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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

ADJUSTMENT TO CONVERSION PRICE AND REDEMPTION OF CONVERTIBLE BONDS

References are made to the circular of the Company dated 21 July 2017 (the “**Circular**”) and the announcement of the Company dated 7 September 2017, in relation to, amongst other things, the placing of the Convertible Bonds in the aggregate principal amount of HK\$80,000,000. Unless otherwise stated, capitalised terms used herein shall have the same meaning as defined in the Circular.

ADJUSTMENT TO CONVERSION PRICE

As disclosed in the announcements of the Company dated 18 August 2020, 19 August 2020 and 10 September 2020 (the “**Placing Announcements**”), the Company completed the placing of 115,200,000 placing Shares to not less than six places at the placing price of HK\$0.158 per Share.

Pursuant to the terms and conditions of the Convertible Bonds, the Conversion Price is subject to adjustment for, among others, the Company issuing wholly for cash any Shares at a price which is less than 90% of the then five-day average closing price of the Shares. The Company announces that the Conversion Price of the Convertible Bonds would be adjusted from HK\$0.36 per Conversion Share to HK\$0.35 per Conversion Share (the “**Adjustment**”) as a result of completion of the placing of new Shares under the general mandate as announced in the Placing Announcements.

Mazars CPA Limited, the auditor of the Company, had performed certain agreed upon procedures on the computation of the Adjustment in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute Certified Public Accountants. Mazars CPA Limited has confirmed that the computation of the Adjustment is arithmetically accurate. The work performed by Mazars CPA Limited 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 and consequently no assurance has been expressed by Mazars CPA Limited in this respect.

REDEMPTION OF CONVERTIBLE BONDS

The Convertible Bonds has become matured on 21 September 2020 and the Company is obliged to redeem the Convertible Bonds in accordance with the terms thereof. The outstanding principal amount of the Convertible Bonds as at the maturity date was HK\$74,996,000. The Company will utilise its internal resources of HK\$25 million together with proceeds from shareholder's loan of HK\$40 million to redeem the Convertible Bonds in the principal amount of HK\$64,998,800. Pursuant to a loan agreement dated 21 September 2020, Spring Global Enterprises Limited ("**Spring Global**"), a shareholder of the Company holding 59,576,000 Shares of the Company representing approximately 8.62% of the issued share capital of the Company, as lender and the Company as borrower entered into a loan agreement pursuant to which Spring Global agreed to advance a loan of HK\$40 million to the Company for the purpose of redemption of the Convertible Bonds. The loan is unsecured and shall bear interest rate of 5% per annum and is repayable upon demand. The Company considers that the terms of the loan agreement is on normal or better commercial terms.

In respect of the remaining Convertible Bonds with outstanding principal amount of HK\$9,997,200, the remaining Convertible Bonds will no longer be convertible into Shares after the maturity date in accordance with the terms and conditions of the Convertible Bonds but the Company is still obliged to repay the indebtedness and the holder is entitled to demand for repayment of the indebtedness. The Company has reached consensus with the holder to settle the indebtedness in three months from the date of maturity.

By Order of the Board
CHEUNG Lai Ming
Chairman

Hong Kong, 21 September 2020

As at the date of this announcement, the Board consists of three executive Directors, namely, CHEUNG Lai Ming, LEE Man Kwong and WONG Siu Hung, Patrick, a non-executive Director, namely, YAU Pak Yue and three independent non-executive Directors, namely, LEUNG King Fai, CHOU Yuk Yan and CHAN Yau Ching, Bob.