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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

DISCLOSEABLE TRANSACTION DISPOSALS OF LISTED SECURITIES

THE DISPOSALS OF LISTED SECURITIES

The Off-Market Disposal

On 3 August 2022, Virtus HealthTech, a direct wholly-owned subsidiary of the Company entered into an instrument of transfer for the disposal of 10,636,000 Pine Care Shares to Prism International at the consideration of approximately HK\$5.8 million, representing an average price of HK\$0.55 per Pine Care Share. Completion of which took place on the same day.

The On-Market Disposals

During the period between 14 July 2022 and 25 July 2022, Virtus HealthTech completed a series of open market disposals of 7,524,000 Pine Care Shares on the Stock Exchange, at the price range between HK\$0.48 and HK\$0.52 per Pine Care Share for an aggregate consideration of approximately HK\$3.8 million.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposals, on an aggregated basis, exceeds 5% but is less than 25%, the Disposals constituted a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSALS OF LISTED SECURITIES

The Off-Market Disposal

The Company wishes to announce that on 3 August 2022, Virtus HealthTech entered into an instrument of transfer for the disposal of 10,636,000 Pine Care Shares, representing approximately 1.178% of the entire issued share capital of Pine Care (based on 902,880,000 Pine Care Shares in issue as at 31 July 2022, according to publicly available information) to Prism International at the consideration of HK\$5.8 million, representing an average price of HK\$0.55 per Pine Care Share. The consideration of the Off-Market Disposal was determined after arm's length negotiation with reference to the prevailing market price of the Pine Care Shares. Completion of which took place on the same day.

Prism International is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding and is wholly owned by Wong Tang Thomas. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of Prism International and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

The On-Market Disposals

The Company also hereby announces that during the period between 14 July 2022 and 25 July 2022, Virtus HealthTech completed a series of open market disposals of an aggregate of 7,524,000 Pine Care Shares on the Stock Exchange, representing approximately 0.8333% of the entire issued share capital of Pine Care (based on 902,880,000 Pine Care Shares in issue as at 31 July 2022, according to publicly available information), at the price range between HK\$0.48 and HK\$0.52 per Pine Care Share for an aggregate consideration of approximately HK\$3.8 million. The prices at which the On-Market Disposals were made were based on the prevailing market prices of the Pine Care Shares as quoted on the Stock Exchange at the relevant time of the On-Market Disposals.

As the On-Market Disposals were conducted in open market on the Stock Exchange, the Company are not aware of the identities of the buyer(s) of the Disposed Pine Care Shares. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the buyers of the Disposed Pine Care Shares are third parties independent of the Company and its connected persons.

The Disposed Pine Care Shares in aggregate, represent approximately 2.0113% of the entire issued share capital of Pine Care (based on 902,880,000 Pine Care Shares in issue as at 31 July 2022, according to publicly available information).

Financial effect of the Disposals

The Disposed Pine Care Shares were classified as other long-term investments in the Group's consolidated statement of financial position and designated as financial assets at fair value through other comprehensive income ("FVOCI") where the fair value is measured by the quoted market price of the Pine Care Shares. As a result of the Disposals, the Company expects to recognise an unaudited gain in other comprehensive income on the Disposals of approximately HK\$3.9 million, which is the difference between the aggregate consideration for the Disposals of approximately HK\$9.6 million and the fair value of the Disposed Pine Care Shares of approximately HK\$5.7 million as at 31 March 2022, and upon the Disposals, the cumulative loss in FVOCI reserve will be transferred directly to accumulated losses as equity movement under relevant applicable accounting standards. Accordingly, the Disposals have no significant impact on profit or loss of the Group for the year ending 31 March 2023.

INFORMATION ON PINE CARE

Pine Care is a company incorporated in the Cayman Islands with limited liability and the issued Pine Care Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1989). Based on public information available to the Company, Pine Care is principally engaged in investment holding and its subsidiaries are principally engaged in the provision of senior care services.

Set out below is a summary of certain audited consolidated financial information of Pine Care for the two financial years ended or as at 31 March 2021 and 31 March 2022 as extracted from the annual report of Pine Care for the year ended 31 March 2021 and the annual results announcement of Pine Care for the year ended 31 March 2022 as published on the website of the Stock Exchange:

	Year ended/as at	
	31 March 2021	31 March 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	245,706	267,749
Profit/(loss) before taxation	10,682	(17,668)
Profit/(loss) for the year	3,214	(23,989)
Audited net assets	204,187	183,485

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group is principally engaged in manufacturing and trading of printed circuit boards, trading of petroleum and energy products and related business, and manufacturing and trading of printing and packaging products.

The Group acquired the Disposed Pine Care Shares in September 2020 with a view to profit on the performance of Pine Care and the prospects of the healthcare industry as a whole. Since then, Pine Care’s financial performance has deteriorated, particularly Pine Care is in a loss-making position and recorded a significant increase in loss for the year ended 31 March 2022, whilst Pine Care Shares’ share price have also since decreased and reached a low of HK\$0.249 in March 2022. The Group has also been actively exploring other investments opportunities, including the proposed establishment and subscription of a segregated portfolio fund which will invest in various sectors such as energy, smart transportation and technology. For details of the proposed establishment and subscription of the segregated portfolio fund, please refer to the announcement of the Company dated 8 June 2022.

The Board considers that the Disposals present an opportunity to the Company to mitigate its losses from the acquisition of the Disposed Pine Care Shares and realise part of its investment portfolio, it also strengthens the Group’s cash resources for future investments, including the subscription of the proposed segregated portfolio fund, and is in line with the Group’s long-term investment strategy of diversifying the Group’s revenue stream by investing in emerging industries.

In light of the aforesaid and taking into account that (i) the consideration of the Off-Market Disposal was arrived at after arm’s length negotiation with reference to the prevailing market price, and (ii) the On-Market Disposals were completed in the open market on the Stock Exchange and at prevailing market price, the Directors are of the view that the terms of the Disposals are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposals, on an aggregated basis, exceeds 5% but is less than 25%, the Disposals constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise stated or the context requires otherwise, the terms in this announcement have the following meanings:

“Board”	the board of Directors
“Company”	Daisho Microline Holdings Limited, a company incorporated in Bermuda with limited liability, 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
“Disposals”	collectively, the Off-Market Disposal and the On-Market Disposals
“Disposed Pine Care Shares”	an aggregate of 18,160,000 Pine Care Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Off-Market Disposal”	the disposal of 10,636,000 Pine Care Shares by Virtus HealthTech to Prism International at the consideration of approximately HK\$5.8 million on 3 August 2022
“On-Market Disposals”	the disposals of an aggregate of 7,524,000 Pine Care Shares by Virtus HealthTech on the market of the Stock Exchange for an aggregate consideration of approximately HK\$3.8 million during the period between 14 July 2022 and 25 July 2022
“Pine Care”	Pine Care Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Pine Care Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1989)
“Pine Care Shares”	the ordinary share(s) of HK\$0.01 each in the share capital of Pine Care
“Prism International”	Prism International Development Limited, a company incorporated in Hong Kong with limited liability, the buyer to the Off-Market Disposal
“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

“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, the seller of the Disposed Pine Care Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Daisho Microline Holdings Limited
LEE Man Kwong
Chairman

Hong Kong, 3 August 2022

As at the date of this announcement, the Board comprises two executive Directors, namely, LEE Man Kwong and WONG Siu Hung, Patrick, one non-executive Director, namely, YAU Pak Yue and three independent non-executive Directors, namely, LEUNG King Fai, CHAN Yau Ching, Bob and LEUNG Hoi Ming.