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## **DAISHO MICROLINE HOLDINGS LIMITED**

*(Incorporate in Bermuda with limited liability)*

**(Stock Code: 0567)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF SHARES AND UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS**

On 19 May 2011, DMIL, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with TK, the largest shareholder of DD by virtue of holding 136,302 DD Shares, which represent approximately 19.57% of the entire issued share capital of DD, a private company incorporated in Japan and also a substantial shareholder of the Company. Pursuant to the Sale and Purchase Agreement, DMIL has agreed to purchase and TK has agreed to sell 66,670 DD Shares, representing 9.57% of the entire issued share capital of DD, for a consideration of JPY200,010,000 (equivalent to approximately HK\$19 million).

As the consideration ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25% and as the percentage ratios for the alternative size tests, which have already been accepted by the Stock Exchange to be used in lieu of the assets ratio, profits ratio and revenue ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition are less than 5%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Furthermore, at the request of the Stock Exchange, the Board hereby discloses that they have noted the unusual increase in the trading price and trading volume of the shares of the Company today and wish to state that save for the Acquisition as disclosed in this announcement, the Board is not aware of any reasons for such increases. The Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

## **INFORMATION ON THE ACQUISITION**

On 19 May 2011, DMIL, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with TK, the largest shareholder of DD by virtue of holding 136,302 DD Shares, which represent approximately 19.57% of the entire issued share capital of DD, a private company incorporated in Japan and also a substantial shareholder of the Company. Pursuant to the Sale and Purchase Agreement, DMIL has agreed to purchase and TK has agreed to sell 66,670 DD Shares, representing 9.57% of the entire issued share capital of DD, for a consideration of JPY200,010,000 (equivalent to approximately HK\$19 million).

### **Terms of the Sale and Purchase Agreement**

- Parties:
- (1) DMIL, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company; and
  - (2) TK, a company incorporated in Japan with limited liability, whose principal activity is the design and manufacture of highly delicate printed circuit boards and is also the largest shareholder of DD, a substantial shareholder of the Company.
- Date: 19 May 2011
- Nature: Investment
- Subject Matter: 66,670 DD Shares, representing 9.57% of the entire issued share capital of DD, a private company incorporated in Japan whose principal activity is the manufacture of highly delicate printed circuit boards and a substantial shareholder of the Company.

The Company confirms that to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, TK and each of its ultimate beneficial owners are third parties independent of the Company and its connected persons, except as disclosed above.

### **Consideration**

The consideration of JPY200,010,000 (equivalent to approximately HK\$19 million) under the Acquisition will be satisfied by cash payment on 2 June 2011 and is derived after arm's length negotiations between the Board and TK with reference to the profitability of DD. As both the Company and TK are separate parties and independent of each other, their decision to enter into the Sale and Purchase Agreement was purely based on commercial considerations and the Board was of the view that the consideration of approximately HK\$19 million was fair and reasonable.

## **Completion**

As the Company is going to acquire only 9.57% of the entire issued share capital of DD, the results of DD will not be consolidated as a subsidiary nor accounted for as an associate under the equity accounting method after completion of the Acquisition.

## **INFORMATION ON TK**

TK is a company incorporated in Japan with limited liability, whose principal activity is the design and manufacture of highly delicate printed circuit boards and is also the largest shareholder of DD, a substantial shareholder of the Company.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

According to the report from N.T. Information Ltd. (a pioneer in the printed circuit boards industry providing consulting services for the printed circuit boards manufacturers around the world), DD ranked fifty-sixth in terms of production value in the world supply of printed circuit boards in year 2009. DD possesses not only advanced equipment but also ample technological know-how and experience required for the manufacture of printed circuit boards for automotive components, HDI printed circuit boards and IC substrates for its world-renowned customers.

The Company is of the view that the Acquisition will further enhance the relationship between DD and the Company and would be beneficial to the future development of the Company as a manufacturer of highly delicate printed circuit boards.

The consideration of approximately HK\$19 million under the Acquisition is derived after arm's length negotiations between the Board and TK with reference to the profitability of DD. As both the Company and TK are separate parties and independent of each other, their decision to enter into the Sale and Purchase Agreement was purely based on commercial considerations.

In view of the above, the Board believe that the terms of the Acquisition are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

## **REQUIREMENTS UNDER THE LISTING RULES**

As the consideration ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25% and as the percentage ratios for the alternative size tests, which have already been accepted by the Stock Exchange to be used in lieu of the assets ratio, profits ratio and revenue ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition are less than 5%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## **GENERAL**

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are investment holding and the manufacture and trading of printed circuit boards.

## UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

Furthermore, at the request of the Stock Exchange, the Board hereby discloses that they have noted the unusual increase in the trading price and trading volume of the shares of the Company today and wish to state that save for the Acquisition as disclosed in this announcement, the Board is not aware of any reasons for such increases. The Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

## DEFINITIONS

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

“Acquisition”	the acquisition of 66,670 DD Shares by DMIL from TK pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors of the Company
“Company”	Daisho Microline Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“DD”	Daisho Denshi Co., Ltd., a private company incorporated in Japan whose principal activity is the manufacture of highly delicate printed circuit boards and a substantial shareholder of the Company
“DD Share(s)”	the share(s) of DD
“Director(s)”	Director(s) of the Company
“DMIL”	Daisho Microline Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Sale and Purchase Agreement”	the sale and purchase agreement entered into between DMIL and TK on 19 May 2011, pursuant to which DMIL has agreed to purchase and TK has agreed to sell 66,670 DD Shares for a consideration of JPY200,010,000 (equivalent to approximately HK\$19 million)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“TK”	Taiyo Kogyo Co., Ltd., a company incorporated in Japan with limited liability, whose principal activity is the design and manufacture of highly delicate printed circuit boards and is also a shareholder of DD, a substantial shareholder of the Company
“%”	per cent

*Note: For information purpose only, the translation of JPY to HK\$ in this announcement is based on the exchange rate of JPY1.00 to HK\$0.095224.*

By Order of the Board  
**Chan Sik Ming, Harry**  
*Chairman*

Hong Kong, 19 May 2011

*As at the date of this announcement, the Board consists of five executive directors, namely, CHAN Sik Ming, Harry, Motofumi TSUMURA, Hiroto SASAKI, Hiroyuki KIKUCHI and AU-YEUNG Wai Hung, and three independent non-executive directors, namely, Kohu KASHIWAGI, CHAN Yuk Tong and LI Chi Kwong.*