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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

DISCLOSEABLE TRANSACTION ACQUISITION OF LISTED SECURITIES

THE ACQUISITION

The Company wishes to announce that on 24 September 2020 (after trading hours), Virtus HealthTech, a direct wholly-owned subsidiary of the Company, accepted the Placing Letter dated 24 September 2020 issued by the Vendor's Placing Agent, pursuant to which Virtus HealthTech conditionally agreed to acquire the Allocated Shares at the offer price of HK\$1.647 per Allocated Share.

IMPLICATIONS UNDER THE LISTING RULES

To the best knowledge, information and belief of the Directors, each of Pine Care, the Vendor and the Vendor's Placing Agent and their respective ultimate beneficial owners (if applicable) is an Independent Third Party. As one of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but all the relevant percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

As completion of the Acquisition is subject to the satisfaction of the condition under the Placing Letter, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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THE PLACING LETTER

The principal terms of the Placing Letter are summarised as follows:

Acceptance date:	24 September 2020
Parties:	Virtus HealthTech, as placee Gear Securities Investment Limited, as the Vendor's Placing Agent
Shares to be placed:	the Allocated Shares
Offer price:	HK\$1.647 per Allocated Share
Consideration:	HK\$29,909,520 (exclusive of transaction costs and stamp duty)
Total consideration:	an aggregate of HK\$29,998,351.27, being the consideration and the transaction costs

Allocated Shares

The Allocated Shares represent approximately 2.02% of the issued share capital of Pine Care as at the date of this announcement and the date of completion of the Acquisition (assuming that there is no change in the issued share capital of Pine Care from the date of this announcement and up to the date of completion of the Acquisition).

Consideration

The consideration for the Allocated Shares is HK\$29,909,520 (excluding transaction costs and stamp duty), which shall be payable in cash and financed by the Group's internal resources.

The offer price of HK\$1.647 per Allocated Share represents:

- (i) a premium of approximately 25.73% over the closing price of HK\$1.31 per PC Share as quoted on the Stock Exchange as at the last trading date immediately before the Suspension (as defined hereinafter) i.e. 20 March 2020 (the "**Last Trading Day**");
- (ii) a premium of approximately 9.07% over the average closing price of HK\$1.51 per PC Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 4.70% over the average closing price of approximately HK\$1.573 per PC Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Date; and
- (iv) the same as the offer price per PC Share under the unconditional mandatory general cash offer (the "**Offer**") by the Vendor's Placing Agent for and on behalf of the Vendor as disclosed in the composite document dated 28 February 2020 and jointly issued by the Vendor and Pine Care.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Pine Care, the Vendor, the Vendor's Placing Agent and their respective ultimate beneficial owners (if applicable), is an Independent Third Party.

Condition

As disclosed in the announcements of Pine Care dated 20 March 2020, 2 June 2020, 23 June 2020, 15 July 2020, 7 September 2020 and 22 September 2020 respectively, the trading of the PC Shares has been suspended since 23 March 2020 as Pine Care does not fulfill the minimum public float requirement of 25% as set out under Rule 8.08(1)(a) of the Listing Rules (the "Suspension").

Completion of the Acquisition is conditional upon the Stock Exchange confirming that the criteria for resumption of trading of the PC Shares on the Stock Exchange have been satisfied.

Completion

Pursuant to the Placing Letter, the completion of the Acquisition is expected to take place on the business day immediately before the date of resumption of trading of the PC Shares on the Stock Exchange.

INFORMATION OF PINE CARE

Pine Care is a company incorporated in the Cayman Islands with limited liability, the issued PC Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1989). Pine Care is principally engaged in the operation of care and attention homes in Hong Kong. Pine Care mainly runs its business via two segments: (i) the rendering of elderly home care services; and (ii) the sale of elderly home related goods and provision of health care services.

The following information is extracted from the annual report of Pine Care for the year ended 31 March 2020:

	For the year ended 31 March 2020 (HK\$'000)	For the year ended 31 March 2019 (HK\$'000)
Revenue	217,363	186,782
Profit before taxation	17,122	15,150
Profit after taxation	13,576	13,460

The audited consolidated total asset value and net asset value of Pine Care as at 31 March 2020 were HK\$943,378,000 and HK\$206,651,000 respectively.

Immediately before the completion of the Acquisition, the Group does not hold any PC Shares.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF ALLOCATED SHARES

The Company is an investment holding company principally engaged in the trading of petroleum and energy products. The Group operates its business mainly through four segments: (i) the trading of petroleum and energy products and related business; (ii) the Printed Circuit Boards (the “PCBs”) segment engages in the manufacturing and trading of PCBs; (iii) the vessel chartering business segment engages in the vessel chartering business; and (iv) the printing business segment engages in the manufacture and trading of printing and packaging products businesses.

The Company acquired the Allocated Shares for investment purpose and considers that the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole for the following reasons:

(i) Reasonableness of the offer price under the Acquisition

The offer price under the Acquisition is equivalent to the price per PC Share acquired by the Vendor under the Offer. The Company shares the same view as the Vendor on the prospect of the healthcare industry and Pine Care as further elaborated below. Moreover, it may not be easy for the Group to acquire the same number of the Allocated Shares on the market at the offer price. As such, the Directors consider that the offer price under the Acquisition is fair and reasonable.

(ii) Prospect of the healthcare industry and Pine Care

Hong Kong is an affluent city in which a considerable number of well-off elderly people reside. In view of the increased life expectancy of the general population, there will be a growing demand for elderly care services in Hong Kong. The Board considers that the situation is similar in the PRC. Together with the supporting government policies and initiatives such as the development of various schemes and provision of subsidies in order to meet the demand for elderly care services, the Board is of the view that the healthcare industry and in particular the elderly care service industry will be one of the important growth drivers in both Hong Kong and the PRC in the coming decade. In view of the foregoing, the Board is optimistic towards the prospect of Pine Care and considers that the investment in Pine Care by way of the Acquisition would be in the interests of the Company and the Shareholders as a whole.

(iii) Long-term strategy of the Company

As disclosed in the annual report of the Company for the year ended 31 March 2020, it is the plan of the Company to look for investment and growth opportunities. It is also the long-term strategy for the Group to diversify into other areas such as the healthcare industry. As such, the Board considers that the Acquisition will be excellent investment opportunity which will allow the Group to tap into the healthcare industry and further explore the healthcare market.

Based on the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the Placing Letter (including the offer price) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

To the best of the knowledge, information and belief of the Directors, each of Pine Care, the Vendor, the Vendor's Placing Agent and their respective ultimate beneficial owners (if applicable) is an Independent Third Party. As one of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but all the relevant percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

As completion of the Acquisition is subject to the satisfaction of the condition under the Placing Letter, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Allocated Shares by Virtus HealthTech
“Allocated Shares”	18,160,000 PC Shares held by the Vendor (out of the Placing Shares)
“Board”	the board of Directors
“Company”	Daisho Microline Holdings Limited, a company incorporated in Bermuda, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 0567)
“Director(s)”	Director(s) of the Company

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any of the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Company or subsidiaries of the Company or any of their respective associates (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PC Shares”	the ordinary share(s) of HK\$0.01 each in the share capital of Pine Care
“Pine Care”	Pine Care Group Limited (松齡護老集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued PC Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1989)
“Placing”	the proposed private placing of 198,600,000 PC Shares
“Placing Letter”	the conditional placing letter dated 24 September 2020 issued by the Vendor’s Placing Agent on behalf of the Vendor as seller in relation to the Acquisition
“Placing Shares”	a maximum of 198,600,000 PC Shares to be placed pursuant to the Placing
“PRC”	the People’s Republic of China
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Tang Yiu Sing, whom to the best of the knowledge, information and belief of the Directors, is a majority shareholder of Pine Care

“Vendor’s Placing Agent”	Gear Securities Investment Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the placing agent of the Vendor under the Placing
“Virtus HealthTech”	Virtus HealthTech Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Daisho Microline Holdings Limited
CHEUNG Lai Ming
Chairman

Hong Kong, 24 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.