
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Daisho Microline Holdings Limited, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "13. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Subject to the grant of the listing of, and permission to deal in the Rights Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

This Prospectus appears for information purposes only and does not constitute an invitation or offer to the Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus should acquaint themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States of America. This Prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The securities referred to herein have not been and will not be registered under the US Securities Act or the laws of any state or jurisdiction of the United States of America, and may not be offered or sold within the United States of America, absent registration or an exemption from the registration requirements of the US Securities Act and applicable state laws. There is no intention to register any portion of the rights issue or any securities described herein in the United States or to conduct a public offering of securities in the United States of America.



DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE

Underwriter to the Rights Issue



Financial adviser to the Company



Capitalised terms used in this cover page have the same meanings as defined in this Prospectus.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company served prior to 4:00 p.m. on Friday, 10 December 2021 to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. Such events are set out in the section headed "Termination of the Underwriting Agreement" of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 26 November 2021 to Friday, 3 December 2021 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers. The latest time for acceptance of and payment for the Rights Shares is at 4:00 p.m. on Wednesday, 8 December 2021. The procedures for application and payment for the Rights Shares are set out on pages 12 and 16 of this Prospectus.

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EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

Events	Date and time
First day of dealings in nil-paid Rights Shares	Friday, 26 November 2021
Latest time for splitting of the PAL	4:30 p.m. on Tuesday, 30 November 2021
Last day of dealings in nil-paid Rights Shares	Friday, 3 December 2021
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Wednesday, 8 December 2021
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional (if applicable).	4:00 p.m. on Friday, 10 December 2021
Announcement of allotment results	Wednesday, 15 December 2021
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful applications for excess Rights Shares.	Thursday, 16 December 2021
Effective date of the new board lots size of 20,000 Shares.	Friday, 17 December 2021
Expected first day of dealings in fully-paid Rights Shares	Friday, 17 December 2021
Designated broker starts to stand in the market to provide matching services for odd lots of Shares.	9:00 a.m. on Friday, 17 December 2021
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares.	4:00 p.m. on Friday, 21 January 2022

Dates or deadlines specified in expected timetable above or in other parts of this Prospectus are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 8 December 2021. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 8 December 2021. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Wednesday, 8 December 2021, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

DEFINITIONS

In this Prospectus, the following expressions have the following meanings unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 2 September 2021 in relation to, among others, the Rights Issue and Change in Board Lot Size
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and public holidays in Hong Kong and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon or on which a “black” rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 20,000 Shares
“Circular”	the circular of the Company dated 25 October 2021 in respect of, among others, the Rights Issue and Change in Board Lot Size
“Company”	Daisho Microline Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter

DEFINITIONS

“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than the controlling shareholders and their associates or, where there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Last Trading Day”	2 September 2021, being the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement
“Latest Practicable Date”	16 November 2021, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 8 December 2021 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on the second Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement

DEFINITIONS

“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Prospectus”	this prospectus despatched to the Shareholders by the Company containing details of the Rights Issue
“Prospectus Documents”	this Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Wednesday, 24 November 2021, being the date for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Tuesday, 23 November 2021 being the date for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the issue by way of rights on the basis of one (1) Rights Share for every one (1) existing Share in issue on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	Shares to be allotted and issued under the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share in issue on the Record Date, being 806,643,785 Rights Shares

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company held on Thursday, 11 November 2021 to consider, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.1 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Underwriting Agreement”	the supplemental underwriting agreement dated 19 October 2021 and entered into between the Company and the Underwriter amending certain provisions of the Underwriting Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Underwriter”	Kingston Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO whose ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the underwriting agreement dated 2 September 2021 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue (as amended by the Supplemental Underwriting Agreement)
“Underwritten Share(s)”	all the Rights Shares which are fully underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement, being 806,643,785 Rights Shares
“%”	percentage

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate its obligations thereunder on the occurrence of certain events. If at any time, prior to the Latest Time for Termination, one or more of the following events or matters shall occur, arise, exist, or come into effect:

- (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) after the signing of the Underwriting Agreement;
- (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of this Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
- (3) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
- (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of the Underwriting Agreement;
- (5) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
- (6) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, in/on Hong Kong, the People's Republic of China or other jurisdiction relevant to any member of the Group and a change in currency conditions for the purpose of this Clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs; or
- (7) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company, which event or events is or are in the absolute opinion of the Underwriter:
 - (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed.

LETTER FROM THE BOARD



DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

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

Registered Office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

*Head Office and Principal Place of
Business:*

Unit A, 10/F.
Fook Hing Industrial Building
33 Lee Chung Street
Chai Wan, Hong Kong

24 November 2021

To the Qualifying Shareholders and, for information only, the Excluded Shareholders (if any)

Dear Sir or Madam,

**RIGHTS ISSUE
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE**

INTRODUCTION

References are made to the Announcement and the Circular in relation to, among other things, the Rights Issue and the Change in Board Lot Size. On 2 September 2021, the Company proposed to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.1 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to any Excluded Shareholders.

At the SGM held on Thursday, 11 November 2021, the relevant resolution approving the Rights Issue was duly passed by the Independent Shareholders by way of poll. Mr. Lee Man Kwong, an executive Director holding 10,000 Shares (representing approximately 0.001% of the issued share capital of the Company), has abstained from voting in favour of the resolution relating to the Rights Issue at the SGM.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with, among other things, details of the Rights Issue, financial information and other general information of the Group.

RIGHTS ISSUE

On 2 September 2021 (after trading hours), the Company entered into the Underwriting Agreement (as supplemented by the Supplemental Underwriting Agreement) with the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every one (1) existing Share held on the Record Date
Subscription Price	:	HK\$0.1 per Rights Share
Number of Shares in issue at the Latest Practicable Date	:	806,643,785 Shares
Number of Rights Shares	:	806,643,785 Rights Shares (assuming no change in the share capital of the Company on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	HK\$80,664,378.50 (assuming no change in the share capital of the Company on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	1,613,287,570 Shares (assuming no change in the share capital of the Company on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued)
Number of Rights Shares underwritten by the Underwriter	:	all the Rights Shares which are fully underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement, being 806,643,785 Rights Shares

As at the Latest Practicable Date, the Group had no outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares.

Assuming no Shares are issued or repurchased on or before the Record Date, 806,643,785 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 100% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price is HK\$0.1 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 21.26% over the closing price of HK\$0.127 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 44.44% to the closing price of HK\$0.180 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of 37.5% to the average of the closing prices of HK\$0.160 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 28.57% to the theoretical ex-rights price of HK\$0.140 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.180 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 22.22%, represented by the theoretical diluted price of approximately HK\$0.140 per Share to the benchmarked price of HK\$0.180 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Announcement); and
- (vi) a discount of approximately 15.18% to the net asset value per Share attributable to the Shareholders of approximately HK\$0.118 per Share calculated based on the audited consolidated net assets of the Group of approximately HK\$95,122,000, which included intangible assets of approximately HK\$1,027,000 as at 31 March 2021 and 806,643,785 Shares in issue as at the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, (i) the general downward trend of the closing price of the Shares during the two months up to and including the Last Trading Day (from the highest of HK\$0.181 per Share to the lowest of HK\$0.133 per Share); (ii) the low trading volume of the Shares; (iii) the Company recorded a loss attributable to owners of the Company of approximately HK\$87,248,000 and HK\$66,976,000 for the year ended 31 March 2020 and 2021, respectively; and (iv) the reasons for and benefits of Rights Issue as discussed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS" below.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, in view of the prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market; (ii) the Rights issue provides the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company and an opportunity to subscribe for excess Rights Shares subject to the level of acceptance; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL and EAF will be sent to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer documents (with the relevant share certificates) with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 16 November 2021.

The last day of dealing in the Shares on cum-rights basis is Friday, 12 November 2021. The Shares will be dealt with on an ex-rights basis from Monday, 15 November 2021.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below.

LETTER FROM THE BOARD

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s).

As at the Latest Practicable Date, the Company has a total of seven (7) Overseas Shareholders holding an aggregate of 60,004 Shares as follows:

Jurisdiction	Number of Overseas Shareholders	Aggregate number of Shares held	Approximate percentage of shareholding
Bermuda	4	4	0.0001%
Canada	2	30,000	0.0037%
Macau	1	30,000	0.0037%

The Board has made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. Based on the relevant overseas legal advice as at the Latest Practicable Date, the Board is of the view that the relevant overseas legal restrictions and requirements of the relevant regulatory body or stock exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses in Bermuda and Macau from the Rights Issue and the Rights Issue will be offered to the Overseas Shareholders in those jurisdictions.

Based on the relevant overseas legal advice from the legal advisers in Canada (the “**Specified Territories**”), the Directors have formed the view that it is necessary or expedient to exclude the Overseas Shareholders with registered addresses in the Specified Territories from the Rights Issue due to (i) the registration of the Prospectus Documents and/or compliance with the relevant local legal or regulatory requirements in the Specified Territories; and/or (ii) additional steps that the Company and/or Shareholders and/or beneficial owners of the Shares need to take to comply with the local legal requirements in the Specified Territories, such as to comply with the local legal restrictions on transferability and resale of the Rights Shares. Based on the above and taking into account the aggregate shareholding of less than 0.0037% in the Company held by the Overseas Shareholders with registered addresses in the Specified Territories as at the Record Date, the Board considered the time and costs required to extend the Rights Issue to such Overseas Shareholders (i) to be outweighing the potential benefit that would have been made available to the Overseas Shareholders in the Specified Territories if the Rights Issue is extended to them; and (ii) not in the interests of the Company and the Shareholders as a whole.

Accordingly, the Overseas Shareholders having registered addresses in Canada are considered as Excluded Shareholders. The Rights Issue has not been, and will not be, extended to the Excluded Shareholders. The Company will send the Prospectus (without the PAL and the EAF) to the Excluded Shareholders for their information only.

LETTER FROM THE BOARD

It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Rights Shares.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Excluded Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Excluded Shareholder(s) to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under the EAF(s).

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Application for the Rights Shares

The PALs relating to the Rights Shares will be enclosed with this Prospectus (for Qualifying Shareholders only) entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares

A PAL is enclosed with this Prospectus (for Qualifying Shareholders only) which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. on Wednesday, 8 December 2021. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "DMHL – RIGHTS ISSUE ACCOUNT" and crossed "Account Payee Only".

LETTER FROM THE BOARD

It should be noted that unless the duly completed PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Wednesday, 8 December 2021, whether by the original allottee or any person in whose favour the provisional allotment have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled, and the related Rights Shares will be available for excess application by other Qualifying Shareholders under the EAF. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Tuesday, 30 November 2021 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders accompanying completed PALs will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination and/or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" below are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 16 December 2021.

No receipt will be issued in respect of any application monies received.

LETTER FROM THE BOARD

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every one (1) existing Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of one (1) Right Share for every one (1) Share held on the Record Date, no fractional entitlements to the Rights Shares shall be issued to the Shareholders. No entitlements of the Excluded Shareholders to the Rights Shares shall be issued to the Excluded Shareholders.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Thursday, 16 December 2021. Each Shareholder will receive one share certificate for all allotted Rights Shares. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 16 December 2021 by ordinary post to the applicants at their own risk, to their respective registered addresses.

Application for excess Rights Shares

Under the Rights Issue, Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Excluded Shareholder; and (ii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

LETTER FROM THE BOARD

Application for excess Rights Shares can be made by the Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar no later than 4:00 p.m. on Wednesday, 8 December 2021.

The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the Registrar for registration by no later than 4:30 p.m. on Tuesday, 16 November 2021. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his/her/its provisional allotment must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Wednesday, 8 December 2021. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "DMHL – EXCESS APPLICATION ACCOUNT" and crossed "Account Payee Only".

LETTER FROM THE BOARD

The allocation of excess Rights Shares (if any) made to the Qualifying Shareholders will be announced on or about Wednesday, 15 December 2021. If no excess Rights Shares are allotted to the Qualifying Shareholders, the amount tendered on application is expected to be returned by refund cheque in full without interest by ordinary post at his/her/its own risk by the Registrar on or before Thursday, 16 December 2021. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder without interest by ordinary post to his/her/its registered address at his own risk by the Registrar on or before Thursday, 16 December 2021.

All cheques or cashier's orders accompanying completed EAFs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF with a cheque or a cashier's order will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection of the EAF and any acceptance of it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited has given, or be subject to, any of the above representation or warranty. Completion and return of the EAF with a cheque or a cashier's order will constitute a warranty by the applicant that the cheque or the cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation.

If the Underwriter exercises the right to terminate the Underwriting Agreement at or before the Latest Time for Termination or if the conditions of the Underwriting Agreement are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the nil-paid Rights Shares shall have been validly transferred, or in case of joint acceptances, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective registered address at their own risk on or before Thursday, 16 December 2021.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for excess Rights Shares, will be sent by ordinary post at the risk of the person(s) entitled thereto to their registered addresses as at the Record Date by the Registrar on the respective despatch dates. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

No receipt will be issued in respect of any application monies received.

Application for listing of the Rights Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

LETTER FROM THE BOARD

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the new board lots of 20,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Odd lots matching services

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, a designated broker, Kingston Securities Limited, has been appointed by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share from Friday, 17 December 2021 to 4:10 p.m. on Friday, 21 January 2022 (both dates inclusive). Kingston Securities Limited confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholders; and (ii) they are Independent Third Parties.

Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact Mr. James Lee of Kingston Securities Limited at 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong (telephone number: (852) 2298 6228 during office hours (i.e. 9:30 a.m. to 4:00 p.m.) of such period). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

LETTER FROM THE BOARD

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

THE UNDERWRITING AGREEMENT

The Underwriting Agreement

On 2 September 2021 (after trading hours), the Company entered into the Underwriting Agreement as supplemented by the Supplemental Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to fully underwrite all Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement.

Date	:	2 September 2021 (after trading hours) (as supplemented on 19 October 2021)
Underwriter	:	Kingston Securities Limited
Number of Rights Shares	:	806,643,785 Rights Shares
Underwriting commitment of the Underwriter	:	All the Rights Shares which are fully underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement, being 806,643,785 Rights Shares
Underwriting Commission	:	2% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares

The Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO whose ordinary course of business includes underwriting of securities. To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties.

LETTER FROM THE BOARD

The terms of the Underwriting Agreement, including the Subscription Price and the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issues, and the current and expected market condition. The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, the financial position of the Group and the current market condition as mentioned above. In particular, the underwriting commission rate under the Underwriting Agreement was determined after making reference to, and is within the range of, those underwritten rights issue exercises in the past 12 months from the date of the Underwriting Agreement, which were shortlisted as to those conducted by loss making companies listed on the Main Board of the Stock Exchange, having increase outstanding shares by more than 50% but less than 300% and are fully-underwritten by independent underwriters (the "Comparables"). Given that (i) the Company was in loss making position for the years ended 31 March 2020 and 2021; (ii) the Rights Issue is subject to Shareholder's approval which the time required for conducting the Rights Issue would normally be longer than the other rights issue that are not subject to shareholder's approval; (iii) the Company is listed on the Main Board of the Stock Exchange; and (iv) the Rights Issue is fully-underwritten by the Underwriter which is an Independent Third Party, the Company considers the selection criteria is fair and reasonable. It is noted that the underwriting commission charged by the underwriters of the Comparables ranged from 1.5% to 2.5%. Accordingly, the Company considers that the underwriting commission of 2.0% is in line with the market practice.

Therefore, the Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (b) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus for information only to the Excluded Shareholders, if any, by no later than the Prospectus Posting Date;
- (d) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;

LETTER FROM THE BOARD

- (e) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Time for Termination;
- (f) there being no Specified Event (as defined in the Underwriting Agreement) occurring on or before the Latest Time for Termination; and
- (g) the passing of the necessary resolutions at the SGM to approve the Underwriting Agreement, the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Independent Shareholders.

Save for the conditions (e) and (f) which can be waived by the Underwriter, none of the above conditions can be waived. If any of the conditions referred to above is not fulfilled, or waived (where applicable) by the Latest Time for Termination, the Rights Issue will not proceed.

As at the Latest Practicable Date, the condition set in paragraph (g) above has been fulfilled, and the parties to the Underwriting Agreement (as supplemental by the Supplemental Underwriting Agreement) are not aware of any facts or circumstances that will render the conditions set out in paragraphs (e) and (f) above not to be fulfilled upon completion of the Underwriting Agreement.

Termination of the Underwriting Agreement

Terms in relation to the termination of the Underwriting Agreement are summarized in the section headed "TERMINATION OF THE UNDERWRITING AGREEMENT" in this Prospectus.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed.

As at the Latest Practicable Date, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

The principal activity of the Company is investment holding. The activities of its principal subsidiaries consist of investment holding, manufacturing and trading of printed circuit boards, trading of petroleum and energy products and related business, and manufacturing and trading of printing and packaging products.

The Group has considered the pros and cons of alternative fund-raising methods, including but not limited to debt financing and equity financing such as the placing of new Shares and open offer, before resolving to the Rights Issue.

LETTER FROM THE BOARD

In respect of debt financing, the Company has approached three commercial banks for exploring possibility of new borrowings but understand that they are unwilling to grant the new borrowings as the Group does not have any other significant assets which is satisfactory to the banks that can serve as collaterals and there is ongoing litigation between the Group and Societe Generale, Singapore Branch. It is contemplated that even if such new borrowings would be available, the finance costs would be relatively high. Furthermore, additional borrowings will deteriorate the gearing position of the Group. As at 31 March 2021, the gearing ratio of the Group was 95%. The gearing ratio decreases to 52% after taking into account the disposal of two vessels and the repayment of Shareholder's loan in May 2021. It is estimated that the gearing position of Group would deteriorate with the gearing ratio goes up to approximately 95% if the Group borrows from a bank instead of conducting the Rights Issue which would increase the financial risk to Shareholders.

In respect of equity financing, the Board considers that placing of new Shares would be less favourable as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. The Board has also considered conducting pro rata fundraising by way of open offer, which is of similar nature as the Rights Issue. The Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market. However, an open offer does not allow the trading of rights entitlements. Therefore, the Board considers that the Rights Issue would be more preferable to an open offer as it offers the Qualifying Shareholders an option to sell their entitlement rights. Accordingly, the Directors consider that fund-raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$77.8 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.097. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately 48.84% of the net proceeds, or approximately HK\$38 million, for repayment of bank loan of the Group in the principal amount of HK\$37,026,000 with floating interest rate at 1-month Hong Kong Interbank Offered Rate plus 3.5% per annum which will be matured on 30 November 2021 and subsequently renewed until it is settled by the proceeds from the Rights Issue;
- (ii) approximately 25.45% of the net proceeds, or approximately HK\$19.8 million, for general working capital of the Group, including general administrative and operating expenses; and
- (iii) approximately 25.71% of the net proceeds, or approximately HK\$20 million, for investments in appropriate opportunities in the energy and resources, printing, high technology and healthcare industries.

LETTER FROM THE BOARD

The principal business of the Company are sale and production of printed circuit board products, printing and trading of energy products. The Board believes that the prospects of the Company lie in (a) growing our printing business; (b) re-activating trading of energy products business; (c) penetrating into high technology industry; and (d) investing into the healthcare industry:

- *Growing our printing business:* 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.
- *Re-activating trading of energy products business:* The market environment for small and medium-sized oil trader has not improved. The Company is facing extreme difficulties in resuming the Company's oil trading business. Since the demand for energy commodities in China has been strong, the Company will continue to explore trading opportunities with reliable trading partners of major energy products, including but not limited to petroleum and coal. As such, the Company would need to replenish its capital base in order to re-start the business when opportunity arises.
- *Penetrating into high technology industry:* The key product of the Company's printed circuit boards business is printed circuit boards that are mainly used in automobiles and artificial intelligent building equipment. This business segment is supported by an experienced technical team and quality control team which have over 20 years of experience in the electronic components industry. While the Group will continue to focus on the automotive electronics markets and proposes to expand into the consumer electronics market, it intends to leverage its technical expertise into developing high technology business. As at the Latest Practicable Date, the Group has not identified any products and/or specific areas to pursue.
- *Investing into the healthcare industry:* In light of the increasing life expectancy of the general population, the Board considers that there will be a growing demand for elderly care services in Hong Kong and the PRC. Combined with the favourable government policies and initiatives (such as provision of subsidies and launch of schemes in support of care services for the elderly), the Directors believe that healthcare industry will be one of the important economy drivers in both Hong Kong and the PRC in the coming decade.

In addition, the Board anticipates that the COVID-19 pandemic will reshape the healthcare system and speed up the healthcare reform with Internet healthcare playing an increasingly important role in the future. As such, the Directors believe that there would be good investment opportunities in this sector going forward.

The Company has invested in the healthcare industry by acquiring 198,600,000 shares of Pine Care Group Limited (松齡護老集團有限公司) on 24 September 2020, a healthcare company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1989), at a total consideration of HK\$29,909,520. For further details of the said acquisition, please refer to the announcement of the Company dated 24 September 2020. The Company is also exploring appropriate opportunities in the healthcare, energy and resources, printing and high technology industries. As at the Latest Practicable Date, the Group has not identified any acquisition target.

LETTER FROM THE BOARD

It is estimated that, save for unforeseeable circumstances and investment opportunities, the proceeds from the Rights Issue can satisfy the Company's expected funding needs and loans/liabilities for the next 12 months. As such, as at the Latest Practicable Date, the Company does not have any fund-raising plan for the next 12 months.

The Board considers that the Rights Issue will increase the capital base of the Company and give the Qualifying Shareholders equal opportunity to maintain their respective pro-rata shareholding interests in the Company. Hence, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings will be diluted.**

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below is the shareholding structure of the Company as at the Latest Practicable Date, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement, is as follow:

Shareholders	(i) As at the Latest Practicable Date		(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(iii) Immediately upon completion of the Rights Issue assuming no acceptance by all Qualifying Shareholders under the Rights Issue	
	No. of Shares	Approximate % of total no. of Shares in issue	No. of Shares	Approximate % of total no. of Shares in issue	No. of Shares	Approximate % of total no. of Shares in issue
Underwriter (Note 2)	-	-	-	-	457,643,785	28.37
Get Nice Securities Limited (Note 2)	-	-	-	-	209,000,000	12.95
VMS Securities Limited (Note 2)	-	-	-	-	140,000,000	8.68
Subtotal of the Underwriter and Sub-underwriters (as defined below)	-	-	-	-	806,643,785	50
Lee Man Kwong (Note 3)	10,000	0.001	20,000	0.001	10,000	0.001
Cheung Ling Mun	120,068,000	14.88	240,136,000	14.88	-	-
Public Shareholders						
Cheung Ling Mun	-	-	-	-	120,068,000	7.44
Apact Consultancy (Hong Kong) Company Limited	51,000,000	6.32	102,000,000	6.32	51,000,000	3.16
Other public Shareholders	635,565,785	78.80	1,271,131,570	78.80	635,565,785	39.40
Subtotal of the public Shareholders	686,565,785	85.12	1,373,131,570	85.12	806,633,785	50
Total	806,643,785	100	1,613,287,570	100	1,613,287,570	100

LETTER FROM THE BOARD

Notes:

1. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
2. These scenarios are for illustrative purpose only. Under the Underwriting Agreement, the Underwriter has undertaken that it shall use its reasonable endeavours to ensure that (i) sub-underwriter(s), if any, are Independent Third Party(ies); (ii) the public float requirements under the Listing Rules be fulfilled by the Company upon completion of the Rights Issue; (iii) it shall not, together with party(ies) acting in concert with it, hold 30% or more of the voting rights of the Company upon completion of the Rights Issue; (iv) sub-underwriters and placees procured by them, together with parties acting in concert with each of them, will not hold 20% or more of the voting rights of the Company upon completion of the Rights Issue; and (v) it and parties acting in concert (within the meaning of the Takeovers Code) with it will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of it in respect of performing its obligation hereunder.

On 13 September 2021, the Underwriter entered into sub-underwriting agreements (the “**Sub-underwriting Agreements**”), which is subject to the terms and conditions of the Underwriting Agreement, with two sub-underwriters (the “**Sub-underwriters**”), namely VMS Securities Limited and Get Nice Securities Limited, for sub-underwriting 140,000,000 and 209,000,000 Rights Shares at the Subscription Price, respectively. As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief, each of the Sub-underwriters is not a shareholder of the Company and they are independent of each other.

3. The 10,000 Shares are held by Lee Man Kwong, an executive Director.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save for the fund raising activities set out below, the Company has not conducted any other equity fund raising activities in the twelve (12) months immediately preceding from the date of the Announcement.

Date of initial announcement	Event	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds
19 February 2021	Placing of new shares under general mandate	HK\$12.7 million	The general working capital of the Group, including the repayment of debts of the Group when they fall due.	All net proceeds have been used for the intended purpose
18 August 2020	Placing of new shares under general mandate	HK\$17.6 million	The general working capital of the Group, including the repayment of debts of the Group when they fall due.	All net proceeds have been used for the intended purpose

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" above). Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from Monday, 15 November 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 26 November 2021 to Friday, 3 December 2021 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus. In case of any inconsistency between the English and Chinese versions of this Prospectus, the English version will prevail.

Yours faithfully
For and on behalf of the Board
Lee Man Kwong
Chairman

1. SUMMARY OF FINANCIAL INFORMATION

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the years ended 31 March 2019, 2020 and 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.irasia.com/listco/hk/daisho):

- Annual report for the year ended 31 March 2019 (pages 64 to 144):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0730/ltn20190730497.pdf>
- Annual report for the year ended 31 March 2020 (pages 62 to 144):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0729/2020072900650.pdf>
- Annual report for the year ended 31 March 2021 (pages 73 to 158):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0723/2021072300526.pdf>

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal activities of the Group are investment holding, manufacturing and trading of printed circuit boards (the “**Printed Circuit Boards Business**”), manufacturing and trading of printing and packaging products (the “**Printing Business**”), and trading of petroleum and energy products and related business (the “**Petroleum and Energy Business**”).

Printed Circuit Boards Segment

The key product of the Company’s Printed Circuit Boards Business is printed circuit boards that are mainly used in automobiles and artificial intelligent building equipment. This business segment is supported by an experienced technical team and quality control team which have over 20 years of experience in the electronic components industry. While the Group will continue to focus on the automotive electronics markets and proposes to expand into the consumer electronics market, it intends to leverage its technical expertise into developing high technology business.

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 down 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 completed acquisition of Sky Will on 12 August 2020. However, coronavirus pandemic does have a negative impact on this business segment. 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. As at the Latest Practicable Date, the Company has not identified any acquisition target. As mentioned in the previous business segment, we hope, with the recent positive development in the vaccine, the operating environment will be improved.

Petroleum and Energy 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 10 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.

On 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.

Details of the legal proceedings are set out in Note 37(b) to the consolidated financial statements in the Company' annual report for the year ended 31 March 2021.

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 explore the trading opportunities with reliable trading partners in other types of energy products.

3. INDEBTEDNESS

Borrowings

At the close of business on 30 September 2021, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group had outstanding borrowings (including both current and non-current portions) of approximately HK\$45,703,000.

	As at 30 September 2021 HK\$'000 (Unaudited)
<i>Secured and guaranteed</i>	
Bank revolving loan (<i>Note a</i>)	37,026
<i>Secured and unguaranteed</i>	
Other borrowings (<i>Note b</i>)	<u>8,677</u>
	<u><u>45,703</u></u>

Notes:

- (a) The revolving bank loan is secured by (i) corporate guarantee given by a wholly owned subsidiary of the Company; (ii) 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 from a non-financial institution are secured by property, plant and equipment of the Group located in the PRC. The amount bears fixed interest rate of 10% per annum and is repayable in April 2022.

Lease liabilities

As at 30 September 2021, the Group had outstanding lease liabilities (including both current and non-current portions) of approximately HK\$3,873,000.

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)
Amounts payable	3,993
Less: future finance charges	(120)
	<u>3,873</u>

As at 30 September 2021, the weighted average incremental borrowing rate for lease liabilities of the Group was 4.74% per annum.

Included in the lease liabilities of approximately HK\$2,977,000 as at 30 September 2021 was related to an existing litigation with the landlord as set out in Note (d) in the section headed "6. LITIGATION" in Appendix III to this Prospectus.

Contingent liabilities

At the close of business on 30 September 2021, the Group had neither any guarantee nor any other contingent liabilities in existence.

Details of litigation in which the Group has been engaged and which are considered to be of importance to the Group are set out in the section headed "6. LITIGATION" in Appendix III to this Prospectus.

Save as aforesaid and apart from intra-group liabilities and normal trade payables and other payables and accruals in the ordinary course of business, at the close of business on 30 September 2021, the Group did not have any debt securities issued and outstanding or agreed to be issued but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, guarantees or material contingent liabilities.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including the internally generated funds, the present bank and other facilities, the Group will have sufficient working capital for at least twelve months from the date of this Prospectus.

5. MATERIAL ADVERSE CHANGE

On 11 November 2021, a statement of disciplinary action was issued by the Stock Exchange against the Company and Ms. Cheung Lai Na (“**Ms. Cheung**”), the former executive Director and Chairman of the Company, regarding the sale and purchase agreement entered into between the Company and a vendor (an associate of Ms. Cheung) on 29 September 2017 in relation to the acquisition of four vessels by the Company from the vendor (the “**Acquisition**”). The Stock Exchange found that: (i) the Company failed to ensure that the information contained in the 2018 interim results and 2018 interim report is accurate and complete in all material respects; and (ii) Ms. Cheung failed to discharge her duties as a Director, including failure to monitor the progress of the Acquisition and implement effective internal control for ensuring the Company’s compliance with the Listing Rules. The Company and Ms. Cheung agreed to settle the disciplinary action, and accept the sanctions and directions imposed on them by the Listing Committee.

On 25 January 2021, the Group entered into conditional memorandum of agreements (as supplemented by the addendums dated 12 March 2021) (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 SGD4,020,000 (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 Disposals were approved by the Shareholders on 23 April 2021 and completed on 24 May 2021.

Save as disclosed, as at the Latest Practicable Date, so far as was known to the Directors, there are no material adverse change in the financial or trading position of the Group since 31 March 2021, the date to which the latest published audited financial statements of the Group were made up.

Note: The relevant amounts in SGD are translated into HK\$ at an exchange rate of SGD1: HK\$5.7791. No representation has been made by the Company that any amounts have been, could have been or could be converted at such rate or at any other rates or at all.

For illustrative purposes, the financial information prepared in accordance with paragraph 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by completion of the Rights Issue as if the Rights Issue had been completed on 31 March 2021. The statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the Group's financial condition on the completion of the Rights Issue.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules is set out to illustrate the effect of the Rights Issue on the audited consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 March 2021.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at the date to which it is made up or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2021, as extracted from the published annual report of the Company for the year ended 31 March 2021, with adjustments described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021 HK\$'000 (Note i)	Estimated net proceeds from the Rights Issue HK\$'000 (Note ii)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue HK\$'000	Audited consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 31 March 2021 HK\$ (Note iii)	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company after completion of the Rights Issue HK\$ (Note iv)
Rights Issue of 806,643,785 Rights Shares	94,095	77,751	171,846	0.117	0.107

Notes:

- (i) The audited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$94,095,000 as at 31 March 2021 is based on the consolidated net assets of the Group attributable to owners of the Company as at 31 March 2021 of approximately HK\$95,122,000 after deducting intangible assets of approximately HK\$1,027,000 of the Group as at 31 March 2021, as extracted from the published annual report of the Company for the year ended 31 March 2021.
- (ii) The estimated net proceeds from the Rights Issue of approximately HK\$77,751,000 is calculated based on 806,643,785 Rights Shares to be issued (in the proportion of one (1) Rights Share for every one (1) existing share held as at the Record Date) at the subscription price of HK\$0.1 per Rights Share, after deduction of the estimated related expenses of approximately HK\$2,913,000 assuming that the Rights Issue had been completed on 31 March 2021.
- (iii) The audited consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 31 March 2021 is calculated based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021 of approximately HK\$94,095,000 divided by 806,643,785 Shares in issue as at 31 March 2021.
- (iv) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company immediately after completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately HK\$171,846,000 divided by 1,613,287,570 Shares, which represent the sum of 806,643,785 Shares in issue as at 31 March 2021 and the Record Date given that there has been no further issue of new Shares or repurchase of Shares from the date of Announcement to the Record Date and 806,643,785 Rights Shares to be issued, pursuant to the Rights Issue (in the proportion of one (1) Rights Share for every one (1) existing share held as at the Rights Issue record date), are in issue assuming that the Rights Issue had been completed on 31 March 2021.
- (v) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2021.

The following is the text of a report received from Mazars CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

mazars
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MAZARS CPA LIMITED

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24 November 2021

The Board of Directors
Daisho Microline Holdings Limited
Unit A., 10/F., Fook Hing Industrial Building
33 Lee Chung Street
Chai Wan, Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Daisho Microline Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") prepared by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021 and related notes as set out on pages II-1 to II-2 of the prospectus dated 24 November 2021 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page II-1 of the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 806,643,785 rights shares at HK\$0.1 per rights shares (the "Rights Shares") on the basis of one Rights Share for every one existing share of the Company held on the rights issue record date (the "Rights Issue") on the Group's audited consolidated net tangible assets attributable to owners of the Company as at 31 March 2021 as if the Rights Issue had taken place on 31 March 2021. As part of this process, information about the Group's audited consolidated financial position has been extracted by the Directors from the published annual report of the Company for the year ended 31 March 2021.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting accountants' independence and quality control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 (Clarified) "*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*" issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 March 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Mazars CPA Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000</u>	Shares of HK\$0.10 each	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
<u>806,643,785</u>	Shares of HK\$0.10 each	<u>80,664,378.50</u>

(ii) Immediately after completion (assuming no change in the number of issue Shares and full acceptance of Rights Shares by all Qualifying Shareholders or through the Underwriter)

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000</u>	Shares of HK\$0.10 each	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
806,643,785	Rights Shares to be allotted and issued under the Rights Issue	80,664,378.50
<u>1,613,287,570</u>	Shares of HK\$0.10 each in issue immediately upon completion	<u>161,328,757.00</u>

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, fully paid or credited as fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company did not have any outstanding warrants, options or securities convertible into Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, save as disclosed below, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were otherwise required to notify the Company and the Stock Exchange pursuant to the Model Code:

Name of Directors	Nature of Interests	Number of issued ordinary shares held (Long Position)	Percentage of the Company's issued share capital (Note 3)
Lee Man Kwong	Beneficial Owner	10,000	0.01%

Note:

The approximate percentages were calculated based on the 806,643,785 Shares in issue as at the Latest Practicable Date.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity and nature of interest	Number of issued ordinary shares held (long position)	Percentage of the Company's issued share capital (<i>Note</i>)
Cheung Ling Mun	Beneficial owner	120,068,000	14.88%
Ample Cheer Limited (<i>Note 1</i>)	Interest in controlled corporation	120,068,000	14.88%
Best Forth Limited (<i>Note 1</i>)	Interest in controlled corporation	120,068,000	14.88%
Kingston Finance Limited (<i>Note 1</i>)	Person having a security interest in shares	120,068,000	14.88%
Active Dynamic Limited (<i>Note 2</i>)	Interest in controlled corporation	806,643,785	50%
Kingston Finance Group Limited (<i>Note 2</i>)	Interest in controlled corporation	806,643,785	50%
Kingston Capital Asia Limited (<i>Note 2</i>)	Interest in controlled corporation	806,643,785	50%
Galaxy Sky Investments Limited (<i>Note 2</i>)	Interest in controlled corporation	806,643,785	50%
The Underwriter (<i>Note 2</i>)	Beneficial owner	806,643,785	50%
Chu Yuet Wah (" Mrs. Chu ") (<i>Notes 1 and 2</i>)	Interest in controlled corporation	926,711,785	57.44%
Apact Consultancy (Hong Kong) Company Limited	Investment manager	51,000,000	6.32%

Notes:

- 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 Mrs. Chu. Accordingly, ACL and Mrs. Chu are deemed to be interested in all the Shares that KFL is interested in under Part XV of the SFO.
- The 806,643,785 Shares represent the maximum number of Underwritten Shares agreed to be underwritten by 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 Mrs. Chu. Accordingly, GSIL, KCAL, KFGL, ADL and Mrs. Chu are deemed to be interested in all the shares that the Underwriter is interested in under Part XV of the SFO.

The approximate percentage reflects the issued share capital as enlarged by the allotment and issue of Rights Shares on a fully diluted basis.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, there are no other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

None of the Director of the Company is a director or employee of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial shareholder or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

6. LITIGATION

(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.

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 Latest Practicable Date, 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 HCA 1617/2019) (the “**Proceedings**”) which were originally issued against, among others, (1) Ms. Cheung Lai Na (“**Ms. Cheung**”), a former executive Director who resigned on 4 September 2019 and a former Shareholder who held 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.

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.

As 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 18 September 2019 and 29 October 2019 and the Company's annual report for the year ended 31 March 2021.

Save as disclosed above, there is no further update for the above litigation up to the Latest Practicable Date.

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 of the Company 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 InterPacific Group, demanding Inter-Pacific Group to return the deposit of HK\$14,574,000 to the Group which had paid to Inter-Pacific Group for the acquisition of the two of the four vessels, namely Pacific Energy 8 and Pacific Energy 168, pursuant to the sale and purchase agreement dated 29 September 2017 (the "SPA").

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

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

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

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

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 Latest Practicable Date, 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 31 March 2021, lease liabilities of approximately HK\$2,904,000 for the remaining lease term of the Said Lease were included and recognised in the Group’s 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. The Company is seeking advices on the judgment as at the Latest Practicable Date. Based on the preliminary assessment of the Company, the judgment has no material impact on the daily operations of the Group as a whole.

As at the Latest Practicable Date, save as disclosed above, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

None of the Directors has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31 March 2021, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

8. MATERIAL CONTRACTS

The following contract(s) (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (i) the placing agreement dated 18 August 2020 and entered into between the Company and Kingston Securities Limited as the placing agent in relation to the placing of up to 115,200,000 new Shares at the placing price of HK\$0.158 per placing Share;
- (ii) the sale and purchase agreement dated 23 March 2020 (as supplemented by the first supplemental agreement dated 27 May 2020, the second supplemental agreement dated 24 June 2020 and the third supplemental agreement dated 16 July 2020) entered into among Perfect Design Limited, a wholly owned subsidiary of the Company as purchaser, Sky Will Printing & Packing (Holdings) Limited as the vendor and Mr. Ng Man Chan as guarantor in relation to the acquisition of 100% issued share capital of Sky Will Printing & Packaging Limited for a total consideration of HK\$30 million;
- (iii) the memorandum of agreement dated 25 January 2021 (as supplemented by the addendum dated 12 March 2021) entered into between the PE28 Pte. Limited, a wholly owned indirect subsidiary of the Company as seller, and Angel Tankers Pte. Ltd. as buyer in relation to the disposal of the vessel named as Pacific Energy 28;

- (iv) the memorandum of agreement dated 25 January 2021 (as supplemented by the addendum dated 12 March 2021) entered into between PE138 Pte. Limited, a wholly owned indirect subsidiary of the Company as vendor, and Bella Tankers Pte. Ltd. as buyer in relation to the disposal of the vessel named as Pacific Energy 138;
- (v) the placing agreement dated 19 February 2021 and entered into between the Company and Kingston Securities Limited as the placing agent in relation to the placing of up to 115,200,000 new Shares at the placing price of HK\$0.114 per placing Share;
- (vi) the Underwriting Agreement; and
- (vii) the Supplemental Underwriting Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the expert who have been named in this Prospectus or has given opinions, letter or advice contained in this Prospectus:

Name	Qualification
Mazars CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in the promotion of, or in any assets which since 31 March 2021, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

10. PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION

Board of Directors	Lee Man Kwong (<i>Chairman</i>) Wong Siu Hung, Patrick Meng Chuixiang Yau Pak Yue Leung King Fai Chan Yau Ching, Bob Leung Hoi Ming
Head office and principal place of business	Unit A, 10/F Fook Hing Industrial Building 33 Lee Chung Street Chai Wan, Hong Kong
Registered office	Victoria Place 5th Floor, 31 Victoria Street Hamilton HM 10, Bermuda
Legal advisers to the Company as to Hong Kong laws	Michael Li & Co. 19/F, Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong
Auditors	Mazars CPA Limited <i>Certified Public Accountants</i> 42nd Floor, Central Plaza 18 Harbour Road Wanchai, Hong Kong

Principal bankers	CMB Wing Lung Bank Limited 45 Des Voeux Road, Central, Hong Kong
	Nanyang Commercial Bank Limited 151 Des Voeux Road, Central Hong Kong
	China CITIC Bank International Limited 61-65 Des Voeux Road Central, Hong Kong
	China Merchants Bank, H.O. Shenzhen China Merchants Bank Tower, No. 7088 Shennan Boulevard, Shenzhen China
	Chiyu Bank Corporation Limited No. 78 Des Voeux Road Central, Hong Kong
Hong Kong branch share registrar and transfer office	Tricor Tengis Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives	Wong Siu Hung, Patrick No. 11 Bauhinia Road North Fairview Park, Yuen Long New Territories, Hong Kong
	Yau Pak Yue Flat B, 39/F., The Forest Hills 99 Po Kong Village Road Kowloon, Hong Kong
	Ng Yu Ho Flat A, 21/F., Block 1 Aqua Marine, 8 Sham Shing Road Cheung Sha Wan Kowloon, Hong Kong
Company secretary	Ng Yu Ho <i>Certified Public Accountants</i>

Particulars of the Directors*(a) Name and address of the Directors**Executive Directors*

Lee Man Kwong
23/F, Flat 1
Block D, Beverly Hill
6 Broadwood Road
Hong Kong

Wong Siu Hung, Patrick
No. 11 Bauhinia Road North
Fairview Park, Yuen Long
New Territories, Hong Kong

Meng Chuixiang
Room 1201
No. 49, Lane 395
Shuangyag North Road
Yangpu District
Shanghai, China

Non-executive Director

Yau Pak Yue
Flat B, 39/F, The Forest Hills
99 Po Kong Village Road
Kowloon, Hong Kong

Independent non-executive Directors

Leung King Fai
Flat A, 20/F
Yun Kai Building
466-472 Nathan Road
Kowloon, Hong Kong

Chan Yau Ching, Bob
Unit B, 25/F, Tower 7
Bellagio, 33 Castle Peak Road
Kowloon, Hong Kong

Leung Hoi Ming
Flat 9, 11/F, Block A
Pearl City Mansion
22-36 Patterson Street
Causeway Bay, Hong Kong

(b) *Profiles of Directors*

Executive Directors

Lee Man Kwong (“**Mr. Lee**”), aged 66, has been appointed as the Chairman of the Board since 16 October 2020. He has been redesignated as an executive Director since 1 June 2018. He was appointed as an independent non-executive Director on 14 December 2016 and re-designated as a non-executive Director on 1 March 2017. Mr. Lee has been appointed as a member of the remuneration committee of the Company (the “**Remuneration Committee**”) and the chairman of the nomination committee of the Company (the “**Nomination Committee**”) since 16 October 2020. Mr. Lee is also a director of various subsidiaries of the Company. He was admitted as a solicitor in Hong Kong in 1983, and is also a solicitor qualified in England and Wales and Singapore. Mr. Lee is the senior partner of Messrs. Chan, Lau & Wai, Solicitors, a Hong Kong law firm established in 1980. Mr. Lee was an executive director of CCT Fortis Holdings Limited (stock code: 138) from 1996 to 1997, an independent non-executive director of Mei Ah Entertainment Group Limited (stock code: 391) from 1993 to 2003, an independent non-executive director of Uni-Bio Science Group Limited (stock code: 690) from 2001 to 2005, an independent non-executive director of Asia Standard Hotel Group Limited (stock code: 292) from 2000 to 2003, the chairman and executive director of Neo Telemedia Limited (stock code: 8167) from 2004 to 2007, and an executive director of Sau San Tong Holdings Limited (stock code: 8200) from 2006 to 2008.

Wong Siu Hung, Patrick (“**Mr. Wong**”), aged 66, has been appointed as an executive Director since 3 September 2020. He is the chief operating officer of the Company since October 2019. He is in charge of the overall development of business of the group and in particular the trading of petroleum products business and vessel chartering business. Mr. Wong has over 40 years of working experience in banking, finance, commodity trading and project development.

Mr. Wong is currently a non-executive director and authorised representative of Huscoke Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 704), an independent non-executive director of Crown International Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 727), an executive director of FDG Kinetic Limited (In liquidation), a company listed on the Main Board of the Stock Exchange (stock code: 378). He was an executive director of Huscoke Holdings Limited between 2016 and 2018. Mr. Wong was an executive director of Winto Group (Holdings) Limited, a company listed on the GEM of the Stock Exchange (stock code: 8238) between April 2019 and November 2019 and Titan Petrochemicals Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1192) between 2008 and 2015.

Mr. Wong was the senior vice president of Commodity and Trade Finance at Societe Generale Singapore and the chief executive officer in the China Division of Louis Dreyfus Group, a global commodity trading firm.

Mr. Wong is an associate member of The Chartered Institute of Bankers, United Kingdom (now renamed to London Institute of Banking & Finance), fellow member of the Hong Kong Institute of Directors since 1 April 2017 and member of The Institute of Management Consultants Hong Kong since 1 August of the same year and qualified as Certified Management Consultant. Mr. Wong holds a Master's degree in Applied Finance from Macquarie University, Australia and completed the Executive Diploma in Management Consulting from The Hong Kong Polytechnic University on 12 October 2017.

Meng Chuixiang ("**Mr. Meng**"), aged 67, obtained a Bachelor's degree in public health from Shanghai Medical University (now known as Shanghai Medical College of Fudan University) and an Executive Master of Health Administration degree from China Europe International Business School. He has been the vice president of 上海市萬眾醫療投資股份有限公司* (Shanghai Wanzhong Medical Investment Co., Ltd.) between March 2016 to December 2017. During the period from January 2018 to July 2019, Mr. Meng acted as the dean of 常州江南醫院* (Changzhou Jiangnan Hospital). Since April 2020, he has been the dean consultant of Shanghai Gongqing Nursing Hospital (上海共清護理醫院顧問院長) and has been the vice president of Easunfor International Health City (杭州禦湘湖國際健康城) since December 2020. Mr. Meng has extensive experience in the areas of medical, public health and administration.

Non-executive Director

Yau Pak Yue ("**Mr. Yau**"), aged 52, has been appointed as a non-executive Director since 3 September 2020. He obtained his Bachelor of Commerce (majoring in Accountancy) from the University of Wollongong in Australia. He was the chief knowledge officer of Guangzhou Chengfa Capital Company Limited, a state-owned fund management company, from May 2015 to January 2017. Prior to that, he was the chief executive officer of Taiyang International Cold Chain (Group) Limited from March 2014 to July 2014, and a partner at one of the big four international accounting firms from 2005 to 2012. He has over 25 years of experience in mergers and acquisitions transaction supports and financial due diligence. Mr. Yau is currently the director of Ewin Advisory Company Limited.

Mr. Yau is also a certified public accountant in Hong Kong and a certified practising accountant in Australia. Mr. Yau currently serves as a non-executive director of Peking University Resources (Holdings) Co. Limited, a company listed on the Main Board of the Stock Exchange (stock code: 618), an independent non-executive director of Fullsun International Holdings Group Co., Limited, a company listed on the Main Board of the Stock Exchange (stock code: 627), an independent non-executive director of Hifood Group Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 442) and an independent non-executive director of Xinhua News Media Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 309). Mr. Yau was an executive director of Arta TechFin Corporation Limited (formerly known as Freeman Fintech Corporation Limited), a Company listed on the Main Board of the Stock Exchange (stock code: 279) from July 2020 to October 2021, an independent non-executive director of KEE Holdings Company Limited (currently renamed as China Apex Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 2011) from 2017 to 2019 and Ascent International Holdings Limited (currently renamed as China International Development Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 264) from 2017 to 2018.

Independent non-executive Directors

Leung King Fai (“**Mr. Leung**”), aged 49, has been an independent non-executive Director, a member of the audit committee of the Company (the “**Audit Committee**”), the Remuneration Committee and the Nomination Committee since 9 June 2015. He has been appointed as the chairman of the Audit Committee with effect from 2 April 2016 and the chairman of the Remuneration Committee with effect from 12 December 2016. Mr. Leung graduated from the Deakin University with a Bachelor degree in Commerce in 1996. He is a member of the Hong Kong Institute of Certified Public Accountants, CPA Australia and Chartered Institute of Management Accountants. He has over 21 years of experience in accounting, audit and finance.

He is also an independent director of Planet Green Holdings Corp. (stock code: PLAG), a company listed on New York Stock Exchange (“**NYSE**”) since 1 July 2019. Mr. Leung was an executive director of Chineseinvestors.com Inc. (“**Chineseinvestors.com Inc.**”) (stock code: CIIX), a company listed on the OTCQB of United States from 1 March 2019 to 3 December 2020. He was an independent director of Chineseinvestors.com Inc. from November 2017 to February 2019. Mr. Leung was an executive director of Kirin Group Holdings Limited (stock code: 8109), a company listed on GEM of the Stock Exchange, from February 2015 to February 2019.

Chan Yau Ching, Bob (“**Dr. Chan**”), aged 58, has been an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company since 3 September 2018. He is a holder of a Doctorate degree in Finance. Dr. Chan graduated from the Chinese University of Hong Kong and obtained a Bachelor’s degree in Business Administration in 1984. He further obtained a Master degree in Business Administration from the University of Wisconsin-Madison, the United States of America (“**US**”) in 1986, and a Doctorate degree in Finance from Purdue University, US in 1994. Dr. Chan is a member of the Chartered Financial Analyst Institution and the Hong Kong Society of Financial Analysts.

Since April 2009, Dr. Chan has been a licenced representative/responsible officer engaging in Type 4 (advising of securities) and Type 9 (asset management) regulated activities under the SFO.

Dr. Chan was appointed as an executive director and the chief strategic officer of Celestial Asia Securities Holdings Limited (stock code: 1049) from August 2002 to February 2005, and later as the investment director from November 2005 to July 2010, where he was mainly responsible for strategic investment projects and asset management.

Dr. Chan was appointed as a managing director of Pricerite Group Limited (stock code: 996, currently known as Carnival Group International Holdings Limited) from November 2003 to November 2004, which primarily engaged in the retail of furniture and household products. During 2005 to 2007, Dr. Chan was appointed as the chief financial officer of Moli Group Limited (摩力集團有限公司), Shanghai, the People’s Republic of China (a wholly-owned subsidiary of Celestial Asia Securities Holdings Limited), which was a developer, operator and distributor of online games, where he was mainly responsible for building accounting, finance and control procedures and policies and in charge of the human resources. Dr. Chan was later appointed as the chief executive officer of Moli Group Limited from July 2010 to October 2012, where he was mainly responsible for the re-focusing of the company’s business covering online and mobile entertainment.

Dr. Chan was appointed as the deputy chief executive officer and an executive director of Celestial Asia Securities Holdings Limited from November 2012 to July 2013, and later as the director of investments and corporate development from August to November 2013, where he was mainly responsible for the overall business development and the design and development of algorithm trading strategies respectively.

Since January 2002, Dr. Chan has been appointed as an independent non-executive director of Lee’s Pharmaceutical Holdings Limited (stock code: 950), which principally engaged in the research, development, manufacturing and distribution of biopharmaceutical drugs in China.

Since March 2014, Dr. Chan has been appointed as a managing director of KBR Capital Limited, where he is mainly responsible for asset management, advising on capital market transactions and investment management. Dr. Chan is currently a managing director and a responsible officer of KBR Fund Management Limited, which is a licenced corporation carrying out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

Since December 2016, Dr. Chan has been appointed as an independent non-executive director of China High Speed Transmission Equipment Group Company Limited (stock code: 658), which principally engaged in the design, manufacturing and distribution of transmission systems for wind powered generators with customers globally.

Dr. Chan has been appointed as an independent director of Hangzhou Huaxing Chuangye Communication Technology Co., Ltd. (杭州華星創業通信技術股份有限公司) (stock code: 300025) from December 2018 to December 2020, the shares of which are listed on ChiNext of the Shenzhen Stock Exchange.

Leung Hoi Ming (“**Dr. Leung**”), aged 53, has been appointed as an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee since 30 April 2021. He has extensive knowledge and experience in risk management of financial instruments, treasury business and financial derivative products. He has served DBS Bank Ltd for eight years and was Senior Vice President in the Treasury and Markets Division upon his departure from the bank on 22 May 2009. Dr. Leung started his career in the finance industry in 1996 with Citibank as quantitative analyst in the Equity Derivatives Asia Department. He had served a few other financial institutes before joining DBS Bank Ltd as a financial product specialist as well and had held various roles in business development, trading and risk management.

Dr. Leung holds a Bachelor (First Class Honours) degree of Science from the Chinese University of Hong Kong in 1990. Also, he holds a Master degree of Science in Mathematics in 1993 and a Doctor degree of Philosophy in Mathematics in 1996 both from the California Institute of Technology, and a Master degree of Science in Investment Management from the Hong Kong University of Science and Technology in 1999.

He is currently an independent non-executive director of Yuan Heng Gas Holdings Limited (stock code: 332) and Fresh Express Delivery Holdings Group Co., Limited (stock code: 1175) since 19 January 2010 and 8 July 2013 respectively.

11. EXPENSES

The expenses in connection with the Rights Issue, including professional fees payable to lawyers, reporting accountants and financial printer, etc., are estimated to be approximately HK\$3 million and will be payable by the Company.

12. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed "9. EXPERT AND CONSENT" in this Appendix, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/daisho) for 14 days from the date of this Prospectus:

- (a) the material contracts referred to in the paragraph headed "8. MATERIAL CONTRACTS" in this appendix;
- (b) the letter issued by the reporting accountants regarding the unaudited pro forma financial information as set out in appendix II to this Prospectus; and
- (c) the written consent referred to in the paragraph headed "9. EXPERT AND CONSENT" in this appendix.

15. MISCELLANEOUS

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) This Prospectus and the accompanying PAL and EAF have been prepared in both English and Chinese. In the case of any discrepancies, the English version shall prevail over their respective Chinese version.