy products and related business HK\$'000	Manufacturing and trading of printing and packaging products HK\$'000	Investment in funds HK\$'000	Consolidated HK\$'000
<b>Segment revenue</b>					
Major customer A	-	-	16,306	-	16,306
Major customer C	7,096	-	-	-	7,096
Other customers	7,449	-	15,905	-	23,354
	<u>14,545</u>	<u>-</u>	<u>32,211</u>	<u>-</u>	<u>46,756</u>
<b>Segment results</b>	<u>(273)</u>	<u>(60)</u>	<u>(765)</u>	<u>-</u>	<u>(1,098)</u>
Unallocated other income					1,153
Unallocated administrative expenses					(4,637)
Unallocated other operating expenses					(96)
Loss on de-consolidation of a subsidiary					(15,309)
Finance costs					<u>(232)</u>
Loss before taxation					(20,219)
Income tax credit					<u>29</u>
<b>Loss for the period</b>					<u><u>(20,190)</u></u>

A major customer is a customer (including a group of entities under common control) with whom revenue from transactions amounted to 10% or more of the Group's revenue.

Note: The customer contributed less than 10% of the total revenue of the Group for the six months ended 30 September 2022.

**3. REVENUE AND SEGMENT INFORMATION** (continued)**(A) By Business Segments** (continued)

An analysis of the Group's assets and liabilities by operating segments is set out below:

At 30 September 2023 (Unaudited)

	Manufacturing and trading of printed circuit boards HK\$'000	Trading of petroleum and energy products and related business HK\$'000	Manufacturing and trading of printing and packaging products HK\$'000	Investments in funds HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment assets	<u>12,335</u>	<u>3,488</u>	<u>85,412</u>	<u>20,791</u>	<u>6,902</u>	<u>128,928</u>
Segment liabilities	<u>7,270</u>	<u>282</u>	<u>20,004</u>	<u>-</u>	<u>700</u>	<u>28,256</u>

At 31 March 2023 (Audited)

	Manufacturing and trading of printed circuit boards HK\$'000	Trading of petroleum and energy products and related business HK\$'000	Manufacturing and trading of printing and packaging products HK\$'000	Investments in funds HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment assets	<u>25,514</u>	<u>3,488</u>	<u>81,267</u>	<u>20,479</u>	<u>13,855</u>	<u>144,603</u>
Segment liabilities	<u>17,504</u>	<u>282</u>	<u>19,139</u>	<u>-</u>	<u>1,764</u>	<u>38,689</u>

**3. REVENUE AND SEGMENT INFORMATION** (continued)**(B) Geographical Information***(i) Revenue from external customers*

	(Unaudited)	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong	29,252	28,580
The People's Republic of China (the "PRC")	3,382	4,151
Europe	3,274	5,122
South Korea	681	1,686
North America	642	7,096
Japan	57	121
	<u>37,288</u>	<u>46,756</u>

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

*(ii) Non-current assets*

	(Unaudited)	(Audited)
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
The PRC	27,692	27,124
Hong Kong	1,526	2,103
	<u>29,218</u>	<u>29,227</u>

The non-current assets information above is based on the locations of assets and excluded interests in a joint venture and deferred tax assets.

## 4. OTHER INCOME

	(Unaudited)	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Exchange gain, net	340	132
Gain on disposal of property, plant and equipment	3	–
Government subsidies (Note)	222	388
Interest income	107	25
Rental income	1,000	1,065
Sales of scrap materials	238	248
Others	88	164
	<u>1,998</u>	<u>2,022</u>

Note: In the opinion of the management of the Group, there was no unfulfilled condition or contingency relating to the government subsidies.

## 5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging (crediting):

	(Unaudited)	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
<hr/>		
<b>Finance costs</b>		
Interest on other loans	–	216
Interest on lease liabilities	21	16
	<hr/>	<hr/>
	21	232
	<hr/> <hr/>	<hr/> <hr/>
<b>Other items</b>		
Amortisation of intangible assets	154	154
Cost of inventories (Note)	29,224	37,545
Depreciation	2,139	3,311
Exchange gain, net	(340)	(132)
(Gain) loss on disposal of property, plant and equipment	(3)	35
Other rental and related expenses	160	219
Staff costs (including directors' emoluments)	14,632	15,710
	<hr/> <hr/>	<hr/> <hr/>

Note:

Cost of inventories includes approximately HK\$8,032,000 (six months ended 30 September 2022: approximately HK\$10,268,000) relating to aggregate amount of certain staff costs and depreciation which are included in the respective total amounts disclosed separately above.

**6. INCOME TAX CREDIT**

	(Unaudited)	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
<b>Current tax</b>	–	–
<b>Deferred tax</b>		
Reversal of temporary difference	<u>(29)</u>	<u>(29)</u>
Total income tax credit for the period	<u><u>(29)</u></u>	<u><u>(29)</u></u>

PRC Enterprise Income Tax has not been provided as the Group's entities in the PRC incurred a loss for taxation purposes during both periods.

Hong Kong Profits Tax has not been provided as the Group's entities in Hong Kong incurred a loss for taxation purposes during both periods.

Singapore corporate income tax has not been provided as the Group's entities in Singapore incurred a loss for taxation purposes during both periods.

**7. INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2023 to the shareholders of the Company (*six months ended 30 September 2022: Nil*).

## 8. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the period as follows:

	(Unaudited) Six months ended 30 September	
	2023	2022
Loss attributable to owners of the Company (HK\$'000)	<u>(4,829)</u>	<u>(20,190)</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>1,613,287,570</u>	<u>1,613,287,570</u>
Basic loss per share (HK cents)	<u>(0.30)</u>	<u>(1.24)</u>

### (b) Diluted loss per share

There were no potential dilutive ordinary shares in issue during the six months ended 30 September 2023 and 2022. The diluted loss per share is the same as the basic loss per share for the six months ended 30 September 2023 and 2022.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group incurred expenditures on property, plant and equipment with total cost of approximately HK\$2,498,000 (*six months ended 30 September 2022: approximately HK\$22,000*). During the six months ended 30 September 2023, the Group has disposed of certain property, plant and equipment of approximately HK\$9,000 (*six months ended 30 September 2022: HK\$35,000*).

## 10. INTERESTS IN A JOINT VENTURE

	(Unaudited) 30 September 2023 HK\$'000	(Audited) 31 March 2023 HK\$'000
Unlisted shares, at cost	156	156
Share of results	<u>791</u>	<u>479</u>
	947	635
Loan to a joint venture (Note)	<u>19,844</u>	<u>19,844</u>
	<u>20,791</u>	<u>20,479</u>

Note:

Loan to a joint venture carries a fixed interest rate of 1% per annum and is unsecured and repayable on 28 July 2025.

	(Unaudited) 30 September 2023 HK\$'000	(Unaudited) 30 September 2022 HK\$'000
Share of results of a joint venture	<u>312</u>	<u>-</u>

The joint venture is accounted for using equity method in the Group's unaudited condensed consolidated financial statements. There are no capital commitment and contingent liabilities in relation to the joint venture itself at 30 September 2023 and 31 March 2023.

## 11. TRADE AND BILLS RECEIVABLES

	Note	(Unaudited) 30 September 2023 HK\$'000	(Audited) 31 March 2023 HK\$'000
Trade receivables from third parties	11(a)	14,970	14,939
Less: Loss allowance	11(b)	(391)	(361)
	11(a)	14,579	14,578
Bills receivables	11(c)	103	409
		<u>14,682</u>	<u>14,987</u>

### 11(a) Trade receivables

The Group's business with its trade debtors is mainly on credit basis and the credit period is ranging from 30 to 120 days (31 March 2023: 30 to 120 days). At the end of the reporting period, the ageing analysis of trade receivables (before loss allowance) by delivery date is as follows:

	(Unaudited) 30 September 2023 HK\$'000	(Audited) 31 March 2023 HK\$'000
Less than 1 month	4,019	3,758
1 to 2 months	4,041	3,007
2 to 3 months	2,295	3,416
Over 3 months	<u>4,615</u>	<u>4,758</u>
	<u>14,970</u>	<u>14,939</u>

At the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) by due date is as follows:

	(Unaudited) 30 September 2023 HK\$'000	(Audited) 31 March 2023 HK\$'000
Not past due	10,628	9,972
Less than 1 month past due	1,523	2,085
1 to 2 months past due	1,163	1,458
2 to 3 months past due	803	54
Over 3 months past due	<u>462</u>	<u>1,009</u>
	<u>14,579</u>	<u>14,578</u>

**11. TRADE AND BILLS RECEIVABLES** (continued)**11(b) Loss allowance**

The movement in the loss allowance for trade receivables during the reporting period is summarised below:

	(Unaudited) 30 September 2023 HK\$'000	(Audited) 31 March 2023 HK\$'000
At the beginning of the reporting period	361	6,211
Increase (Decrease) in allowance	39	(248)
De-consolidation of a subsidiary	–	(5,302)
Exchange realignment	(9)	(300)
	<u>391</u>	<u>361</u>
<b>At the end of the reporting period</b>	<b><u>391</u></b>	<b><u>361</u></b>

**11(c) Bills receivables**

At 30 September 2023, all bills receivables are interest-free and guaranteed by banks in the PRC and have maturities of less than six months. The bills receivables have been subsequently settled in October 2023.

## 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	(Unaudited) 30 September 2023 HK\$'000	(Audited) 31 March 2023 HK\$'000
Deposits and other receivables	3,826	12,289
Less: loss allowance	(937)	(937)
	<u>2,889</u>	<u>11,352</u>
Prepayments	758	748
Security deposit paid in respect of an injunction order	3,446	3,446
Value-added tax recoverable	1,268	896
Other prepaid expenses	382	526
	<u>5,854</u>	<u>5,616</u>
	<u>8,743</u>	<u>16,968</u>

## 13. TRADE PAYABLES

The trade payables are non-interest-bearing and the Group is normally granted with credit terms in range of 30 to 90 days (31 March 2023: 30 to 90 days).

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

	(Unaudited) 30 September 2023 HK\$'000	(Audited) 31 March 2023 HK\$'000
Less than 1 month	2,462	4,242
1 to 2 months	2,360	4,965
2 to 3 months	3,529	3,437
Over 3 months	2,091	9,628
	<u>10,442</u>	<u>22,272</u>

## 14. SHARE CAPITAL

	(Unaudited) 30 September 2023		(Audited) 31 March 2023	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Ordinary share of HK\$0.1 each				
Authorised:				
At the beginning of the reporting period	2,000,000,000	200,000	2,000,000,000	200,000
Increase in authorised share capital (Note)	<u>2,000,000,000</u>	<u>200,000</u>	—	—
At the end of the reporting period	<u>4,000,000,000</u>	<u>400,000</u>	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:				
At the beginning and at the end of the reporting period	<u>1,613,287,570</u>	<u>161,328</u>	<u>1,613,287,570</u>	<u>161,328</u>

Note:

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 22 September 2023, the authorised share capital of the Company was increased by HK\$200,000,000 by creating an additional 2,000,000,000 new ordinary shares of HK\$0.1 each.

## 15. LOSS ON DE-CONSOLIDATION OF A SUBSIDIARY

Daisho Microline Limited (“DML”), an indirectly wholly owned subsidiary of the Company, received a winding-up petition dated 12 January 2022 filed by a creditor, Tak Shing Investment Company Limited as petitioner against DML in the Court of First Instance of Hong Kong in the sum of approximately HK\$418,000. The winding-up petition was heard on 29 June 2022.

DML received a sealed order dated 29 June 2022 for winding-up (the “Winding-up Order”) made by the Court of First Instance of Hong Kong, pursuant to which DML was ordered to be wound up on the basis of its failure to settle the judgement debt in the sum of approximately HK\$418,000. Messrs Lai Kar Yan (Derek) and Kam Chung Hang (Forrest), both of Deloitte Touche Tohmatsu were appointed as joint and several liquidators of DML on 26 August 2022 made by the Court of First Instance of Hong Kong. By virtue of the Winding-up Order, DML ceased to be controlled by the Company with effect from 29 June 2022. Accordingly, the Group has de-consolidated DML on 29 June 2022 and loss on de-consolidation of a subsidiary of approximately HK\$15,309,000 was charged to profit or loss during the six months ended 30 September 2022.

Details of the Winding-up Order are disclosed in the Company’s announcements dated 21 January 2022, 19 May 2022 and 15 July 2022.

Details of loss on de-consolidation of DML are summarised as follows:

	HK\$'000
Property, plant and equipment	9,422
Trade receivables	9,767
Other receivables, deposits and prepayments	8,764
Cash and cash equivalents	67
Other payables and accruals	(4,235)
Interest-bearing borrowings	(8,476)
<b>Net assets of DML at the date of de-consolidation and loss on de-consolidation of a subsidiary</b>	<b>15,309</b>
<b>Net cash outflow arising from de-consolidation of a subsidiary</b>	<b>67</b>

## 16. LITIGATIONS

### (a) Litigation with Societe Generale

On 17 September 2019, the Group received an amended writ of summons (the "Writ") issued by Societe Generale, Singapore Branch (the "Plaintiff") in which, among others, Pacific Dragon (Hong Kong) Energy Limited ("Pacific Dragon") and DML, two then wholly-owned subsidiaries of the Company, have been joined as additional defendants to the proceedings of the High Court (case number HCA1617/2019) (the "Proceedings") which were originally issued against, among others, (1) Ms. Cheung Lai Na ("Ms. Cheung"), an ex-director of the Company who resigned on 4 September 2019 and an ex-shareholder of the Company holding approximately 20.84% interest in the Company on trust for her family until she ceased to hold any of the interest on trust for her family on 14 August 2019, and (2) Inter-Pacific Petroleum Pte Ltd ("Inter-Pacific Petroleum"), a wholly-owned subsidiary of Inter-Pacific Group Pte Ltd ("Inter-Pacific Group"), a company incorporated in Singapore with limited liability which is principally engaged in trading of petrochemical products and owned as to 85% by Ms. Cheung, and 15% by an independent third party. Pursuant to the Writ, the Plaintiff claims, among other things, against Inter-Pacific Petroleum for payment for breach of certain trade finance facilities granted to Inter-Pacific Petroleum in the outstanding sum as at 28 August 2019 of approximately US\$89,849,000.

In connection with the Writ, the Plaintiff obtained an injunction order against, among others, Pacific Dragon and DML, pursuant to which (1) Pacific Dragon is restricted from disposing of or dealing with the sum of approximately US\$24,963,000 paid into its bank account during the period from 1 June 2019 to 31 August 2019 and any of its assets whether within or outside Hong Kong up to the same value; and (2) DML is restricted from disposing of or dealing with the sum of approximately US\$6,653,000 paid into its bank account during the period from 1 June 2019 to 31 August 2019 and any of its assets whether within or outside Hong Kong up to the same value. The injunction order was continued on the return hearing held on 20 September 2019. The hearing has been adjourned to be heard on 5 February 2020. The above details have been disclosed in the Company's announcements dated 4 September 2019, 18 September 2019 and 29 October 2019 and the Company's Annual Financial Statements, respectively.

On 22 June 2020, the hearing was held and the judgement handed down on 10 July 2020. According to the decision of the Court dated 10 July 2020, the aggregate amount injuncted against Pacific Dragon and DML should be reduced to approximately HK\$10,229,000 and the injunction is permitted to be discharged if the same amount injuncted is paid into the Court. Pacific Dragon and DML were also awarded costs to be paid by the Plaintiff.

DML and Pacific Dragon have paid the injuncted amounts of approximately HK\$6,783,000 and HK\$3,446,000 to the Court in November 2020 and in April 2021, respectively. Accordingly, the injunction order was discharged against DML and Pacific Dragon by order of the Court.

On 29 June 2022, DML ceased to be subsidiary of the Group under the Winding-up Order and the injuncted amount of approximately HK\$6,783,000 paid by DML was derecognised upon de-consolidation of DML as detailed in Note 15 to the report.

Save as disclosed above, there is no further update for the above litigation up to the date of this report.

The directors of the Company are of the opinion that Pacific Dragon has a reasonable ground of defense.

## 16. LITIGATIONS (continued)

### (b) Litigation with Inter-Pacific Group

In November 2019, the Group instructed its lawyer to issue a legal letter to Inter-Pacific Group, demanding Inter-Pacific Group to return the deposit of HK\$14,574,000 to the Group which had paid to Inter-Pacific Group for the acquisition of the two of the four vessels, namely Pacific Energy 8 and Pacific Energy 168, pursuant to the sale and purchase agreement dated 29 September 2017 (the "SPA").

Pursuant to the SPA, the third consideration would be satisfied by the Group in the following manner: (i) on the date the SPA, a cash payment of HK\$14,574,000 (the "Third Deposit"); (ii) at third completion, a cash payment of HK\$10,151,000 and the balance of the remaining third consideration, equivalent to HK\$72,435,000, will be settled by the Group issuing to Inter-Pacific Group (or its designated nominee) the promissory note in the principal amount of HK\$72,435,000.

In the event that the conditions specified in the SPA are not fulfilled or waived on or before 30 September 2019, the Third Deposit shall be returned by Inter-Pacific Group to the Group (or such persons as it may direct), without interest, in immediately available funds within five business days from the 30 September 2019. As the conditions precedent of the SPA with respect to the acquisition of Pacific Energy 8 and Pacific Energy 168 have not been fulfilled, in particular, Mortgage 8 and Mortgage 168 (as defined in the Company's circular dated 27 December 2017) have not been discharged in full by 30 September 2019 and the SPA had been terminated accordingly. Inter-Pacific Group had to fulfill its obligation to return the Third Deposit to the Group by the prescribed deadline.

Therefore, the Group issued a legal letter to demand Inter-Pacific Group to make an immediately repayment of the Third Deposit in the sum of HK\$14,574,000 to the Group.

Inter-Pacific Group was placed under liquidation by the Singapore Court on 27 March 2020 pursuant to the Order of Court HC/ORC 2247/2020. In June 2020, the Company has filed the proof of debt to the liquidators.

Up to the date of this report, there is no further update for the above litigation.

In view of the fact that Inter-Pacific Group was known to have financial difficulties, an impairment loss on the refundable deposits of approximately HK\$14,574,000 was charged to profit or loss during the year ended 31 March 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Financial Review

During the six months ended 30 September 2023 (the "Period"), the Group's total revenue was approximately HK\$37.3 million, representing a decrease of 20.3% as compared with approximately HK\$46.8 million for the corresponding period in 2022. The decrease in total revenue was mainly due to the decrease in revenue by approximately HK\$5.2 million and HK\$4.3 million of the Group's manufacturing and trading of printing and packaging products business (the "Printing Business") and manufacturing and trading of printed circuit boards business (the "PCB Business") as compared to the corresponding period in 2022.

Due to the suspension of Group's trading of petroleum and energy products and related business, there has been no revenue generated from this business segment since 2019.

During the Period, the Group recorded the revenue of approximately HK\$10.2 million for the PCB Business, representing a decrease of 29.7% as compared with the revenue of approximately HK\$14.5 million in the corresponding period of last year. The decrease in revenue was mainly due to the suppressed customers' demand as a result of the sluggish global economic recovery.

During the Period, the Group recorded the revenue of approximately HK\$27.1 million for the Printing Business, representing a decrease of 16.1% as compared with the revenue of approximately HK\$32.3 million in the corresponding period of last year. The decrease in revenue was mainly due to the suppressed customers' demand as a result of the sluggish global economic recovery coupled with the change of consumers purchase preference.

During the Period, no segment gain or loss was recorded for the trading of petroleum and energy products and related business segment due to the suspension of the business, while a segment loss of approximately HK\$0.1 million was recorded for the corresponding period of last year.

The PCB Business recorded a segment loss of approximately HK\$1.8 million during the Period, representing an increase in segment loss as compared to that in the corresponding period of last year with a segment loss of approximately HK\$0.3 million. Such increase in segment loss was mainly due to (i) the decrease in gross profit for this business segment by approximately HK\$1.1 million as the revenue dropped by approximately HK\$4.3 million during the Period; and (ii) the increase in staff costs by approximately HK\$0.5 million for quality control purpose, as compared to the corresponding period of last year.

The Printing Business recorded a segment loss of approximately HK\$0.3 million during the Period, representing a decrease in segment loss as compared to that in the corresponding period of last year with a segment loss of approximately HK\$0.8 million. The decrease in segment loss was mainly due to the decrease in staff costs by approximately HK\$0.3 million as the total number of employees decreased as compared to the corresponding period of last year.

As a result of the aforementioned factors, the Group's gross profit margin during the Period increased to approximately 21.6% from approximately 19.7% in the corresponding period of last year.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Business and Financial Review (continued)

The Group's total net loss for the Period decreased to approximately HK\$4.9 million from approximately HK\$20.2 million in the corresponding period of last year. The decrease in net loss was mainly due to the Group recorded a loss on de-consolidation of a subsidiary of approximately HK\$15.3 million in the corresponding period of last year, while no such loss was recorded during the Period, details of which are set out in note 15 to the unaudited condensed consolidated financial statements in this report.

The equity attributable to the owners of the Company amounted to approximately HK\$100.7 million as at 30 September 2023, representing a decrease of approximately HK\$5.2 million as compared to approximately HK\$105.9 million as at 31 March 2023. The decrease in the equity was mainly due to the reported loss for the Period.

### Liquidity and Financial Resources

As at 30 September 2023, the Group had cash and cash equivalents of approximately HK\$42.8 million (31 March 2023: approximately HK\$49.6 million). The Group's current ratios (defined as total current assets divided by total current liabilities) as at 30 September 2023 and 31 March 2023 were 2.79 times and 2.47 times respectively.

The Group's gearing ratio (defined as lease liabilities divided by total equity) as at 30 September 2023 was 0.6% (31 March 2023: 0.9%).

### Capital Structure

The capital structure of the Group during the Period is summarised as follows:

#### *Interest-bearing Borrowings*

As at 30 September 2023, the Group did not have any interest-bearing borrowings (31 March 2023: Nil).

### Foreign Exchange Exposure

The Group's transaction and monetary assets are principally denominated in Renminbi, Hong Kong dollars and United States dollars. The Group did not experience any difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the Period. The Group did not enter into any foreign exchange derivative contract to manage the currency translation risk of Renminbi against United States dollars, United States dollars against Hong Kong dollars during the Period, but the Group reviews its foreign exchange exposure regularly and considers using financial instruments to hedge against foreign exchange exposure at appropriate time.

### Pledge of Assets

The Group did not have any pledged assets as at 30 September 2023 (31 March 2023: Nil).

### Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 September 2023 (31 March 2023: Nil).

### Litigations

Save as disclosed in note 16 to the unaudited condensed consolidated financial statements in this report, the Group did not have any material outstanding litigations as at 30 September 2023 and up to the date of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Employees and Remuneration Policy

As at 30 September 2023, the Group had 259 (31 March 2023: 290) employees, including the Directors, working mainly in Hong Kong and PRC. For the Period, the Group's total staff costs including directors' emoluments were approximately HK\$14.6 million (six months ended 30 September 2022: approximately HK\$15.7 million).

The Group actively recruits skilled and qualified personnel in local markets through various channels, such as internal referrals and advertisement on the internet. The Group believes that employees are important assets to the Group and the core of its competitive advantage. Therefore, we are dedicated to improving our employment system in order to attract, cultivate and retain talents and believe that this will contribute significantly to the Group's success. It provides competitive remuneration packages and fringe benefits, including basic salary, different types of leave (annual, sick, maternity, funeral, injury and breast-feeding), insurance, housing provident fund, allowance, subsidy and bonus to its employees.

The Company has also adopted a share option scheme as an incentive to, inter alia, the Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" below.

Under the applicable PRC laws and regulations, the Group is subject to social insurance contribution plans. The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all employees in Hong Kong.

The Group believes that development and training are crucial for employees to discharge their duties more effectively and efficiently. To nurture talents and support continuous development of employees, the Group has established the "Training Management Policy" in its "Employee Handbook" to regulate the processes of training planning, preparation, execution, evaluation and feedback.

### Future Plan for Material Investments and Capital Assets

The Group does not have any concrete plans for material investments or capital assets acquisitions for the coming 12 months.

### Share Option Scheme

A share option scheme (the "Share Option Scheme") was approved and adopted by the passing of an ordinary resolution at a special general meeting of the Company held on 22 November 2016 (the "Date of Adoption") and further approved by the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 June 2017, under which, options may be granted by the Company to any eligible participants (including executive, non-executive and independent non-executive Directors) to subscribe for shares of the Company, subject to the terms and conditions as stipulated in Share Option Scheme. The Share Option Scheme shall be valid and effective for a period of 10 years after the Date of Adoption. An option must be exercised within 10 years from the date on which it is granted or such shorter period as the Board may specify at the time of grant. An offer of grant of an option may be accepted by an eligible person within 28 days from the date of the offer of grant of the option.

The scheme mandate limit under the Share Option Scheme was refreshed by the passing of an ordinary resolution at the annual general meeting of the Company held on 23 September 2022 (the "2022 AGM"), following which the maximum number of shares that may be issued by the Company upon exercise of all the share options granted under the Share Option Scheme is 161,328,757 shares of the Company, representing 10% of the total number of issued shares of the Company as at the date of the 2022 AGM. The details of the refreshment of the scheme mandate limit under the Share Option Scheme are set out in the circular of the Company dated 27 July 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Share Option Scheme (continued)

During the Period, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme. As at 1 April 2023 and 30 September 2023, there were no outstanding share options under the Share Option Scheme.

As at 1 April 2023 and 30 September 2023, the total number of share options available for grant by the Company under the Share Option Scheme was 161,328,757, representing 10% of the shares of the Company in issue.

As at 1 April 2023 and 30 September 2023, there was no service provider sublimit under the Share Option Scheme; and no share options were issued to service providers under Rule 17.03(3) of the Listing Rules.

Given no share options granted during the Period, it is not applicable for the Company to set out the number of shares that may be issued in respect of the share options granted under the Share Option Scheme during the Period divided by the weighted average number of the shares of the Company in issue for the Period as acquired under Rule 17.07(3) of the Listing Rules.

### Interim Dividend

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 September 2022: Nil).

## Significant Investments and Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

### *Formation of a Joint Venture*

On 13 July 2022, Digital Mind Investments Limited (a wholly-owned subsidiary of the Company, "Digital Mind") entered into a joint venture agreement (the "JV Agreement") with LBG Equity Investments (HK) Co., Limited ("LBG"), in relation to, among other matters, (i) the subscription of the ordinary shares of USD1.00 each in the share capital of Noricap Fund G. P. Limited (the subject joint venture company under the JV Agreement, the "JV") (the "JV Shares") and (ii) the provision of shareholder's loan to the JV. The principal activities of the JV is investment holdings and subscription and management of the SP Fund (as defined thereunder). Completion of the subscription of the JV Shares have taken place. Upon completion of the subscription of the JV Shares, the JV is owned as to 60% by LBG and 40% by Digital Mind, and the financial results of the JV would not be consolidated into the financial statements of the Group.

Pursuant to the JV Agreement, for the purpose of subscribing the special purpose fund (an exempted company to be incorporated in the Cayman Islands and registered as a segregated portfolio company, the management shares of which are entirely owned by the JV, the "SP Fund") by the JV, each of LBG and Digital Mind shall provide to the JV financing in proportion to their respective shareholding in the JV, either by way of shareholder's loan funded with internal resources or to procure third parties to provide financing. The shareholder's loan committed by Digital Mind in the principal amount of approximately HK\$19.8 million which is unsecured, carries interest rate of 1% per annum and is repayable after 3 years from the commencement date of the loan. The JV will act as the general partner of the SP Fund and as at the date of this report, the SP Fund is still in the establishment stage.

The Group's investment cost in the JV was USD20,000 (equivalent to approximately HK\$156,000). As at 30 September 2023, the Group held 20,000 shares in the JV, representing 40% equity interest in the JV. As the Group has rights to the net assets of the joint arrangement, the JV is classified as a joint venture of the Group and accounted for using equity method in the consolidated financial statements of the Group. The carrying amount of the Group's equity interest in the JV of approximately HK\$1 million, together with the provision of the shareholder's loan by Digital Mind with carrying amount of approximately HK\$19.8 million, amounted to approximately HK\$20.8 million as at 30 September 2023, representing 16.1% of the Group's total assets and accordingly constituting a significant investment of the Group according to the Listing Rules. The profit attributable to owners of the JV for the Period was approximately HK\$0.8 million. The Group's share of results of the JV for the Period was approximately HK\$0.3 million. There was no dividend received from the JV since its incorporation. No market fair value was available for this investment as at 30 September 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Significant Investments and Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures (continued)

#### *Formation of a Joint Venture (continued)*

The Board is of the view that the formation of the JV by way of subscription of the JV Shares, and the provision of the shareholder's loan for the purpose of the subsequent subscription of the SP Fund, will present an investment opportunity to maximise return on the Group's funds by making investments in emerging sectors such as energy and technology. The investment in the JV and the subsequent investment in the SP Fund, will allow the Group to diversify its businesses and sources of revenue which in turn will bring positive impact to the Group's financial position in terms of cash flow and gearing ratio.

Further details of the interests in the JV has been disclosed in note 10 to the unaudited condensed consolidated financial statements in this report.

Except for the above, the Group did not hold any other significant investments as at 30 September 2023 and there were no material acquisitions and disposals of subsidiaries, associates, or joint ventures for the Period.

### Outlook

#### *PCB Business Segment*

The downstream demand is still under pressure as the global economic recovery is slow in the post-pandemic era. During the Period, the profitability of this business segment remained stable mainly due to the effective suppliers' management. The Board expects the suppressed demand for the PCB will continue to exist given the sluggish global economic recovery. The Group will continue to implement cost control measures and expand the customer base.

#### *Printing Business Segment*

The consumer sentiment remained subdued due to the sluggish global economic recovery coupled with the change of consumers purchase preference, both of which had led to a contracted demand during the Period. However, the profitability of this business segment improved due to the increased stability of raw materials price and stringent cost control measures implemented by the business segment, including effective suppliers' management. The Board expects the demand will remain under pressure. The Group will continue to implement cost control measures, optimize the inventory management and expand the customer base. With the launch of economic stimulation measures in the PRC, we hope the business segment will further improve in the near future.

#### *Trading of Petroleum and Energy Products and Related Business Segment*

The legal proceedings against the two subsidiaries of the Company (including Pacific Dragon and DML) initiated by Societe Generale, Singapore Branch in August 2019 had been vigorously defended by the Company. On 10 July 2020, the Hong Kong High Court handed down its decision that the injunction continued but only on a proprietary basis, and only in the sums totaling HK\$10.2 million and discharge of the injunction would be permitted if such amount was paid into the Court.

In November 2020, DML paid the injunction amount of approximately HK\$6.8 million to the Court. The injunction order against DML was discharged by the order of the Court dated 14 December 2020 and therefore the bank balances held by DML were released from restriction of use. On 29 June 2022, DML ceased to be a subsidiary of the Company under the Winding-up Order and the injunction amount paid by DML was derecognised upon de-consolidation as set out in the note 15 to the unaudited condensed consolidated financial statements in this report.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Outlook (continued)

#### *Trading of Petroleum and Energy Products and Related Business Segment (continued)*

At 31 March 2021, Pacific Dragon had the bank balances of approximately HK\$2.7 million which were restricted from being used. In April 2021, Pacific Dragon paid the injunction amount of approximately HK\$3.5 million into the Court. The injunction order against Pacific Dragon was discharged by the order of the Court dated 18 May 2021 and therefore the bank balances held by Pacific Dragon were released from restriction of use.

The international crude oil price dropped sharply and fluctuates at medium and high levels. It is expected the demand for energy commodities will increase. The Group is actively seeking for trading opportunities with reliable trading partners and try to resume the trading business. On 22 May 2023, the Company entered into a non-binding memorandum of understanding with an independent third party (as defined in the Listing Rules), pursuant to which, among others, both parties proposed to set up a joint venture which would engage in the trading of energy and resources related products and commodities (the "Proposed JV") so as for the Group to resume the trading business. Since the date of the annual report of the Company for the year ended 31 March 2023 and up to the date of this report, there is no material updates on the setting up of the Proposed JV.

#### *Investments in Funds Business Segment*

As detailed in the section headed "Significant Investments and Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures" above, the Group, through Digital Mind, entered into the JV Agreement in July 2022, in relation to the subscription of the JV Shares and provision of shareholder's loan of approximately HK\$19.8 million to the JV funded with internal resources of the Company. The Board is of the view that the formation of the JV and the provision of the shareholder loans for the purpose of subscribing the SP Fund will present an investment opportunity to maximise return on the Group's funds by making investments in emerging sectors such as energy and technology, and allow the Group to diversify its business and sources of revenue which in turn will bring positive impact to the Group's financial position in terms of cash flow and gearing ratio. As at the date of this report, the SP Fund is still in the establishment stage.

## CORPORATE GOVERNANCE

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

Throughout the Period, the Company had complied with all applicable code provisions as set out in the CG Code, except for the code provision C.2.1 of the CG Code as noted hereunder.

### Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. LEE Man Kwong is the chairman of the Board and the Company has not appointed a chief executive officer. The daily operations of the Group are delegated to the executive Directors and the senior management. The Board is of the view that the current management structure can effectively facilitate the Company's operations and business developments.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2023, the interests and short positions of the Directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

Name of Director	Nature of Interests	Number of issued ordinary shares held (Long Position)	Approximate percentage of the Company's issued share capital <sup>(Note)</sup>
LEE Man Kwong	Beneficial Owner	10,000	0.0006%

Note:

The approximate percentages were calculated based on 1,613,287,570 shares of the Company in issue as at 30 September 2023.

Save as disclosed above, as at 30 September 2023, none of the Directors had any interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2023, the interests of the substantial shareholders and other persons, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name	Capacity and nature of interests	Number of issued ordinary shares held (Long positions)	Approximate percentage of the Company's issued share capital <sup>(Note 5)</sup>
Spring Global Enterprises Limited (Note 1)	Beneficial owner	280,000,000	17.36%
NG Man Chan (Note 2)	Interest in controlled corporation/ Interests held jointly with another person	299,180,000	18.55%
LI Mi Lai (Note 3)	Interest of spouse/Interests held jointly with another person	299,180,000	18.55%
CHEUNG Ling Mun	Beneficial owner	120,068,000	7.44%
Kingston Finance Limited (Note 4)	Person having a security interest in shares	120,068,000	7.44%
Ample Cheer Limited (Note 4)	Interest in controlled corporation	120,068,000	7.44%
CHU Yuet Wah (Note 4)	Interest in controlled corporation	120,068,000	7.44%
Apact Consultancy (Hong Kong) Company Limited	Investment manager	103,826,000	6.44%

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

Notes:

- (1) Spring Global Enterprises Limited is wholly-owned by NG Man Chan. NG Man Chan is deemed to be interested in all the shares in which Spring Global Enterprises Limited is interested under Part XV of the SFO.
- (2) 299,180,000 shares comprise 280,000,000 shares held through Spring Global Enterprises Limited and 19,180,000 shares jointly held with his spouse, LI Mi Lai.
- (3) LI Mi Lai is the spouse of NG Man Chan. By virtue of Part XV of the SFO, LI Mi Lai is deemed to be interested in the same number of shares in which NG Man Chan is deemed to be interested under Part XV of the SFO. LI Mi Lai also holds 19,180,000 shares jointly with her spouse, NG Man Chan.
- (4) Kingston Finance Limited ("KFL") is wholly-owned by Ample Cheer Limited ("ACL"). ACL is wholly-owned by CHU Yuet Wah. Accordingly, ACL and CHU Yuet Wah are deemed to be interested in all the shares in which KFL is interested under Part XV of the SFO.
- (5) The approximate percentages were calculated based on 1,613,287,570 shares of the Company in issue as at 30 September 2023.

Save as disclosed above, as at 30 September 2023, no other persons had any interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as its code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors and all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Period.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors, as notified to the Company, subsequent to the date of the annual report of the Company for the year ended 31 March 2023 or the date of announcements on appointment of the Director are set out below:

Directors	Details of Changes
WONG Siu Hung, Patrick	With effect from 26 September 2023, appointed as an independent non-executive director of Yuan Heng Gas Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 332)
YAU Pak Yue	With effect from 26 July 2023, resigned as an independent non-executive director of Fullsun International Holdings Group Co., Limited, a company listed on the Main Board of the Stock Exchange (stock code: 627)

Save as disclosed above, there is no change in Directors' information required to be disclosed.

## REVIEW OF FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

The interim results of the Group for the Period have not been audited by the external auditor but the Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group, discussed internal controls and financial reporting matters including a review of the consolidated financial statements of the Group for the Period and agreed with all the accounting treatments which have been adopted therein.

By Order of the Board  
**Daisho Microline Holdings Limited**  
**LEE Man Kwong**  
*Chairman*

Hong Kong, 24 November 2023

As at the date of this report, the Board comprises the following Directors:

*Executive Directors:*

LEE Man Kwong (*Chairman*)  
WONG Siu Hung, Patrick

*Non-executive Director:*

YAU Pak Yue

*Independent non-executive Directors:*

LEUNG King Fai  
CHAN Yau Ching, Bob  
LEUNG Hoi Ming