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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

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 2024 together with the comparative figures for the corresponding period in 2023 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	
		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	37,412	37,288
Cost of sales		<u>(28,333)</u>	<u>(29,224)</u>
Gross profit		9,079	8,064
Other income	4	2,068	1,998
Selling and distribution expenses		(2,744)	(1,722)
Administrative expenses		(13,081)	(13,450)
Reversal of (Provision for) impairment loss on trade receivables, net	11(b)	320	(39)
Share of results of a joint venture	10	72	312
Finance costs	5	<u>(19)</u>	<u>(21)</u>
Loss before taxation	5	(4,305)	(4,858)
Income tax credit	6	<u>3</u>	<u>29</u>
Loss for the period		<u>(4,302)</u>	<u>(4,829)</u>
Loss per share			
Basic and diluted (Hong Kong cents)	8	<u>(0.27)</u>	<u>(0.30)</u>

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

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Loss for the period	<u>(4,302)</u>	<u>(4,829)</u>
Other comprehensive loss:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of functional currency to presentation currency	<u>(81)</u>	<u>(413)</u>
Total other comprehensive loss for the period	<u>(81)</u>	<u>(413)</u>
Total comprehensive loss for the period	<u><u>(4,383)</u></u>	<u><u>(5,242)</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited)	(Audited)
		30 September	31 March
		2024	2024
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	9	26,756	27,565
Intangible assets		–	103
Interests in a joint venture	10	19,300	19,228
		<u>46,056</u>	<u>46,896</u>
Current assets			
Inventories		2,976	6,058
Trade and bills receivables	11	14,543	24,836
Other receivables, deposits and prepayments	12	7,896	9,428
Tax recoverable		–	286
Cash and cash equivalents		46,480	37,605
		<u>71,895</u>	<u>78,213</u>
Current liabilities			
Trade payables	13	10,893	16,342
Other payables and accruals		14,586	14,703
Due to a joint venture	14	1,853	–
Lease liabilities		660	237
		<u>27,992</u>	<u>31,282</u>
Net current assets		<u>43,903</u>	<u>46,931</u>
Total assets less current liabilities		<u>89,959</u>	<u>93,827</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) 30 September 2024 <i>HK\$'000</i>	(Audited) 31 March 2024 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	518	–
Deferred tax liabilities	11	14
	<u>529</u>	<u>14</u>
NET ASSETS	<u>89,430</u>	<u>93,813</u>
Capital and reserves		
Share capital	161,328	161,328
Reserves	(71,898)	(67,515)
TOTAL EQUITY	<u>89,430</u>	<u>93,813</u>

NOTES

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2024 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 D2 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 2024, 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 the HKICPA. They shall be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 March 2024 (the “Annual Financial Statements”).

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

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The adoption of these 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	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers within HKFRS 15		
Manufacturing and trading of printed circuit boards	12,482	10,194
Manufacturing and trading of printing and packaging products	24,930	27,094
	<hr/> 37,412 <hr/>	<hr/> 37,288 <hr/>

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 incurred by the corporate office 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 2024 (Unaudited)

	Manufacturing and trading of printed circuit boards <i>HK\$'000</i>	Trading of petroleum and energy products and related business <i>HK\$'000</i>	Manufacturing and trading of printing and packaging products <i>HK\$'000</i>	Investments in funds <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue					
Major customer A	-	-	15,065	-	15,065
Major customer B (<i>Note</i>)	7,275	-	-	-	7,275
Major customer C (<i>Note</i>)	-	-	3,873	-	3,873
Other customers	5,207	-	5,992	-	11,199
	<u>12,482</u>	<u>-</u>	<u>24,930</u>	<u>-</u>	<u>37,412</u>
Segment results	<u>(894)</u>	<u>-</u>	<u>(443)</u>	<u>72</u>	<u>(1,265)</u>
Unallocated other income					1,093
Unallocated administrative expenses					(4,114)
Finance costs					(19)
Loss before taxation					(4,305)
Income tax credit					3
Loss for the period					<u>(4,302)</u>

3. REVENUE AND SEGMENT INFORMATION (continued)

(A) By Business Segments (continued)

Six months ended 30 September 2023 (Unaudited)

	Manufacturing and trading of printed circuit boards <i>HK\$'000</i>	Trading of petroleum and energy products and related business <i>HK\$'000</i>	Manufacturing and trading of printing and packaging products <i>HK\$'000</i>	Investments in funds <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue					
Major customer A	-	-	13,062	-	13,062
Major customer D (<i>Note</i>)	-	-	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>
Segment results	<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					<u>(21)</u>
Loss before taxation					(4,858)
Income tax credit					<u>29</u>
Loss for the period					<u><u>(4,829)</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 customers contributed less than 10% of the total revenue of the Group for the corresponding period.

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 2024 (Unaudited)

	Manufacturing and trading of printed circuit boards <i>HK\$'000</i>	Trading of petroleum and energy products and related business <i>HK\$'000</i>	Manufacturing and trading of printing and packaging products <i>HK\$'000</i>	Investments in funds <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	<u>11,885</u>	<u>3,488</u>	<u>81,032</u>	<u>19,300</u>	<u>2,246</u>	<u>117,951</u>
Segment liabilities	<u>9,048</u>	<u>282</u>	<u>14,794</u>	<u>-</u>	<u>4,397</u>	<u>28,521</u>

At 31 March 2024 (Audited)

	Manufacturing and trading of printed circuit boards <i>HK\$'000</i>	Trading of petroleum and energy products and related business <i>HK\$'000</i>	Manufacturing and trading of printing and packaging products <i>HK\$'000</i>	Investments in funds <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	<u>16,914</u>	<u>3,488</u>	<u>83,745</u>	<u>19,228</u>	<u>1,734</u>	<u>125,109</u>
Segment liabilities	<u>13,217</u>	<u>282</u>	<u>16,810</u>	<u>-</u>	<u>987</u>	<u>31,296</u>

3. REVENUE AND SEGMENT INFORMATION (continued)

(B) Geographical Information

(i) Revenue from external customers

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	22,077	29,252
Europe	10,798	3,274
The People's Republic of China (the "PRC")	3,159	3,382
South Korea	1,189	681
Taiwan	81	–
South Africa	62	–
Japan	46	57
North America	–	642
	<u>37,412</u>	<u>37,288</u>

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

(ii) Non-current assets

	(Unaudited)	(Audited)
	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC	25,536	26,749
Hong Kong	1,220	919
	<u>26,756</u>	<u>27,668</u>

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

4. OTHER INCOME

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Exchange gain, net	478	340
Gain on disposal of property, plant and equipment	–	3
Government subsidies (<i>Note</i>)	222	222
Interest income	103	107
Rental income	990	1,000
Sales of scrap materials	89	238
Others	186	88
	<hr/>	<hr/>
	2,068	1,998
	<hr/> <hr/>	<hr/> <hr/>

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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		
Interest on lease liabilities	<u>19</u>	<u>21</u>
Other items		
Amortisation of intangible assets (included in administrative expenses)	103	154
Cost of inventories (<i>Note</i>)	28,333	29,224
Depreciation	2,153	2,139
Exchange gain, net	(478)	(340)
Gain on disposal of property, plant and equipment	–	(3)
Other rental and related expenses	1,108	1,511
Staff costs (including directors' emoluments)	<u>15,148</u>	<u>14,632</u>

Note:

Cost of inventories includes approximately HK\$8,140,000 (*six months ended 30 September 2023: approximately HK\$8,032,000*) relating to aggregate amount of certain staff costs, depreciation and other rental and related expenses which are included in the respective total amounts disclosed separately above.

6. INCOME TAX

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax	–	–
Deferred tax		
Reversal of temporary difference	<u>(3)</u>	<u>(29)</u>
Total income tax credit for the period	<u><u>(3)</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 ("Singapore CIT") has not been provided as the Group's entities in Singapore incurred a loss for taxation purposes during the six months ended 30 September 2024. For the six months ended 30 September 2023, Singapore CIT has not been provided as the Group's entities in Singapore had no assessable profits for the six months ended 30 September 2023.

7. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2024 to the shareholders of the Company (*six months ended 30 September 2023: 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	
	2024	2023
Loss attributable to owners of the Company (HK\$'000)	<u>(4,302)</u>	<u>(4,829)</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>(0.27)</u>	<u>(0.30)</u>

(b) Diluted loss per share

There were no potential dilutive ordinary shares in issue during the six months ended 30 September 2024 and 2023. The diluted loss per share is the same as the basic loss per share for the six months ended 30 September 2024 and 2023.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group incurred expenditures on property, plant and equipment with a total cost of approximately HK\$31,000 (*six months ended 30 September 2023: approximately HK\$2,498,000*). During the six months ended 30 September 2024, no property, plant and equipment were disposed of (*six months ended 30 September 2023: HK\$9,000*).

10. INTERESTS IN A JOINT VENTURE

	(Unaudited) 30 September 2024 HK\$'000	(Audited) 31 March 2024 HK\$'000
Unlisted shares, at cost	156	156
Share of results	393	321
	<u>549</u>	<u>477</u>
Loan to a joint venture (<i>Note</i>)	18,751	18,751
	<u>19,300</u>	<u>19,228</u>
	(Unaudited) Six months ended 30 September 2024 HK\$'000	(Audited) 31 March 2023 HK\$'000
Share of results of a joint venture	<u>72</u>	<u>312</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.

Expected credit loss assessment on loan to a joint venture

The movement in the loss allowance on loan to a joint venture during the reporting period is summarised below:

	(Unaudited) 30 September 2024 HK\$'000	(Audited) 31 March 2024 HK\$'000
At the beginning of the reporting period	1,093	–
Increase in loss allowance	–	1,093
	<u>1,093</u>	<u>1,093</u>
At the end of the reporting period	<u>1,093</u>	<u>1,093</u>

The joint venture is accounted for using equity method in the Group's unaudited condensed consolidated financial statements. There were no capital commitment and contingent liabilities in relation to the joint venture at 30 September 2024 and 31 March 2024.

10. INTERESTS IN A JOINT VENTURE (continued)

On 29 July 2024, the joint venture, Noricap Fund G.P. Limited (“Noricap Fund”) entered into a sales and purchase agreement with an independent third party (the “Vendor”), pursuant to which Noricap Fund conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire equity interests of Full Smart Inc Limited (the “Target Company”), at a consideration of approximately United States dollars (“USD”) 3,700,000 (equivalent to approximately HK\$28,736,000) (the “Acquisition”). The Target Company indirectly holds approximately 1.72% equity interests of a company which is principally engaged in the provision of automated trading platform service for cryptocurrency in Hong Kong.

During the six months ended 30 September 2024, a refundable deposit for the Acquisition of approximately HK\$13,260,000 was paid to the Vendor by Noricap Fund.

The Acquisition was not yet completed up to the date of this report. Upon the completion of Acquisition, the Target Company will become a wholly-owned subsidiary of Noricap Fund. Details of the Acquisition were set out in the paragraph headed “Investments in Funds Business Segment” of the section headed “Management Discussion and Analysis” of this report.

As the Acquisition is yet to complete up to the date of this announcement, it is impracticable to estimate its financial effect reliably.

11. TRADE AND BILLS RECEIVABLES

		(Unaudited) 30 September 2024	(Audited) 31 March 2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables from third parties	11(a)	14,723	25,394
Less: Loss allowance	11(b)	<u>(266)</u>	<u>(588)</u>
	11(a)	14,457	24,806
Bills receivables	11(c)	<u>86</u>	<u>30</u>
		<u>14,543</u>	<u>24,836</u>

11. TRADE AND BILLS RECEIVABLES (continued)

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 2024: 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)	(Audited)
	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
Less than 1 month	7,493	14,544
1 to 2 months	3,798	750
2 to 3 months	991	5,656
Over 3 months	2,441	4,444
	<u>14,723</u>	<u>25,394</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)	(Audited)
	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
Not past due	11,624	20,398
Less than 1 month past due	2,255	3,044
1 to 2 months past due	371	1,214
2 to 3 months past due	73	–
Over 3 months past due	134	150
	<u>14,457</u>	<u>24,806</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)	(Audited)
	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the reporting period	588	361
(Decrease) Increase in allowance, net	(320)	234
Exchange realignment	(2)	(7)
	<hr/>	<hr/>
At the end of the reporting period	266	588
	<hr/> <hr/>	<hr/> <hr/>

11(c) Bills receivables

At 30 September 2024, all bills receivables were interest-free and guaranteed by banks in the PRC and had maturities of less than six months.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	(Unaudited) 30 September 2024 <i>HK\$'000</i>	(Audited) 31 March 2024 <i>HK\$'000</i>
Deposits and other receivables	3,132	3,835
Less: loss allowance	<u>(937)</u>	<u>(937)</u>
	<u>2,195</u>	<u>2,898</u>
Prepayments	450	854
Security deposit paid in respect of an injunction order	15(a) 3,446	3,446
Value-added tax recoverable	1,728	1,929
Other prepaid expenses	<u>77</u>	<u>301</u>
	<u>5,701</u>	<u>6,530</u>
	<u>7,896</u>	<u>9,428</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 2024: 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 2024 <i>HK\$'000</i>	(Audited) 31 March 2024 <i>HK\$'000</i>
Less than 1 month	6,236	3,948
1 to 2 months	460	3,566
2 to 3 months	2,457	5,589
Over 3 months	<u>1,740</u>	<u>3,239</u>
	<u>10,893</u>	<u>16,342</u>

14. DUE TO A JOINT VENTURE

The amount due was non-trade in nature, interest-free and repayable on demand.

15. 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 Daisho Microline Limited (“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.

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

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

15. 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 announcement, 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 2024 (the “Period”), the Group’s total revenue was approximately HK\$37.4 million, representing an increase of 0.3% as compared with approximately HK\$37.3 million for the corresponding period in 2023. The increase in total revenue was mainly due to the (1) increase in revenue by approximately HK\$2.3 million of the Group’s manufacturing and trading of printed circuit boards business (the “PCB Business”) net off with (2) decrease in revenue by approximately HK\$2.2 million of the Group’s manufacturing and trading of printing and packaging products business (the “Printing Business”) as compared to the corresponding period in 2023.

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\$12.5 million for the PCB Business, representing an increase of 22.6% as compared with the revenue of approximately HK\$10.2 million in the corresponding period of last year. The increase in revenue was mainly due to the sales team’s effort to maintain the relationship with the customers and meet their expectations.

During the Period, the Group recorded the revenue of approximately HK\$24.9 million for the Printing Business, representing a decrease of 8.1% as compared with the revenue of approximately HK\$27.1 million in the corresponding period of last year. The decrease in revenue was mainly due to the decrease in 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.

The PCB Business recorded a segment loss of approximately HK\$0.9 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\$1.8 million. Such decrease in segment loss was mainly due to (i) the increase in gross profit for this business segment by approximately HK\$1.1 million as the revenue increased by approximately HK\$2.3 million during the Period which was net off with (ii) the increase in staff costs by approximately HK\$0.4 million for quality control purpose, as compared to the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business and Financial Review (continued)

The Printing Business recorded a segment loss of approximately HK\$0.4 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. The performance of this business segment remained relatively stable during the Period.

As a result of the aforementioned factors, the Group's gross profit margin during the Period increased to approximately 24.3% from approximately 21.6% in the corresponding period of last year.

The Group's total net loss for the Period decreased to approximately HK\$4.3 million from approximately HK\$4.9 million in the corresponding period of last year. The decrease in net loss was mainly due to the following factors: (1) the Group's gross profit increased to approximately HK\$9.1 million, representing an increase of approximately HK\$1.0 million as compared with approximately HK\$8.1 million in the corresponding period of last year which is further net off with (2) the increase in sales commission by approximately HK\$0.6 million and (3) the increase in staff costs by approximately HK\$0.4 million.

The equity attributable to the owners of the Company amounted to approximately HK\$89.4 million at 30 September 2024, representing a decrease of approximately HK\$4.4 million as compared to approximately HK\$93.8 million at 31 March 2024. The decrease in the equity was mainly due to the reported loss for the Period.

Liquidity and Financial Resources

At 30 September 2024, the Group had cash and cash equivalents of approximately HK\$46.5 million (31 March 2024: approximately HK\$37.6 million). The Group's current ratios (defined as total current assets divided by total current liabilities) at 30 September 2024 and 31 March 2024 were 2.57 times and 2.50 times respectively.

The Group's gearing ratio (defined as lease liabilities divided by total equity) as at 30 September 2024 was 1.3% (31 March 2024: 0.3%).

Capital Structure

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

Interest-bearing Borrowings

At 30 September 2024, the Group did not have any interest-bearing borrowings (31 March 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 at 30 September 2024 (31 March 2024: Nil).

Contingent Liabilities

The Group did not have any material contingent liabilities at 30 September 2024 (31 March 2024: Nil).

Capital Commitments

The Group did not have any capital commitments at 30 September 2024 (31 March 2024: Nil).

Litigations

Save as disclosed in note 15 to the unaudited condensed consolidated financial statements in this announcement, the Group did not have any material outstanding litigations at 30 September 2024 and up to the date of this announcement.

Employees and Remuneration Policy

At 30 September 2024, the Group had 235 (31 March 2024: 263) employees, including the Directors, working mainly in Hong Kong and the PRC. For the Period, the Group's total staff costs including directors' emoluments were approximately HK\$15.1 million (six months ended 30 September 2023: approximately HK\$14.6 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Employees and Remuneration Policy (continued)

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. At 1 April 2024 and 30 September 2024, there were no outstanding share options under the Share Option Scheme.

At 1 April 2024 and 30 September 2024, 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.

At 1 April 2024 and 30 September 2024, 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 2023: Nil).

Outlook

PCB Business Segment

The PCB business segment is closely related to the macroeconomic environment as the PCB products are mainly applied in the consumer products such as electronics devices and automobiles. The downstream demand remained under pressure as the global economic recovery is slow. Nevertheless, the operating performance of this business segment enhanced 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 demand is still under pressure due to the continued weak global economic recovery, and the business is facing intense competition. However, the business demonstrated its resilience which rely on the sales team's effort to maintain a close relationship with the customer and production team's effort to produce high-quality printing and packaging products. The Board expects the demand will remain under pressure under the slow economic recovery. The Group will continue to implement cost control measures, optimise the inventory management and expand the customer base.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Outlook (continued)

Trading of Petroleum and Energy Products and Related Business Segment

The legal proceedings against the two then subsidiaries of the Company (including Pacific Dragon (Hong Kong) Energy Limited (“Pacific Dragon”) and Daisho Microline Limited (“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 injuncted 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 injuncted amount paid by DML was derecognised upon de-consolidation.

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 injuncted 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.

Details of the legal proceedings are set out in Note 15 to the unaudited condensed consolidated financial statements in this announcement.

The international crude oil price maintained at medium and high levels and shown an overall upward trend. It is expected the global commodity demand will gradually increase and the commodity prices will remain high. 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. Up to the date of this announcement, there is no material updates on the setting up of the Proposed JV.

Investments in Funds Business Segment

The Group, through Digital Mind, entered into a joint venture agreement in July 2022, in relation to the subscription of the 40% of equity interests in Noricap Fund G.P. Limited (“Noricap Fund”) which is engaged in investment holdings and subscription and management of a special purpose fund (“SP Fund”).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Outlook (continued)

Investments in Funds Business Segment (continued)

Prior to the completion of set-up of SP Fund, Noricap Fund is actively looking for potential investment opportunities and the Group has provided a loan of approximately HK\$19.8 million with the terms stipulated in the joint venture agreement to Noricap Fund for making temporary investments with stable return. Up to the date of this announcement, the establishment of SP Fund is under progress and LBG Equity Investments (HK) Co., Limited will provide its shareholder's loan following the approval from the relevant authorities in the PRC.

On 29 July 2024, Noricap Fund entered into a sale and purchase agreement with an independent third party, pursuant to which Noricap Fund has conditionally agreed to acquire the entire interests of Full Smart Inc Limited which indirectly holds the shares, representing approximately 1.72% of the equity shares of a company which is principally engaged in the provision of automated trading platform service for cryptocurrency ("Investee"). The completion is conditional with terms including but not limited to the Investee successfully obtain the requisite licenses necessary from Securities and Future Commission ("SFC") to conduct the key business.

Up to the date of this announcement, the Investee has subsequently obtained the SFC and other requisite licenses necessary to conduct the key business.

The board is of the view that the provision of the shareholder loans for the purpose of making other investments as agreed by the joint venture partners will present an investment opportunity to maximise return of the Group's fund and allow the Group to diversify its business and sources of income.

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 C1 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

At 30 September 2024, 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 C3 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 ^(Note)
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 at 30 September 2024.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Save as disclosed above, at 30 September 2024, 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

At 30 September 2024, 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 (Note 4)
Spring Global Enterprises Limited (Note 1)	Beneficial owner	280,000,000	17.36%
NG Man Chan (Note 2)	Beneficial owner/Interest in controlled corporation/Interests held jointly with another person	420,988,000	26.1%
LI Mi Lai (Note 3)	Interest of spouse/Interests held jointly with another person	420,988,000	26.1%
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) 420,988,000 shares comprise 120,068,000 shares held by NG Man Chan; 280,000,000 shares held through Spring Global Enterprises Limited; and 20,920,000 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 20,920,000 shares jointly with her spouse, NG Man Chan.
- (4) The approximate percentages were calculated based on 1,613,287,570 shares of the Company in issue at 30 September 2024.

Save as disclosed above, at 30 September 2024, 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 (including sale of treasury shares). At 30 September 2024, no treasury shares were held by the Company.

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.

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 condensed consolidated financial statements of the Group for the Period and agreed with all the accounting treatments which have been adopted therein.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/daisho). The interim report for the six months ended 30 September 2024 of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the aforesaid websites in due course.

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

Hong Kong, 22 November 2024

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

<i>Executive Director:</i>	<i>Non-executive Directors:</i>	<i>Independent non-executive Directors:</i>
LEE Man Kwong (<i>Chairman</i>)	YAU Pak Yue WONG Siu Hung, Patrick	LIN Ying CHAN Yau Ching, Bob LEUNG Hoi Ming