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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

FURTHER DELAY IN DESPATCH OF CIRCULAR AND SUPPLEMENTAL AGREEMENT IN RELATION TO THE ACQUISITION OF SALE SHARES IN THE TARGET COMPANY

References are made to (i) the announcement of Daisho Microline Holdings Limited (the “**Company**”) dated 23 March 2020, in relation to, among other matters, the Acquisition; and (ii) the announcements of the Company dated 8 May, 27 May and 15 June 2020 in relation to the delay in despatch of circular (collectively, the “**Announcements**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

FURTHER DELAY IN DESPATCH OF CIRCULAR

As disclosed in the Announcements, the Circular containing, amongst other things, (i) further details of the Sale and Purchase Agreement and the Acquisition; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) a notice of the SGM; and (v) other information as required under the Listing Rules, is expected to be despatched by the Company to the Shareholders on or before 24 June 2020.

As additional time is required to prepare and finalise certain information in the Circular, the despatch of the Circular is expected to be postponed to a date on or before 16 July 2020.

SUPPLEMENTAL AGREEMENT

On 24 June 2020, the Purchaser, the Vendor and the Guarantor entered into a second supplemental agreement to the Sale and Purchase Agreement (the “**Second Supplemental Agreement**”), pursuant to which the parties mutually agreed to amend the terms of the Sale and Purchase Agreement as follows:

- (i) the Consideration of HK\$35 million was lowered to HK\$30 million (the “**Revised Consideration**”) as determined after arm’s length negotiations between the Purchaser, the Vendor and the Guarantor; and
- (ii) the 2021 Guaranteed Profit shall exclude the net profits deriving from the non principal business activities of the Target Group for the year ending 31 March 2021.

Save for the above amendments, other terms and conditions of the Sale and Purchase Agreement remained the same. The Board is of the view that the terms and conditions of the Second Supplemental Agreement are fair and reasonable and on normal commercial terms. The Revised Consideration represents an implied price-to-earnings ratio of approximately 4.29 times to 2021 Guaranteed Profit.

By Order of the Board
Daisho Microline Holdings Limited
Cheung Lai Ming
Chairman

Hong Kong, 24 June 2020

As at the date of this announcement, the Board consists of two executive directors, namely, CHEUNG Lai Ming and LEE Man Kwong, and three independent non-executive directors, namely, LEUNG King Fai, CHOU Yuk Yan and CHAN Yau Ching, Bob.