

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 567)

ANNOUNCEMENT DISCLOSEABLE TRANSACTION ACQUISITION OF MACHINE

The Board would like to announce that on 19 October 2005, Microline, an indirect wholly-owned subsidiary of the Company, placed a purchase order with the Supplier whereby Microline has ordered from the Supplier the Machine to be used in its factory in Huizhou, the PRC. The total consideration payable by Microline to the Supplier under the Contract is EUR2,844,000 (approximately HKD26,841,672).

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules. As such, the Acquisition is subject to the announcement requirement under Chapter 14 of the Listing Rules. A circular containing, amongst other things, further details of the Acquisition will be dispatched to the Shareholders as soon as practicable after publication of this announcement.

1. INTRODUCTION

On 19 October 2005, Microline, an indirect wholly-owned subsidiary of the Company, placed a purchase order with the Supplier whereby Microline has ordered from the Supplier the Machine to be used in its factory in Huizhou, the PRC.

2. THE CONTRACT

Date

19 October 2005

Parties

- (1) Purchaser: Microline
- (2) Supplier: Atotech Asia Pacific Limited whose principal activity is the trading of chemicals and production equipment for PCB factories.

3. BRIEF DETAILS OF THE MACHINE

Pursuant to the Contract, Microline agreed to purchase and the Supplier agreed to sell the Machine. The Machine is a brand new horizontal plating production line imported from Germany. The Machine will be mainly used for plating copper throughout the walls of the tiny holes after drilling in the thin laminated boards. The Machine is highly essential for the manufacture of HDI PCB.

4. CONSIDERATION

The total consideration payable by Microline to the Supplier under the Contract is EUR2,844,000 (approximately HKD26,841,672), including free spare parts for EUR63,200 (approximately HKD596,482) and free chemicals for EUR110,600 (approximately HKD1,043,843). The consideration is arrived at after arm's length negotiations with the Supplier.

The total consideration will all be settled by an irrevocable letter of credit to be issued by Microline within 2 weeks from the date of the Contract and out of the total consideration:

- a. 30% will be paid against the Supplier's invoice as down-payment;
- b. 60% will be paid against the bills of lading; and
- c. 10% will be paid against the Protocol of Qualification but in any case within 150 days from the issue date of the bills of lading.

The Board intends to fund the Acquisition by the Company's own internal resources. If the Company is offered attractive terms from banks, the Acquisition will also be funded by way of external financing.

5. DELIVERY TIME

The estimated time of departure of the Machine from Germany port will be on or before 25 November 2005.

6. REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activity of the Group is the manufacture and trading of PCB.

The main reason for Microline to purchase the Machine is that the Company and Microline intend to enlarge the Group's production capacity for HDI PCB in order to cope with the foreseeable increase in the sales orders for HDI PCB as indicated by the forecasts from Microline's customers. The Machine is expected to benefit the Group because it can help produce more HDI PCB which have higher profit margin than ordinary PCB.

The Directors believe that the terms of the Contract are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. GENERAL

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, the Supplier and its ultimate beneficial owners are not connected persons of the Company or any of its subsidiaries or their respective associates and are third parties independent of the Company and connected persons of the Company.

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under rule 14.06(2) of the Listing Rules. As such, the Acquisition is subject to the announcement requirement under Chapter 14 of the Listing Rules. A circular containing, amongst other things, further details of the Acquisition will be dispatched to the Shareholders as soon as practicable after publication of this announcement.

8. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Machine by Microline from the Supplier for a total consideration of EUR2,844,000 (approximately HKD26,841,672)
“associates”	has the definition ascribed to it by the Listing Rules
“Board”	the board of the Directors
“Company”	Daisho Microline Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected persons”	has the definition ascribed to it by the Listing Rules
“Contract”	the purchase order placed by Microline with the Suppliers on 19 October 2005 in relation to the Acquisition

“Director(s)”	director(s) of the Company, including independent non-executive Directors
“EUR”	the Euro, the lawful currency of twelve of the twenty-five European Union member states
“Group”	the Company and its subsidiaries
“HDI”	High-Density Inter-Connect
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Machine”	the machine as described in section 3 of this announcement
“Microline”	Daisho Microline Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“PCB”	printed circuit boards
“PRC”	the People’s Republic of China
“Shareholder(s)”	the registered holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”	Atotech Asia Pacific Limited, a company incorporated in Hong Kong with limited liability

Unless otherwise specified, the conversion of the Euro into Hong Kong dollars is based on the exchange rate of EUR1=HKD9.438. The conversion is for the purpose of illustration only and does not constitute a representation that the amounts in question have been, could have been or could be converted at the above rates or any other rates at all.

By order of the Board
Daisho Microline Holdings Limited
CHAN Sik Ming, Harry
Chairman

Hong Kong, 19 October 2005

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

<i>Executive directors:</i>	<i>Independent non-executive directors:</i>
CHAN Sik Ming, Harry	Kohu KASHIWAGI
Motofumi TSUMURA	CHAN Yuk Tong
Hiroto SASAKI	
Hiroyuki KIKUCHI	
AU-YEUNG Wai Hung	