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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

VOLUNTARY ANNOUNCEMENT ENTERING INTO MEMORANDUM OF UNDERSTANDING IN RELATION TO SUBSCRIPTION OF SPECIAL PURPOSE FUND

The Company hereby announces that on 8 June 2022, after trading hours, Digital Mind (a wholly-owned subsidiary of the Company) and Communication Control entered into the Memorandum of Understanding in relation to, among other matters, (i) the proposed establishment and management of the SP Fund; (ii) the proposed subscription of the SP Fund by Digital Mind and Communication Control; and (iii) the proposed formation of the GP.

THE MEMORANDUM OF UNDERSTANDING

The principal terms of the Memorandum of Understanding are set out below:

Date : 8 June 2022

Parties : (i) Digital Mind

(ii) Communication Control

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, each of Communication Control and its ultimate beneficial owners, is an Independent Third Party.

The SP Fund

Pursuant to the Memorandum of Understanding, Digital Mind and Communication Control shall establish, manage and subscribe for interest in the SP Fund, being an exempted company to be incorporated in the Cayman Islands and registered as a segregated portfolio company.

The parties to the Memorandum of Understanding intend that the SP Fund will have five Segregated Portfolios, each will invest in one of the following five sectors, namely (i) energy, (ii) smart transportation, (iii) urban renewal, (iv) technology and (v) other special situation opportunities. Each Segregated Portfolio will be established and designated for investments in one of the above sectors and each Segregated Portfolio shall be independent from that of the others.

Formation of the GP

The parties to the Memorandum of Understanding will jointly incorporate the GP which will be owned as to 40% by Digital Mind and 60% by Communication Control. The GP will act as the general partner of the SP Fund and will subscribe for all management shares of the SP Fund for the total investment amount of HK\$50 million, of which HK\$20 million will be contributed by Digital Mind and HK\$30 million will be contributed by Communication Control in accordance with their respective shareholdings in the GP.

Capital structure and proposed subscription of the SP Fund

The proposed share capital of the SP Fund is HK\$5 billion, to which an aggregate of HK\$50 million shall be subscribed by the GP, and HK\$4.95 billion shall be subscribed by other limited partners.

Management of the SP Fund

The GP shall generally be responsible for, among other matters, formulating the basic management system, rules and regulations of the SP Fund. The GP is also responsible for identifying the financial adviser and manager for the SP Fund.

The SP Fund will engage a licensed corporation carrying type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) as the manager of the SP Fund to manage the assets of the SP Fund from time to time.

Term of SP Fund

The term of the SP Fund shall be thirty-six (36) months from the date of first subscription of the SP Fund with the option to extend for a period of twenty-four (24) months, if required. During the term of the SP Fund, the SP Fund shall be open for subscription for one or more times in accordance with the relevant partnership agreement(s).

Term of Memorandum of Understanding and Formal Agreement

The term of the Memorandum of Understanding shall be six (6) months from the date of the Memorandum of Understanding (the “**MOU Term**”). Either party to the Memorandum of Understanding has the right to terminate the Memorandum of Understanding by giving not less than thirty (30) days’ prior written notice the other party.

The parties to the Memorandum of Understanding shall enter into a formal agreement in relation to the detailed arrangements of the formation of the GP and the establishment and management of the SP Fund as soon as practicable. Further announcement will be made by the Company in relation to the entering into the formal agreement in compliance with the Listing Rules when appropriate.

Legal Effect

Save for certain general provisions of the Memorandum of Understanding relating to, among other matters, confidentiality, MOU Term and governing law, the Memorandum of Understanding does not impose legally binding obligations on the parties thereto.

INFORMATION OF THE PARTIES TO THE MEMORANDUM OF UNDERSTANDING

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.

Digital Mind is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. Digital Mind is principally engaged in fund holding.

Communication Control, to be renamed as LBG Equity Investments (HK) Co., Limited, is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of LLOYDS PRIVATE EQUITY FUND MANAGEMENT LIMITED* (勞埃德私募基金管理有限公司), a company established in the PRC with limited liability, whose ultimate beneficial owner is a leading retail and commercial financial services provider in the United Kingdom. Communication Control is principally engaged in investment holding.

Upon completion of the subscription for the management shares of the SP Fund, the SP Fund is not expected to become a subsidiary of the Company and its financial results assets and liabilities are not expected to be consolidated into the Company's accounts.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT AND SUBSCRIPTION OF SP FUND

The Board is of the view that the establishment and subscription of the SP Fund, will present an investment opportunity to maximise return on the unutilised idle funds of the Group by making investments in emerging sectors such as energy and technology. The subscription of the SP Fund also allows the Group to diversify its business and sources of revenue which in turn will bring positive impact to the Group's financial position in terms of cash flow and gearing ratio.

Having considered the experience, reputation and expertise of Communication Control and its shareholder, the proposed manager and other advisory bodies to the SP Fund, the Board considers that the cooperation with Communication Control for the establishment of the SP Fund enables the Company to bring in new strategic partners to leverage on their respective strengths, reputation and expertise for the further development and expansion of the existing businesses and new potential projects of the Group. Hence, in view of the above, the Board considers that the terms of the Memorandum of Understanding, including the proposed establishment and subscription of the SP Fund, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

In the event that a binding formal agreement in relation to the detailed arrangements of the formation of the GP and the establishment, management and subscription of the SP Fund is entered into, it may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in relation to the formation of the GP, and the subscription of the SP Fund will be made by the Company as and when appropriate in compliance with the Listing Rules.

There is no assurance of the Company that any transactions referred to in this announcement will materialise or eventually be consummated. Shareholders of the Company and potential investors should note that the proposed establishment and subscription of the SP Fund is subject to, among other things, the entering into of the formal agreement, the major terms and conditions of which are yet to be agreed upon. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Board”	the board of the Directors
“Communication Control”	Communication Control (Hong Kong) Holding Limited, to be renamed as LBG Equity Investments (HK) Co., Limited, a company incorporated in Hong Kong with limited liability
“Company”	Daisho Microline Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 567)

“Digital Mind”	Digital Mind Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“GP”	a company to be incorporated in Hong Kong, the British Virgin Islands or the Cayman Islands with limited liability and to be owned as to 40% by Digital Mind and 60% by Communication Control and to act as the general partner of the SP Fund
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	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 of the Company or subsidiaries of the Company or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SP Fund”	an exempted company to be incorporated in the Cayman Islands and registered as a segregated portfolio company, the management shares of which are entirely owned by the GP
“Memorandum of Understanding”	the memorandum of understanding dated 8 June 2022 entered into between Digital Mind and Communication Control in relation to, among other matters, (i) the proposed establishment and management of the SP Fund; (ii) the proposed subscription of the SP Fund by Digital Mind and Communication Control; and (iii) the proposed formation of the GP

“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Segregated Portfolio(s)”	the five segregated portfolio funds to be established and wholly-owned by the SP Fund with designated investment scopes in the sectors of (i) energy, (ii) smart transportation, (iii) urban renewal, (iv) technology and (v) other special situation opportunities, respectively
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 8 June 2022

* *The English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names and words.*

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.