DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board (the "Board") of directors (the "Directors") of Daisho Microline Holdings Limited (the "Company", together with its subsidiaries the "Group") announces the preliminary consolidated results of the Group for the year ended 31 March 2023 together with the comparative figures of the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Continuing operations			
Revenue	*3*	**83,758**	106,471
Cost of sales		**(67,758)**	(98,670)
Gross profit		**16,000**	7,801
Other income	*5*	**4,305**	7,341
Selling and distribution expenses		**(4,718)**	(5,083)
Administrative expenses		**(26,754)**	(31,157)
Other operating expenses		**(112)**	(480)
Reversal of impairment loss on trade receivables, net	*11(b)*	**248**	1,808
Impairment loss on other receivables		**(937)**	–
Impairment loss on property, plant and equipment	*16*	**–**	(5,010)
Loss on de-consolidation of a subsidiary	*17(a)*	**(16,214)**	–
Gain on deregistration of subsidiaries	*17(b)*	**2,101**	–
Share of results of a joint venture	*10*	**479**	–
Finance costs	*6*	**(266)**	(2,244)

	Note	**2023** **HK$'000**	2022 HK$'000
Loss before taxation from continuing operations	*6*	**(25,868)**	(27,024)
Income tax expense	*7*	**(149)**	(444)
Loss for the year from continuing operations		**(26,017)**	(27,468)
Discontinued operation			
Loss for the year from discontinued operation	*12*	**–**	(1,660)
Loss for the year		**(26,017)**	(29,128)
From continuing and discontinued operations			
Loss per share			
Basic (Hong Kong cents)	*8*	**(1.61)**	(2.80)
Diluted (Hong Kong cents)	*8*	**(1.61)**	(2.80)
From continuing operations			
Loss per share			
Basic (Hong Kong cents)	*8*	**(1.61)**	(2.64)
Diluted (Hong Kong cents)	*8*	**(1.61)**	(2.64)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Loss for the year		**(26,017)**	(29,128)
Other comprehensive income (loss):			
Item that will not be reclassified to profit or loss:			
Change in fair value of other long-term investments	*9*	**3,969**	(14,437)
Items that may be/have been reclassified subsequently to profit or loss:			
Exchange difference on translation of functional currency to presentation currency		**(2,418)**	2,054
Release of exchange translation reserve upon deregistration of subsidiaries	*17(b)*	**(2,281)**	–
Total other comprehensive loss for the year		**(730)**	(12,383)
Total comprehensive loss for the year		**(26,747)**	(41,511)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Note	**2023** **HK$'000**	2022 HK$'000
Non-current assets			
Property, plant and equipment		**28,816**	43,660
Intangible assets		**411**	719
Other long-term investments	*9*	**–**	5,721
Interests in a joint venture	*10*	**20,479**	–
Deferred tax assets		**224**	443
		49,930	50,543
Current assets			
Inventories		**13,112**	10,209
Trade and bills receivables	*11*	**14,987**	29,810
Other receivables, deposits and prepayments		**16,968**	29,999
Tax recoverable		**–**	35
Cash and cash equivalents		**49,606**	55,012
		94,673	125,065
Current liabilities			
Trade payables	*13*	**22,272**	14,821
Other payables and accruals		**15,229**	18,137
Interest-bearing borrowings	*14*	**–**	8,880
Lease liabilities		**748**	302
Tax payable		**127**	661
		38,376	42,801
Net current assets		**56,297**	82,264
Total assets less current liabilities		**106,227**	132,807
Non-current liabilities			
Lease liabilities		**237**	–
Deferred tax liabilities		**76**	146
		313	146
NET ASSETS		**105,914**	132,661
Capital and reserves			
Share capital	*15*	**161,328**	161,328
Reserves		**(55,414)**	(28,667)
TOTAL EQUITY		**105,914**	132,661

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for other long-term investments which are measured at fair value.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in Note 2.

2. ADOPTION OF NEW/REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS16	*Proceeds before Intended Use*
Amendments to HKAS37	*Cost of Fulfilling a Contract*
Amendments to HKFRS3	*Reference to the Conceptual Framework*
Annual Improvements to HKFRSs	*2018–2021 Cycle*

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

3. REVENUE

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Revenue from contracts with customers within HKFRS 15		
Manufacturing and trading of printed circuit boards	**30,801**	35,654
Manufacturing and trading of printing and packaging products	**52,957**	70,817
	83,758	106,471

3. REVENUE (CONTINUED)

In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

Year ended 31 March 2023	**Manufacturing and trading of printed circuit boards**	**Manufacturing and trading of printing and packaging products**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Geographical region:			
– Hong Kong	**3,197**	**42,857**	**46,054**
– North America	**12,979**	**–**	**12,979**
– Europe	**4,020**	**7,906**	**11,926**
– The People's Republic of China (the "PRC")	**8,079**	**2,194**	**10,273**
– South Korea	**2,235**	**–**	**2,235**
– Japan	**195**	**–**	**195**
– Other countries	**96**	**–**	**96**
	30,801	**52,957**	**83,758**
Timing of revenue recognition:			
– at a point in time	**30,801**	**52,957**	**83,758**
Type of transaction price:			
– fixed price	**30,801**	**52,957**	**83,758**

3. **REVENUE (CONTINUED)**

Year ended 31 March 2022	Manufacturing and trading of printed circuit boards *HK$'000*	Manufacturing and trading of printing and packaging products *HK$'000*	Total *HK$'000*
Geographical region:			
– Hong Kong	3,296	57,202	60,498
– North America	12,537	–	12,537
– Europe	1,723	8,005	9,728
– The PRC	15,504	5,610	21,114
– South Korea	2,194	–	2,194
– Japan	257	–	257
– Other countries	143	–	143
	35,654	70,817	106,471
Timing of revenue recognition:			
– at a point in time	35,654	70,817	106,471
Type of transaction price:			
– fixed price	35,654	70,817	106,471

4. SEGMENT INFORMATION

The Directors of the Company 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 of the Company 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;

(iv) Investments in funds; and

(v) Vessel chartering which was a discontinued operation *(Note 12)*.

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

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.

4. SEGMENT INFORMATION (CONTINUED)

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

Year ended 31 March 2023

	Continuing operations				Discontinued operation	
	Manufacturing and trading of printed circuit boards *HK$'000*	Trading of petroleum and energy products and related business *HK$'000*	Manufacturing and trading of printing and packaging products *HK$'000*	Investments in funds *HK$'000*	Vessel chartering *HK$'000*	Consolidated *HK$'000*
Segment revenue						
Major customer A	–	–	24,428	–	–	24,428
Major customer B	12,979	–	–	–	–	12,979
Other customers	17,822	–	28,529	–	–	46,351
	30,801	–	52,957	–	–	83,758
Segment results	(115)	(79)	(832)	479	–	(547)
Unallocated other income						94
Unallocated administrative expenses						(11,009)
Unallocated other operating expenses						(27)
Loss on de-consolidation of a subsidiary						(16,214)
Gain on deregistration of subsidiaries						2,101
Finance costs						(266)
Loss before taxation						(25,868)
Income tax expense						(149)
Loss for the year						(26,017)

4. SEGMENT INFORMATION (CONTINUED)

(A) By Business Segments (Continued)

Year ended 31 March 2022

	Continuing operations				Discontinued operation	
	Manufacturing and trading of printed circuit boards *HK$'000*	Trading of petroleum and energy products and related business *HK$'000*	Manufacturing and trading of printing and packaging products *HK$'000*	Investments in funds *HK$'000*	Vessel chartering *HK$'000*	Consolidated *HK$'000*
Segment revenue						
Major customer A	–	–	32,803	–	–	32,803
Major customer B	12,537	–	–	–	–	12,537
Other customers	23,117	–	38,014	–	2,767	63,898
	35,654	–	70,817	–	2,767	109,238
Segment results	(9,001)	(240)	(5,146)	–	(2,125)	(16,512)
Unallocated other income						3,339
Unallocated administrative expenses						(13,252)
Unallocated other operating expenses						(480)
Finance costs						(2,244)
Loss before taxation						(29,149)
Income tax credit						21
Loss for the year						(29,128)

4. **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 31 March 2023

	Continuing operations				Discontinued operation		
	Manufacturing and trading of printed circuit boards *HK$'000*	Trading of petroleum and energy products and related business *HK$'000*	Manufacturing and trading of printing and packaging products *HK$'000*	Investments in funds *HK$'000*	Vessel chartering *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Segment assets	**25,514**	**3,488**	**81,267**	**20,479**	**–**	**13,855**	**144,603**
Segment liabilities	**17,504**	**282**	**19,139**	**–**	**–**	**1,764**	**38,689**
Other segment information:							
Amortisation of intangible assets	–	–	(308)	–	–	–	(308)
Depreciation	(1,206)	(37)	(3,373)	–	–	(716)	(5,332)
Loss on de-consolidation of a subsidiary	–	–	–	–	–	(16,214)	(16,214)
Gain on deregistration of subsidiaries	–	–	–	–	–	2,101	2,101
Impairment loss on other receivables	937	–	–	–	–	–	937
(Provision for) Reversal of impairment loss on trade receivables, net	(83)	–	331	–	–	–	248
Loss on disposal of property, plant and equipment, net	–	(20)	(65)	–	–	(2)	(87)
Share of results of a joint venture	–	–	–	479	–	–	479
Additions to property, plant and equipment (including right-of-use assets)	–	–	668	–	–	1,368	2,036

4. SEGMENT INFORMATION (CONTINUED)

(A) By Business Segments (Continued)

At 31 March 2022

	Continuing operations			Discontinued operation		
	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*	Unallocated *HK$'000*	Consolidated *HK$'000*
Segment assets	50,004	3,577	82,198	–	39,829	175,608
Segment liabilities	14,945	290	17,516	–	10,196	42,947
Other segment information:						
Amortisation of intangible assets	–	–	(308)	–	–	(308)
Depreciation	(5,028)	(145)	(3,732)	(286)	(1,197)	(10,388)
Impairment loss on property, plant and equipment	(5,010)	–	–	–	–	(5,010)
Reversal of (Provision for) impairment loss on trade receivables, net	2,193	–	(385)	–	–	1,808
Loss on disposal of property, plant and equipment, net	–	–	–	–	(480)	(480)
Write-back of other payables	–	337	–	–	467	804
Write-back of lease liabilities	–	–	–	–	2,486	2,486
Additions to property, plant and equipment (including right-of-use assets)	–	–	1,271	–	–	1,271

4. **SEGMENT INFORMATION (CONTINUED)**

(B) Geographical Information

(i) Revenue form external customers

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong	**46,054**	60,498
North America	**12,979**	12,537
Europe	**11,926**	9,728
The PRC	**10,273**	21,114
South Korea	**2,235**	2,194
Japan	**195**	257
Other countries	**96**	143
	83,758	106,471
Discontinued operation		
Singapore	**–**	2,767
	83,758	109,238

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

(ii) Non-current assets

	2023	2022
	HK$'000	*HK$'000*
The PRC	**27,124**	42,513
Hong Kong	**2,103**	1,840
Singapore	**–**	26
	29,227	44,379

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

5. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Interest income	**176**	52
Exchange gain, net	**749**	247
Rental income	**2,073**	1,763
Government subsidies *(Note(i))*	**431**	265
Sales of scrap materials	**567**	729
Write-back of other payables	**–**	804
Write-back of lease liabilities *(Note (ii))*	**–**	2,486
Others	**309**	995
	4,305	7,341
Discontinued operation		
Government subsidies *(Note (i))*	**–**	63
Exchange gain, net	**–**	9
Others	**–**	164
	–	236
	4,305	7,577

Notes:

(i) In the opinion of the Directors of the Company, there was no unfulfilled condition or contingency relating to the government subsidies.

(ii) During the year ended 31 March 2022, the amount represented the difference between the sum of approximately HK$418,000 in respect of the relevant lease based on the outcome of final and interlocutory judgement made by the Court of First Instance of the High Court of Hong Kong (the "Court of First Instance of Hong Kong") as set out in Note 19(a) to this announcement and the corresponding lease liabilities of approximately HK$2,904,000 at 31 March 2021.

6. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	2023	2022
	HK$'000	*HK$'000*
Finance costs		
Continuing operations		
Interest on bank borrowings	**–**	988
Interest on other borrowings	**216**	1,206
Interest on lease liabilities	**50**	50
	266	2,244

	2023	2022
	HK$'000	*HK$'000*
Staff costs (excluding Directors' emoluments)		
Continuing operations		
Salaries, allowances and benefits-in-kind	**28,769**	30,918
Contribution to defined contribution plans *(Note (i))*	**2,597**	2,311
	31,366	33,229
Discontinued operation		
Salaries, allowances and benefits-in-kind	**–**	2,603
Contribution to defined contribution plans	**–**	312
	–	2,915
	31,366	36,144

6. LOSS BEFORE TAXATION (CONTINUED)

	2023	2022
	HK$'000	*HK$'000*
Other items		
Continuing operations		
Auditor's remuneration		
– Audit services	**1,280**	1,300
– Non-audit services	**210**	360
Amortisation of intangible assets (included in administrative expenses)	**308**	308
Cost of inventories *(Note (ii))*	**67,758**	98,670
Depreciation	**5,332**	10,102
Exchange gain, net	**(749)**	(247)
Loss on disposal of property, plant and equipment, net	**87**	480
Legal and professional fee (included in administrative expenses)	**3,246**	5,932
Other rental and related expenses	**389**	477
Discontinued operation		
Auditor's remuneration		
– Audit services	**–**	–
Depreciation	**–**	286
Exchange gain, net	**–**	(9)
Legal and professional fee	**–**	268
Other rental and related expenses	**–**	59
Repair and maintenance	**–**	807

6. LOSS BEFORE TAXATION (CONTINUED)

Notes:

(i) For the years ended 31 March 2023 and 2022, there were no forfeited contributions which were available to reduce the Group's existing level of contributions to the relevant defined contribution retirement scheme in Hong Kong and the PRC.

(ii) Cost of inventories includes approximately HK$22,728,000 *(2022: HK$28,093,000)* 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.

7. INCOME TAX

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Current tax		
Hong Kong Profits Tax		
Current year	**314**	537
Over-provision in prior year	**(95)**	–
	219	537
Singapore corporate income tax ("Singapore CIT")		
Over-provision in prior years	**–**	(23)
	219	514
Deferred tax	**(70)**	(70)
Income tax expense for continuing operations	**149**	444
Discontinued operation		
Over-provision in prior year – Singapore CIT	**–**	(465)
Total income tax expense (credit) for continuing and discontinued operations	**149**	(21)

PRC Enterprise Income Tax has not been provided for the years ended 31 March 2023 and 2022 as the Group's entities in the PRC incurred a loss for taxation purposes.

7. INCOME TAX (CONTINUED)

For the years ended 31 March 2023 and 2022, the assessable profits of Hong Kong incorporated subsidiaries of the Group are entitled to the two-tiered profits tax rates regime that the first HK$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The assessable profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Singapore CIT has not been provided for the years ended 31 March 2023 and 2022 as the Group's entities in Singapore incurred a loss for taxation purposes.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
Loss:		
Loss attributable to the owners of the Company, used in basic loss per share calculation	**(26,017)**	(29,128)

	2023	2022
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**1,613,287,570**	1,040,901,980

During the years ended 31 March 2023 and 2022, there were no potential dilutive ordinary shares in issue.

The diluted loss per share is the same as the basic loss per share for the years ended 31 March 2023 and 2022.

The bonus-element effect of the rights issue during the year ended 31 March 2022, if any, has been considered in the calculation of the weighted average number of shares outstanding for the year ended 31 March 2022. Details of the rights issue are set out in Note 15 to this announcement.

9. OTHER LONG-TERM INVESTMENTS

	Listed equity securities *HK$'000*
At 1 April 2021	20,158
Change in fair value recognised in other comprehensive loss	(14,437)
At 31 March 2022 and 1 April 2022	5,721
Change in fair value recognised in other comprehensive loss	3,969
Disposal	(9,690)
At 31 March 2023	–

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 an equity investment measured at fair value through other comprehensive income ("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.

During the period between 14 July 2022 and 25 July 2022, the Group completed a series of open market disposals of an aggregate of 7,524,000 Allocated Shares on the Stock Exchange (the "Open Market Disposal"), representing approximately 0.83% of the entire issued share capital of Pine Care at the price range between HK$0.48 and HK$0.52 per share, which was made based on the prevailing market prices of the aggregate of 7,524,000 Allocated Shares on the Stock Exchange at the relevant time of the Open Market Disposal, for an aggregate consideration of approximately HK$3,840,000. Accordingly, a gain on change in fair value of approximately HK$1,469,000 has been recognised in other comprehensive income during the year ended 31 March 2023.

On 3 August 2022, the Group entered into an instrument of transfer for the disposal of 10,636,000 Allocated Shares to an independent third party at the consideration of approximately HK$5,850,000, representing an average price of HK$0.55 per share which is determined based on the prevailing market price of the 10,636,000 Allocated Shares on the Stock Exchange. Completion of which took place on the same day. Accordingly, a gain on change in fair value of approximately HK$2,500,000 has been recognised in other comprehensive income during the year ended 31 March 2023.

9. OTHER LONG-TERM INVESTMENTS (CONTINUED)

As a result of the above disposals, the Group recorded a gain on change in fair value of approximately HK$3,969,000 in other comprehensive income for the year ended 31 March 2023, representing the difference between the aggregate consideration of approximately HK$9,690,000 and the fair value of the Allocated Shares of approximately HK$5,721,000 at 31 March 2022 and the cumulative loss in FVOCI reserve of approximately HK$20,250,000 was transferred directly to accumulated losses as equity movement under the relevant applicable accounting standards upon derecognition.

Details of the disposals are disclosed in the Company's announcement dated 3 August 2022.

10. INTERESTS IN A JOINT VENTURE

	2023
	HK$'000
Unlisted shares, at cost	**156**
Share of results	**479**
	635
Loan to a joint venture *(Note)*	**19,844**
	20,479

Note:

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

Details of the joint venture at the end of reporting period are as follows:

Name of the joint venture	**Place of incorporation/ business**	**Particulars of registered and paid-up share capital**	**Proportion of value of registered and paid-up share capital indirectly held by the Company**	**Principal activities**
Noricap Fund G.P. Limited ("Noricap Fund")	The Cayman Islands/ Hong Kong	United States dollars ("US$") 50,000	40%	Investment holdings and subscription and management of special purpose fund ("SP Fund") which is yet to commence

10. INTERESTS IN A JOINT VENTURE (CONTINUED)

The above joint venture is accounted for using the equity method in the Group's consolidated financial statements. There are no capital commitment and contingent liabilities in relation to the joint venture itself.

On 13 July 2022, an indirectly wholly-owned subsidiary of the Company, Digital Mind Investments Limited ("Digital Mind") has entered into a joint venture arrangement agreement (the "JV Arrangement Agreement") with LBG Equity Investments (HK) Co., Limited ("LBG"), a company incorporated in Hong Kong, pursuant to which, among others, (i) Digital Mind and LBG will subscribe for 40% and 60% of equity interests in Noricap Fund at a consideration of approximately US$20,000 (equivalent to approximately HK$156,000) and approximately US$30,000 (equivalent to HK$234,000), respectively and (ii) Digital Mind and LBG shall provide to Noricap Fund financing in proportion to their respective shareholding in Noricap Fund in the principal amount of approximately HK$19,844,000 and HK$29,766,000, respectively, which carry a fixed interest rate of 1% per annum and are unsecured and are repayable after 3 years from commencing of the loan. The subscription of Noricap Fund was completed on 13 September 2022.

Arrangements with joint venture partner

Pursuant to the JV Arrangement Agreement, each of Digital Mind and LBG is entitled to appoint 1 out of 2 board members of Noricap Fund and the key strategic financial and operating decisions in relation to Noricap Fund's operation require the unanimous consent of all board members. In the opinion of the directors of the Company, these key decisions related to the activities that significantly affect the returns of Noricap Fund. Accordingly, neither Digital Mind nor LBG has the ability to control Noricap Fund unilaterally and Noricap Fund is therefore considered as jointly controlled by Digital Mind and LBG. As the Group has rights to the net assets of the joint arrangement, Noricap Fund is accounted for as a joint venture of the Group.

Relationship with the joint venture

Noricap Fund is engaged in subscription and management of SP Fund which presents an investment opportunity to maximise return on the Group's funds by making investments in emerging sectors such as energy and technology and diversify the income stream and business risks.

10. INTERESTS IN A JOINT VENTURE (CONTINUED)

Financial information of an individual material joint venture

Summarised financial information of the joint venture of the Group, which is considered to be material, is set out below, which represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	HK$'000
At 31 March 2023	
Summarised statement of financial position	
Current assets	**1,387**
Non-current assets	**20,265**
Current liabilities	**(220)**
Non-current liabilities	**(19,844)**
Net assets	**1,588**
Included in above:	
Cash and cash equivalent	**799**
Current financial liabilities (excluding trade and other payables and provisions)	**–**
Non-current financial liabilities (excluding trade and other payables and provisions)	**(19,844)**
Reconciliation:	
Net assets of the Group's interests in the joint venture	**1,588**
Group's ownership interests	**40%**
Carrying amount of the Group's interests in the joint venture	**635**

10. INTERESTS IN A JOINT VENTURE (CONTINUED)

Financial information of an individual material joint venture (Continued)

	HK$'000
For the year ended 31 March 2023 (since subscription):	
Summarised statement of profit or loss and other comprehensive income	
Revenue	**–**
Other income	**1,509**
Profit for the period	**1,197**
Total comprehensive income	**1,197**
Group's share of profit and total comprehensive income	**479**
Included in above:	
Interest income	**1,041**
Interest expense	**134**

11. TRADE AND BILLS RECEIVABLES

		2023	2022
	Note	***HK$'000***	*HK$'000*
Trade receivables from third parties	*11(a)*	**14,939**	36,021
Less: Loss allowance	*11(b)*	**(361)**	(6,211)
	11(a)	**14,578**	29,810
Bills receivables	*11(c)*	**409**	–
		14,987	29,810

11. TRADE AND BILLS RECEIVABLES (CONTINUED)

11(a) Trade receivables

Included in the balances are the trade receivables (before loss allowance) from contracts with customers within HKFRS15:

	2023	2022
	HK$'000	*HK$'000*
At the beginning of the reporting period	**36,021**	38,359
At the end of the reporting period	**14,939**	36,021

The Group's business with its trade debtors is mainly on credit basis and the credit period is ranging from 30 to 120 days *(2022: 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:

	2023	2022
	HK$'000	*HK$'000*
Less than 1 month	**3,758**	6,139
1 to 2 months	**3,007**	7,031
2 to 3 months	**3,416**	6,563
Over 3 months	**4,758**	16,288
	14,939	36,021

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

	2023	2022
	HK$'000	*HK$'000*
Not past due	**9,972**	17,883
Less than 1 month past due	**2,085**	2,437
1 to 2 months past due	**1,458**	3,243
2 to 3 months past due	**54**	19
Over 3 months past due	**1,009**	6,228
	14,578	29,810

Information about the Group's exposure to credit risks and loss allowance on trade receivables is included in Note 11(b) to this announcement.

11. TRADE AND BILLS RECEIVABLES (CONTINUED)

11(b) Loss allowance

The movement in the loss allowance for trade receivables during the year is summarised as below:

	2023	2022
	HK$'000	*HK$'000*
At the beginning of the reporting period	**6,211**	7,718
Amount recovered	**(331)**	(2,198)
Increase in allowance	**83**	390
De-consolidation of a subsidiary	**(5,302)**	–
Exchange realignment	**(300)**	301
At the end of the reporting period	**361**	6,211

During the year ended 31 March 2023, the significant changes in loss allowance on trade receivables were due to the changes in past due trade receivables and long overdue trade receivables which has been derecognised as a result of the de-consolidation of a subsidiary as detailed in Note 17(a) to this announcement.

During the year ended 31 March 2022, the significant changes in loss allowance on trade receivables were due to the changes in past due trade receivables.

11(c) Bills receivables

At 31 March 2023, all bills receivables are interest-free and guaranteed by banks in the PRC and have maturies of less than six months. The bills receivables have been subsequently settled in April 2023.

12. 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 would be transferred from the Group to the respective buyers.

The vessel chartering business was 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.

The results of the Discontinued Operation have been presented separately in the consolidated statement of profit or loss.

The results of the Discontinued Operation for the reporting period was analysed as follows:

	2022 *HK$'000*
Revenue	2,767
Other income	236
Administrative expenses	(5,128)
Loss before taxation	(2,125)
Income tax credit	465
Loss for the year	(1,660)

12. DISCONTINUED OPERATION (CONTINUED)

Vessel chartering business (Continued)

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

	2022
	HK$'000
Net cash used in operating activities	(5,186)
Net cash from investing activities	48,781
Net cash used in financing activities	(46,694)

The loss per share information of the Discontinued Operation was as follows:

	2022
Loss per share for the Discontinued Operation	
Basic (Hong Kong cents)	(0.16)
Diluted (Hong Kong cents)	(0.16)

The basic and diluted loss per share for the Discontinued Operation are calculated by dividing the loss for the year 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 this announcement.

The bonus-element effect of the rights issue during the year ended 31 March 2022, if any, has been considered in the calculation of the weighted average number of shares outstanding for the year ended 31 March 2022. Details of the rights issue are set out in Note 15 to this announcement.

13. TRADE PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables to third parties	**22,272**	14,821

The trade payables are non-interest bearing and the Group is normally granted with a credit term ranging from 30 to 90 days *(2022: 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:

	2023	2022
	HK$'000	*HK$'000*
Less than 1 month	**4,242**	833
1 to 2 months	**4,965**	4,619
2 to 3 months	**3,437**	2,170
Over 3 months	**9,628**	7,199
	22,272	14,821

14. INTEREST-BEARING BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Secured		
Other borrowings – Current portion	**–**	8,880
Denominated in:		
RMB	**–**	8,880

Note:

At 31 March 2022, the other borrowings of approximately HK$8,880,000 bear fixed interest of 10% per annum, were repayable after 2 years from 10 April 2020 and secured by the property, plant and equipment of the Group relating to the printing circuits board business located in the PRC with aggregate net carrying amounts of approximately HK$10,489,000 and was renewed in April 2022 and being repayable on demand. The amount has been derecognised during the year ended 31 March 2023 as a result of de-consolidation of a subsidiary as detailed in Note 17(a) to this announcement.

15. SHARE CAPITAL

	2023		2022	
	No. of shares	***HK$'000***	*No. of shares*	*HK$'000*
Ordinary share of HK$0.1 each				
Authorised:				
At the beginning of the reporting period and **at the end of the reporting period**	**2,000,000,000**	**200,000**	2,000,000,000	200,000
Issued and fully paid:				
At the beginning of the reporting period	**1,613,287,570**	**161,328**	806,643,785	80,664
Issue of new shares upon the rights issue *(Note)*	**–**	**–**	806,643,785	80,664
At the end of the reporting period	**1,613,287,570**	**161,328**	1,613,287,570	161,328

Note:

On 2 September 2021, the Company proposed to implement the rights issue on the basis of one rights share for every one existing share held on 23 November 2021 (the "Rights Issue"), being the record date, at the subscription price of HK$0.1 per rights share. The Rights Issue was approved by the shareholders of the Company at the special general meeting held on 11 November 2021 and was completed on 16 December 2021. As such, 806,643,785 shares, with par value of HK$0.1 each, were issued and allotted under the Rights Issue with net proceeds of approximately HK$79,050,000 after deducting direct cost of approximately HK$1,614,000 were charged to the Company's equity under "Share premium".

16. IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	HK$'000	*HK$'000*
Machinery and equipment	**–**	5,010

Note:

In light of the continuous operating losses of the Group's printed circuit board ("PCB") business over past years, the management of the Group considered that non-financial assets of the Group related to the PCB business at 31 March 2022 might be impaired. In view of this, the management of the Group estimated the recoverable amount of the cash-generating unit in respect of PCB business as the higher of the fair value less costs of disposal and the value in use of the cash-generating unit based on the valuation report prepared by an independent professional valuer. The cash-generating unit consisted of the Group's PCB manufacturing facility, which is composed of property, plant and equipment (the "PCB CGU") with aggregate net carrying values of approximately HK$10,503,000 at 31 March 2022.

Based on the assessment, the recoverable amount of the PCB CGU is lower than its carrying amount at 31 March 2022 and therefore impairment loss of approximately HK$5,010,000 against the machinery and equipment was recognised in profit or loss during the year ended 31 March 2022.

17. LOSS ON DE-CONSOLIDATION OF A SUBSIDIARY AND GAIN ON DEREGISTRATION OF SUBSIDIARIES

(a) De-consolidation of Daisho Microline Limited ("DML")

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

DML received a sealed order dated 29 June 2022 for winding-up (the "Winding-up Order") made by the Court of First Instance of Hong Kong, pursuant to which DML was ordered to be wound up on the basis of its failure to settle the judgement debt in the sum of approximately HK$418,000. Messrs Lai Kar Yan (Derek) and Kam Chung Hang (Forrest), both of Deloitte Touche Tohmatsu were appointed as joint and several liquidators of DML on 26 August 2022 made by the Court of First Instance of Hong Kong. By virtue of the Winding-up Order, DML ceased to be controlled by the Company with effect from 29 June 2022. Accordingly, the Group has de-consolidated DML on 29 June 2022 and loss on de-consolidation of a subsidiary of approximately HK$16,214,000 was charged to profit or loss during the year ended 31 March 2023.

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

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

	HK$'000
Property, plant and equipment	**9,904**
Trade receivables, net	**10,138**
Other receivables, deposits and prepayments	**8,815**
Cash and cash equivalent	**68**
Other payables and accruals	**(4,235)**
Interest-bearing borrowings	**(8,476)**
Net assets of DML at the date of de-consolidation and loss on de-consolidation of DML	**16,214**
Net cash outflow arising from de-consolidation of DML	**68**

17. LOSS ON DE-CONSOLIDATION OF A SUBSIDIARY AND GAIN ON DEREGISTRATION OF SUBSIDIARIES (CONTINUED)

(b) Deregistration of subsidiaries

During the year ended 31 March 2023, subsidiaries of the Group including PE28 Pte. Ltd, PE138 Pte. Ltd, PE Trading Pte. Ltd, Pacific Dragon Trading Pte. Ltd and Oriental Ship Management Pte. Ltd which are incorporated in Singapore (collectively referred to as "Singapore Subsidiaries") have been deregistered. Upon the deregistration, a gain on deregistration of Singapore Subsidiaries of approximately HK$2,101,000 has been recognised in profit or loss during the year ended 31 March 2023.

Details of gain on deregistration of Singapore Subsidiaries are summarised as follows:

	HK$'000
Deferred tax assets	**193**
Other payables and accruals	**(13)**
Aggregate net assets of Singapore Subsidiaries at the date of deregistration	**180**
Release of exchange translation reserve upon deregistration of subsidiaries	**(2,281)**
Gain on deregistration of Singapore Subsidiaries	**(2,101)**
Net cash outflow arising from deregistration of Singapore Subsidiaries	**–**

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions information disclosed elsewhere in this announcement, the Group had the following transactions with related parties:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, representing amounts paid to the Company's directors and senior executives, is as follows:

	2023 ***HK$'000***	2022 *HK$'000*
Salaries, allowances and benefits-in-kind	**4,848**	4,728
Contribution to defined contribution plans	**107**	82
	4,955	4,810

The remuneration was based on the terms mutually agreed between the Group and the related parties.

18. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions

During the years ended 31 March 2023 and 2022, the Group had the following material transactions with related parties. In the opinion of the management of the Group, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group:

	2023	2022
	HK$'000	*HK$'000*
Rental and related expenses paid to a company controlled by a substantial shareholder	**1,020,000**	1,038,000

In the opinion of the Directors of the Company, these related party transactions were conducted in the ordinary course of business of the Group.

19. LITIGATIONS

(a) Litigation with Societe Generale

On 17 September 2019, the Group received an amended writ of summons (the "Writ") issued by Societe Generale, Singapore Branch (the "Plaintiff") in which, among others, Pacific Dragon (Hong Kong) Energy Limited ("Pacific Dragon") and DML, two wholly-owned subsidiaries of the Company, have been joined as additional defendants to the proceedings of the High Court (case number: HCA 1617/2019) which were originally issued against, among others, (1) 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. 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 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 respectively.

19. LITIGATIONS (CONTINUED)

(a) Litigation with Societe Generale (Continued)

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 2022, respectively. Accordingly, the injunction order was discharged against DML and Pacific Dragon by order of the Court.

On 29 June 2022, DML ceased to be subsidiary of the Group under the Winding-up Order and the injuncted amount of approximately HK$6,783,000 paid by DML was derecognised upon de-consolidation of DML as detailed in Note 17(a) to this announcement.

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

With reference to the opinion of the Group's lawyer, the directors of the Company are of view that DML and Pacific Dragon have a reasonable ground of defense.

(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.

19. LITIGATIONS (CONTINUED)

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

Therefore, the Group issued a legal letter to demand Inter-Pacific Group to make an immediate 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 year ended 31 March 2023, the Group's total revenue was approximately HK$83.8 million, representing a decrease of approximately 21.3% as compared with approximately HK$106.5 million for the last year. The decrease in total revenue was mainly due to the decrease in revenue by approximately HK$17.8 million of the manufacturing and trading of printing and packaging products business (the "Printing Business") from approximately HK$70.8 million for the last year to approximately HK$53.0 million this year.

Due to the suspension of the Group's petroleum and energy products trading business, there has been no revenue generated from the petroleum and energy products trading business since 2019. The business segment recorded a segment loss of approximately HK$0.1 million as compared to the segment loss of approximately HK$0.2 million for the last year.

There was no revenue generated from the Group's vessel chartering business this year as compared with the revenue of approximately HK$2.8 million in last year. No revenue generated was due to the completion of disposal of the vessels in May 2021, the details of which are set out in Note 12 in this announcement. Therefore, the results of this business segment have been classified as discontinued operation in the consolidated statement of profit or loss of the Group since 2021.

The Group recorded a revenue of approximately HK$30.8 million from its manufacturing and trading of printed circuit boards (the "PCB") business during the year, representing a decrease of 13.7% as compared with the revenue of approximately HK$35.7 million in last year. The decrease in revenue was mainly due to the decrease in customers' demand because of the recurring COVID-19 pandemic this year. The Group's PCB business recorded a segment loss of approximately HK$0.1 million as compared with the segment loss of approximately HK$9.0 million for the last year. Such decrease in segment loss was mainly attributable to (i) the increase in gross profit for this business by approximately HK$5.1 million as a result of the appreciation of United States dollars ("USD") against Renminbi ("RMB") and the enhancement in the stability of the manufacturing cost, (ii) an impairment loss on property, plant and equipment of approximately HK$5.0 million was recognised in last year while no impairment loss on property, plant and equipment was recognised this year; and net off with (iii) reversal of impairment loss on trade receivable by approximately HK$2.2 million was recognised in last year while no such reversal was recognised this year.

During the year, the gross profit margin for the Group's Printing Business was approximately 17.4% as compared with approximately 8.6% for the last year. Such increase in gross profit margin was mainly due to the enhancement in the stability of raw material price and cost control measures implemented by the business segment during the year. The Group's Printing Business recorded a segment loss of approximately HK$0.8 million as compared with a segment loss of approximately of HK$5.1 million in last year. The decrease in segment loss was mainly due to (i) the increase in gross profit for this business by approximately HK$3.1 million; (ii) the decrease in administrative expenses by approximately HK$0.6 million as compared with the last year; and (iii) reversal of impairment loss on trade receivables of approximately HK$0.3 million as a result of improvement in past due trade receivables.

As a result of aforementioned factors, the Group's gross profit margin of continuing operations was approximately 19.1%, representing an increase as compared with approximately 7.3% in last year.

The Group recorded a total net loss of approximately HK$26.0 million for the year as compared to the total net loss of approximately HK$29.1 million for the last year.

The decrease in the net loss for the year was mainly due to the following factors: (1) the Group recorded a loss on de-consolidation of a subsidiary of approximately HK$16.2 million as set out in the section headed "Significant Investment and Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures" below and Note 17(a) in this announcement; (2) the Group's gross profit increased to approximately HK$16.0 million, representing an increase of approximately HK$8.2 million as compared with approximately HK$7.8 million in last year; (3) there was no segment loss from the vessel chartering business during the year, as compared to a segment loss of approximately HK$2.1 million in last year; (4) no impairment loss on property, plant and equipment was recognised for this year while impairment loss on property, plant and equipment of approximately HK$5.0 million was recognised in last year; and (5) the decrease in administrative expenses by approximately HK$4.4 million as compared with last year.

The Group's equity attributable to owners of the Company decreased from approximately HK$132.7 million as at 31 March 2022 to approximately HK$105.9 million as at 31 March 2023, which was due to the reported loss for the year.

The Group's gearing ratio (defined as interest-bearing borrowings and lease liabilities, divided by total capital) as at 31 March 2023 was 1.0% (2022: 6.9%). The decrease in the gearing ratio was mainly due to the derecognition of the interest-bearing borrowings of approximately HK$8.5 million when Daisho Microline Limited ("DML") ceased to be controlled by the Group with effect from 29 June 2022 as detailed in Note 17(a) in this announcement. The Group's current ratio (defined as total current assets divided by total current liabilities) as at 31 March 2023 and 2022 was 2.47 times and 2.92 times, respectively.

As at 31 March 2023, the Group's total cash and bank balances were approximately HK$49.6 million (2022: approximately HK$55.0 million). The Group did not have any interest-bearing borrowings as at 31 March 2023 (2022: comprise other borrowings of approximately HK$8.9 million).

Capital Structure

The capital structure of the Group during the year ended 31 March 2023 is summarised as follows:

Interest-bearing Borrowings

As at 31 March 2023, the Group did not have any interest-bearing borrowings (2022: approximately HK$8.9 million). Details are set out in Note 14 in this announcement.

Rights Issue

On 16 December 2021, the Company issued and allotted 806,643,785 ordinary shares by way of rights issue (the "Rights Issue") on the basis of one rights share for every one existing share held on 23 November 2021 at a subscription price of HK$0.1 per rights share. The reasons for the Rights Issue were (i) to reduce the debt level; (ii) to invest in appropriate investment opportunities; and (iii) to provide additional working capital to the Group. The net proceeds from the Rights Issue were approximately HK$79.1 million after deducting direct cost of approximately HK$1.6 million. As at the date of this announcement, all the net proceeds from the Rights Issue have been fully utilised as intended and there was no difference between the intended use of the net proceeds and its actual use. An analysis of the use of the net proceeds up to the date of this announcement is as follows:

Date of particulars of the Rights Issue	**Net proceeds raised (approximately)** *(HK$)*	**Intended use of the net proceeds (approximately)**	**Actual use of the net proceeds (approximately)**
Issue of 806,643,785 shares under prospectus on 24 November 2021	79.1 million	(1) Repayment of bank revolving loan of approximately HK$37.0 million	(1) Used as intended
		(2) Investments in appropriate opportunities of approximately HK$20.0 million	(2) Used as intended
		(3) Remaining of the net proceeds will be used as general working capital	(3) Used as intended

Foreign Exchange Exposure

The Group's transaction and monetary assets are principally denominated in RMB, Hong Kong dollars and USD. 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 year ended 31 March 2023. The Group did not enter into any foreign exchange derivative contract to manage the currency translation risk of RMB against USD, USD against Hong Kong dollars during the year ended 31 March 2023, but the Group reviews its foreign exchange exposure regularly and considers using financial instruments to hedge against foreign exchange exposure at appropriate time.

Litigations

Save as disclosed litigations as set out in Note 19 in this announcement, the Group is not a party to any other significant legal proceedings.

Contingent Liabilities

As at 31 March 2023, the Group did not have any material contingent liabilities and outstanding facilities (2022: Nil).

Capital Commitments

As at 31 March 2023, the Group had no capital commitments (2022: Nil).

Pledge of Assets

There was no borrowings secured by assets of the Group as at 31 March 2023. As at 31 March 2022, the other borrowings of approximately RMB7.2 million (equivalent to approximately HK$8.8 million) were secured by the property, plant and equipment of the Group relating to the PCB business located in the PRC with an aggregate net carrying amounts of approximately HK$10.5 million.

Employees and Remuneration Policy

As at 31 March 2023, the Group had 290 (2022: 292) employees, including directors, working mainly in Hong Kong and the PRC. For the year ended 31 March 2023, the Group's total staff costs including directors' emoluments were approximately HK$33.9 million (2022: approximately HK$38.8 million).

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

The Company has also adopted a share option scheme as an incentive to, inter alia, its 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.

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 on 23 June 2017, under which, options may be granted by the Company to any eligible participants (including executive and 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.

During the years ended 31 March 2023 and 2022 no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme. As at 31 March 2023, there were no outstanding share options under the Share Option Scheme.

As at 31 March 2023 and up to the date of this announcement, the total number of share options available for granting by the Company under the Share Option Scheme was 161,328,757, representing 10% of the shares of the Company in issue.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

No interim dividend was declared for the year ended 31 March 2023 (2022: Nil).

Significant Investment and Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Disposals of Listed Securities

During the period between 14 July 2022 and 3 August 2022, the Group completed a series of disposals of an aggregate of 18,160,000 shares in Pine Care Group Limited (its shares are listed on the Main Board of the Stock Exchange (Stock Code: 1989), ("Pine Care")) (the "Pine Care Shares"), of which (i) 7,524,000 Pine Care Shares were disposed of on the Stock Exchange at the price range between HK$0.48 and HK$0.52 per Pine Care Share for an aggregate consideration of approximately HK$3.8 million (the "On-Market Disposals"); and (ii) 10,636,000 Pine Care Shares were disposed of off-market to Prism International Development Limited, an independent third party (as defined in the Listing Rules), at the consideration of approximately HK$5.8 million (the "Off-Market Disposal", together with the On-Market Disposals, the "Disposals").

As a result of the Disposals, the Company recognised a gain on change in fair value in other comprehensive income of approximately HK$4.0 million for the Disposals during the year, which is the difference between the aggregate consideration for the Disposals of approximately HK$9.7 million and the fair value of the disposed Pine Care Shares of approximately HK$5.7 million as at 31 March 2022. Upon the completion of the Disposals, the cumulative loss of approximately HK$20.3 million in fair value through other comprehensive income reserve was transferred directly to accumulated losses as equity movement under relevant applicable accounting standards. Accordingly, the Disposals have no significant impact on profit or loss of the Group for the year.

Further details of the Disposals is set out in the announcement dated 3 August 2022 issued by the Company.

Winding Up of a Subsidiary of the Company

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

On 12 July 2022, DML received a sealed order for winding-up (the "Winding-up Order") made by the Court of First Instance of the High Court of Hong Kong, pursuant to which DML was ordered to be wound up on the basis of its failure to settle the judgement debt in the sum of approximately HK$418,000. Messrs Lai Kar Yan (Derek) and Kam Chung Hang (Forrest), both of Deloitte Touche Tohmatsu, were appointed as the joint and several liquidators of DML by virtue of an order dated 26 August 2022 made by the Court of First Instance of the High Court of Hong Kong.

By virtue of the Winding-up Order, DML ceased to be a subsidiary of the Company. Accordingly, the control over the net assets of DML of approximately HK$16.2 million was lost, resulting in loss on de-consolidation of a subsidiary of approximately HK$16.2 million during the year. The Board is not aware that the Winding-up Order has any material adverse impacts on the daily business operations and solvency of the Group as a whole. Details of the financial effect resulting from the Winding-up Order are set out in Note 17(a) in this announcement and further details of the Winding-up Order are set out in the announcements dated 21 January 2022, 19 May 2022 and 15 July 2022 issued by the Company.

Significant Investment

Formation of a Joint Venture

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

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

The Group's investment cost in the JV was USD20,000 (equivalent to approximately HK$156,000). As at 31 March 2023, the Group held 20,000 shares in the JV, representing 40% equity interest in the JV. As the Group has rights to the net assets of the joint arrangement, the JV is classified as a joint venture of the Group and accounted for using equity method in the consolidated financial statements of the Group. The carrying amount of the Group's equity interest in the JV of approximately HK$0.6 million, together with the provision of the shareholder's loan by Digital Mind with carrying amount of approximately HK$19.8 million, amounted to approximately HK$20.4 million as at 31 March 2023, representing 14.1% of the Group's total assets and accordingly constituting a significant investment of the Group according to the Listing Rules. The profit attributable to owners of the JV for the year ended 31 March 2023 was approximately HK$1.2 million. The Group's share of results of the JV for the year ended 31 March 2023 is approximately HK$0.5 million. No market fair value was available for this investment as at 31 March 2023.

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

Further details of the interests in the JV and the summarised financial information have been disclosed in Note 10 in this announcement.

Except for the above, the Group did not hold any other significant investments as at 31 March 2023 and there were no material acquisitions and disposals of subsidiaries, associates, or joint ventures for the year.

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.

Outlook

PCB Business Segment

The recurring COVID-19 pandemic affected the downstream demand and the lockdown measures in major cities disrupted the PCB industry chain to a certain degree throughout this year. The Board expects the demand for the PCB will remain under pressure as the global economy remains full of uncertainty. The Group will continue to implement cost control measures and leverage its technical expertise to develop the high technology business.

Printing Business Segment

Although the demand contracted this year, the profitability improved due to the increased stability of raw materials price and cost control measures implemented by the business segment. The Board expects the demand will continue to be under pressure under the unstable macroeconomic environment. The Group will continue to implement cost control measures, expand the customer base and product mix. With the relief of the prevention and control measures in different countries around the world, we hope retail market will recover, and the downstream demand will increase.

Trading of Petroleum and Energy Products and Related Business Segment

The legal proceedings against the two subsidiaries of the Company (including Pacific Dragon and DML) initiated by Societe Generale, Singapore Bank 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 an 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 as set out in the section headed "Significant Investment and Material Acquisitions and Disposals" above and Note 17(a) in this announcement.

At 31 March 2021, Pacific Dragon had the bank balances of approximately HK$2.7 million which were restricted from being use. 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.

Having consulted the Group's lawyer, the Group is of view that we have a reasonable ground of defense and will continue to defend the case.

Details of the legal proceedings are set out in Note 19(a) in this announcement.

The international crude oil price and commodities price still remain at a high level and volatile. Nevertheless, the global commodity demand will remain stable. The Group is actively seeking for trading opportunities and try to resume the trading business. On 22 May 2023, the Company has 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 propose to set up a joint venture which is planned to be engaged in the business of sales of energy and resources related products and commodities (the "Proposed JV") so as for the Group to resume the trading business.

Other Investment

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

On 16 December 2021, the Group completed the Rights Issue and raised net proceeds of approximately HK$79.1 million of which all the net proceeds have been fully utilised. For the details, please refer to the above section headed "Rights Issue" in this announcement.

To integrate the resources within the Group for improvement in its overall financial position and cost effectiveness, the Group is currently undergoing a restructuring process. As a result of the restructuring, the Board believes that the streamlined structure of the Group will also be conducive to its future business growth plan.

Looking forward, the Group will strive to maintain robustness and remain resilient under the globally complex and uncertain macroeconomic environment. The Group will also continue to grow and strengthen its existing businesses and to explore business growth opportunities in different business sectors, such as healthcare.

CORPORATE GOVERNANCE

The Company has applied and complied with all applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix 14 to the Listing Rules throughout the year, 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.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

EVENTS AFTER THE REPORTING YEAR

Save as disclose elsewhere in this announcement, there were no significant events occurred after the year and up to the date of this announcement.

REVIEW OF FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

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 draft consolidated financial statements of the Group for the year ended 31 March 2023 and agreed with all the accounting treatments which have been adopted therein.

SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") 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 year.

SCOPE OF WORK PERFORMED BY MAZARS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2023 have been agreed by the Group's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2023. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The Company's Annual Report for the year ended 31 March 2023 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the website of the Stock Exchange at "www.hkexnews.hk" and the Company's website at "www.irasia.com/listco/hk/daisho" in due course.

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

Hong Kong, 27 June 2023

As at the date of this announcement, the Board consists of two executive Directors, namely, LEE Man Kwong and WONG Siu Hung, Patrick, one non-executive Director, namely, YAU Pak Yue and three independent non-executive Directors, namely, LEUNG King Fai, CHAN Yau Ching, Bob and LEUNG Hoi Ming.