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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

INSURANCE COMPENSATION AND POSITIVE PROFIT ALERT

The Board wishes to inform the Shareholders and potential investors that the Insurer has finally issued the Compensation Notice on 5 November 2014 to settle the Group's insurance claims relating to the fire accident occurred in the principal production base of the Group in Huizhou, the People's Republic of China on 24 January 2013.

The total insurance compensation amount as stated in the Compensation Notice is about RMB58 million (equivalent to about HK\$73.1 million) which is acceptable to the Group. The Group will further receive the balance of the insurance compensation amount of about RMB48 million (equivalent to about HK\$60.5 million) in cash from the Insurer shortly.

Contrary to the net loss of about HK\$11 million for the six months ended 30 September 2013, the Board also wishes to inform the Shareholders and potential investors that the Group may record a net profit of over HK\$50 million for the six months ended 30 September 2014 mainly due to the recognition of the total insurance compensation amount as other income.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Daisho Microline Holdings Limited (the "**Company**"), and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcements of the Company dated 30 January 2013 and 19 February 2013.

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that the relevant insurance company (the "**Insurer**") has finally issued a formal insurance compensation notice (the "**Compensation Notice**") on 5 November 2014 after a lengthy negotiation with the insurance brokers as appointed by the Group to settle the Group's insurance claims for both the loss of assets and the loss of profits due to business interruption relating to the fire accident occurred in the principal production base of the Group in Huizhou, the People's Republic of China on 24 January 2013 (the "**Event**").

The total insurance compensation amount (net of deductibles) as stated in the Compensation Notice is about RMB58 million (equivalent to about HK\$73.1 million) which is acceptable to the Group. After having received in advance the insurance compensation amount of RMB10 million (equivalent to about HK\$12.6 million) in cash from the Insurer in August 2013, the Group will further receive the balance of the insurance compensation amount of about RMB48 million (equivalent to about HK\$60.5 million) in cash from the Insurer shortly.

The total insurance compensation amount as stated in the Compensation Notice corresponds to the damage or loss of assets, the loss of gross profit resulting from the reduction in turnover and the increased cost of working relating to the Event, which had been reflected in the consolidated financial statements of the Group for both of the financial years ended 31 March 2013 and 31 March 2014. Accordingly, the recognition of the total insurance compensation amount of about RMB58 million (equivalent to about HK\$73.1 million) as other income will greatly and favourably contribute to the results of the Group for the six months ended 30 September 2014.

Contrary to the net loss of about HK\$11 million for the six months ended 30 September 2013, the Board also wishes to inform the Shareholders and potential investors that the Group may record a net profit of over HK\$50 million for the six months ended 30 September 2014 mainly due to the recognition of the total insurance compensation amount as other income.

The Company is still in the process of finalizing the results of the Group for the six months ended 30 September 2014. The estimated results of the Group for the six months ended 30 September 2014 is only a preliminary estimate based on the unaudited management accounts of the Group and the information contained in this announcement but is not based on any figures nor information that have been audited or reviewed by the Company's auditors. Details of the unaudited results of the Group for the six months ended 30 September 2014 will be disclosed in the interim results announcement which is expected to be published before 30 November 2014.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
CHAN Sik Ming, Harry
Chairman

Hong Kong, 5 November 2014

As at the date of this announcement, the Board consists of four executive directors, namely, CHAN Sik Ming Harry, AU-YEUNG Wai Hung, Yoshio HANDA and Shozo SUGAYA, and three independent non-executive directors, namely, CHONG Chi Wah, LI Chi Kwong and YEUNG Chi Shing Bret.