DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The Board of Directors (the "Board") of Daisho Microline Holdings Limited (the "Company") announces the preliminary consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017 together with the comparative figures of the previous corresponding year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 March	
		2017	2016
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**170,245**	206,940
Cost of sales		**(170,172)**	(225,379)
Gross profit (loss)		**73**	(18,439)
Other income		**7,949**	12,702
Selling and distribution expenses		**(7,874)**	(8,422)
Administrative expenses		**(45,490)**	(40,194)
Other operating expenses		**(2,939)**	(1,080)
Fair value gains (losses) on financial assets at fair value through profit or loss, net		**356**	(1,506)
Loss from operations		**(47,925)**	(56,939)
Finance costs	*4*	**(3,084)**	(3,962)
Loss before taxation	*4*	**(51,009)**	(60,901)
Income tax expense	*5*	**–**	–
Loss for the year		**(51,009)**	(60,901)
Loss attributable to:			
Owners of the Company		**(51,009)**	(60,901)
Loss per share	*6*		
– Basic and diluted		**HK(10.55) cents**	HK(12.68) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
Loss for the year	**(51,009)**	(60,901)
Other comprehensive loss:		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of functional currency to presentation currency	**(17,519)**	(21,161)
Other comprehensive loss for the year	**(17,519)**	(21,161)
Total comprehensive loss for the year	**(68,528)**	(82,062)
Total comprehensive loss attributable to:		
Owners of the Company	**(68,528)**	(82,062)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2017	2016
	Note	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**87,994**	98,957
Prepaid lease payments		**12,029**	13,005
Deposits paid for acquisition of property, plant and equipment		**2,005**	3,621
Available-for-sale financial assets		**9,281**	9,281
		111,309	124,864
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**1,615**	4,066
Inventories		**26,082**	22,880
Trade receivables	*7*	**29,259**	19,327
Other receivables, deposits and prepayments		**14,486**	40,713
Pledged bank deposits		**123,943**	243,703
Cash and cash equivalents		**74,453**	74,199
		269,838	404,888
CURRENT LIABILITIES			
Trade payables	*8*	**34,391**	32,410
Other payables and accruals		**24,049**	26,509
Interest-bearing borrowings	*9*	**114,342**	240,549
		172,782	299,468
NET CURRENT ASSETS		**97,056**	105,420
NET ASSETS		**208,365**	230,284
CAPITAL AND RESERVES			
Share capital		**57,624**	48,024
Reserves		**150,741**	182,260
TOTAL EQUITY		**208,365**	230,284

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all amounts are rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2016 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in note 2.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

In the current year, the Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKASs 16 and 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Annual Improvements to HKFRSs	*2012-2014 Cycle*

Amendments to HKAS 1: Disclosure Initiative

The amendments include changes in the following five areas: (1) materiality; (2) disaggregation and subtotals; (3) structure of notes; (4) disclosure of accounting policies; (5) presentation of items of other comprehensive income arising from investments accounted for using equity method. It is considered that these amendments are clarifying amendments that do not directly affect an entity's accounting policies or accounting estimates.

The adoption of the amendments did not have any significant impact on the consolidated financial statements.

Amendments to HKASs 16 and 38: Clarification of Acceptable Methods of Depreciation and Amortisation

HKAS 16 and HKAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments to HKAS 16 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Amendments to HKASs 16 and 38: Clarification of Acceptable Methods of Depreciation and Amortisation (continued)

The amendments to HKAS 38 clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The adoption of the amendments did not have any significant impact on the consolidated financial statements.

Annual Improvements Project – 2012-2014 Cycle

The amendments relevant to the Group include the followings:

HKFRS 7 Financial Instruments: Disclosures

a) *Servicing contracts*

These amendments clarify what kind of servicing contracts may constitute continuing involvements for the purposes of applying the disclosure requirements for transferred financial assets that are derecognised in their entirety.

b) *Applicability of the Amendments to HKFRS 7 concerning Offsetting to Condensed Interim Financial Statements*

These amendments also clarify that the additional disclosure required by the amendments to HKFRS 7 concerning offsetting is not specifically required for all interim periods.

The adoption of the amendments did not have any significant impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are investment holding and manufacturing and trading of printed circuit boards. There was no change in the nature of the Group's principal activities during the year.

Revenue represents net invoiced value of goods sold after allowance for returns, trade discounts and value-added tax during the year.

The Company's management considers that the Group has only one reportable segment, which is the manufacturing and trading of printed circuit boards. Revenue and operating results are the two key indicators provided to the Group's chief operating decision maker to make decision about resource allocation and performance assessment.

The segment information for the years ended 31 March 2017 and 2016 is as follows:

Geographical information

(a) Revenue from external customers

	2017	2016
	HK$'000	*HK$'000*
North America	**77,067**	74,794
Japan	**30,457**	25,071
The People's Republic of China (the "PRC")	**24,923**	50,001
Hong Kong	**22,826**	39,375
Europe	**13,455**	16,110
Other countries	**1,517**	1,589
	170,245	206,940

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**1,334**	496
The PRC	**100,694**	115,087
	102,028	115,583

The non-current asset information above is based on the locations of assets and excludes available-for-sale financial assets.

4. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	2017	2016
	HK$'000	*HK$'000*
Finance costs		
Interest on bank loans	**3,084**	3,962
Staff costs (excluding directors' emoluments)		
Salaries and other benefits	**37,036**	40,224
Contribution to defined contribution plans	**4,312**	4,646
Contractual termination benefits	**120**	–
	41,468	44,870
Other items		
Auditor's remuneration	**890**	930
Amortisation of prepaid lease payments	**296**	315
Cost of inventories *(Note (i))*	**170,213**	226,483
Depreciation	**12,582**	14,402
Exchange loss (gain), net	**1,998**	(300)
Loss (Gain) on disposal of property, plant and equipment	**285**	(321)
(Reversal of) Allowance for impairment loss on trade receivables	**(14)**	20
Operating lease charges for premises	**1,167**	304
Reversal of write down of inventories	**(41)**	(1,110)
Write down of inventories	**–**	6

Note:

(i) Cost of inventories excludes write down of inventories and related reversal but includes HK$37,724,000 (2016: HK$43,282,000) relating to staff costs and depreciation, which are included in the respective total amounts disclosed separately above.

5. INCOME TAX EXPENSE

PRC Enterprise Income Tax has not been provided as the Group's entities have no assessable profits arising in the PRC for the year (2016: Nil).

Hong Kong Profits Tax has not been provided as the Group's entities have no assessable profits arising in Hong Kong for the year (2016: Nil).

Where there are assessable profits, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits and PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits for both years.

6. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the year as follows:

	2017	2016
Loss attributable to owners of the Company (HK$'000)	**(51,009)**	(60,901)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**483,391,326**	480,243,785
Basic loss per share (HK cents)	**(10.55)**	(12.68)

(b) Diluted loss per share

There were no potential dilutive ordinary shares in issue during both years. The diluted loss per share is the same as the basic loss per share during the years ended 31 March 2017 and 2016.

7. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables		
From third parties	**29,458**	16,074
From a related party	**–**	3,483
	29,458	19,557
Allowance for doubtful debts	**(199)**	(230)
	29,259	19,327

7. TRADE RECEIVABLES (CONTINUED)

As at 31 March 2016, the related party, which is a subsidiary of Daisho Denshi Co., Ltd., was granted with a credit period of 45 days. The balance of approximately HK$6,676,000 has been classified as due from third parties upon the completion of the placing of new shares of the Company on 20 March 2017. At the end of the reporting period, no provision had been made for non-repayment of the amount due.

The Group's business with its trade debtors is mainly on credit basis and the credit period is generally two months. At the end of the reporting period, the ageing analysis of trade receivables (before allowance for doubtful debts) by invoice date is as follows:

	2017	2016
	HK$'000	*HK$'000*
Less than 1 month	**19,827**	14,522
1 to 2 months	**8,850**	2,694
2 to 3 months	**455**	1,960
Over 3 months	**326**	381
	29,458	19,557

At the end of the reporting period, the ageing analysis of trade receivables (net of allowance for doubtful debts) which are past due but not impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Not past due	**28,775**	18,153
Less than 1 month past due	**438**	1,020
1 to 2 months past due	**–**	154
2 to 3 months past due	**16**	–
Over 3 months past due	**30**	–
	29,259	19,327

The trade receivables that are past due but not impaired related to a number of independent customers that have a good track record with the Group. The Group has not recognised impairment on these balances as there has not been a significant change in credit quality and the directors believe that the amounts are recoverable. The Group does not hold any collateral over these balances.

Receivables that are neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

8. TRADE PAYABLES

The trade payables are non-interest bearing and the Group is normally granted with a credit term of 90 days.

The ageing analysis of trade payables, at the end of the reporting period based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Less than 1 month	**12,530**	9,218
1 to 2 months	**5,673**	4,455
2 to 3 months	**4,824**	7,019
Over 3 months	**11,364**	11,718
	34,391	32,410

9. INTEREST-BEARING BORROWINGS

	2017		2016	
	Effective interest rate (%)	***HK$'000***	Effective interest rate (%)	*HK$'000*
Secured bank loans	**HIBOR+1.2% to LIBOR+1.5%**	**114,342**	HIBOR +1.2% to LIBOR+1.5%	240,549

As at 31 March 2017, all bank loans of HK$114,342,000 are secured by the Group's pledged bank deposits amounting to HK$123,943,000.

As at 31 March 2016, bank loans of HK$237,049,000 were secured by the Group's bank deposits amounting to HK$243,703,000 and bank loans of HK$3,500,000 were secured by the Group's Hong Kong listed equity investments amounting to HK$4,066,000.

All bank loans are repayable within one year as at 31 March 2017 and 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

The Group has made a turnaround from a gross loss margin of approximately 8.9% in last year to a gross profit margin of approximately 0.04% in current year. The aforesaid turnaround from gross loss to gross profit was mainly due to the review and enhancement of the manufacturing process since second half of 2016, including (i) the implementation of the tight control on various manufacturing cost; (ii) the improvement in production efficiency so as to reduce in scrap rate; and (iii) the reduction in the purchase price of certain major chemical material, by sourcing different suppliers.

The Group's revenue for the current year was approximately HK$170 million, decreased by 18% from last year. The Group's net loss for the current year was approximately HK$51 million.

The Group's gearing ratios (defined as interest-bearing borrowings divided by total equity) as at 31 March 2017 was 55% (2016: 104%). The Group's current ratio as at 31 March 2017 and 2016 was 1.56 times and 1.35 times respectively. The Group's printed circuit boards ("PCB") operations had a net cash outflow of approximately HK$25 million during the year ended 31 March 2017 (2016: net cash outflow of approximately HK$22 million).

The interest rate structure, maturity profile, currency structure and underlying security of the Group's interest-bearing borrowings as at 31 March 2017 and 2016 are detailed in note 9 to the consolidated financial statements in this announcement.

As at 31 March 2017, the Group's total cash and bank balances were approximately HK$198 million (2016: HK$318 million) and the Group's total interest-bearing borrowings amounting to approximately HK$114 million (2016: HK$241 million). Therefore, the Group had a net cash balance of approximately HK$84 million (2016: HK$77 million). Besides, the total credit facilities available to the Group were approximately HK$360 million (2016: HK$246 million) and, therefore, the unutilised credit facilities were approximately HK$246 million (2016: HK$5 million). The increase in the total credit facilities was resulted from the business development to the Group by a bank before 31 March 2017.

As at 31 March 2017, the Group's assets and liabilities were mostly denominated in either HK$, US$ or RMB. Because the exchange rate for US$ against HK$ is relatively stable in Hong Kong for the moment, the Group has not adopted any hedging tool against its assets or liabilities denominated in US$.

The Group conducts the production in the PRC. The major portion of expenses, non-current assets and trade and other payables are denominated in RMB. Depreciation of RMB would be favorable to the Group operation, however, the depreciation of RMB may have an adverse impact on the Group's book value on the non-current assets.

Contingent Liabilities

As at 31 March 2017, the Group did not have any material contingent liability (2016: Nil). The Company has provided certain banks with corporate guarantees of approximately HK$210 million (2016: approximately HK$238 million) to secure banking facilities granted to subsidiaries. As at 31 March 2017, the facilities were utilised to the extent of approximately HK$114 million (2016: approximately HK$237 million).

Employee Benefits

As at 31 March 2017, the Group had 468 (2016: 557) employees, including directors, working mainly in Mainland China. For the year ended 31 March 2017, the Group's total staff costs including directors' emoluments were approximately HK$49 million (2016: approximately HK$54 million). The decrease in the staff costs during the current period was mainly due to the restructuring of manufacturing process.

Outlook

In light of the highly competitive business environment in the PCB business, the Group has taken various measures to confront the challenge. On one hand, the Group has taken various cost-savings and quality improvement measures so as to remain competitiveness. On the other hand, the Group has adopted strategic pricing policy and proactive marketing approach so as to canvass for new sales orders from both existing and potential customers. While the manufacturing process has been reviewed to improve efficiency, automation, minimise labour cost and to enhance the Group's overall competitiveness in the market. In addition, in order to better deploy the Group's financial resources and minimise its exposure to foreign exchange risks, significant portion of the secured bank borrowings has been repaid.

The principal business of the Group at present mainly consists of the trading and manufacturing of PCB. In order to realise business diversification which should be in the interest of the shareholders of the Company, the Group has undertaken the business of indent trading of petrochemical products as well as petroleum and energy products (the "Indent Trading") by itself with the help of newly recruited experts in this field so as to provide stable income source and cash inflow for the Group gradually. Under the Indent Trading business, the Group will source petroleum related products from a variety of suppliers for buyers or vice versa as per the specific requirements of the suppliers or the buyers (as the case may be) on a case-by-case basis.

As at the date of this announcement, the Group is still in the process of negotiating the trading terms with suppliers and customers of the Indent Trading, in which, the trading terms of one of the suppliers have been agreed. A stable income source is expected to generate in the second half of 2017.

INDICATION OF LIKELY FUTURE DEVELOPMENT IN THE BUSINESS

In view of the successful placing of 96,000,000 new shares under the general mandate of the Company on 20 March 2017, on 26 May 2017 (after trading hours of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) the Company has entered into the supplemental placing agreement with the placing agent (the "Supplemental Placing Agreement") to amend certain terms of the the conditional placing agreement dated 28 November 2016 entered into between the Company and the placing agent in relation to the placing of the convertible bonds of the Company in the principal amount of up to HK$130 million on a best effort basis (the "2016 Placing Agreement").

Pursuant to the Supplemental Placing Agreement, the maximum principal amount of the convertible bonds to be placed, on a best effort basis, by the Placing Agent pursuant to the 2016 Placing Agreement has been revised from HK$130 million to HK$80 million, the conversion price of the convertible bonds has been revised from HK$0.65 per share (subject to adjustment) to HK$0.360 (subject to adjustment), the interest rate attached to the convertible bonds has been revised from 8% per annum to 6% per annum on the principal amount of the convertible bonds outstanding from time to time, and the default interest rate has been revised from 5% per annum to 6% per annum.

Details of the Supplemental Placing Agreement, conditions precedent, revised use of proceeds, change in shareholdings structure of the Company and effect of full conversion of the convertible bonds have been disclosed in the Company's announcement dated 28 May 2017.

During the year, no convertible bond was issued.

LITIGATION

On 19 January 2017, Mr. Chan Sik Ming Harry ("Mr. Harry Chan"), the former executive director of the Company, who was removed from his duties effective from 23 December 2016, filed a claim to the Labor Tribunal against the Company for (i) wages in lieu of notice; (ii) annual leave pay; (iii) rest day pay and (iv) long service payment ("LT Claim").

On 24 May 2017, the Company and its wholly owned subsidiary in the PRC, Huafeng Microline (Huizhou) Circuits Limited ("Huafeng") as first and second plaintiffs filed a statement of claim to the High Court against Mr. Harry Chan for his breaches (i) under the terms of his service agreement; and/or (ii) of his fiduciary and statutory duties to both the Company and Huafeng as a director.

The LT Claim has been transferred to the Court of First Instance, and the legal proceedings is ongoing.

The lawyer of the Company is in the view that the LT Claim is likely to be consolidated with Company Claim, and it is also possible that any damages (or part thereof) may be set off against any amounts which may be awarded in Mr. Harry Chan's favour (if any) in the LT claim.

Based on the legal opinion received from the legal advisor of the Company, the LT Claim from Mr. Harry Chan is without merit and is not likely that the High Court would find the Company liable for the LT Claim. The directors of the Company are of the opinion that it probably will not require an outflow of resources and therefore no provision is made in the consolidated financial statements.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31 March 2017, except for the following deviations:

Chairman and Chief Executive Officer

According to the Code Provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

Prior to 23 December 2016, the Company did not have a separate Chairman and CEO, and Mr. Harry Chan held both positions. The Board believes that vesting the roles of both Chairman and CEO in the same person ensures consistent leadership within the Group and enables more effective and efficient planning of long-term strategies and implementation of business plans. The Board believes that the balance of power and authority will not be impaired and is adequately ensured by an effective Board which comprises experienced and high calibre individuals with a sufficient number thereof being independent non-executive directors.

With effect from 23 December 2016, Mr. Harry Chan, was removed as an executive director of the Company pursuant to Bye-law 97(A)(vi) of the New Bye-Laws of the Company and the Code Provision A.2.1 was no longer deviated after 23 December 2016.

Non-executive directors

Under the Code Provision A.4.1, non-executive directors should be appointed for a specific term subject to re-election.

Prior to 22 November 2016, Dr. Li Chi Kwong ("Dr. Li") does not have a specific term of appointment, but are subject to retirement by rotation and re-election in accordance with the relevant provisions of the Company's bye-laws.

With effect from 22 November 2016, Dr. Li has retired as an independent non-executive director of the Company and the Code Provision A.4.1 was no longer deviated after 23 December 2016.

Re-election of directors

Under the Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Company's private act known as "The Juko Laboratories Holdings Limited Company Act 1990", which is an Act under the Company's former name of Juko Laboratories Holdings Limited when the Company was first established, the Interim Chairman of the Company is not required to be subject to rotation in accordance with the bye-laws of the Company. However, in the spirit of good corporate governance practice, the existing Interim Chairman of the Company, Ms. Cheung Lai Na has agreed to retire at least once every three years.

RISK MANAGEMENT AND INTERNAL COTROLS

During the year, the Board had engaged reputable internal control advisors (the "Advisors") to perform a review of the Group's internal controls (the "Internal Controls Review") and assist the Company to perform a Group's risk assessment (the "risk assessment"). The scope of work of the Advisors was to conduct a gap analysis of the Company's internal controls system to identify potential areas of improvement, and to perform a high-level internal controls review of certain business processes to identify potential internal controls design gaps, and to recommend practical actions to be taken.

The reports of the Internal Controls Review (the "Review Reports") containing the risk analysis, observations, recommendations and corresponding management responses was issued. The Company accepts most of the Advisors' recommendations in the Review Reports and the Company believes that after the implementation of such recommendations, the Group would be able to further enhance its internal controls system and its risk assessment process. As at the date of this announcement, the implementation is in progress and expected the major recommendations would be fully implemented in the second half of 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the consolidated financial statements of the Group for the year ended 31 March 2017 and agreed with all the accounting treatments which have been adopted therein.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its code of conduct regarding the directors' securities transactions. The Company has made specific enquiries of all directors and all directors have confirmed that they have complied with the required standard set out in the Model Code.

SCOPE OF WORK PERFORMED BY MAZARS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2017 have been agreed by the Group's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The Company's Annual Report for the year ended 31 March 2017 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the website of the Stock Exchange at "www.hkexnews.hk" and the Company's website at "www.irasia.com/listco/hk/daisho" in due course.

By Order of the Board
Cheung Lai Na
Interim Chairman

Hong Kong, 19 June 2017

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

Executive directors:	***Non-executive directors:***	***Independent non-executive directors:***
CHEUNG Lai Na *(Interim Chairman)*	LEE Man Kwong	YEUNG Chi Shing, Bret
		LEUNG King Fai
CHEUNG Lai Ming		CHOU Yuk Yan