DAIWA ASSOCIATE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 1037)

RESULTS FOR THE YEAR ENDED 31 MARCH 2007

On behalf of the Board of Directors, I would like to present to shareholders the audited annual results of Daiwa Associate Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2007.

I am taking this opportunity to express our gratitude to the Group's staff for their contributions enabling the Group to work through a tough business environment and securing the business growth for the preceding year.

RESULTS AND DIVIDEND

The Group's turnover and gross profit kept on increasing in the past 5 years. Turnover was reported as HK$1,737.4 million (2006: HK$1,540.1 million) for the year ended 31 March 2007, which indicates an increase of 13% from last financial year. Gross profit increased by 21% to HK$174.6 million (2006: HK$144.6 million).

The operating profit of the Group is HK$23.6 million for the year ended 31 March 2007 (2006: HK$21.2 million). The consolidated net profit attributable to shareholders is HK$11.0 million (2006: HK$12.6 million), which represents a decrease of 13% from last year. The basic earnings per share is HK 4.00 cents (2006: HK 4.65 cents). The Board of Directors has recommended a final dividend of HK1.5 cents per ordinary share payable to shareholders whose names appear on the Register of Members of the Company on 27 August 2007. Subject to the shareholders' approval at the forthcoming annual general meeting, the dividend will be payable on 13 September 2007. During the year, the Group announced an interim dividend of HK1 cent per ordinary share.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2007, the Group's net current assets amounted to HK$192.5 million and the shareholders' funds were HK$370.2 million (2006: HK$358.2 million). The total bank borrowings and finance lease was HK$190.7 million and the gearing ratio which is defined as total borrowings to shareholders' funds, excluding minority interests, is 0.52. The year-end cash and bank balances were increased from HK$83.5 million to HK$93.4 million.

At 31 March 2007, total available banking facilities of the Group were approximately HK$255.4 million, of which HK$69.7 million was available for use. Finance lease obligations outstanding on the same date amounted to HK$5.0 million. The Company issued corporate guarantees to banks for granting of banking facilities to wholly owned subsidiaries. At 31 March 2007, total amount of such corporate guarantee committed was HK$389.2 million.

The Group's assets are mostly financed by shareholders' funds, trade payables, finance lease and bank borrowings. Trade payables are repayable within one year. Bank borrowings composed of trade financing repayable within one year and term loans repayable in installments from 3 to 4 years. Total bank borrowings have increased due to the growth in business and new capital expenditures of Heyuan factory.

The borrowings are mostly denominated in Hong Kong dollars to prevent currency risk. The Group's cash and cash equivalents are denominated in Hong Kong dollars, US dollars, Canadian dollars, Renminbi and Japanese Yen. The Group has engaged in foreign currency forward contracts with banks to manage certain daily foreign currency trade payments and control the conversion risk arising from foreign currency transactions. Most of the Group's borrowings are bearing interest at floating rates which are in reference to the Hong Kong Hibor rate.

As the turnover in the reported year was increased, inventory level was relatively increased to HK$256.8 million from HK$202.0 million of last financial year. Average stock turnover is controlled to less than 60 stock turnover days.

In the reported year, the Group issued 7,605,766 new ordinary shares due to the exercise of warrants. The exercise price was HK$0.4 or HK$0.5 per share. The Group also repurchased 1,640,000 ordinary shares in the open market. The purchase prices were ranged from HK$0.445 to HK$0.530 per share.

BUSINESS REVIEW AND PROSPECT

Although the consolidated net profit attributable to shareholders was smaller than that of last year, the year ended 31 March 2007 was a handsome year in the Group's core business. The overall turnover was increased by 13% and the gross profit of the Group was increased by 21%. Due to the fact that the Group had subsidized substantially in the setting up and test run of the new production site in Heyuan, net profit contribution of this sector was decreased. Since the test production and parallel management period had already been finished, similar kind of expenses would be less significant in the coming year.

By the same token, the Group had acquired a Japanese loudspeaker driver manufacturer in Osaka in June, 2006. The company had long term business with some of the most renowned mobile phone manufacturers. The target of the acquisition was to re-engineer the company to penetrate the mobile phone loudspeaker business in China, Korea and USA. During the implementation as the synergy effect was not yet appeared, a book loss of about HK$5.2 million was recorded for such operations. The management believes that such operations can be improved in the coming year when operation synergy of the subsidiary can be seen.

The Group is engaged in three major core businesses, namely:

— EMS (Contract Electronic Manufacturing Services) and Consumer Electronics

— Electronic Components — Distribution and Manufacturing

— Digital and Personal Computer Products — Distribution and Manufacturing

EMS and Consumer Electronics

The overall business of EMS, OEM and ODM in the reported year kept growing. Turnover of this sector increased by 17% to HK$675.0 million when compared with last fiscal year (2006: HK$575.2 million) while the gross profit of this sector grew rapidly to HK$73.2 million (2006: HK$50.9 million) which represented a growth of 44% when compare with last year.

EMS (Contract Electronic Manufacturing Service)

As one of the main direction in the growth of manufacturing activities of the Group, business of EMS kept growing in the past years. Turnover of this sector increased by 30% to HK$427.8 million when compared with last reported year (2006: HK$328.0 million). Instead of merely providing assembling work for customer, the Group further strengthened the supply chain management team to provide customers turnkey solutions.

In order to equip the Group to cater for more quality and quantity services, the Group prepared to facilitate a new floor equipped with clean rooms as well as new SMD machines. The set up of this new floor would be finished by the 4th quarter of this year and the capacity will be doubled.

Although business of this sector is similar from that of the common manufacturing of electronic products, EMS manufacturing needs state of the art management system with extremely demanding quality control system. From the said demanding nature, customers in this segment were steady but customer accepts almost zero defective tolerance but return in higher price acceptance.

In this segment, the Group is now engaging in the production of telecommunication modules in mobile phone base stations, active antennas, radar parts, electronic modules in automobiles as well as PCB assembly for industrial purpose non-contact printers.

Consumer Electronics

Turnover of OEM and ODM manufacturing of consumer electronics was HK$247.2 million which maintained the same as that of the last year (2006: HK$247.2 million). Due to the fact that the Group had maintained two parallel production and management teams in both Yantian and the new Heyuan production site in test production period, this sector had a negative contribution to the Group. On the other hand, due to the re-engineering of the newly acquired Japan subsidiary, the Group had to bear a loss relating to its operations of approximate HK$5.2 million. As a whole, this sector brought considerable negative impact to the Group's contribution in the reported year. The Management strongly believes that these impacts will be eliminated in the coming fiscal year.

Products in this segment was mostly portable audio and video products for households such as radio, loud speakers, boom-box (portable CD), cassette player, mini compo Hi-Fi, clock radio and electronic toys.

In the reported year, this business segment was limited by the limited production space in the existing factory site in Yantian, Dongguang. The situation will greatly be improved after the new Heyuan Factory Site is completed.

ELECTRONIC COMPONENTS — Distribution and Manufacturing

The overall turnover of this segment was HK$661.5 million (2006: HK$588.6 million) representing a growth of 12% when compared with last reported year. The gross profit recorded a 7% growth to HK$65.4 million (2006: HK$60.9 million) when compared with last year.

Business in this segment is to distribute various passive and active electronic components of the Group's own production and also represent various renowned brand names of suppliers from different countries as their authorized distributor in Hong Kong and China. Products of this segment includes diodes, transistors, integrated circuits (IC), power modules, MCU, CPU, memory chips and display modules etc. Application of these components are electronic toys, power supplies, radio, CD players, DVD players, TV, MP3/MP4 and amplifiers. In the more advanced level, this segment also provides solutions for controller of air-conditioner, MP3, electronic bicycle, iPod dockings as well as power management modules etc.

Other than the solid foundation of distribution of components in Hong Kong, the Group had laid more effort in mainland China. The performance of Shenzhen and Shanghai sales office were outstanding. In order to have deeper penetration in the market, the Group had further strengthened the engineering capability in providing total solutions for customers. Instead of merely selling electronic components and IC to customers upon request, the Group actively designed hardware and software product solution for customers. The approach gained good response from customers.

The Group kept on gaining new distributorship from electronic component suppliers. In the coming year, the Group had confidence to gain more new authorized distributorships from renowned suppliers. Together with existing distributorship of Toshiba, Panasonic, On-semiconductor, Lite-on, Arnold Magnetic, Chino-Excel Technology Corp (CET), Elan Microelectronics Corp (ELAN) and MCS Logic Ltd (MCS Logic), Kyocera, Diodes, the Group could further strengthen its status as one of the leading authorized distributors for electronic components and semi-conductors in Hong Kong and PRC.

In the manufacturing of diodes and transistors, although the demand was dropped in the reported year, it will be growing up again in the coming year. Customers began to accept price increase. The Group had also negotiated with new, sizable OEM customers for diodes and transistors and the result was encouraging. The Management believed that new and sizable long term orders would be gained in the coming year. To cope with this new demand, the Group will set up new facilities to double up the present capacity.

DIGITAL AND PERSONAL COMPUTER PRODUCTS — DISTRIBUTION AND MANUFACTURING

Turnover of the digital and personal computer products business grew to HK$400.9 million (2006: HK$376.3 million) which represented a growth of 6.5% in the reported year. Gross profit also grew by 9% to HK$36.0 million (2006: HK$32.8 million).

Business in this segment including products such as MP3, MP4, DVD, digital picture frames, USB memory drives, DECT cordless phones, wireless audios as well as personal computer products such as motherboards, display cards, hard disk drives, memory modules, desk-top and notebook computers.

The manufacture side of this segment was steady. By new investment in the engineering team, tooling house as well as the new plastic injection workshop, the Group kept developing new models for MP3 and MP4. By the committed quality of the products, the Group gained good recognitions from renowned customers. iPod docking was also one of the successful products of this sector in the reported year. The Group was also started planning to develop iPhone dockings in the coming year.

The Group had also set up new engineering and marketing team for the preparation of entering into the 1.8G, 2.4G and 5.8G DECT cordless phone market. New tooling had already finished. Although it was still in premature stage, the team had already received considerable enquiries from telecom customers of various countries.

With branches in Toronto, Vancouver, Halifax and Calgary, Canada Daiwa had gained substantial market share of hard disk drives, display monitors and mother board and the business was steady. Since some of the medium sized players in the market had already prepared to quit from the market, there was a good symptom that customers of these competitors had already started approach Daiwa Canada.

FUTURE PROSPECT

EMS is the core direction of the Group's future development in manufacturing. A new production floor for this segment will be set up by the 4th quarter of this year and the production capacity will be doubled up. The turn-key program in EMS manufacturing will also bring in further trading benefits of material supplies. Turnover and profit contribution of this sector will keep growing and being one of the major contribution to the Group's profit.

Products for the DECT cordless phone will be launched by the middle of this fiscal year which will bring the Group to a new era of manufacturing.

The new factory site in Heyuan provides an extra 600,000 sq.ft. of factory area. The production of consumer electronics, wire and harnesses, metal work and semiconductor production will move to this new site. The Group has already gone through the whole process of test production in consumer electronics and has proved that the cost of manufacturing is much lower than that of Dongguan. The lower cost in electricity and local government charges will also be a considerable contribution to the profit margin of this sector.

In the distribution of the electronic component sector, the Group was quite successful in developing new distributorship from renowned brand names. The Management believes that new distributorship agreements will be signed in the coming fiscal year. For the further synergy of the distribution business, the Group is looking for acquisition of proper operations in the industry.

In the manufacturing segment of diodes and transistors, from the forecast of OEM customers and the increase of new sizable OEM customers, demand for this sector will greatly be increased. There is a chance for the Group to acquire used equipment from an existing manufacturer at favorable price and the capacity of production will be doubled.

As a summary, the Management believes that the coming year will be a fruitful year for the Group.

Employees

At 31 March 2007, the Group employed a total of approximately 6,000 employees of which 132 were Hong Kong based and 70 were Canada based. Most of the others were PRC employees in different production sites.

The Group's remuneration policy is in line with the prevailing market practices and is determined on the basis of performance and experience of the individual. Sales personnel are remunerated by salaries and incentives in accordance with the achievement of their sales target. General staff are offered year-end discretionary bonuses, which are based on the divisional profit and individual appraisals. The Group also provides a Mandatory Provident Fund or ORSO scheme and medical benefits to all Hong Kong employees. Pursuant to the terms and conditions of the share option scheme adopted by the Company on 18 August 2005, the Group may grant share options to directors and eligible employees. Up to 31 March 2007, no share options had been granted.

The Group is committed to devoting more resources in providing internal and external training to the employees. Other than sending staff to participate in seminars and lectures, the Group continues to recommend qualified staff to take part in professional courses such as the ISO9000, TS16949 and Six-Sigma Quality Systems. The training programs not only enhance employees' career development and professional knowledge, but also contribute to up-grading the management system of the Group.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Note	**2007** **HK$'000**	2006 HK$'000
Turnover	3	**1,737,449**	1,540,139
Cost of sales	4	**(1,562,893)**	(1,395,520)
Gross profit		**174,556**	144,619
Other income		**2,114**	1,482
Selling and distribution expenses	4	**(29,678)**	(24,083)
General and administrative expenses	4	**(123,351)**	(100,774)
Operating profit		**23,641**	21,244
Finance costs		**(8,313)**	(3,769)
Share of loss of a jointly controlled entity		**—**	(1,638)
Profit before income tax		**15,328**	15,837
Income tax expense	5	**(6,011)**	(3,570)
Profit for the year		**9,317**	12,267
Attributable to:			
Equity holders of the Company		**10,994**	12,648
Minority interests		**(1,677)**	(381)
		9,317	12,267
Dividends	6	**6,959**	5,447
Earnings per share for profit attributable to equity holders of the Company			
— Basic	7	**HK4.00 cents**	HK4.65 cents
— Diluted	7	**HK3.99 cents**	HK4.63 cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Goodwill		**25,079**	24,811
Property, plant and equipment		**178,153**	145,662
Leasehold land and land use rights		**25,376**	26,093
Interest in a jointly controlled entity		**1**	1
Deferred income tax assets		**701**	1,088
Available-for-sale financial assets		**4,340**	141
Other assets		**710**	710
		234,360	198,506
Current assets			
Inventories		**256,753**	202,043
Trade receivables	*8*	**177,168**	188,277
Prepayments, deposits and other receivables		**11,456**	12,302
Derivative financial instruments		**344**	—
Taxation recoverable		**—**	582
Cash and cash equivalents		**93,432**	83,540
		539,153	486,744
Total assets		**773,513**	685,250
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital		**27,814**	27,218
Reserves		**342,435**	330,953
		370,249	358,171
Minority interests		**1,187**	1,246
Total equity		**371,436**	359,417
Non-current liabilities			
Borrowings		**50,377**	6,196
Deferred income tax liabilities		**5,015**	4,559
Other long-term liabilities		**—**	5,692
		55,392	16,447

	Note	2007 HK$'000	2006 HK$'000
Current liabilities			
Borrowings		**140,336**	87,053
Trade payables	9	**180,177**	203,392
Accruals and other payables		**23,710**	18,480
Taxation payable		**2,462**	—
Derivative financial instruments		**—**	461
		346,685	309,386
Total liabilities		**402,077**	325,833
Total equity and liabilities		**773,513**	685,250
Net current assets		**192,468**	177,358
Total assets less current liabilities		**426,828**	375,864

Notes:

1. General information

Daiwa Associate Holdings Limited ("the Company") is a limited liability company incorporated in Bermuda on 3 February 1994 as an exempted company under Companies Act 1981 of Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 14 April 1994.

The Company and its subsidiaries (together "the Group") are principally engaged in the design, development, manufacturing and distribution of electronic components, contract electronic manufacturing services and consumer electronics and the manufacturing and distribution of personal computer and digital products. The Group operates mainly in Hong Kong, Mainland China, Japan and Canada.

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements are prepared under the historical cost convention except that certain financial assets and financial liabilities (including derivative financial instruments) are measured at fair value, as appropriate.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following standards, amendments to standards and interpretations are mandatory for financial year ended 31 March 2007.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS 1 & HKFRS 6 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HKFRS-Int 5	Rights to Interests rising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment

The adoption of the above standards, amendments to standards and interpretations did not have any significant financial impact to the Group.

The following new standards, amendments to standards and interpretations have been issued but are not effective and have not been early adopted. The directors anticipate that the adoption of these standards, amendments to standards and interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

3. Turnover and segment information

	2007	2006
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**1,737,449**	1,540,139

(a) Primary reporting format — business segments:

At 31 March 2007, the Group is organised into three main business segments: (i) Manufacturing and distribution of electronic components ("Electronic Components"); (ii) Contract electronic manufacturing service and consumer electronics ("EMS and Consumer Electronics"); and (iii) Manufacturing and distribution of personal computers and digital products ("PC and Digital Products").

	Electronic Components		**EMS and Consumer Electronics**		**PC and Digital Products**		**Eliminations**		**Group**	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover										
External sales	**661,475**	588,641	**675,017**	575,181	**400,957**	376,317				
Inter-segment sales	**2,852**	5,633	**—**	76	**—**	—	**(2,852)**	(5,709)		
	664,327	594,274	**675,017**	575,257	**400,957**	376,317	**(2,852)**	(5,709)	**1,737,449**	1,540,139
Segment results	**18,644**	16,136	**11,467**	13,397	**5,940**	5,412			**36,051**	34,945
Unallocated income									**1,813**	1,198
Unallocated expenses									**(14,223)**	(14,899)
Finance costs									**(8,313)**	(3,769)
Share of loss of a jointly controlled entity									**—**	(1,638)
Income tax expense									**(6,011)**	(3,570)
Profit for the year									**9,317**	12,267

Inter-segment sales are accounted for at mutually agreed prices and eliminated on consolidation.

	Electronic Components		EMS and Consumer Electronics		PC and Digital Products		Group	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets								
Segment assets	**305,772**	253,899	**344,857**	321,690	**96,869**	82,853	**747,498**	658,442
Unallocated assets							**26,015**	26,808
Total assets							**773,513**	685,250
Liabilities								
Segment liabilities	**75,337**	68,306	**87,544**	129,522	**38,129**	27,080	**201,010**	224,908
Unallocated liabilities							**201,067**	100,925
Total liabilities							**402,077**	325,833
Other information								
Capital expenditure	**6,452**	3,056	**42,305**	28,757	**85**	500	**48,842**	32,313
Depreciation and amortisation	**4,944**	5,564	**10,674**	8,420	**279**	561	**15,897**	14,545
Impairment of goodwill	**—**	—	**156**	—	**—**	—	**156**	—
Write-down of inventories	**3,959**	3,234	**—**	—	**—**	—	**3,959**	3,234
Impairment of trade receivables	**1,107**	492	**—**	—	**162**	459	**1,269**	951

Segment assets consist primarily of goodwill, property, plant and equipment, leasehold land and land use rights, inventories, receivables and operating cash, and mainly exclude investments and certain corporate assets.

Segment liabilities comprise operating liabilities and exclude items such as taxation, corporate accruals and corporate borrowings.

Capital expenditure comprises additions to goodwill, property, plant and equipment, and leasehold land and land use rights, including additions resulting from acquisitions through purchases of subsidiaries.

(b) Secondary reporting format — geographical segments:

The Group's three business segments operate in four main geographical locations. The following table provides an analysis of the Group's turnover, capital expenditure and total assets by geographical locations.

	Turnover		**Capital expenditure**		**Total assets**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong and Mainland China	**550,846**	570,209	**38,677**	31,817	**645,805**	604,482
North America	**649,542**	616,769	**81**	496	**69,870**	80,768
Europe	**262,445**	177,563	**—**	—	**—**	—
Japan	**230,459**	155,665	**10,084**	—	**57,838**	—
Other Asian countries	**44,157**	19,933	**—**	—	**—**	—
	1,737,449	1,540,139	**48,842**	32,313	**773,513**	685,250

Turnover is allocated based on the location of customers.

Capital expenditures and total assets are allocated based on the location of those assets.

4. Expenses by nature

	2007	2006
	HK$'000	*HK$'000*
Changes in inventories of trading merchandise, finished goods and work-in-progress	**(44,842)**	(12,287)
Trading merchandise, raw materials and consumables used	**1,470,057**	1,299,303
Auditors' remuneration	**1,855**	1,638
Amortisation of leasehold land and land use rights	**652**	455
Depreciation		
— owned property, plant and equipment	**13,804**	13,472
— property, plant and equipment held under finance leases	**1,441**	618
Employment benefit expenses (including directors' emoluments)	**148,828**	110,867
Impairment loss of goodwill (included in general and administrative expenses)	**156**	—
Impairment of trade receivables	**1,269**	951
Impairment loss of other assets	**—**	340
Write-down of inventories	**3,959**	3,234
Loss on disposal of property, plant and equipment and leasehold land and land use rights	**326**	318
Operating lease rental in respect of land and buildings	**6,386**	7,072
Fair value (gain)/loss on derivative financial instruments	**(1,085)**	1,349
Net exchange losses/(gains)	**553**	(509)
Repair and maintenance expenses	**3,787**	4,699
Transportation expenses	**10,002**	7,739
Travelling and office expenses	**23,432**	19,967
Advertising costs	**985**	460
Other expenses	**74,357**	60,691
Total cost of sales, selling and distribution expenses and general and administrative expenses	**1,715,922**	1,520,377

5. Income tax expense

	2007	2006
	HK$'000	*HK$'000*
Current taxation:		
— Hong Kong profits tax	**2,015**	780
— Mainland China enterprise income tax	**2,252**	1,406
— Canadian income tax	**901**	994
Deferred taxation relating to the origination and reversal of temporary differences	**843**	390
	6,011	3,570

6. Dividends

	2007	2006
	HK$'000	*HK$'000*
Interim of HK$0.01 (2006: HK$0.01) per share *(note (i))*	**2,787**	2,727
Final of HK$0.015 (2006: HK$0.01) per share *(note (ii))*	**4,172**	2,720
	6,959	5,447

Note:

(i) In December 2006, the Company declared an interim dividend of HK$0.01 per share. Qualifying shareholders, at their options, could receive the dividend (i) in cash or (ii) in warrants to subscribe for ordinary shares of the Company of HK$0.10 each at HK$0.40 per share on the basis of one warrant for every seven shares held. In this connection, the interim dividend was settled by (i) cash of HK$961,000 and (ii) 26,070,000 warrants.

(ii) At a meeting held on 27 July 2007, the Company's directors proposed a final dividend of HK$0.015 per share. This proposed dividend is not reflected as a dividend payable in these financial statements and will be reflected as an appropriation of retained profits during the year ending at 31 March 2008.

7. Earnings per share

(i) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007	2006
Profit attributable to equity holders of the Company *(HK$'000)*	**10,994**	12,648
Weighted average number of ordinary shares in issue *('000)*	**274,826**	272,299
Basic earnings per share *(HK cents per share)*	**4.00**	4.65

(ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all the Company's outstanding warrants. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants.

	2007	2006
Profit attributable to equity holders of the Company *(HK$'000)*	**10,994**	12,648
Weighted average number of ordinary shares in issue *('000)*	**274,826**	272,299
Adjustments for warrants *('000)*	**769**	863
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**275,595**	273,162
Diluted earnings per share *(HK cents per share)*	**3.99**	4.63

8. Trade receivables

	Group	
	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**178,780**	189,179
Less: provision for impairment	**(1,612)**	(902)
	177,168	188,277

Trade receivables are denominated in the following currencies:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Hong Kong dollars	**52,633**	50,963
Chinese Renminbi	**35,325**	34,043
United States dollars	**43,779**	81,694
Canadian dollars	**30,296**	22,479
Japanese Yen	**16,747**	—
	178,780	189,179

The carrying values of trade receivables approximate their fair values.

There is no concentration of credit risk with respect to trade receivables as there are a large number of widely dispersed customers.

Majority of the Group's sales are on open account, with credit terms generally ranging from 30 days to 90 days. The ageing analysis of trade receivables was as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Less than 60 days	**140,295**	127,163
60 days to 119 days	**30,482**	47,170
120 days to 365 days	**8,003**	14,846
	178,780	189,179

During the year ended 31 March 2007, the Group recognised a loss of HK$1,269,000 (2006: HK$951,000) for impairment of its trade receivables. The loss has been included in general and administrative expenses.

9. Trade payables

Payment terms with majority suppliers are on open account. Certain suppliers grant credit period ranging from 30 to 60 days.

The ageing analysis of trade payables was as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Less than 60 days	**146,646**	174,146
60 days to 119 days	**26,543**	19,044
120 days to 365 days	**6,988**	10,202
	180,177	203,392

Trade payables are denominated in the following currencies:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Hong Kong dollars	**39,941**	60,931
Chinese Renminbi	**16,578**	19,157
United States dollars	**61,756**	98,886
Canadian dollars	**34,816**	23,223
Japanese Yen	**27,086**	1,195
	180,177	203,392

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 27 August 2007 to Friday, 31 August 2007, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the final dividend, all properly completed transfer forms accompanied by relevant share certificates must be lodged with Abacus Share Registrars Limited, 26/F. Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 29 August 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2007, save for the following deviations:

Code Provision A.2.1

Under the Code provision A.2.1, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

Mr. LAU Tak Wan is the Chairman of the Board and the president of the Company. In the opinion of the Board, the role of the president and the chief executive officer is the same. The Board considers that the present structure provides the Group with strong and consistent leadership and allows for efficient and effective business planning and execution. Hence, the Board believes that it is in the best interest of the shareholders of the Company that Mr. LAU Tak Wan will continue to assume the roles of the Chairman of the Board and the president of the Company. However, the Company will review the current structure as and when it becomes appropriate in future.

Code Provision A.4.1 and A.4.2

Under the Code provision A.4.1, the non-executive directors should be appointed for a specific term, subject to re-election and under the Code provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Currently, the three independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the bye-laws of the Company, and their appointment will be reviewed when they are due for re-election.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code as provided in Appendix 10 of the Listing Rules for the year ended 31 March 2007.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the annual report for the year ended 31 March 2007.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2007. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2007 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 6 December 2005 with a specific written terms of reference. The Remuneration Committee comprise two independent non-executive directors, Mr. Liu Ngai Wing and Mr. Choi Yuk Fan and one executive director, Mr. Lau Tak Wan.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2007, the Company purchased a total of 1,640,000 shares of HK$0.10 each of the Company on The Stock Exchange of Hong Kong Limited, all of which shares were cancelled. Particulars of the shares repurchased are as follows:

Trading Month/Year	Number of shares repurchased	Price per share Highest price paid	Price per share Lowest price paid	Total cost (Including expenses)
		HK$	*HK$*	*HK$*
April 2006	32,000	0.530	0.520	17,168
May 2006	148,000	0.510	0.490	73,910
June 2006	32,000	0.485	0.475	15,774
July 2006	40,000	0.465	0.465	18,723
August 2006	390,000	0.480	0.445	177,800
September 2006	426,000	0.495	0.465	205,823
October 2006	18,000	0.480	0.470	8,834
January 2007	130,000	0.490	0.475	63,076
February 2007	192,000	0.485	0.475	92,640
March 2007	232,000	0.495	0.475	113,219
	1,640,000			786,967

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold and redeemed any of the Company's listed securities during the year ended 31 March 2007.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

This announcement is required to be published on the website of The Stock Exchange of Hong Kong Limited ("Stock Exchange") under "Latest Listed Companies Information" and at the website of Daiwa Associate Holdings Limited at http://www.daiwahk.com/news.phtml. The annual report containing all the information required under Appendix 16 to the Listing Rules will be published on the Stock Exchange's website in due course.

By order of the Board
LAU TAK WAN
President

Hong Kong, 27 July 2007

As at the date of this announcement, the board of directors of the Company comprises Mr. Lau Tak Wan, Mr. Wan Chor Fai, Mr. Mak Hon Kai, Stanly, and Ms. Chan Yuen Mei, Pinky as executive Directors and Mr. Barry John Buttifant, Mr. Liu Ngai Wing and Mr. Choi Yuk Fan as independent non-executive Directors.