

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 this announcement.*



## **DAISHO MICROLINE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 0567)**

### **DELAY IN DESPATCH OF THE 2015 ANNUAL REPORT**

Reference is made to the announcement of Daisho Microline Holdings Limited (the “**Company**”) dated 30 June 2015 in relation to, among other things, the delay in publication of the 2015 Annual Results (the “**Announcement**”). Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as defined in the Announcement.

#### **Update on the engagement of the Consultant and the Review**

Subsequent to the Announcement, all the INEDs had resolved at an Audit Committee Meeting held on 7 July 2015 that a Consultant be engaged to conduct forensic accounting investigation on certain transactions relating to prepayments and lendings of the Group alleged in the E-mail and other issues raised by the Group’s auditors (the “**Review**”). At the request of the Audit Committee, a meeting of the Board was subsequently held on 9 July 2015 at which the Board had passed the resolution to engage the Consultant for the aforesaid purposes (the “**Resolution**”). Mr. Chan Sik Ming, Harry and Mr. Au Yeung Wai Hung (the “**Relevant EDs**”), being the executive Directors who were involved in carrying out the transactions to be investigated under the Review, had abstained from voting on the Resolution, whereas Ms. Cheung Lai Na (“**Ms. Cheung**”), the remaining executive Director who was not involved in the subject transactions under the Review, took the view that it was not justifiable to conduct a forensic investigation as requested by the Audit Committee at this stage, and had therefore voted against the Resolution. Up to now, Ms. Cheung and the Audit Committee have a disagreement regarding the provision of the report and/or memorandum of the Review to be prepared by the Consultant (the “**Report**”) and the correspondences between the Audit Committee and the Consultant (together with the Report, the “**Documents**”) during the course of the Review to Ms. Cheung.

In the current form of the engagement letter of the Consultant (the “**Engagement Letter**”), it would be at the sole discretion of the Audit Committee to provide a copy of the Report to, among others, the Company (including its legal advisers) or any member of the Board.

Ms. Cheung considers that the making available of the Report should not be subject to the sole discretion of the Audit Committee, and that the Documents should also be copied to the Company during the course of the Review. However, the Audit Committee has raised concern that since the Relevant EDs were involved in carrying out the transactions and will be parties to be investigated under the Review, to ensure that the Review be carried out by the Consultant independently, confidentially and free from any form of interference (and also to be seen as being such), it is not appropriate for the Audit Committee to provide during the course of the Review the Documents to the Company unless and until the Review is completed, the final report prepared, and the Audit Committee considers it appropriate to do so.

To address the concern mentioned above, Ms. Cheung has suggested an alternative way that the Audit Committee should confirm that it will provide the Documents to the Company for the attention of Ms. Cheung only (the “**Confirmation**”), while both Relevant EDs will not view the Documents unless with the Audit Committee’s consent. Ms. Cheung only requires the Audit Committee to provide her with copies of the Documents, and no amendment to the Engagement Letter is requested.

As at the date of this announcement, due to the reasons stated above the Audit Committee does not consider it appropriate to accede to this request by Ms. Cheung. In order to complete the Review and resume trading of the shares of the Company as soon as possible, Ms. Cheung does not insist on her request for the Confirmation at this stage, and Mr. Chan Sik Ming, Harry, on behalf of the Company has counter-signed the Engagement Letter, although Ms. Cheung does not agree with the Audit Committee’s reason for not waiving its discretion to provide the Documents. It is anticipated that the Review will start once the Consultant has received the counter-signed Engagement Letter.

### **Delay in despatch of the 2015 Annual Report**

According to Rule 13.46(2) of the Listing Rules, the Company shall send the annual report of the Company for the year ended 31 March 2015 (the “**2015 Annual Report**”) to its shareholders within four months after the financial year ended 31 March 2015 (i.e. by 31 July 2015). The Board announces that as the 2015 Annual Results have not been published pending the completion of the Review, the despatch of the 2015 Annual Report will also be delayed to such time after the publication of the 2015 Annual Results. Such delay constitutes a breach of Rule 13.46(2) of the Listing Rules.

The Company will publish further announcement(s) to inform the Shareholders on the date of the release of the 2015 Annual Results and the despatch of the 2015 Annual Report as and when appropriate.

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 25 June 2015, and will continue to be suspended until further notice. **Shareholders and the investing public should exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 5 August 2015

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

***Executive Directors:***

CHAN Sik Ming, Harry (*Chairman & CEO*)  
AU-YEUNG Wai Hung  
CHEUNG Lai Na

***Independent Non-executive Directors:***

LI Chi Kwong  
YEUNG Chi Shing, Bret  
CHONG Chi Wah  
LEUNG King Fai