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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

SUPPLEMENTAL ANNOUNCEMENT

RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR & APPOINTMENT OF CONSULTANT

Reference is made to the announcement of Daisho Microline Holdings Limited (the “**Company**”) dated 30 September 2017 (the “**Announcement**”) in relation to the resignation of Mr. Yeung Chi Shing, Bret (“**Mr. Yeung**”) as an independent non-executive director of the Company, and as a member of each of the audit committee, the nomination committee and the remuneration committee of the Board (collectively, the “**Resignation**”) and the subsequent appointment of Mr Yeung as the consultant to the Company (the “**Appointment**”). Unless otherwise defined, capitalized terms in this announcement shall have the same meanings as defined in the Announcement.

The Board wishes to provide the shareholders of the Company with further information in relation to the Resignation and the Appointment.

REASONS FOR THE RESIGNATION AND THE APPOINTMENT

The Resignation to be followed by the Appointment would enable Mr. Yeung to play a broader and more active role in the business development of the Company and in particular, the development of its printed circuit board (PCB) business by leveraging his well-established network and connections.

TERMS OF THE APPOINTMENT

On 1 October 2017, Mr. Yeung entered into the consultancy service agreement (the “**Agreement**”) with Daisho Microline Limited, a wholly-owned subsidiary of the Company. Under the terms of the Appointment, Mr. Yeung is appointed as the consultant to the Company and its subsidiaries (the “**Group**”) to provide consultancy services to the Group relating to the formulation of corporate strategies and the liaison with strategic partners for any potential project(s) of the Group. There is no specific authority delegated by the Board to Mr. Yeung.

The initial term of the Appointment is six months with effect from 1 October 2017 (subject to renewal upon mutual written agreement between the parties).

Mr. Yeung is entitled to a bi-annual consultancy fee of HK\$300,000 payable on a monthly basis. The consultancy fee was determined based on the fee scale for similar consultancy services offered by independent third parties in the market, taking into account of Mr. Yeung's experience and network of connections.

The Board (including the independent non-executive directors) considers that the Agreement was entered into on an arm's length basis and on terms no less favourable to the Company. It further considers that the terms of the Agreement are fair and reasonable, and normal commercial terms, and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Given that Mr. Yeung was a director of the Company in the last 12 months, he is a connected person of the Company under Rule 14A.07(2) of the Listing Rules and the transaction contemplated under the Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the consultancy fee payable to Mr. Yeung under the Agreement exceeds 0.1% but all of the percentage ratios are less than 5% and the total consultancy fee payable is less than HK\$3,000,000, the transaction contemplated under the Agreement is a de minimis transaction fully-exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As no other directors of the Company have a material interest in the Agreement, none of them was required to abstain from voting on the resolutions passed by the Board in connection with it.

By Order of the Board
Cheung Lai Na
Chairman

Hong Kong, 9 October 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 two independent non-executive Directors, namely, LEUNG King Fai and CHOU Yuk Yan.