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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF REGISTERED CAPITAL IN THE TARGET COMPANY

THE CAPITAL INJECTION AGREEMENT

On 28 March 2025, the Investor, an indirect wholly-owned subsidiary of the Company, entered into the Capital Injection Agreement with the Target Shareholders and the Target Company, pursuant to which the Investor has conditionally agreed to subscribe for the registered capital in the Target Company at the Subscription Price of RMB28,500,000 (equivalent to approximately HK\$30,495,000).

Upon Completion, the Investor shall hold approximately 15.12% of the enlarged registered capital of the Target Company. As such, the Target Company shall be accounted as an associated company of the Company and the financial results of the Target Company will not be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Capital Injection are greater than 5% but all are less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Capital Injection constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Completion of the Capital Injection is subject to the fulfilment of the conditions precedent stated in the Capital Injection Agreement, accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 28 March 2025, the Investor, an indirect wholly-owned subsidiary of the Company, entered into the Capital Injection Agreement with the Target Shareholders and the Target Company, pursuant to which the Investor has conditionally agreed to subscribe for the registered capital in the Target Company at the Subscription Price of RMB28,500,000 (equivalent to approximately HK\$30,495,000).

THE CAPITAL INJECTION AGREEMENT

The principal terms of the Capital Injection Agreement are as follows:

- Date: 28 March 2025
- Parties: (i) the Investor;
- (ii) the Target Shareholders; and
- (iii) the Target Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Target Shareholders, the Target Company and their ultimate beneficial owner(s) are independent of and not connected with the Company and its connected persons.

Subscription

As at the date of this announcement, the registered capital of the Target Company was RMB10,000,000, among which RMB7,000,000 has been paid up by Target Shareholder A and RMB1,655,000 has been paid up by Target Shareholder B. Pursuant to the Capital Injection Agreement, the Investor has conditionally agreed to subscribe for the registered capital in the Target Company at the Subscription Price of RMB28,500,000 (equivalent to approximately HK\$30,495,000), where the amount of RMB1,781,300 out of the Subscription Price will be injected into the Target Company as registered capital, and the balance of RMB26,718,750 will be accounted for as capital reserves of the Target Company.

After the Capital Injection, the registered capital of the Target Company will be increased by RMB1,781,300 to RMB11,781,300.

Consideration

The Subscription Price of RMB28,500,000 was determined on normal commercial terms after arm's length negotiation between the Investor, the Target Company and the Target Shareholders with reference to: (i) the Profit Guarantee; and (ii) the valuation of the Target Company as at 28 February 2025 based on the valuation report prepared by BonVision International Appraisals Limited, an independent professional valuer. The valuation was based on income approach adopted for valuation.

The part of the Subscription Price as to RMB11,500,000 (equivalent to approximately HK\$12,305,000) has been paid by the Investor as deposit upon the signing of a non-binding framework agreement in respect of the Capital Injection and the remaining balance of RMB17,000,000 (equivalent to approximately HK\$18,190,000) shall be settled by the Investor in cash within 30 days from the execution of the Capital Injection Agreement.

Upon Completion, the Investor shall be interested in approximately 15.12% of the enlarged registered capital of the Target Company, being the proportion of the amount of capital of RMB1,781,300 to be contributed by the Investor in the enlarged registered capital of the Target Company of RMB11,781,300.

The Subscription Price will be satisfied by internal resources of the Group.

Conditions Precedent

Completion is conditional upon fulfilment of the following conditions:

- (1) the board of directors and the shareholders of the Target Company having passed the necessary resolutions approving the Capital Injection;
- (2) the statements, warranties, commitments made by the Target Company under the Capital Injection Agreement are true, accurate, complete and without material omission in all material respects and there are no material adverse changes up to the day the Investor settles the Subscription Price in full;
- (3) there has been no material adverse change in the relevant laws and regulations that would prevent the Investor from completing the Capital Injection;
- (4) up to the date of the registration procedures for business changes for the Investor as a member of the Target Company, there has been no material adverse changes on the Target Company, its operations and financial condition;
- (5) all parties having executed all necessary documents in form and substance satisfactory to the Investor;
- (6) as at the date of the registration procedures for business changes for the Investor as a member of the Target Company, there is no changes to the shareholding of the Target Shareholders in the Target Company and there has been no charges and encumbrance on the shareholding of the Target Shareholders;

- (7) as at the date of the registration procedures for business changes for the Investor as a member of the Target Company, the assets of the Target Company are clear and not subject to any disputes, and there is no encumbrance on any assets of the Target Company;
- (8) as at the date of the registration procedures for business changes for the Investor as a member of the Target Company, the Target Company continues to operate as a continuing operating entity and there is no material illegality or breach of regulations;
- (9) as at the date of the registration procedures for business changes for the Investor as a member of the Target Company, there has been no material changes to the operations and financial conditions of the Target Shareholders and the Target Company, and there has been no profit distribution in any form; and
- (10) as at the date of the registration procedures for business changes for the Investor as a member of the Target Company, there has been no disputes between the Target Company and/or the Target Shareholders with any other third parties that in the opinion of the Investor would affect its interests and the development of the Target Company.

As at the date of this announcement, none of the conditions above are satisfied.

Completion

Completion shall take place within 30 days of the full settlement of the Subscription Price by the Investor, whereby the Target Company shall register the Investor on the register of members of the Target Company and proceed with the necessary registration procedures for business changes in respect of the Capital Injection.

In the event that the Target Company fails to arrange for the necessary registration procedures for over 10 working days, or the Target Company and the Target Shareholders breach their representations, undertaking and guarantees under the Capital Injection Agreement, the Investor may by notice in writing terminate the Capital Injection Agreement and the Target Company and the Target Shareholders shall jointly and severally be liable to within 5 working days thereafter return all Subscription Price paid by the Investor and carry out all necessary capital reduction procedures.

Upon Completion, the Investor shall hold approximately 15.12% of the enlarged registered capital of the Target Company. As such, the Target Company shall be accounted as an associated company of the Company and the financial results of the Target Company will not be consolidated into the consolidated financial statements of the Group.

Right of appointment

The Target Company and the Target Shareholders guarantee that upon Completion, the Investor has the right to appoint 1 person as director of the Target Company and has the right to appoint 1 person as supervisor of the Target Company.

Profit Guarantee

Pursuant to the Capital Injection Agreement, the Target Shareholders shall provide the Profit Guarantee in favour of the Investor, whereby the net profit after tax of the Target Company shall not fall less than the following amounts:

- (1) For the year ending 31 December 2025: RMB9,000,000;
- (2) For the year ending 31 December 2026: RMB14,000,000;
- (3) For the year ending 31 December 2027: RMB21,000,000; and
- (4) For the year ending 31 December 2028: RMB26,000,000.

Should the actual aggregate net profit after tax of the Target Company for the four years ending 31 December 2028 falls short of the guaranteed profit as stated above, the Target Shareholders undertake to make up the difference by way of compensation in cash with the following formula:

$$A = (B - C \times D) \times E$$

A: amount payable by the Target Shareholders to the Investor under the Profit Guarantee

B: the valuation of the Target Company of RMB160,000,000

C: the price-earnings ratio of 9.14

D: the average of the actual net profit after tax for the four years ending 31 December 2028

E: the proportion of the Investor's shareholding

Restriction on transfer of shares

Pursuant to the Capital Injection Agreement, from the date of the Capital Injection Agreement, unless the prior approval of the Investor in writing is obtained, the Target Shareholders may not transfer, sell, dispose, gift, put on trust, assign or encumber all or part of their respective shareholdings in the Target Company.

In the event that such approval of transfer is granted by the Investor, the transfer shall subject to the Right of First Refusal in favour of the Investor; or the Tag-along Right of the Investor, as the Investor may in its sole and absolute discretion may determine. Pursuant to the Right of First Refusal, the Investor may acquire the relevant equity interest proposed to be disposed of by the Target Shareholder(s) at the same price and upon the same terms and conditions under the offer made by a third party transferee. Pursuant to the Tag-along Right, the Investor may require the third party transferee to acquire its shareholding in the Target Company upon the same terms and conditions as the disposing Target Shareholder(s).

Furthermore, in the event that the price under which the disposing Target Shareholder(s) disposes its shareholding to a third party transferee is lower than the Subscription Price, the disposing Target Shareholder(s) shall be liable to pay a Compensation on Disposal with the following formula:

$$\text{Compensation on Disposal} = F - G$$

F: the Subscription Price paid by the Investor under the Capital Injection Agreement

G: the price that would be payable by the Investor to acquire the number of shares of the Target Company under the Capital Injection based on the price per share the Target Shareholder(s) disposes its shareholding to a third party transferee

The Put Option

Pursuant to the Capital Injection Agreement, the Target Shareholders granted to the Investor the Put Option, pursuant to which if the actual accumulate revenue of the Target Company is less than the expected accumulate revenue of the Target Company of RMB140,000,000 for the four years ending 31 December 2028, the Investor is entitled to require the Target Shareholders to jointly purchase the then equity interest of the Target Company held by the Investor at the exercise price calculated according to the following formula:

$$H = I \times (1 + 5\% \times J/365)$$

H: the exercise price of the Put Option

I: the Subscription Price paid by the Investor under the Capital Injection Agreement

J: the number of days from the date of payment of the Subscription Price to the date of completion of the transfer of shares upon the exercise of the Put Option

INFORMATION ON THE TARGET GROUP

The Target Company is a company established in the PRC with limited liability. The Target Group is principally engaged in the provision of health management and health consultation services (excluding medical diagnosis and treatment activities requiring approval).

As at the date of this announcement and immediately prior to Completion, the Target Company was owned as to 70% by Target Shareholder A and 30% by Target Shareholder B. Upon Completion, Target Shareholder A, Target Shareholder B and the Investor shall hold approximately 59.42%, 25.46% and 15.12% of the enlarged registered capital of the Target Company, respectively.

Financial information of the Target Group

Set out below is a summary of the unaudited consolidated financial information of the Target Company for the two financial years ended 31 December 2023 and 31 December 2024 respectively prepared under the accounting principles generally accepted in the PRC:

	For the year ended 31 December	
	2023	2024
	<i>Approx. (RMB)</i>	<i>Approx. (RMB)</i>
Net loss before taxation	5,006,000	5,040,000
Net loss after taxation	5,006,000	5,040,000

The unaudited consolidated net liabilities of the Target Company as at 31 December 2024 was approximately RMB8,832,000.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Group has been proactively seeking potential business opportunities to broaden its income source. The Board considers that the Capital Injection will enable the Group to diversify the scope of its operations and to enhance the Group's competitiveness. The Capital Injection is also in line with the Group's strategy to strengthen its financial performance as the subscription of equity interest in the Target Company will enable the Group to diversify its income stream.

In particular, the Target Shareholders have provided the Profit Guarantee to the Investor for the aggregation of four financial years after Completion. The Board considers that the arrangement under the Capital Injection Agreement is beneficial to the Group and the interest of the Group is sufficiently protected by the Profit Guarantee, the Rights of First Refusal, the Tag-along Right, the Compensation on Disposal and the Put Option. The Company will monitor the performance of the Target Group and the status of the Profit Guarantee and make appropriate disclosures as and when appropriate in compliance with Rule 14.36B of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Capital Injection and the terms of the Capital Injection Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Target Shareholders

Target Shareholder A is a company established in the PRC with limited liability and is principally engaged in the provision of investment management and advisory services. The ultimate beneficial owners of Target Shareholder A are 馬小茗 and 宋喬華.

Target Shareholder B is a company established in the PRC with limited liability and is principally engaged in the provision of health management and consultation services (excluding medical diagnosis and treatment activities requiring approval). The ultimate beneficial owner of Target Shareholder B are 黃一寧, 許文兵, 李良, 丁文惠 and 郭曉蕙.

Information on the Group

The Company is an investment holding company and the principal activities of the Group are investment holdings, manufacturing and trading of printed circuit boards, trading of petroleum and energy products and related business, manufacturing and trading of printing and packaging products and funds investment.

The Investor is an indirect wholly-owned subsidiary of the Company and is principally engaged in the trading of printed circuit boards.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Capital Injection are greater than 5% but all are less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Capital Injection constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Completion of the Capital Injection is subject to the fulfilment of the conditions precedent stated in the Capital Injection Agreement, accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Injection”	the injection of capital of RMB28,500,000 into the Target Company by the Investor in accordance with the Capital Injection Agreement
“Capital Injection Agreement”	the capital injection agreement dated 28 March 2025 and entered into among the Investor, the Target Shareholders and the Target Company
“Company”	Daisho Microline Holdings Limited, an exempted limited liability company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0567)

“Compensation on Disposal”	the compensation on disposal of shares in the Target Company provided by the Target Shareholders to the Investor pursuant to the terms and conditions of the Capital Injection Agreement
“Completion”	completion of the Capital Injection in accordance with the terms and conditions of the Capital Injection Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investor”	Guangzhou Jiasheng Electronic Trading Company Limited* (廣州嘉升電子貿易有限公司), a company established in the PRC with limited liability and an indirect wholly-owned company of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Profit Guarantee”	the profit guarantee provided by the Target Shareholders to the Investor pursuant to the terms and conditions of the Capital Injection Agreement
“Put Option”	the put option granted by the Target Shareholders in favour of the Investor pursuant to the terms and conditions of the Capital Injection Agreement
“Right of First Refusal”	the right of first refusal provided by the Target Shareholders to the Investor pursuant to the terms and conditions of the Capital Injection Agreement
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price payable by the Investor for the Capital Injection, being RMB28,500,000 (equivalent to approximately HK\$30,495,000)
“Tag-along Right”	the tag-along right provided by the Target Shareholders to the Investor pursuant to the terms and conditions of the Capital Injection Agreement
“Target Company”	Beijing Weihang Yining Health Management Group Company Limited* (北京偉航奕寧健康管理集團有限公司), a company established in the PRC with limited liability
“Target Group”	the Target Company and its subsidiaries
“Target Shareholder A”	Beijing Weihang Foundation Investment Consulting Company Limited* (北京偉航基業投資顧問有限公司), a company established in the PRC with limited liability, a 70% shareholder of the Target Company immediately prior to the Completion
“Target Shareholder B”	Beijing Yining Hospital Management Company Limited* (北京奕寧醫院管理有限公司), a company established in the PRC with limited liability, a 30% shareholder of the Target Company immediately prior to the Completion
“Target Shareholders”	collectively, Target Shareholder A and Target Shareholder B
“%”	per cent.

* For identification purposes only

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.07 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

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

Hong Kong, 28 March 2025

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