



DAISHO MICROLINE HOLDINGS LIMITED

大昌微綫集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 0567

A stylized globe composed of numerous small, colorful dots in shades of blue, green, orange, and pink. The globe is positioned in the center-right of the page. In the foreground, several curved lines in the same color palette sweep across the bottom and left sides, each ending in a small circle. The background is a soft, out-of-focus bokeh of light blue and white circles.

2021/2022
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 2021 together with the comparative figures for the corresponding period in 2020 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	2021	2020
		HK\$'000	HK\$'000
			(Restated)
Continuing operations			
Revenue	3	49,911	18,381
Cost of sales		<u>(49,082)</u>	<u>(16,315)</u>
Gross profit		829	2,066
Other income	4	2,769	1,173
Selling and distribution expenses		(2,141)	(1,246)
Administrative expenses		(16,200)	(24,842)
Other operating expenses		(997)	(1,179)
Fair value gain on derivative financial instruments		–	101
Reversal of impairment loss on trade receivables, net		1,923	2,686
Change in fair value of contingent consideration receivable		–	208
Gain on bargain purchase arising from the acquisition of subsidiaries		–	1,197
Loss on early redemption of promissory note		–	(4,512)
Finance costs	5	<u>(1,561)</u>	<u>(4,917)</u>
Loss before taxation from continuing operations	5	(15,378)	(29,265)
Income tax credit	6	<u>42</u>	<u>8</u>
Loss for the period from continuing operations		(15,336)	(29,257)
Discontinued operation			
(Loss) Profit for the period from discontinued operation	13	<u>(1,537)</u>	<u>1,173</u>
Loss for the period		<u>(16,873)</u>	<u>(28,084)</u>
From continuing and discontinued operations			
Loss per share			
Basic and diluted (Hong Kong cents)	8	<u>(2.09)</u>	<u>(4.77)</u>
From continuing operations			
Loss per share			
Basic and diluted (Hong Kong cents)	8	<u>(1.90)</u>	<u>(4.97)</u>

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

		(Unaudited)	
		Six months ended	
		30 September	
		2021	2020
	Note	HK\$'000	HK\$'000
			(Restated)
Loss for the period		<u>(16,873)</u>	<u>(28,084)</u>
Other comprehensive (loss) income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Change in fair value of other long-term investments	10	(3,814)	–
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of functional currency to presentation currency		<u>1,513</u>	<u>8,068</u>
Total other comprehensive (loss) income for the period		<u>(2,301)</u>	<u>8,068</u>
Total comprehensive loss for the period		<u><u>(19,174)</u></u>	<u><u>(20,016)</u></u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	9	52,816	57,233
Intangible assets		873	1,027
Other long-term investments	10	16,344	20,158
Deferred tax assets		435	433
		70,468	78,851
Current assets			
Inventories		19,165	11,838
Trade and bills receivables	11	35,248	30,912
Other receivables, deposits and prepayments	12	30,538	27,373
Tax recoverable		751	115
Cash and cash equivalents		15,700	30,333
		101,402	100,571
Assets classified as held for sale	13	–	50,740
		101,402	151,311
Current liabilities			
Trade payables	14	25,141	17,754
Other payables and accruals		20,753	24,201
Interest-bearing borrowings	15	45,703	77,026
Lease liabilities		3,873	4,303
Tax payable		280	745
		95,750	124,029
Liabilities associated with assets classified as held for sale	13	–	1,959
		95,750	125,988
Net current assets		5,652	25,323
Total assets less current liabilities		76,120	104,174

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
	Note		
Non-current liabilities			
Interest-bearing borrowings	15	–	8,534
Lease liabilities		–	302
Deferred tax liabilities		<u>172</u>	<u>216</u>
		<u>172</u>	<u>9,052</u>
NET ASSETS		<u><u>75,948</u></u>	<u><u>95,122</u></u>
Capital and reserves			
Share capital	16	80,664	80,664
Reserves		<u>(4,716)</u>	<u>14,458</u>
TOTAL EQUITY		<u><u>75,948</u></u>	<u><u>95,122</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 2021	80,664	135,768	9,379	86,703	(9,782)	-	(207,610)	14,458	95,122
Loss for the period	-	-	-	-	-	-	(16,873)	(16,873)	(16,873)
Other comprehensive (loss) income									
<i>Item that will not be reclassified to profit or loss:</i>									
Change in fair value of other long-term investments	-	-	-	-	(3,814)	-	-	(3,814)	(3,814)
<i>Item that may be reclassified subsequently to profit or loss:</i>									
Exchange difference on translation of functional currency to presentation currency	-	-	-	1,513	-	-	-	1,513	1,513
Total other comprehensive loss for the period	-	-	-	1,513	(3,814)	-	(16,873)	(19,174)	(19,174)
At 30 September 2021	80,664	135,768	9,379	88,216	(13,596)	-	(224,483)	(4,716)	75,948
At 1 April 2020	57,624	128,492	9,379	78,225	-	1,577	(142,211)	75,462	133,086
Loss for the period	-	-	-	-	-	-	(28,084)	(28,084)	(28,084)
Other comprehensive income									
<i>Exchange difference on translation of functional currency to presentation currency</i>	-	-	-	8,068	-	-	-	8,068	8,068
Total other comprehensive loss for the period	-	-	-	8,068	-	-	(28,084)	(20,016)	(20,016)
Transactions with owners									
<i>Contributions and distributions</i>									
Shares issued upon placing (Note 16)	11,520	6,682	-	-	-	-	-	6,682	18,202
Transaction costs attributable to shares issued upon placing (Note 16)	-	(606)	-	-	-	-	-	(606)	(606)
Transfer to accumulated losses upon lapse of share options	-	-	-	-	-	(1,577)	1,577	-	-
Total transactions with owners	11,520	6,076	-	-	-	(1,577)	1,577	6,076	17,596
At 30 September 2020	69,144	134,568	9,379	86,293	-	-	(168,718)	61,522	130,666

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
		(Restated)
OPERATING ACTIVITIES		
(Loss) Profit before taxation		
– Continuing operations	(15,378)	(29,265)
– Discontinued operation	(1,537)	1,173
Adjustments for:		
Interest income	(6)	(42)
Depreciation	5,440	8,295
Amortisation of intangible assets	154	51
Fair value gain on derivative financial instruments	–	(101)
Change in fair value of contingent consideration receivable	–	(208)
Loss on disposal of property, plant and equipment	476	395
Gain on bargain purchase arising from acquisition of subsidiaries	–	(1,197)
Loss on early redemption of promissory note	–	4,512
Reversal of impairment loss on trade receivables, net	(1,923)	(2,686)
Impairment loss on other receivables	–	1,735
Finance costs	1,561	4,917
Write off of other payables	(803)	–
Operating cash flows before changes in working capital	(12,016)	(12,421)
Changes in working capital:		
Inventories	(7,107)	(5,261)
Trade and bills receivables	(2,095)	75,016
Other receivables, deposits and prepayments	(7,193)	(2,494)
Trade payables	7,177	3,218
Other payables and accruals	(3,794)	(22,700)
Cash (used in) from operations	(25,028)	35,358
Income tax paid	(1,078)	–
Interest received	6	42
Net cash (used in) from operating activities	(26,100)	35,400



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)			
Six months ended 30 September			
	Note	2021 HK\$'000	2020 HK\$'000 (Restated)
INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment, including deposits paid		(1,257)	(1,560)
Net cash inflow from acquisition of subsidiaries		–	14,773
Proceeds from disposal of assets classified as held for sale	13	48,781	–
Proceeds from disposal of property, plant and equipment		206	–
Repayment of guaranteed profit compensation receivable	12	4,278	–
Net cash from investing activities		52,008	13,213
FINANCING ACTIVITIES			
New bank and other loans raised		–	47,868
Repayment of bank loans		(40,000)	–
Redemption of convertible bonds		–	(70,003)
Early redemption of promissory note		–	(18,000)
Proceeds from shares issued upon placing, net of issue costs	16	–	17,596
Repayment of lease liabilities		(734)	(1,187)
Interest paid		(794)	(3,182)
Net cash used in financing activities		(41,528)	(26,908)
Net (decrease) increase in cash and cash equivalents		(15,620)	21,705
Cash and cash equivalents at beginning of year		30,333	30,649
Effect of foreign exchange rate changes, net		987	3,817
Cash and cash equivalents at end of year, represented by bank balances and cash		15,700	56,171

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2021 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 2021, 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 2021 (the “Annual Financial Statements”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for other long-term investments, which are measured at fair value.

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 which are relevant to the Group 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 39, HKFRSs 4, 7, 9 and 16 *Interest Rate Benchmark Reform – Phase 2*

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 vessel chartering (reclassified as a discontinued operation).

	(Unaudited)	
	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
<hr/>		
Continuing operations		
Revenue from contracts with customers within HKFRS 15		
Manufacturing and trading of printed circuit boards	19,046	15,181
Manufacturing and trading of printing and packaging products	30,865	3,200
	49,911	18,381

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) Vessel chartering which was reclassified as a discontinued operation (Note 13).

Segment results represent the results before taxation earned by each segment without allocation of certain other income generated, certain selling and distribution expenses, certain administrative expenses and other operating expenses incurred by the corporate office, fair value gain on derivative financial instruments, change in fair value of contingent consideration receivable, gain on bargain purchase arising from the acquisition of subsidiaries, loss on early redemption of promissory note and finance costs.

3. Revenue and Segment Information (continued)

All assets are allocated to reportable segments other than unallocated assets which are mainly other long-term investments, cash and cash equivalents and other corporate assets. All liabilities are allocated to reportable segments other than interest-bearing borrowings and 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 2021 (Unaudited)

	Continuing operations			Discontinued operation	Consolidated HK\$'000
	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	Vessel chartering HK\$'000	
Segment revenue					
Major customer A	-	-	11,565	-	11,565
Major customer B	7,889	-	-	-	7,889
Major customer C	-	-	7,000	-	7,000
Other customers	11,157	-	12,300	2,780	26,237
	<u>19,046</u>	<u>-</u>	<u>30,865</u>	<u>2,780</u>	<u>52,691</u>
Segment results	<u>(2,768)</u>	<u>(121)</u>	<u>(3,500)</u>	<u>(1,537)</u>	<u>(7,926)</u>
Unallocated other income					807
Unallocated administrative expenses					(7,238)
Unallocated other operating expenses					(997)
Finance costs					<u>(1,561)</u>
Loss before taxation					(16,915)
Income tax credit					<u>42</u>
Loss for the period					<u><u>(16,873)</u></u>

3. Revenue and Segment Information (continued)

(A) By Business Segments (continued)

Six months ended 30 September 2020 (Unaudited)

	Continuing operations			Discontinued operation	Consolidated HK\$'000
	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	Vessel chartering HK\$'000	
Segment revenue					
Major customer B	4,558	-	-	-	4,558
Major customer D	-	-	-	4,984	4,984
Major customer E	-	-	-	4,359	4,359
Other customers	10,623	-	3,200	-	13,823
	<u>15,181</u>	<u>-</u>	<u>3,200</u>	<u>9,343</u>	<u>27,724</u>
Segment results	<u>(5,035)</u>	<u>(641)</u>	<u>(507)</u>	<u>1,173</u>	<u>(5,010)</u>
Unallocated other income					204
Unallocated selling and distribution expenses					(9)
Unallocated administrative expenses					(14,893)
Unallocated other operating expenses					(461)
Change in fair value of contingent consideration receivable					208
Gain on bargain purchase arising from the acquisition of subsidiaries					1,197
Loss on early redemption of promissory note					(4,512)
Fair value gain on derivative financial instruments					101
Finance costs					(4,917)
Loss before taxation					(28,092)
Income tax credit					8
Loss for the period					<u>(28,084)</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.

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:

As at 30 September 2021 (Unaudited)

	Continuing operations			Discontinued operation	Unallocated HK\$'000	Consolidated HK\$'000
	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	Vessel chartering HK\$'000		
Segment assets	<u>57,281</u>	<u>4,421</u>	<u>88,619</u>	<u>-</u>	<u>21,549</u>	<u>171,870</u>
Segment liabilities	<u>28,472</u>	<u>442</u>	<u>64,948</u>	<u>-</u>	<u>2,060</u>	<u>95,922</u>

As at 31 March 2021 (Audited)

	Continuing operations			Discontinued operation	Unallocated HK\$'000	Consolidated HK\$'000
	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	Vessel chartering HK\$'000		
Segment assets	<u>59,192</u>	<u>3,592</u>	<u>80,252</u>	<u>50,740</u>	<u>36,386</u>	<u>230,162</u>
Segment liabilities	<u>28,033</u>	<u>513</u>	<u>60,414</u>	<u>1,959</u>	<u>44,121</u>	<u>135,040</u>



3. Revenue and Segment Information (continued)

(B) Geographical Information

(i) Revenue from external customers

	(Unaudited)	
	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Hong Kong	27,152	4,604
The People's Republic of China (the "PRC")	8,994	8,169
North America	7,889	4,558
Europe	4,730	751
Japan	215	271
South Korea	788	–
Other countries	143	28
	49,911	18,381
Discontinued operation		
Singapore	2,780	9,343
	52,691	27,724

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

(ii) Non-current assets

	(Unaudited)	(Audited)
	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
The PRC	50,819	53,653
Hong Kong	2,668	4,283
Singapore	202	324
	53,689	58,260

The non-current assets information above is based on the locations of assets and excluded other long-term investments and deferred tax assets.

4. Other Income

	(Unaudited)	
	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Bank interest income	6	42
Factory rental income	874	268
Gain on disposal of scrap materials	376	76
Government subsidies (Note)	249	110
Write off of other payables	803	–
Others	461	677
	<u>2,769</u>	<u>1,173</u>
Discontinued operation		
Exchange gain, net	–	378
Others	110	343
	<u>110</u>	<u>721</u>
	<u><u>2,879</u></u>	<u><u>1,894</u></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	
	2021	2020
	HK\$'000	HK\$'000
		(Restated)
Finance costs		
Continuing operations		
Interest on convertible bonds	–	4,480
Interest on bank borrowings	687	191
Interest on other loans	767	151
Finance charges on lease liabilities	107	95
	1,561	4,917
Other items		
Continuing operations		
Amortisation of intangible assets	154	51
Cost of inventories (Note)	49,082	16,315
Depreciation	5,440	5,315
Exchange loss, net	193	1,161
Loss on disposal of property, plant and equipment, net	476	395
Other rental and related expenses	198	188
Staff costs (including directors' emoluments)	17,775	6,384
Discontinued operation		
Depreciation	–	2,980
Exchange loss (gain), net	328	(378)
Staff costs (including directors' emoluments)	2,736	3,461
Voluntary termination benefits	96	–

Note:

Cost of inventories includes approximately HK\$14,959,000 (six months ended 30 September 2020: approximately HK\$2,985,000) relating to 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	
	2021	2020
	HK\$'000	HK\$'000
Current tax	-	-
Deferred tax		
Reversal of temporary difference	<u>(42)</u>	<u>(8)</u>
Total income tax credit for the period	<u><u>(42)</u></u>	<u><u>(8)</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 2021 to the shareholders of the Company (*six months ended 30 September 2020: 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	
	2021	2020
	HK\$'000	HK\$'000
Loss attributable to owners of the Company (HK\$'000)	<u>(16,873)</u>	<u>(28,084)</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>806,643,785</u>	<u>588,833,949</u>
Basic loss per share (HK cents)	<u>(2.09)</u>	<u>(4.77)</u>

(b) Diluted loss per share

There were no potential dilutive ordinary shares in issue during the six months ended 30 September 2021. As the Company's outstanding convertible bonds had an anti-dilutive effect to the basic loss per share calculation for the six months ended 30 September 2020, the conversion of the potential dilutive ordinary shares is not assumed in the computation of the diluted loss per share for the six months ended 30 September 2020. The diluted loss per share is the same as the basic loss per share for the six months ended 30 September 2021 and 2020.

9. Property, Plant and Equipment

During the six months ended 30 September 2021, the Group incurred expenditures on property, plant and equipment with total cost of approximately HK\$1,257,000 (*six months ended 30 September 2020: approximately HK\$2,928,000*). The Group has written off and disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK\$682,000 (*six months ended 30 September 2020: approximately HK\$395,000*) during the six months ended 30 September 2021.

10. Other Long-Term Investments

	Listed equity securities HK\$'000
At 1 April 2020 (Audited)	–
Additions	29,940
Change in fair value recognised in other comprehensive loss	<u>(9,782)</u>
At 31 March 2021 and 1 April 2021 (Audited)	20,158
Change in fair value recognised in other comprehensive loss	<u>(3,814)</u>
At 30 September 2021 (Unaudited)	<u>16,344</u>

On 24 September 2020, the Group accepted the conditional placing letter dated 24 September 2020 issued by the placing agent of the vendor (a major shareholder of Pine Care Group Limited (“Pine Care”)), pursuant to which the Group conditionally agreed to acquire 18,160,000 ordinary shares of Pine Care (the “Allocated Shares”) at the offer price of HK\$1.647 per share (the “Pine Care Acquisition”). Pine Care is a company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange. On 6 October 2020, the Pine Care Acquisition was completed. The transaction costs directly attributable to the Pine Care Acquisition are approximately HK\$30,000.

The Allocated Shares represent approximately 2.02% of the issued share capital of Pine Care. Upon initial recognition, the Group irrevocably designated the purchase of the Allocated Shares as Designated FVOCI because the Allocated Shares represent investments that the Group intends to hold for long term investment purposes. The Group considers the accounting treatments under this classification provide more relevant information for the investments.

The fair value of the investment is determined on the basis of quoted market price available on the Stock Exchange at the end of reporting period.

11. Trade and Bills Receivables

		(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Trade receivables from third parties	11(a)	41,164	38,359
Less: Loss allowance		<u>(5,916)</u>	<u>(7,718)</u>
	11(a)	<u>35,248</u>	<u>30,641</u>
Bills receivables	11(b)	–	271
		<u>35,248</u>	<u>30,912</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 2021: 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 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Less than 1 month	19,671	11,494
1 to 2 months	6,966	3,462
2 to 3 months	3,573	4,830
Over 3 months	10,954	18,573
	<u>41,164</u>	<u>38,359</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 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Not past due	25,244	18,793
Less than 1 month past due	2,043	2,946
1 to 2 months past due	2,070	797
2 to 3 months past due	159	299
Over 3 months past due	5,732	7,806
	<u>35,248</u>	<u>30,641</u>

11(b) Bills receivables

At 31 March 2021, 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 settled during the six months ended 30 September 2021.

12. Other Receivables, Deposits and Prepayments

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Deposits and other receivables	27,549	21,767
Less: loss allowance	<u>(13,724)</u>	<u>(13,543)</u>
	<u>13,825</u>	<u>8,224</u>
Guaranteed profit compensation receivable (Note)	–	4,278
Prepayments	4,029	3,593
Security deposit paid in respect of an injunction order	10,229	6,783
Value-added tax recoverable	1,547	3,071
Other prepaid expense	<u>908</u>	<u>1,424</u>
	<u>16,713</u>	<u>19,149</u>
	<u><u>30,538</u></u>	<u><u>27,373</u></u>

Note:

The guaranteed profit compensation receivable in relation to acquisition of Sky Will Printing & Packaging Limited was fully settled during the six months ended 30 September 2021. Details of which are disclosed in the Company's announcement dated 30 September 2021.

13. Discontinued Operation

Vessel chartering business

On 25 January 2021, the Group entered into conditional memorandum of agreements (the "MOAs") with two respective buyers, pursuant to which, among others, the Group agreed to sell the vessel named Pacific Energy 28 (the "Vessel I") and Pacific Energy 138 (the "Vessel II") and each buyer agreed to acquire the Vessel I and the Vessel II for cash consideration of Singapore dollars ("SGD") 4,020,000 (equivalent to approximately HK\$23,232,000) and SGD4,760,000 (equivalent to approximately HK\$27,508,000), respectively (the "Disposals") and the respective balance of security deposits held by the Group under the existing charterparty in respect of the Vessel I and the Vessel II (the "Security Deposits") would be transferred from the Group to the respective buyers.

The vessel chartering business would be ceased to carry on upon the completion of the Disposals. Accordingly, the Group's vessel chartering business was classified as a discontinued operation (the "Discontinued Operation"). The Disposals were completed on 24 May 2021.

13. Discontinued Operation (continued)

Vessel chartering business (continued)

During the six months ended 30 September 2021, the Group has received net proceeds from the Disposals in sum of SGD8,444,000 (equivalent to approximately HK\$48,781,000) from the buyers after net off the Security Deposits of HK\$1,959,000 which shall be transferred to the buyers under the MOAs and were classified as “Liabilities associated with assets classified as held for sale”.

The fair value less cost to sell of the Vessel I and the Vessel II were less than their net carrying amounts, therefore, an impairment loss of approximately HK\$32,295,000 was charged to profit or loss during the year ended 31 March 2021.

The fair value of the Vessel I and the Vessel II were categorised into the Level 2 of the fair value hierarchy as defined in HKFRS 13 “Fair Value Measurement”. The valuation was arrived at by adopting the direct comparison method based on price information of comparable vessels and adjusted to reflect the physical condition of the subject vessels.

The results of the Discontinued Operation have been presented separately in the unaudited condensed consolidated statement of profit or loss. Comparative figures have been restated to reflect the Discontinued Operation in the unaudited condensed consolidated statement of profit or loss.

The results of the Discontinued Operation for the six months ended 30 September 2021 and 2020 are analysed as follows:

		(Unaudited) Six months ended 30 September	
	Note	2021 HK\$'000	2020 HK\$'000
Revenue	3	2,780	9,343
Other income	4	110	721
Administrative expenses		(4,427)	(8,891)
(Loss) Profit before taxation	5	(1,537)	1,173
Income tax expense	6	–	–
(Loss) Profit for the period		(1,537)	1,173

13. Discontinued Operation (continued)**Vessel chartering business** (continued)

The Vessel I and the Vessel II and the Security Deposits of approximately HK\$1,959,000 have been reclassified as assets classified as held for sale and liabilities associated with assets classified as held for sale, respectively, and are presented separately in the unaudited condensed consolidated statement of financial position. The analysis is as follows:

	(Unaudited) At 30 September 2021 HK\$'000	(Audited) At 31 March 2021 HK\$'000
Assets classified as held for sale		
Property, plant and equipment	–	50,740
Liabilities associated with assets classified as held for sale		
Security deposits	–	1,959

The cash flow information of the Discontinued Operation is as follows:

	(Unaudited) Six months ended 30 September 2021 HK\$'000	2020 HK\$'000
Net cash used in operating activities	(1,993)	(6,091)
Net cash used in investing activities	–	–
Net cash used in financing activities	–	–



13. Discontinued Operation (continued)

Vessel chartering business (continued)

The (loss) profit per share information of the Discontinued Operation is as follows:

	(Unaudited) Six months ended 30 September	
	2021	2020
(Loss) Profit per share for the Discontinued Operation		
Basic (Hong Kong cents)	<u>(0.19)</u>	<u>0.20</u>
Diluted (Hong Kong cents)	<u>(0.19)</u>	<u>0.20</u>

The basic and diluted (loss) profit per share for the Discontinued Operation are calculated by dividing the (loss) profit for the period of the Discontinued Operation by the weighted average number of ordinary shares for basic loss per share computation and weighted average number of ordinary shares for diluted loss per share computation respectively. The denominators used are the same as those detailed in Note 8 to the unaudited condensed consolidated financial statements.

14. 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 2021: 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 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Less than 1 month	3,713	2,968
1 to 2 months	7,933	5,138
2 to 3 months	5,010	3,494
Over 3 months	<u>8,485</u>	<u>6,154</u>
	<u>25,141</u>	<u>17,754</u>

15. Interest-Bearing Borrowings

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Secured		
Bank revolving loan (Note a)	37,026	37,026
Other borrowings (Note b)	8,677	8,534
	<u>45,703</u>	<u>45,560</u>
Unsecured		
Shareholder's loan (Note c)	–	40,000
	<u>45,703</u>	<u>85,560</u>
Denominated in:		
HK\$	37,026	77,026
Renminbi	8,677	8,534
	<u>45,703</u>	<u>85,560</u>
Analysed for reporting purpose:		
Non-current	–	8,534
Current	45,703	77,026
	<u>45,703</u>	<u>85,560</u>

Note:

- (a) The bank revolving loan bears floating interest rate at 1-month Hong Kong Inter-bank Offered Rate plus 3.5% per annum and is secured by:
- (i) unlimited corporate guarantee given by a wholly-owned subsidiary of the Company;
 - (ii) unlimited personal guarantees given by a shareholder of the Company, Mr. Ng Man Chan ("Mr. Ng") and his spouse; and
 - (iii) pledge of two properties whose beneficial owner is Mr. Ng.
- (b) The other borrowings of approximately HK\$8,677,000 bear fixed interest rate of 10% per annum, are repayable after 2 years from drawdown date and secured by the property, plant and equipment of the Group located in the PRC.
- (c) The shareholder's loan of HK\$40,000,000 bears fixed interest rate of 5% per annum, is unsecured and repayable on demand. The amount was fully settled during the six months ended 30 September 2021.



16. Share Capital

	(Unaudited)		(Audited)	
	30 September 2021		31 March 2021	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Ordinary share of HK\$0.1 each				
Issued and fully paid:				
At beginning of the reporting period	806,643,785	80,664	576,243,785	57,624
Issue of new shares upon the Placing	—	—	230,400,000	23,040
At the end of the reporting period	806,643,785	80,664	806,643,785	80,664

On 18 August 2020, the Company entered into the placing agreement with the placing agent, pursuant to which the Company has conditionally agreed to place, through the placing agent, on a best efforts basis, up to an aggregate of 115,200,000 placing shares at a placing price of HK\$0.158 per placing share to not less than six placees who are professional, institutional or other investors that are third parties independent of the Company and its connected persons (the "Placing"). The Placing was completed on 10 September 2020, and net proceeds of approximately HK\$17,596,000 after deducting direct cost of approximately HK\$606,000 were credited to the Company's equity during the six months ended 30 September 2020.

17. Fair Value Measurement

The following table presents the financial instruments measured at fair value or required to disclose their fair value in the unaudited condensed consolidated financial statements on a recurring basis as at 30 September 2021 and 31 March 2021 across the three levels of the fair value hierarchy defined in HKFRS 13 Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to the entire measurement. The levels are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 (lowest level): unobservable inputs for the asset or liability.

17. Fair Value Measurement (continued)

Financial instruments measured at fair value

	(Unaudited)			Total HK\$'000
	30 September 2021			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Assets				
Other long-term investments	16,344	–	–	16,344
(Audited)				
31 March 2021				
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Other long-term investments	20,158	–	–	20,158

The fair value of the other long-term investments are based on quoted market price at the end of the reporting period. The quoted market price used for other long-term investments held by the Group is the current bid price quoted by the Stock Exchange.

During the six months ended 30 September 2021 and year ended 31 March 2021, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

In the opinion of the Directors, no financial instruments of the Group are carried at amount materially different from their fair values as at 30 September 2021 and 31 March 2021.

18. Litigations

(a) Litigation with Mr. Harry Chan

In January 2017, Mr. Chan Sik Ming, Harry (“Mr. Harry Chan”), a former executive director, chief executive officer and Chairman of the Company who was removed from his duties effective from 23 December 2016, filed a claim for a total sum of approximately HK\$4,300,000 in respect of wages in lieu of notice, annual leave pay, rest day pay and long service payment (the “Claims”) in the Labour Tribunal against the Company which was then transferred to the Court of First Instance as High Court Action No. HCA 1082/2017 (the “1st Action”).

The Directors consider that the claim from Mr. Harry Chan is without merit and have been advised by the Group’s lawyers that the Group is not likely that the High Court would find the Company liable for the 1st Action. The Directors are of the opinion that it is not probable that an outflow of economic benefits will be required and therefore no provision for the Claims is considered necessary.

18. Litigations (continued)

(a) Litigation with Mr. Harry Chan (continued)

On 24 May 2017, the Company and Huafeng Microline (Huizhou) Circuits Limited (“Huafeng”) as first and second plaintiffs filed a statement of claim to the High Court in High Court Action No. 818/2018 against Mr. Harry Chan for his breaches (i) under the terms of his service agreement; and/or (ii) of his fiduciary and statutory duties to both the Company and Huafeng as an executive director (the “2nd Action”). The ultimate liability or amount is to be assessed. Pursuant to the order made by the High Court on 20 June 2017, the 1st Action was consolidated with the 2nd Action.

The Directors are of the opinion, with reference to the opinion of the Group’s lawyer, any damages (or part thereof) may set off against any amounts which may be awarded in Mr. Harry Chan’s favour (if any) in the 1st Action.

Up to the date of this report, there is no further update from the High Court for the above cases.

(b) 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 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.

As at 31 March 2020, the bank balances of DML and Pacific Dragon subject to the above litigation amounted to approximately HK\$12,019,000. Given the general adjourned period started on 29 January 2020 and ended on 3 May 2020, the hearing has been rescheduled to 22 June 2020. 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.

18. Litigations (continued)

(b) Litigation with Societe Generale (continued)

In November 2020, DML has paid the amount of approximately HK\$6,783,000 into the Court. The injunction order was discharged against DML by order of the Court dated 14 December 2020 and therefore the bank balances held by DML were released from restriction of use.

At 31 March 2021, Pacific Dragon has the bank balances of approximately HK\$2,684,000 which are restricted to use.

In April 2021, Pacific Dragon has paid the amount of approximately HK\$3,446,000 into the Court. The injunction order was discharged against Pacific Dragon by order of the Court dated 18 May 2021 and therefore the bank balances held by Pacific Dragon were released from restriction of use.

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.

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

With reference to the opinion of the Group's lawyer, the Directors are of view that Pacific Dragon and DML have a reasonable ground of defense. Having considered the significant legal and professional fees incurred and/or to be incurred for the case, the Directors are considering all possible alternative solutions.

(c) 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.

18. Litigations (continued)

(c) Litigation with Inter-Pacific Group (continued)

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.

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.

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

(d) Litigation with the Landlord

On 9 June 2021, the landlord (the "Landlord") lodged a statement of claim to the District Court against DML claiming an amount of approximately HK\$1,585,000 together with interest on the outstanding rent, service charges and rates for the period from 1 April 2020 to 15 July 2020 and the loss and damages suffered by the Landlord arising as a result of DML's breaching of the lease agreement entered into between DML and the Landlord on 23 April 2019 on the Said Premises (the "Said Lease").

On 30 September 2021, lease liabilities of approximately HK\$2,977,000 for the remaining lease term of the Said Lease were included and recognised in the Group's unaudited condensed consolidated statement of financial position. With reference to the opinion of the Group's lawyer, the Directors are of view that no further provision is needed.

On 5 November 2021, a final and interlocutory judgment has been made by the District Court against DML pursuant to which DML was ordered to pay to the Landlord: (a) the sum of HK\$417,503; (b) damages to be assessed; and (c) costs. Up to the date of this report, DML is seeking advices on the judgment. Based on the preliminary assessment by the management of the Group, the judgment has no material impact on the daily operations of the Group as a whole.

19. Events after the Reporting Period

In addition to the information disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group has the following subsequent events:

Issue of share under Rights Issue and Change in Board Lot Size

Pursuant to the Company's announcements dated 2 September 2021, 17 September 2021 and 4 October 2021, the Company's circular dated 25 October 2021 and the Company's prospectus dated 24 November 2021, the Company proposed to implement (i) rights issue on the basis of one rights share for every one existing share held on record date at a subscription price of HK\$0.1 per rights share (the "Rights Issue") and (ii) change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 20,000 Shares (the "Change in Board Lot Size"). The proposed Rights Issue was approved by the shareholders of the Company on the special general meeting held on 11 November 2021.

Up to the date of this report, the Rights Issue and Change in Board Lot Size have not yet been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

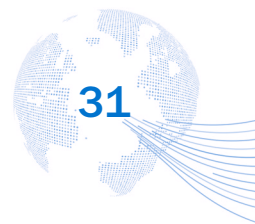
During the period ended 30 September 2021, the Group's total revenue was approximately HK\$52.7 million, representing an increase of 89.6% as compared with approximately HK\$27.7 million for the corresponding period in 2020 as the Group completed the acquisition of Sky Will Printing & Packaging Limited in August 2020.

During the period, the Group's petroleum trading business remained inactive in both periods as the Group has temporary suspended its petroleum trading business after the banking facilities provided to it for its trading of petroleum and energy products and related business were suspended by Societe Generale, Singapore Branch in August 2019. In September 2019, the Company's two subsidiaries received an injunction obtained by the bank, restricting them from disposing of or dealing with the claimed sums pursuant to the injunction order. As such, the two subsidiaries of the Company were not able to place purchase orders to suppliers or take new orders from customers, causing the Group to suspend the trading of petroleum products business.

During the period, the Group recorded the revenue of approximately HK\$2.8 million for its vessel chartering income, as compared with the revenue of approximately HK\$9.3 million in the same corresponding period of last year. The decrease in revenue was mainly due to the disposal of the vessels which was completed in May 2021. Details are set out in Note 13 to the unaudited condensed consolidated financial statements in this report.

During the period, the Group recorded the revenue of approximately HK\$19.0 million for its printed circuit board ("PCB") business, representing an increase of 25.0% as compared with the revenue of approximately HK\$15.2 million in the same corresponding period of last year. The increase in revenue was mainly due to the increase in customers' demands as a result of recovery from COVID-19.

During the period, the Group recorded the revenue of approximately HK\$30.9 million for its printing business, as compared with the revenue of approximately HK\$3.2 million in the same corresponding period of last year. The substantial increase in revenue was due to the strong demand from customers in a short period of time after recovery from COVID-19.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business and Financial Review (continued)

During the period, the Group's petroleum trading business recorded a segment loss of approximately HK\$0.1 million as compared to the loss of approximately HK\$0.6 million for the same period of last year.

The Group's PCB business has recorded a segment loss of approximately HK\$2.8 million as compared to that in the same period of last year (approximately HK\$5.0 million). The decrease in net loss for the current period was due to an one-off legal and professional fee of approximately HK\$2.0 million and depreciation for right of use asset of approximately HK\$1.0 million incurred in the same period of last year. There were no such expenses incurred in the current period.

The Group's printing business recorded a segment loss of approximately HK\$3.5 million as compared to that in the same period of last year (approximately HK\$0.5 million). The gross profit margin for the printing business was approximately 5.0% as compared with approximately 13% in the corresponding period of last year. The decrease was due to the sharp increase in raw material price, salaries cost and subcontracting fee. These costs cannot be reflected instantly to the selling price as the Group wants to remain competitive in the market.

The Group's vessel chartering recorded a segment loss of approximately HK\$1.5 million as compared to a profit position of approximately HK\$1.2 million for the same period of last year. This was due to an increase in repairs and maintenance expenses for the vessels and salaries expenses (related to compensation package for sacking) incurred in this period.

As a result of aforementioned factors, the Group's gross profit margin of continuing operation was reduced to approximately 1.6%, representing a decrease as compared with approximately 11.2% in the corresponding period of last year.

The Group's total net loss for the period decreased to approximately HK\$16.9 million from approximately HK\$28.1 million in the same corresponding period of last year. The decrease was mainly due to the following factors: (1) The Group's administrative expenses decreased to approximately HK\$16.2 million, representing a decrease of 34.7% as compared with the amount of HK\$24.8 million incurred in the same period of last year. This decrease was mainly due to the decrease in legal and professional fee from HK\$8.9 million to HK\$3.5 million in the current period; (2) The Group's finance costs decreased to approximately HK\$1.6 million, representing a decrease of 67.3% as compared with the amount of HK\$4.9 million incurred in the same period of last year. The finance costs incurred in the last period were mainly the interests of convertible bond, which were nil in the current period; and (3) an one-off loss on early redemption of promissory note of HK\$4.5 million incurred in last period.

The equity attributable to owners of the Company amounted to HK\$75.9 million as at 30 September 2021 as compared to HK\$95.1 million as at 31 March 2021. The decrease in the equity was mainly due to the reported loss for the period.

The Group's gearing ratio (defined as interest-bearing borrowings, and lease liabilities divided by total capital) as at 30 September 2021 was 65.3% (31 March 2021: 94.8%). The Group's current ratio as at 30 September 2021 and 31 March 2021 was 1.1 times and 1.2 times respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Capital Structure

The capital structure of the Group during the six months ended 30 September 2021 is summarised as follows:

Interest-bearing borrowings

The Group's interest-bearing borrowings as at 30 September 2021 are detailed in note 15 to the unaudited condensed financial statements.

Foreign Exchange Exposure

The Group's transaction and monetary assets are principally denominated in Renminbi, Hong Kong dollars, Singapore dollars and United States dollars. The Group has not experienced any difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the six months ended 30 September 2021. The Group did not enter any foreign exchange derivative contract to manage the currency translation risk of Renminbi against United States dollars during the six months ended 30 September 2021, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate time.

Pledge of Assets

Details of the pledge of assets of the Group as at 30 September 2021 are set out in note 15 to the unaudited condensed financial statements.

Contingent Liabilities

The Group did not have any material contingent liability as at 30 September 2021 (31 March 2021: Nil).

Litigations

Save as disclosed in note 18 to the unaudited condensed consolidated financial statements, the Group has no material outstanding litigations.

Employee Benefits

As at 30 September 2021, the Group had 300 (31 March 2021: 262) employees, including directors, working mainly in Hong Kong, Mainland China and Singapore. For the six months ended 30 September 2021, the Group's total staff costs including directors' emoluments were approximately HK\$20.6 million (six months ended 30 September 2020: approximately HK\$9.8 million).



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Outlook

Printed Circuit Boards Segment

The Group's Printed Circuit Board Business continued to be affected by the ongoing trade war between China and the U.S. and the coronavirus pandemic. Countries around the world are still severely affected by the coronavirus pandemic, lockdown measures and travel restrictions are implemented to contain and slow the spread of the virus. The Group has taken steps to re-focus and put more emphasis in the Chinese market. We are seeing results with the strategy. In addition, cost control scheme has been implemented which the Group will continue. With the recent positive development on the vaccine, together with the Group's strategy and cost control measures, we hope business would improve in the near future.

Printing Business Segment

The Company's Printing Business mainly involves manufacturing and trading of printing and packaging products, with particular focus on sales of high-quality printing and packaging products. In order to stay competitive and maintain good profit margin, the Company has stringent cost control measures in place and is constantly upgrading its manufacturing facilities by investing in new and advanced printing and packaging equipment.

The Group is carefully considering expanding by acquiring printing related business as and when they come along to offset the negative impact brought about by the coronavirus pandemic. The Company has not identified any acquisition target.

Trading of Petroleum and Energy Products and Related Business Segment

The market environment for small and medium-sized oil trader has not improved. The Company is facing extreme difficulties in resuming the Company's Petroleum and Energy Business. Since the demand for energy commodities in China has been strong, the Company intends to expand the Petroleum and Energy Business segment and will continue to explore trading opportunities with reliable trading partners of major energy products, including but not limited to petroleum and coal, and reactivate this business segment.

The legal proceedings against the two subsidiaries of the Company initiated by Societe Generale, Singapore Branch, in August 2019 has been vigorously defended by the Company. On July 2020, the Hong Kong High Court handed down its decision that the injunction to be 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 is paid into the Court.

In November 2020, one of these two subsidiaries paid the amount of approximately HK\$6.8 million into the Court. The injunction order was discharged against this subsidiary by order of the Court dated 14 December 2020 and therefore the bank balances held by this subsidiary were released from restriction of use.

At 31 March 2021, the other subsidiary had the bank balances of approximately HK\$2.7 million which were restricted to use. In April 2021, this subsidiary paid the amount of approximately HK\$3.4 million into the Court. The injunction order was discharged against this subsidiary by order of the Court dated 18 May 2021 and therefore the bank balances held by this subsidiary were released from restriction of use.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Outlook (continued)

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

As far as market condition goes, demand is yet to fully recover due to countries around the world are still severely affected by coronavirus pandemic implementing lockdown measures and travel restrictions. Another important negative factor affecting oil trading activities in the Asia Pacific is the tightening of credit availability to trading companies like us. Many major oil financing banks have quitted or reduced oil trading finance as they have suffered significant losses from loan repayment defaults by their oil trading customers. The market environment for small medium sized oil trader has not improved. The resumption of the Company's oil trading business is under extreme difficulty. However, the commodity demand from China has been strong.

The Group will continue to explore trading opportunities with reliable trading partners of major energy products, including but not limited to petroleum and coal, and reactive this business segments.

Vessel Chartering Business Segment

The Group has disposed of our two vessels, limiting the downside risk on its asset value. The disposals have been completed in May 2021. We have exited the vessel chartering business.

Other business

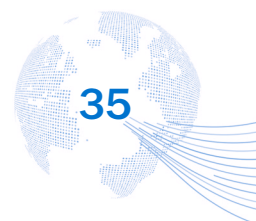
It is the plan of the Company to look for investment and growth opportunities despite under the current market conditions. It is also the long-term strategy for the Company to diversify into other areas such as the healthcare industry. The Company has made an investment into the shares of a healthcare group (the "Healthcare Acquisition"). The Company considers that the Healthcare Acquisition is an excellent investment which allows the Company to tap into the healthcare industry, which is expected to be one of the important growth drivers in the People's Republic of China in the coming decade. We will continue to explore the opportunities in the healthcare market and other business sectors that are beneficial to the Company and its shareholders as a whole.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2021, except for the following deviation:

Chairman and Chief Executive Officer

The Group has not appointed any 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 2021, 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 (the "Model Code"), were as follows:

Name of Directors	Nature of Interests	Number of issued ordinary shares held (Long Position)	Number of underlying shares held	Approximate percentage of the Company's issued share capital ^(Note)
Lee Man Kwong	Beneficial Owner	–	10,000	0.001%

Note:

The approximate percentages were calculated based on 806,643,785 shares of the Company in issue as at 30 September 2021.

Save as disclosed above, as at 30 September 2021, 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.

Following the completion of the rights issue, 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 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, would be as follow:

Name of Directors	Nature of Interests	Number of issued ordinary shares held (Long Position)	Number of underlying shares held	Approximate percentage of the Company's issued share capital ^(Note)
Lee Man Kwong	Beneficial Owner	–	10,000	0.001%

Note:

The approximate percentages were calculated based on 1,613,287,570 shares of the Company in issue upon the completion of rights issue.

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

As at 30 September 2021, 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 interest	Number of issued ordinary shares held (Long positions)	Approximate percentage of the Company's issued share capital ^(Note 1)
Cheung Ling Mun	Beneficial owner	120,068,000	14.88%
Ample Cheer Limited (Note 2)	Interest in controlled corporation	120,068,000	14.88%
Best Forth Limited (Note 2)	Interest in controlled corporation	120,068,000	14.88%
Kingston Finance Limited (Note 2)	Person having a security interest in shares	120,068,000	14.88%
Chu Yuet Wah (Note 2)	Interest in controlled corporation	120,068,000	14.88%
Apact Consultancy (Hong Kong) Company Limited	Investment Manager	51,000,000	6.32%

Notes:

- (1) The approximate percentages were calculated based on 806,643,785 shares of the Company in issue as at 30 September 2021.
- (2) Kingston Finance Limited ("KFL") is wholly-owned by Ample Cheer Limited ("ACL"). Best Forth Limited ("BFL") and Insight Glory Limited ("IGL") is holding 80% and 20% of the shares of ACL respectively. BFL and IGL are wholly-owned by Chu Yuet Wah. Accordingly, ACL and Chu Yuet Wah are deemed to be interested in all the shares that KFL is interested under Part XV of the SFO.

Save as disclosed above, as at 30 September 2021, 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.



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

Following the completion of the rights issue, 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 would be as follows:

Name	Capacity and nature of interest	Number of issued ordinary shares held (Long positions)	Approximate percentage of the Company's issued share capital ^(Note 1)
Cheung Ling Mun	Beneficial owner	120,068,000	7.44%
Ample Cheer Limited (Note 2)	Interest in controlled corporation	120,068,000	7.44%
Best Forth Limited (Note 2)	Interest in controlled corporation	120,068,000	7.44%
Kingston Finance Limited (Note 2)	Person having a security interest in shares	120,068,000	7.44%
Active Dynamic Limited (Note 3)	Interest in controlled corporation	806,643,785	50.00%
Kingston Finance Group Limited (Note 3)	Interest in controlled corporation	806,643,785	50.00%
Kingston Capital Asia Limited (Note 3)	Interest in controlled corporation	806,643,785	50.00%
Kingston Securities Limited (Note 3)	Beneficial owner	806,643,785	50.00%
Galaxy Sky Investments Limited (Note 3)	Interest in controlled corporation	806,643,785	50.00%
Chu Yuet Wah (Notes 2 & 3)	Interest in controlled corporation	926,711,785	57.44%
Apact Consultancy (Hong Kong) Company Limited	Investment manager	51,000,000	3.16%

Notes:

- (1) The approximate percentages were calculated based on 1,613,287,570 shares of the Company in issue upon the completion of rights issue.
- (2) Kingston Finance Limited ("KFL") is wholly-owned by Ample Cheer Limited ("ACL"). Best Forth Limited ("BFL") and Insight Glory Limited ("IGL") is holding 80% and 20% of the shares of ACL respectively. BFL and IGL are wholly-owned by Chu Yuet Wah. Accordingly, ACL and Chu Yuet Wah are deemed to be interested in all the Shares that KFL is interested under Part XV of the SFO.
- (3) The 806,643,785 Shares represent the maximum number of Underwritten Shares agreed to be underwritten by Kingston Securities Limited (the "Underwriter") pursuant to the Underwriting Agreement. The Underwriter is wholly-owned by Galaxy Sky Investments Limited ("GSIL") which in turn is owned by Kingston Capital Asia Limited ("KCAL"), a wholly-owned subsidiary of Kingston Finance Group Limited ("KFGL") which in turn is owned by Active Dynamic Limited ("ADL"). ADL is wholly-owned by Chu Yuet Wah. Accordingly, GSIL, KCAL, KFGL, ADL and Chu Yuet Wah are deemed to be interested in all the shares that the Underwriter is interested under Part XV of the SFO.

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

During the current 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 set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all directors and all directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2021.

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

Hong Kong, 26 November 2021

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

Executive directors:

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

Non-executive director:

YAU Pak Yue

Independent non-executive directors:

LEUNG King Fai
CHAN Yau Ching, Bob
LEUNG Hoi Ming