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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

MAJOR TRANSACTION DISPOSAL OF TWO VESSELS

On 25 January 2021 (after trading hours), the Seller I entered into the MOA I with the Buyer I pursuant to which the Seller I agreed to sell and the Buyer I agreed to acquire the Vessel I for a total cash consideration of S\$4,020,000. Upon completion of the Vessel I Disposal, the Company will cease to have any interests in the Vessel I.

On 25 January 2021 (after trading hours), the Seller II entered into the MOA II with the Buyer II pursuant to which the Seller II agreed to sell and the Buyer II agreed to acquire the Vessel II for a total cash consideration of S\$4,760,000. Upon completion of the Vessel II Disposal, the Company will cease to have any interests in the Vessel II.

As the relevant percentage ratio(s) exceeds 25% but falls below 75%, the Disposal and the transactions contemplated thereunder constitute a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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

THE DISPOSAL

On 25 January 2021 (after trading hours), the Sellers, which are both wholly-owned indirect subsidiaries of the Company, entered into the respective MOAs with the Buyer I and the Buyer II pursuant to which the relevant Seller agreed to dispose of and the relevant Buyer agreed to acquire the Vessels for a total cash consideration of S\$8,780,000.

Summarised below are the principal terms of the MOA I and the MOA II, which are legally binding.

MOA I

Date: 25 January 2021 (after trading hours)

Parties: (1) Seller I : PE28 Pte, Limited
(2) Buyer I : Angel Tankers Pte. Ltd.

The Seller I is a limited liability company incorporated in Singapore and an indirect wholly owned subsidiary of the Company. The Seller I is the legal and registered owner of the Vessel I.

The Buyer I is a company incorporated in Singapore with limited liability and its principal activities are operating barges, tugboats and bumboats. The parent company of Buyer I is V-Bunkers Pte. Ltd.. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Buyer I and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed

The Seller I is the legal and registered owner of the Vessel I. Pursuant to the MOA I, the Seller I has agreed to dispose of and the Buyer I has agreed to acquire the Vessel I.

Purchase Price

The total purchase price (the “**Purchase Price I**”) for the Vessel I Disposal is S\$4,020,000. The Buyer I shall lodge a deposit (the “**Deposit I**”) of 10% of the Purchase Price I in an escrow account to the joint order of the Seller I and the Buyer I with the Deposit Holder within three Banking Days (as defined in the MOA I) after the date of the signing and exchange of the MOA I by the Seller I and the Buyer I and the signing of the relevant escrow agreement by the Seller I, the Buyer I and the Deposit Holder.

The balance of the Purchase Price I less the sum of US\$112,000, being the security deposit (the “**Security Deposit I**”) held by the Seller I under the existing charterparty in respect of the Vessel I (the “**Charter I**”) and which is to be transferred from the Seller I to the Buyer I on novation of the Charter I from the Seller I to the Buyer I, and all other sums payable on delivery by the Buyer I to the Seller I under the MOA I shall be paid in full free of bank charges to the Seller I, provided that if the Charter I has been or will be terminated prior to delivery of the Vessel I such that the Charter I will not be novated from the Seller I to the Buyer I and the Security Deposit I will not be transferred from the Seller I to the Buyer I, the Buyer I shall make payment of the full balance of the Purchase Price I together with all other sums payable on delivery by the Buyer I to the Seller I under the MOA I. In this regard, the Buyer I shall deposit sufficient funds with the Deposit Holder not later than one (1) Banking Day (as defined in MOA I) prior to the

intended date of delivery of the Vessel I by the Seller I to the Buyer I pursuant to the MOA I to be held by the Deposit Holder to the Buyer I's sole order and to be released in accordance with the terms of the relevant escrow agreement.

On delivery of the Vessel I and not later than three (3) Banking Days (as defined in the MOA I) after the date the relevant notice of readiness has been given pursuant to the MOA I, the Deposit Holder shall release (a) the Deposit I to the Seller I in accordance with joint written instructions from the Buyer I and the Seller I and (b) the balance of the Purchase Price I less the Security Deposit I (if applicable) and all other sums payable on delivery by the Buyer I to the Seller I under the MOA I to the Seller I in accordance with the terms of the relevant escrow agreement.

The consideration for the Vessel I Disposal was determined with reference to the latest appraised value of the Vessel I by an independent valuer obtained by the Company and arrived at after arm's length negotiations between the parties to the MOA I. The valuation report of the Vessel I shall be included in the circular to be despatched by the Company to its Shareholders. The Directors (including the independent non-executive Directors) consider the terms of the Vessel I Disposal (including but not limited to the consideration) to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Condition precedent

The MOA I shall be subject to the condition precedent that the passing by the Shareholders at the SGM to be convened and held of relevant resolution(s) to approve the MOA I, the relevant escrow agreement and the transactions contemplated thereunder and compliance with the relevant requirement in respect of the MOA I by the Company under the Listing Rules.

If the condition precedent set out above has not been satisfied on or before 5 May 2021 (or such later date as the parties may agree in writing) (the "**Long Stop Date I**"), the MOA I shall cease and terminate, and thereafter neither party shall have any obligations and liabilities towards each other thereunder, and the Seller I shall instruct the Deposit Holder to refund the Deposit I to the Buyer I in accordance with the terms and conditions of the relevant escrow agreement within five (5) Banking Days (as defined in the MOA I) after the Long Stop Date I.

Completion

The Vessel I shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage in Singapore in the Seller I's option, with the notice of readiness not to be tendered before 5 April 2021. The place of closing meeting for the Vessel I Disposal shall be the offices of the Deposit Holder and relevant closing documents will be executed and exchanged between the Seller I and Buyer I.

Upon completion of the Vessel I Disposal, the Company will cease to hold any interests in the Vessel I.

MOA II

Date: 25 January 2021 (after trading hours)

Parties: (1) Seller II : PE138 Pte. Limited

(2) Buyer II : Bella Tankers Pte. Ltd.

The Seller II is a limited liability company incorporated in Singapore and an indirect wholly owned subsidiary of the Company. The Seller II is the legal and registered owner of the Vessel II.

The Buyer II is a company incorporated in Singapore with limited liability and its principal activities are operating barges, tugboats and bumboats. The parent company of the Buyer II is V-Bunkers Pte. Ltd.. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Buyer II and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed

The Seller II is the legal and registered owner of the Vessel II. Pursuant to the MOA II, the Seller II has agreed to dispose of and the Buyer II has agreed to acquire the Vessel II.

Purchase Price

The total purchase price (the "**Purchase Price II**") for the Vessel II Disposal is S\$4,760,000. The Buyer II shall lodge a deposit (the "**Deposit II**") of 10% of the Purchase Price II in an escrow account to the joint order of the Seller II and the Buyer II with the Deposit Holder within three Banking Days (as defined in the MOA II) after the date of the signing and exchange of the MOA II by the Seller II and the Buyer II and the signing of the relevant escrow agreement by the Seller II, the Buyer II and the Deposit Holder.

The balance of the Purchase Price II less the sum of US\$140,000, being the security deposit (the "**Security Deposit II**") held by the Seller II under the existing charterparty in respect of Vessel II (the "**Charter II**") and which is to be transferred from the Seller II to the Buyer II on novation of the Charter II from the Seller II to the Buyer II, and all other sums payable on delivery by the Buyer II to the Seller II under the MOA II shall be paid in full free of bank charges to the Seller II, provided that if the Charter II has been or will be terminated prior to delivery of the Vessel II such that the Charter II will not be novated from the Seller II to the Buyer II and the Security Deposit II will not be transferred from the Seller II to the Buyer II, the Buyer II shall make payment of the full balance of the Purchase Price II together with all other sums payable on delivery by the Buyer II to the Seller II under the MOA II. In this regard, the Buyer II shall deposit sufficient funds with the Deposit Holder not later than one (1) Banking Day (as defined in MOA II) prior to the intended date of delivery of the Vessel II by the Seller II to the Buyer II pursuant to the MOA II to be held by the Deposit Holder to the Buyer II's sole order and to be released in accordance with the terms of the relevant escrow agreement.

On delivery of the Vessel II and not later than three (3) Banking Days (as defined in the MOA II) after the date the relevant notice of readiness has been given pursuant to the MOA II, the Deposit Holder shall release (a) the Deposit II to the Seller II and (b) the balance of the Purchase Price II less the Security Deposit II (if applicable) and all other sums payable on delivery by the Buyer II to the Seller II under the MOA II to the Seller II in accordance with the terms of the relevant escrow agreement.

The consideration for the Vessel II Disposal was determined with reference to the latest appraised value of the Vessel II by an independent valuer obtained by the Company and arrived at after arm's length negotiations between the parties to the MOA II. The valuation report of the Vessel II shall be included in the circular to be despatched by the Company to its Shareholders. The Directors (including the independent non-executive Directors) consider the terms of the Vessel II Disposal (including but not limited to the consideration) to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Condition precedent

The MOA II shall be subject to the condition precedent that the passing by the Shareholders at the SGM to be convened and held of relevant resolution(s) to approve the MOA II, the relevant escrow agreement and the transactions contemplated thereunder and compliance with the relevant requirement in respect of the MOA II by the Company under the Listing Rules.

If the condition precedent set out above has not been satisfied on or before 5 May 2021 (or such later date as the parties may agree in writing) (the "**Long Stop Date II**"), the MOA II shall cease and terminate, and thereafter neither party shall have any obligations and liabilities towards each other thereunder, and the Seller II shall instruct the Deposit Holder to refund the Deposit II to the Buyer II in accordance with the terms and conditions of the relevant escrow agreement within five (5) Banking Days (as defined in the MOA II) after the Long Stop Date II.

Completion

The Vessel II shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage in Singapore in the Seller II's option, with the notice of readiness not to be tendered before 5 April 2021. The place of closing meeting for the Vessel II Disposal shall be the offices of the Deposit Holder and relevant closing documents will be executed and exchanged between the Seller II and Buyer II.

Upon completion of the Vessel II Disposal, the Company will cease to hold any interests in the Vessel II.

INFORMATION ON THE VESSELS

The Vessel I is a vessel named as Pacific Energy 28 with place of registration in Singapore and year of build in 2012. As at 31 March 2020, the audited carry value of the Vessel I in the book of the Seller I was approximate HK\$37,060,000. The Vessel II is a vessel named as Pacific Energy 138 with place of registration in Singapore and year of build in 2010. As at 31 March 2020, the audited carry value of the Vessel II in the book of the Seller II was approximate HK\$47,310,000. The Vessels have been leased out to trader/operator of fuel refilling (otherwise known as bunkering) business in Singapore during the year of 2020.

Set out below is the Group's segment results in relation to the Vessels for the financial years ended 31 March 2019 and 2020:

	For the year ended 31 March 2019	For the year ended 31 March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from vessel chartering	10,915	20,403
Segment results <i>Note (1)</i>	(7,843)	3,498

Note (1): Segment results represent the results before taxation earned by vessel chartering without allocation of other income generated, administrative expenses and other operating expenses incurred by the corporate office, impairment loss on deposits paid for the acquisition of property, plant and equipment, gain on disposal of a subsidiary, fair value gain on derivative financial instruments, equity-settled share-based payment expenses and finance costs.

REASONS FOR THE DISPOSAL

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 Vessels have been leased by the Group out to trader/operator of fuel refilling (otherwise known as bunkering) business in Singapore. Despite Singapore being one of the top fuel refilling ports in the world, outbreaks of the coronavirus pandemic have led to lockdowns which depress demand for transportation fuel. In addition, the industry has recently undergone significant restructuring and consolidation whereby independent operators are reduced or squeezed out of business as the major trading groups have stepped up to build up their own distribution logistics capabilities. Coupled with the reducing availability of credit facilities made available to the trader/operator of fuel refilling business, the current environment has a negative impact on the demand of vessels for the refilling business. The Group is evaluating various options to limit its downside risk on its asset value.

Based on the book value of the Vessels as at 31 March 2020, it is estimated that upon completion of the Disposal, the Group will record a loss of approximately HK\$33,102,000 on the Disposal, which is the difference between the consideration and the book value of the Vessels. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company’s auditors.

After deducting the expenses relating to the Disposal, the net proceeds of approximately HK\$150,505,000 is expected to be applied towards the general working capital and business development of the Group.

Upon completion of the Disposal, the Group will cease to operate vessel chartering business. The Board is of the view that the Disposal provides a good opportunity for the Group to limit its downside risk on the asset value and to repay its shareholder’s loan, and also allow the Group to focus its resources to develop the other existing business segments, including but not limiting to the newly identified business segment.

Taking into consideration of the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the relevant percentage ratio(s) exceeds 25% but falls below 75%, the Disposal and the transactions contemplated thereunder constitute a major transaction on the part of the Company under Chapter 14 of the Listing Rules and are subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A SGM will be convened and held for the Shareholders to approve the MOAs, the escrow agreements and the transactions contemplated thereunder. To the best knowledge, information and belief of the Directors and having made reasonable enquiries, no Shareholder is involved in or interested in the MOA(s) and the transactions contemplated thereunder which requires him/her/it to abstain from voting on the proposed resolution(s) to approve the MOAs, the escrow agreements and the transactions contemplated thereunder at the SGM.

A circular containing, among others, (1) details of the Disposal and the transactions contemplated thereunder; (2) independent valuation report on the Vessels; and (3) a notice of the SGM will be despatched to the Shareholders on or before 28 February 2021 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As completion of the Disposal is subject to the satisfaction of the condition precedent under the MOAs, the Disposal 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:

“Board”	the board of Directors
“Buyer I”	Angel Tankers Pte. Ltd., an Independent Third Party
“Buyer II”	Bella Tankers Pte. Ltd., an Independent Third Party
“Buyers”	together the Buyer I and the Buyer II
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Deposit Holder”	the deposit holder for the deposits payable by the Buyers under the MOAs, who is an Independent Third Party
“Director(s)”	Director(s) of the Company
“Disposal”	the Vessel I Disposal and the Vessel II Disposal
“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
“MOA I”	the memorandum of agreement dated 25 January 2021 and entered into between the Seller I and the Buyer I in relation to the Vessel I Disposal
“MOA II”	the memorandum of agreement dated 25 January 2021 and entered into between the Seller II and the Buyer II in relation to the Vessel II Disposal
“MOAs”	together the MOA I and the MOA II
“Seller I”	PE28 Pte. Limited, a wholly owned subsidiary of the Company
“Seller II”	PE138 Pte. Limited, a wholly owned subsidiary of the Company
“Sellers”	together the Seller I and the Seller II
“SGM”	the special general meeting of the Company to be held and convened for the Shareholders to consider and, if though fit, to approve the MOAs, the escrow agreements and the transactions contemplated thereunder

“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
“Singapore”	The Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vessel I”	the vessel named as Pacific Energy 28, the vessel to be disposed under the MOA I
“Vessel I Disposal”	disposal of the Vessel I pursuant to the terms of the MOA I
“Vessel II”	the vessel named as Pacific Energy 138, the vessel to be disposed under the MOA II
“Vessel II Disposal”	disposal of the Vessel II pursuant to the terms of the MOA II
“Vessels”	together the Vessel I and the Vessel II
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of Singapore
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 25 January 2021

As at the date of this announcement, the Board consists of 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, CHOU Yuk Yan and CHAN Yau Ching, Bob.