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## **DAISHO MICROLINE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 0567)**

### **MAJOR AND CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS**

The Board is pleased to announce that on 29 September 2017 after trading hours, the Purchaser and Inter-Pacific, an associate of a substantial shareholder of the Company, entered into (i) the Sale and Purchase Agreement, pursuant to which, the Purchaser conditionally agreed to acquire, and the Vendor, as beneficial owner of the Vessels, conditionally agreed to dispose, the Vessels at an aggregate consideration of HK\$196,480,000; and (ii) the Master Lease Agreement, pursuant to which, shall take effect from the first completion (whichever First Completion, Second Completion or Third Completion happens earlier) until 31 March 2020.

As one or more of the applicable percentage ratios, as calculated in accordance with Rule 14.07 of the Listing Rules, for the acquisition of Vessels are more than 25% but less than 100%, the acquisition of Vessels constitutes a major transaction for the Company under Rule 14.06 of the Listing Rules. In addition, as Inter-Pacific is an associate of an executive Director who is also a substantial shareholder of the Company, the acquisition of Vessels also constitute a connected transaction under Chapter 14A of the Listing Rules. On the same basis, the leasing of the Vessels under the Master Lease Agreement also constitutes non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules as the highest of the applicable percentage ratios in respect of the Master Lease Agreement is more than 5%. Accordingly, the transactions contemplated under the Agreements are subject to reporting, announcement and shareholder's approval requirements under the Listing Rules.

A circular containing, among other things, (i) details of the Agreements; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders on the Agreements; (iii) a letter from an independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) further information of the Vessels; and (v) the notice of the SGM, is expected to be despatched to the Shareholders on or around 31 October 2017 so as to allow sufficient time for the preparation of the relevant information for the inclusion of the circular.

## **INTRODUCTION**

The Board is pleased to announce that on 29 September 2017 after trading hours, the Company and Inter-Pacific, an associate of a substantial shareholder, entered into (i) the Sale and Purchase Agreement for the sale and purchase of four Vessels at an aggregate consideration of HK\$196,480,000; and (ii) the Master Lease Agreement to facilitate the leasing of the Vessels by the Company (as lessor) to Inter-Pacific (as lessee) from the first completion (whichever First Completion, Second Completion or Third Completion happens earlier) up to and including 31 March 2020.

## **THE SALE AND PURCHASE AGREEMENT**

The principle terms of the Sale and Purchase Agreement are as follows:

<b>Date</b>	29 September 2017
<b>Parties</b>	(1) the Company, as the Purchaser (2) Inter-Pacific, as the Vendor

The Vendor is principally engaged in oil trading business and owned as to 50% by the Substantial Shareholder and 50% by Individual Third Parties. On this basis, the Vendor is a connected person to the Company as at the date of this announcement.

### **Subject assets**

The Purchaser conditionally agreed to acquire, and the Vendor, as beneficial owner of the Vessels, conditionally agreed to dispose, the Vessels. Further particulars of the Vessels are set out under paragraph headed “Information on the Vessels” below.

## Consideration

The Consideration for the acquisition of the Vessels from the Vendor shall be HK\$196,480,000. The breakdown and settlement terms of the Consideration for each of the Vessels are set out below:

Vessel name	Pacific Energy 28 (HK\$'000)	Pacific Energy 138 (HK\$'000)	Pacific Energy 8 (HK\$'000)	Pacific Energy 168 (HK\$'000)
Consideration <sup>(Note)</sup>	44,680	54,640	52,710	44,450
	(i.e. the “ <b>First Consideration</b> ”)	(i.e. the “ <b>Second Consideration</b> ”)	(i.e. the “ <b>Third Consideration</b> ”)	
– 15% upon signing of the Sale and Purchase Agreement in cash	6,702	8,196	7,907	6,667
	(the “ <b>First Deposit</b> ”)	(the “ <b>Second Deposit</b> ”)	(together the “ <b>Third Deposit</b> ”)	
– 85% upon Completion by way of cash and Promissory Notes				
(i) Cash	4,668	5,709	5,507	4,644
(ii) Promissory Notes	33,310	40,735	39,296	33,139
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

*Note:* Equivalent to the respective appraised value of the Vessels by an independent valuer as at 31 August 2017.

The Consideration was arrived at after arm’s length negotiations between the parties to the Sale and Purchase Agreement with reference to a valuation of the Vessels from an independent valuer, which valued the Vessels in aggregate at HK\$196,480,000 as of 31 August 2017. Pursuant to the Sale and Purchase Agreement and as set out in the table above, 15% of the Consideration is payable by the Purchaser upon signing of the Sale and Purchase Agreement and the remaining 85% shall be settled by a combination of cash and Promissory Notes. The cash portion of the Consideration of HK\$50,000,000 payable by the Group pursuant to the Sale and Purchase Agreement shall be in stages and from internal resources and/or bank borrowings of the Group. The balance of the Consideration, being HK\$146,480,000, shall be settled by way of Promissory Notes, at Completion. Further details of the Promissory Notes are set out under the paragraph headed “Promissory Notes” below.

## Conditions precedent

First Completion shall be conditional upon:

- (a) the compliance by the Purchaser of the requirements of the Listing Rules in relation to the transfer of Pacific Energy 28 contemplated under the Sale and Purchase Agreement, including without limitation, the obtaining of independent shareholders' approval with respect to such transfer;
- (b) the Purchaser (or its designated subsidiary) having entered into a Memorandum of Agreement with the Pacific Energy 28 Owner;
- (c) the Purchaser having entered into a lease agreement with the Vendor for the Vendor to lease-back the Vessels, and such lease back arrangement having been approved by the independent shareholders of the Purchaser; and
- (d) all Consents, registration, filings, confirmations, clearances, rulings and decisions by the Authorities or the bankers or creditors of the Vendor or the Pacific Energy 28 Owner, or any other third party that are necessary or appropriate for or in relation to the transfer of Pacific Energy 28 to the Purchaser (or its designated subsidiary) having been obtained.

The Purchaser may waive conditions (c) and (d) above at any time by notice in writing to such effect to the Vendor.

Second Completion shall be conditional upon:

- (a) the compliance by the Purchaser of the requirements of the Listing Rules in relation to the transfer of Pacific Energy 138 contemplated under the Sale and Purchase Agreement, including without limitation, the obtaining of independent shareholders' approval with respect to such transfer;
- (b) the Purchaser (or its designated subsidiary) having entered into a Memorandum of Agreement with the Pacific Energy 138 Owner;
- (c) the Purchaser having entered into a lease agreement with the Vendor for the Vendor to lease-back the Vessels, and such lease back arrangement having been approved by the independent shareholders of the Purchaser;
- (d) Mortgage 138 having been discharged in full and evidence of such discharge having been provided to the Purchaser to its satisfaction; and
- (e) all Consents, registration, filings, confirmations, clearances, rulings and decisions by the Authorities or the bankers or creditors of the Vendor or the Pacific Energy 138 Owner, or any other third party that are necessary or appropriate for or in relation to the transfer of Pacific Energy 138 to the Purchaser (or its designated subsidiary) having been obtained.

The Purchaser may waive conditions (c) and (e) above at any time by notice in writing to such effect to the Vendor.

Third Completion shall be conditional upon:

- (a) the compliance by the Purchaser of the requirements of the Listing Rules in relation to the transfer of Pacific Energy 8 and Pacific Energy 168 contemplated under the Sale and Purchase Agreement, including without limitation, the obtaining of independent shareholders' approval with respect to such transfer;
- (b) the Purchaser (or its designated subsidiary) having entered into a Memorandum of Agreement with each of the Pacific Energy 8 Owner and the Pacific Energy 168 Owner respectively;
- (c) the Purchaser having entered into a lease agreement with the Vendor for the Vendor to lease-back the Vessels, and such lease back arrangement having been approved by the independent shareholders of the Purchaser;
- (d) Mortgage 8 and Mortgage 168 having been discharged in full and evidence of such discharge having been provided to the Purchaser to its satisfaction; and
- (e) all Consents, registration, filings, confirmations, clearances, rulings and decisions by the Authorities or the bankers or creditors of the Vendor, the Pacific Energy 8 Owner or the and Pacific Energy 168 Owner, or any other third party that are necessary or appropriate for or in relation to the transfer of Pacific Energy 8 and Pacific Energy 168 to the Purchaser (or its designated subsidiary) having been obtained.

The Purchaser may waive conditions (c) and (e) above at any time by notice in writing to such effect to the Vendor.

If the respective conditions specified above for each of (i) the First Completion; (ii) the Second Completion; and (iii) the Third Completion are not fulfilled or waived on or before the Long-Stop Date, save for any antecedent breach, the Sale and Purchase Agreement shall be automatically terminated, so far as in relation to the sale and purchase of each of (i) Pacific Energy 28; (ii) Pacific Energy 138; and (iii) Pacific Energy 8 and Pacific Energy 168, respectively.

In the event that the respective conditions specified above for each of (i) the First Completion; (ii) the Second Completion; and (iii) the Third Completion are not fulfilled (or waived in accordance with terms of the Sale and Purchase Agreement) on or before the Long-Stop Date, the First Deposit, the Second Deposit and/or the Third Deposit (where applicable) shall be paid back by the Vendor to the Purchaser (or such persons as it may direct), without interest, in immediately available funds within five (5) Business Days from the Long-Stop Date.

For the avoidance of doubt, each of First Completion, Second Completion and Third Completion is independent of each other Completion, as the case may be.

## **Conduct of operations before Completion**

The Vendor undertakes to procure that, prior to Completion, it will operate the Vessels in their ordinary course of operations and that it will not do or omit to do (or allow to be done or to be omitted to be done) any act or thing which would or may have a material adverse effect on the value or life of the Vessels.

## **Completion**

First Completion shall take place on the fifth Business Day following the satisfaction (or the waiver, if applicable) of the conditions under the Sale and Purchase Agreement when all (but not some only) of the events described below shall occur:

- (a) the Vendor shall deliver or procure the delivery to the Purchaser (or its designated subsidiary):
  - (i) protocol of delivery and acceptance stating the date, time and place of delivery in respect of Pacific Energy 28, duly executed by the Pacific Energy 28 Owner in favour of the Purchaser its designated subsidiary as the Purchaser may direct;
  - (ii) two bills of sale specifying the purchase price and that Pacific Energy 28 is free from all encumbrances as set out in the Memorandum of Agreement;
  - (iii) Singapore vessel transcript, dated on the date of the First Completion or such other date as the parties may agree, issued by the Singapore Register of Ships showing that Pacific Energy 28 is registered in the ownership of the Pacific Energy 28 Owner;
  - (iv) each other document (as applicable) set out in the Memorandum of Agreement to be furnished by the Pacific Energy 28 Owner;
  - (v) certified copies of the constitution of the Vendor and the Pacific Energy 28 Owner;
  - (vi) certified copies of the resolutions of the directors of the Vendor and the Pacific Energy 28 Owner approving the sale of Pacific Energy 28; and
  - (vii) certified copy of the resolutions of the shareholders of the Pacific Energy 28 Owner approving the sale of Pacific Energy 28;
- (b) against the performance of the Vendor of its obligations under the Sale and Purchase Agreement, the Purchaser shall:
  - (i) deliver to the Vendor a cheque in favour of the Vendor drawn on a licensed bank in Hong Kong in the amount of HK\$4,668,000; and
  - (ii) deliver to the Vendor the duly executed Promissory Notes in favour of the Vendor (or its designated nominee) in the principal amount of HK\$33,310,000 for the remaining balance of the First Consideration.

Second Completion shall take place on the fifth Business Day following the satisfaction (or the waiver, if applicable) of the conditions under the Sale and Purchase Agreement when all (but not some only) of the events described below shall occur:

- (a) the Vendor shall deliver or procure the delivery to the Purchaser (or its designated subsidiary):
  - (i) protocol of delivery and acceptance stating the date, time and place of delivery in respect of Pacific Energy 138, duly executed by the Pacific Energy 138 Owner in favour of the Purchaser or its designated subsidiary as the Purchaser may direct;
  - (ii) two bills of sale specifying the purchase price and that Pacific Energy 138 is free from all encumbrances as set out in the Memorandum of Agreement;
  - (iii) Singapore vessel transcript, dated on the date of the Second Completion or such other date as the parties may agree, issued by the Singapore Register of Ships showing that Pacific Energy 138 is registered in the ownership of the Pacific Energy 138 Owner;
  - (iv) each other document (as applicable) set out in the Memorandum of Agreement to be furnished by the Pacific Energy 138 Owner;
  - (v) certified copy of the constitution of the Pacific Energy 138 Owner;
  - (vi) certified copies of the resolutions of the directors of the Vendor and the Pacific Energy 138 Owner approving the sale of Pacific Energy 138; and
  - (vii) certified copy of the resolutions of the shareholders of the Pacific Energy 138 Owner approving the sale of Pacific Energy 138;
- (b) against the performance of the Vendor of its obligations under the Sale and Purchase Agreement, the Purchaser shall:
  - (i) deliver to the Vendor a cheque in favour of the Vendor (or its designated nominee) drawn on a licensed bank in Hong Kong in the amount of HK\$5,709,000; and
  - (ii) deliver to the Vendor the duly executed Promissory Notes in favour of the Vendor (or its designated nominee) in the principal amount of HK\$40,735,000 for the remaining balance of the Second Consideration.

Third Completion shall take place on the fifth Business Day following the satisfaction (or the waiver, if applicable) of the conditions under the Sale and Purchase Agreement when all (but not some only) of the events described below shall occur:

- (a) the Vendor shall deliver or procure the delivery to the Purchaser (or its designated subsidiary):
  - (i) a protocol of delivery and acceptance stating the date, time and place of delivery in respect of Pacific Energy 8, duly executed by the Pacific Energy 8 Owner in favour of the Purchaser or its designated subsidiary as the Purchaser may direct;
  - (ii) two bills of sale specifying the purchase price and that Pacific Energy 8 is free from all encumbrances as set out in the Memorandum of Agreement;
  - (iii) a Singapore vessel transcript, dated on the date of the Third Completion or such other date as the Parties may agree, issued by the Singapore Register of Ships showing that Pacific Energy 8 is registered in the ownership of the Pacific Energy 8 Owner;
  - (iv) each other document (as applicable) set out in the Memorandum of Agreement to be furnished by the Pacific Energy 8 Owner;
  - (v) certified copy of the constitution of the Pacific Energy 8 Owner;
  - (vi) certified copies of the resolutions of the directors of the Vendor and the Pacific Energy 8 Owner approving the sale of Pacific Energy 8;
  - (vii) certified copy of the resolutions of the shareholders of the Pacific Energy 8 Owner approving the sale of Pacific Energy 8;
  - (viii) protocol of delivery and acceptance stating the date, time and place of delivery in respect of Pacific Energy 168, duly executed by the Pacific Energy 168 Owner in favour of the Purchaser or its designated subsidiary as the Purchaser may direct;
  - (ix) two bills of sale specifying the purchase price and that Pacific Energy 168 is free from all encumbrances as set out in the Memorandum of Agreement;
  - (x) a Singapore vessel transcript, dated on the date of the Third Completion or such other date as the Parties may agree, issued by the Singapore Register of Ships showing that Pacific Energy 168 is registered in the ownership of the Pacific Energy 168 Owner;
  - (xi) each other document (as applicable) set out in the Memorandum of Agreement to be furnished by the Pacific Energy 168 Owner;
  - (xii) certified copy of the constitution of the Pacific Energy 168 Owner;
  - (xiii) certified copies of the resolutions of the directors of the Vendor and the Pacific Energy 168 Owner approving the sale of Pacific Energy 168; and



- (xiv) certified copy of the resolutions of the shareholders of the Pacific Energy 168 Owner approving the sale of Pacific Energy 168;
- (b) against the performance of the Vendor of its obligations under the Sale and Purchase Agreement, the Purchaser shall:
  - (i) deliver to the Vendor a cheque in favour of the Vendor (or its designated nominee) drawn on a licensed bank in Hong Kong in the amount of HK\$10,151,000; and
  - (ii) deliver to the Vendor the duly executed Promissory Notes in favour of the Vendor (or its designated nominee) in the principal amount of HK\$72,435,000 for the remaining balance of the Second Consideration.

### **Promissory Notes**

The principal terms of the Promissory Notes are as follows:

<i>Issuer</i>	The Company
<i>Principal amount</i>	HK\$146,480,000
<i>Interest</i>	Nil
<i>Status</i>	

The obligations of the Company arising under the Promissory Notes constitute direct, unsubordinated, and unsecured obligations of the Company. The obligations of the Company arising under the Promissory Notes shall at least rank pari passu with all other present and future unsecured obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.

#### *Maturity*

The outstanding principal amount of the Promissory Notes shall become due and payable on the second anniversary of the date of issue of the Promissory Notes.

#### *Transferability*

The Promissory Notes may not be assigned or transferred save with the prior written consent of the Company.

#### *Redemption*

Unless previously redeemed in accordance with the terms of the Promissory Notes, the Promissory Notes may be redeemed by the Company at any time by giving the noteholder prior notice.

## **THE MASTER LEASE AGREEMENT**

The principle terms of the Master Lease Agreement are as follows:

<b>Date</b>	29 September 2017
<b>Parties</b>	(1) the Company, as lessor (2) Inter-Pacific, as lessee

### **Subject**

Subject to compliance of the relevant Listing Rules by the lessor, the Master Lease Agreement shall take effect from the first completion (whichever First Completion, Second Completion or Third Completion happens earlier) until 31 March 2020, unless earlier terminated by either party giving a prior written notice of three months to the other. The Company (as lessor) and Inter-Pacific (as lessee) will enter into an agreement for the lessor to lease-back the Vessels owned by the lessor or its subsidiary(ies) to the lessee for a period commencing from the first completion (whichever First Completion, Second Completion or Third Completion) and ending on 31 March 2020. Members of the Group are expected to enter into individual contracts (the “**Contract(s)**”) with the Lessee or its subsidiaries on the same principal terms in respect of the lease of individual Vessels. The conditions set out in the Master Lease Agreement shall be applied to each of such Contracts.

### **Pricing policies**

The pricing terms of the lease of Vessels shall be determined between the parties on a quarterly basis and based on arm’s length negotiations between the parties on normal commercial terms with reference to:

- (i) the prevailing market price of the same or substantially similar leases, taking into account the charges on leasing similar vessels of comparable size, speed and operating capacities;
- (ii) if there are insufficient comparable transactions in (i) above, on normal commercial terms comparable to those leases from independent third parties in respect of the substantially similar vessels; and
- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of similar leases previously paid by the lessee, and on normal commercial terms which are no less favourable to the lessor than that are available from independent third party.

### **Payment**

The lessee shall pay the lessor on a monthly basis and in advance.

## **Condition Precedent**

The Master Lease Agreement is conditional upon (i) the approval by the Independent Shareholders; and (ii) the lessor having procured the owner of each vessel to enter into a contract with the lessee or its subsidiary(ies) for the charter of that vessel, substantially in such form as may be applicable in the market for vessels of the nature and usage of that vessel. If such condition is not satisfied by 31 March 2018 or such other date as the parties hereto may otherwise agree in writing, the Master Lease Agreement shall be terminated.

## **Annual caps and basis of determination**

Pursuant to the Master Lease Agreement, the annual cap for the leasing fee shall be SGD2,920,000, SGD7,200,000 and SGD7,370,000 (equivalent to approximately HK\$16.8 million, HK\$41.5 million and HK\$42.5 million, respectively) for each of the years ending 31 March 2018, 2019 and 2020, respectively. The Company shall comply with the relevant requirements of the Listing Rules in the event that the annual caps are exceeded.

The Proposed Annual Caps for the period commencing from date of the first completion (whichever First Completion, Second Completion or Third Completion happens earlier) up to 31 March 2018, each of the years ending 31 March 2019 and 2020 are calculated with reference to, among others, (i) the prevailing market price for the lease of similar vessels of comparable size and operating capacities; and (ii) the expected increase in leasing rates attributable to change in market demand, increase in relevant costs and inflation.

## **INFORMATION ON THE GROUP AND INTER-PACIFIC**

The principal activities of the Group are investment holding and manufacturing and trading of printed circuit boards. In mid-2017, the Group also undertook the business of indent trading of petrochemical products as well as petroleum and energy products.

The principal activities of Inter-Pacific are trading of petrochemical products. As at the date of this announcement, Inter-Pacific is directly owned as to 50% by an executive Director who is also a Substantial Shareholder, namely Ms. Cheung Lai Na, and 50% by Independent Third Parties, respectively. Accordingly, Inter-Pacific is an associate of a Substantial Shareholder and a connected person of the Company under the Listing Rules.

## INFORMATION ON THE VESSELS

Pursuant to the Sale and Purchase Agreement and based on information provided by the Vendor, the particulars of the Vessels are as followings:

<b>Vessel name</b>	<b>Pacific Energy 8</b>	<b>Pacific Energy 28</b>	<b>Pacific Energy 138</b>	<b>Pacific Energy 168</b>
Port of registry	Singapore	Singapore	Singapore	Singapore
IMO Number	9588689	9647899	9625267	9647904
Year of Made/Build	2009	2012	2010	2012
Gross Tonnage	2,405	1,999	2,608	1,999
Net Tonnage	1,026	794	1,139	794

As advised by the Vendor, the Vessels, save for Pacific Energy 8, have been used by the Vendor to conduct its petrochemical trading business. As for the vessel, namely Pacific Energy 8, it is under lease to a third party by the Vendor as at the date of this announcement and the relevant lease period commenced in January 2017 and shall end in December 2017.

The original cost of the Vessels is based on the ship building costs to the connected person, which totalled to approximately HK\$167.9 million (in aggregate). In addition, based on information provided by the Vendor, each of the Vessels has undertaken the necessary maintenance procedures every two years in order to ensure each of the Vessels is seaworthy at the relevant times.

## REASONS FOR AND BENEFITS OF THE AGREEMENTS AND THE PROPOSED TRANSACTIONS

As set out in the annual report of the Company for the year ended 31 March 2017, the Group has recorded losses in two out of three recent completed financial years. The Group has implemented and shall continue to develop various cost-savings and quality improvement measures to remain competitive in its printed circuit board business. In addition, the Group has also adopted strategic pricing policy and proactive marketing approach so as to canvass for new sales orders from both existing and potential customers.

Furthermore, in mid-2017, the Group also undertook the business of indent trading of petrochemical products as well as petroleum and energy products with a view to facilitate business diversification, broaden the Group's revenue base, create a new income stream for the Group in the long run and improve the overall performance of the Group.

The Directors consider that the acquisition of the Vessels under the Sale and Purchase Agreement and the Master Lease Agreement to be beneficial to the Company as (i) it represents an excellent opportunity for the Group to further broaden its revenue base and facilitates the Group to derive stable leasing income from the Vessels in the foreseeable future; (ii) the leasing of Vessels shall contribute net operating cash inflow to the Group based the expected fee income to be derived from the Master Lease Agreement; (iii) the leasing income is expected to provide the Group with a reasonable rate of return based on the prevailing market leasing rates; (iv) senior management is familiar with the petrochemical trading industry in various regions in Southeast Asia, as evidenced by the experience of Ms. Cheung Lai Na and Ms. Cheung Lai Ming, each an executive Director, in the business of petrochemical trading of over 13 years and 7 years, respectively; and (vi) a substantial portion of the Consideration, being HK\$146,480,000, is on a deferred basis in the form of Promissory Notes at nil interest rate with a maturity of two years from date of its issuance.

Having considered the above factors, the Board (excluding members of the Independent Board Committee who will express the view after receiving advice from the independent financial adviser) considers that the terms of the Proposed Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios, as calculated in accordance with Rule 14.07 of the Listing Rules, for the acquisition of Vessels are more than 25% but less than 100%, the acquisition of Vessels constitutes a major transaction for the Company under Rule 14.06 of the Listing Rules. In addition, as Inter-Pacific is an associate of an executive Director who is also a substantial shareholder of the Company, the acquisition of Vessels also constitute a connected transaction under Chapter 14A of the Listing Rules. On the same basis, the leasing of the Vessels under the Master Lease Agreement also constitutes non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules as the highest of the applicable percentage ratios in respect of the Master Lease Agreement is more than 5%. Accordingly, the transactions contemplated under the Agreements are subject to reporting, announcement and shareholder's approval requirements under the Listing Rules.

Given Ms. Cheung Lai Na, an executive Director and a Substantial Shareholder, has equity interest in the Vendor, she is considered to have material interests in the transactions contemplated under the Agreements. Accordingly, Ms. Cheung Lai Na had abstained from voting on the resolutions of the Board to approve the Agreements. In addition, Ms. Cheung Lai Ming is an executive Director, younger sister of Ms. Cheung Lai Na and also an employee of the Vendor. On this basis, she had also abstained from voting on the resolutions of the Board to approve the Agreements.

## GENERAL

A circular containing, among other things, (i) details of the Agreements; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders on the Agreements; (iii) a letter from an independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) further information of the Vessels; and (v) the notice of the SGM, is expected to be despatched to the Shareholders on or around 31 October 2017 so as to allow sufficient time for the preparation of the relevant information for the inclusion of the circular.

It should be noted that the completion of the Proposed Transactions is subject to a number of conditions including, but not limited to, the approval of the Proposed Transactions by the Independent Shareholders, which may or may not be fulfilled. The Proposed Transactions may or may not proceed. Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the respective securities of the Company.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Agreements”	the Sale and Purchase Agreement and the Master Lease Agreement
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Authorities”	any governments, courts, arbitral tribunals, governmental, regulatory or official authorities, departments or agencies of any governments, statutory or regulatory bodies, stock exchanges whether in Hong Kong or elsewhere and include but not limited to the Stock Exchange and the Securities and Futures Commission of Hong Kong and “Authority” means any one of them
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open in Hong Kong and Singapore to the general public for business
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company” or the “Purchaser”	Daisho Microline Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of Stock Exchange (stock code: 0567)
“Completion”	First Completion, Second Completion and Third Completion (as the case may be)
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules

“Consent”	includes any license, consent, approval, authorisation, permission, waiver, order or exemption
“Consideration”	consideration for the acquisition of the Vessels to be paid by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement, which consists of the First Consideration, the Second Consideration and the Third Consideration
“Director(s)”	the director(s) of the Company
“First Completion”	completion of the transfer of Pacific Energy 28 to the Purchaser (or its subsidiaries)
“First Consideration”	HK\$44,680,000 for the acquisition of Pacific Energy 28 to be settled as per the schedule set out under section headed “Consideration” in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board consisting of all the independent non-executive Directors
“Independent Shareholder(s)”	the Shareholder(s) other than Ms. Cheung Lai Na and Ms. Cheung Lai Ming and its close associates and parties who have interests in the Proposed Transactions
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Stop Date”	31 March 2018, or such other date as may be agreed between the Purchaser and the Vendor in writing
“Memorandum of Agreement”	a memorandum of agreement substantially in the Singapore Ship Sale Form 2011 (or such other form as may be agreed between the parties) in respect of the sale and purchase of a Vessel
“Master Lease Agreement”	the Master Leasing Agreement entered into by the Company and Inter-Pacific dated 29 September 2017, details of which are set out under paragraph headed “The Master Leasing Agreement” in this announcement
“Mortgage 8”	the registered mortgage in respect of Pacific Energy 8

“Mortgage 138”	the registered mortgage in respect of Pacific Energy 138
“Mortgage 168”	the registered mortgage in respect of Pacific Energy 168
“Owner”	each of the registered owners of the Vessels, being Pacific Energy 8 Owner, Pacific Energy 28 Owner, Pacific Energy 138 Owner and Pacific Energy 168 Owner
“Pacific Energy 8 Owner”	PACIFIC ENERGY 8 PTE. LTD., a company incorporated in Singapore, being the registered owner of Pacific Energy 8, one of the Vessels
“Pacific Energy 28 Owner”	PACIFIC ENERGY 28 PTE. LTD., a company incorporated in Singapore, being the registered owner of Pacific Energy 28, one of the Vessels
“Pacific Energy 138 Owner”	PACIFIC ENERGY 138 PTE. LTD., a company incorporated in Singapore, being the registered owner of Pacific Energy 138, one of the Vessels
“Pacific Energy 168 Owner”	PACIFIC ENERGY 168 PTE. LTD., a company incorporated in Singapore, being the registered owner of Pacific Energy 168, one of the Vessels
“Promissory Note(s)”	zero coupon promissory notes to be issued by the Purchaser in favour of the Vendor for part settlement of the Consideration
“Proposed Annual Caps”	the maximum total amount for the leasing of the Vessels payable by Inter-Pacific to the Group from the date of Completion up to and including 31 March 2020
“Proposed Transactions”	the sale and purchase of the Vessels pursuant to the Sale and Purchase Agreement and the leasing of Vessels pursuant to the Master Lease Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Purchaser and the Vendor dated 29 September 2017, details of which are set out under paragraph headed “The Sale and Purchase Agreement” in this announcement
“Second Completion”	completion of the transfer of Pacific Energy 138 to the Purchaser (or its subsidiaries)
“Second Consideration”	HK\$54,640,000 for the acquisition of Pacific Energy 138 to be settled as per the schedule set out under section headed “Consideration” in this announcement
“SGM”	the special general meeting of the Company to be convened to consider, and it thought fit, approve the Agreements and the transactions contemplated thereunder



“Share(s)”	the ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules
“Third Completion”	completion of the transfer of Pacific Energy 8 and Pacific Energy 168 to the Purchaser (or its subsidiaries)
“Third Consideration”	HK\$97,160,000 for the acquisition of Pacific Energy 8 and Pacific Energy 168 to be settled as per the schedule set out under section headed “Consideration” in this announcement
“Vendor” or “Inter-Pacific”	Inter-Pacific Group Pte. Limited, a company incorporated in Singapore with limited liability
“Vessel(s)”	four petroleum product tankers, being the subject matter under the Sale and Purchase Agreement, details of which are set out under paragraph headed “Information on the Vessels” in this announcement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SGD”	Singapore dollar(s), the lawful currency of Singapore
“%”	per cent.

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

Hong Kong, 29 September 2017

*As at the date of this announcement, the Board consists of two executive Directors, namely, CHEUNG Lai Na and CHEUNG Lai Ming, one non-executive Director, namely, LEE Man Kwong, and three independent non-executive Directors, namely, LEUNG King Fai, YEUNG Chi Shing Bret, and CHOU Yuk Yan.*

*For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1:HK\$1.19 and amounts denominated in SGD have been translated into HK\$ at an exchange rate of SGD1:HK\$5.77. No representation is made that any amounts in RMB, SGD and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.*