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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the Group may record a net loss for the six months ending 30 September 2011 in contrast with the net profit of about HK\$19 million for the six months ended 30 September 2010.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Daisho Microline Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the unaudited consolidated financial statements of the Group for the four months ended 31 July 2011 and the existing sales orders on hand at the date of this announcement, the Group may record a net loss for the six months ending 30 September 2011 (the “**Current Period**”) in contrast with the net profit of about HK\$19 million for the six months ended 30 September 2010 (the “**Last Period**”) mainly as a result of the following factors.

- (i) The reduction in the sales orders for printed circuit boards during the Current Period mainly due to the credit austerity measures in the People’s Republic of China (the “**PRC**”) and the worse off of the Europe’s sovereign debt crisis.
- (ii) The increase in the raw material costs during the Current Period due to the jump in the prices of non-ferrous metals such as copper and gold etc. and the worldwide inflation.
- (iii) The increase in the production overheads during the Current Period due to the appreciation of the Renminbi currency and the rise of the minimum wages level in the PRC.
- (iv) There were fair value losses on listed equity investments and equity contracts for the four months ended 31 July 2011 (Last Period: fair value gains of approximately HK\$10 million) due to the decline of the Hong Kong stock market.

As the Company is yet to finalize the results of the Group for the six months ending 30 September 2011, the information contained in this announcement is a preliminary estimate given by the management of the Company and is not based on any figures nor information that has been audited or reviewed by the Company's auditors.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Chan Sik Ming, Harry
Chairman

Hong Kong, 22 August 2011

As at the date of this announcement, the Board consists of five executive directors, namely, CHAN Sik Ming, Harry, Motofumi TSUMURA, Hiroto SASAKI, Hiroyuki KIKUCHI and AU-YEUNG Wai Hung, and three independent non-executive directors, namely, Kohu KASHIWAGI, CHAN Yuk Tong and LI Chi Kwong.