DAIWA

DAIWA ASSOCIATE HOLDINGS LIMITED

台和商事控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 1037)

RESULTS FOR THE YEAR ENDED 31 MARCH 2013

PRESIDENT'S STATEMENT

On behalf of the Board of Directors, I would like to present to shareholders the annual results of Daiwa Associate Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2013.

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 year.

RESULTS AND FINANCIAL REVIEW

For the year ended 31 March 2013, due to the impact of discontinued business, turnover of continuing business was reported as HK$547.9 million (2012: HK$643.0 million), representing a decrease of 14.8% when compared with last financial year. Gross profit decreased by 2.6% to HK$68.7 million (2012: HK$70.5 million).

- The earnings of continuing business before interest, tax, depreciation and amortization (EBITDA) were HK$23.0 million (2012: HK$51.5 million), representing a decrease of HK$28.5 million when compared to the last corresponding period.

- The operating profit (EBIT) of the continuing business of the Group was HK$16.7 million (2012: HK$44.4 million), representing an decrease of HK$27.7 million when compared to the last corresponding period.

- The net loss of the Group after the loss from discontinued operations was HK$170.7 million (2012: profit HK$8.8 million), representing an decrease of HK$179.5 million when compared to the last year.

* *For identification purpose only*

The Board of Directors has not recommended any payment of a final dividend. During the year, the Group did not declare any interim dividend.

At 31 March 2013, the Group's current assets amounted to HK$272.7 million (2012: HK$609.3 million) and the shareholders' equity were HK$212.9 million (2012: HK$378.5 million). The current liabilities were HK$225.1 million (2012: HK$429.9 million).

During the year, the Group had a major disposal of subsidiaries in electronics components distribution segment and resulted in substantial decrease in current assets and current liabilities, including bank borrowings. The inventory level, due to the same reason and an impairment for discontinued operations in manufacturing segment, decreased to HK$98.0 million (2012: HK$262.0 million). Average stock turnover was around 75 days based on closing stock at 31 March 2013 (2012: 70 days). The trade receivable (excluding notes receivable) also decreased by HK$97.1 million to HK$87.8 million (2012: HK$184.9 million).

Because of the low utilization of banking facilities, the year end cash and bank balances were HK$60.2 million (2012: HK$105.4 million). Total available banking facilities of the Group were approximately HK$190.1 million (2012: HK$389.8 million), of which HK$75.1 million was available for use (2012: HK$78.7 million). Finance lease obligations outstanding as at 31 March 2013 amounted to HK$1.2 million (2012: HK$2.4 million). At 31 March 2013, the Company committed corporate guarantees of HK$293.0 million (2012: HK$484.0 million) in favor of banks for the granting of banking facilities to certain subsidiaries. The gearing ratio, which was defined as total borrowings after netting off cash and cash equivalents (net debt), to total capital (being total equity plus net debt) was 20% (2012: 30%).

The Group's assets were mostly financed by shareholders' equity, trade payables and bank borrowings. Trade payables were repayable within one year. Bank borrowings comprised trade financing repayable within one year and term loans repayable in installments of 2 to 6 years based on original contractual maturity.

The borrowings were mostly denominated in Hong Kong dollars and US dollars to prevent currency risk. The Group's cash and cash equivalents were denominated in Hong Kong dollars, US dollars, Canadian dollars and Renminbi. The Group matched the payment and receipts of foreign currency arising from routine purchases and sales to control and minimize the financial cost and exchange risk. Most of the Group's borrowings were interest bearing at floating rates which were based on the Hong Kong HIBOR rate or London LIBOR rate. As substantial part of trade payable and bank borrowings were denominated in Hong Kong and US dollars, the exchange risk for the Group was not expected to be material, therefore the Group does not use derivative financial instruments for speculative purpose.

In the reported year, the Group successfully completed a rights issue of 78,847,889 ordinary shares of HK$0.1 each in the share capital at a subscription price of HK$0.20 per rights share in the proportion of one rights share for every four shares in issue, raising net proceeds of HK$14,923,000 for working capital purpose. The Group did not repurchase any ordinary shares in the open market.

BUSINESS REVIEW AND PROSPECT

In the reported year, due to the increase in minimum wages, labor shortage and appreciation of Renminbi, labor cost and other overheads of the manufacturing segment kept increasing. In the manufacturing segment of consumer electronics and telecommunications, due to the prolonged contraction of the American and European markets and the keen competition from small local Chinese manufacturers, the Group had suffered considerable losses in this segment. The Group has discontinued this business segment to eliminate continuous losses. The Group has also disposed part of the business in the segment of electronic components distribution to eliminate the high risk and low margin operations.

In these discontinued operations, the Group had also provided for substantial impairment of plant and machinery, production equipment, tools, inventories and account receivables. This, being set off by the gain on disposal of subsidiaries of HK$39.5 million, has resulted in a loss from discontinued operations of HK$184.6 million.

After the discontinuation of the Consumer Electronics and Electronic Components and Parts Manufacturing segment and after the disposition of some of the subsidiaries in electronic component distribution, the Group is engaged in the following major businesses:

— Electronic Components Distribution;

— Personal Computer Products Distribution; and

— EMS (Contract Electronic Manufacturing Services).

Electronic Components Distribution

Turnover of electronic components distribution segment was HK$201.0 million (2012: HK$210.6 million) representing a decrease of 4.6% when compared with the last financial year.

Business in this segment is mainly to act as authorized distributor of various renowned brand names including the Group's own manufactured electronic components. Major customers are manufacturers in Hong Kong and the PRC. Products of this segment include diodes, transistors, integrated circuits (IC), power management and devices, optical-electronics and illuminations as well as discrete components.

The Group has about 30 years of experience in the business of distribution of electronic components. In addition to its solid base in Hong Kong, the Group is one of the pioneer distributors to penetrate in the PRC market. The Group has built up strong sales network and good logistics foundation in major PRC cities. The performance of Shenzhen, Shanghai and Beijing sales offices are outstanding among competitors. In order to explore new business opportunities, the Group has further strengthened the engineering capability in providing total solutions to customers and will continue bringing in new principal suppliers to sustain future growth.

The Group has marketed an array of authorized distributorships of products from Rohm, Liteon, Arnold Magnetics, Diodes, SDC, Everlight, Havartech, PFC Device, AEM, Micrometal, Chino-Excel Technology (CET), and the Group's own brand COS and TIP.

Beijing, Shanghai and Shenzhen sales divisions kept playing an important role in this segment. The Group has also established sales offices in Zhaoqing and Chengdu.

Personal Computer Products Distribution

Turnover of this segment was HK$268.6 million (2012: HK$274.9 million) which represented a decrease of 2.3% in the reported year.

Business in this segment is steady. In the reported year, the Group has extended the business from the main stream personal computers to the increasing demand for tablets, portable devices and peripherals. In addition to its core business, the Group continued to explore the business to mass merchants. Profit contribution from mass merchant business is improving.

The Group has more than 20 years of experience in the market of personal computer systems and parts in North America. Products in this segment include motherboards, display cards, hard disk drives, optical storage devices, computer cases, power supplies, software, memories, desktop computers, notebook computers, tablet computers and computer accessories.

EMS (Contract Electronic Manufacturing Services)

Due to the elimination of some unprofitable products, turnover of this segment decreased to HK$78.3 million (2012: HK$157.6 million), representing a decrease of 50.3% when compared to last year.

The Group has engaged in the professional production of telecommunication modules in mobile phone base stations, radar parts and electronic modules in automobiles as well as PCB assembly for industrial purpose products. The EMS plant is equipped with high speed SMT production lines with nitrogen filled reflow furnaces, precise solder paste screen printer, etc. Process reliability can be ensured by the inhouse RoHS Scanning Systems and X-Ray Inspection Machine and antistatic clear room.

FUTURE PROSPECT

After the strategic alignment of the Group's business direction, the Group will focus in the business of low risk and higher gross margin with relative lower inventory levels. The Group expects that the business operation for the coming years will be more cost effective with reduced working capital requirement and more in-depth management concentration. This change releases resources of the Group to better identify the opportunity of growth.

In the segment of Electronic Components Distribution, the Group will recover the turnover of the disposed business of this segment by the establishment of new distributorship of products from new principal suppliers. In addition to the existing product lines, the segment will also target the markets of optical electronics, illuminations and power management devices which are expected to have active growth in the coming years.

Business in the personal computer business is steady. The Group is actively sourcing for the opportunity to act as authorized distributor of new suppliers. With the day by day increase in business from mega stores, this segment has established sourcing office in Mainland China to ensure more varieties of products with good quality and pricing. The Group will continue to diversify the personal computer distribution business to further penetrate into the field of tablet computers and smartphone accessories. The consolidation of the number of competitors will provide good opportunity for the growth of the segment.

In EMS (Contract Electronic Manufacturing Services) segment, after elimination of low margin products, the earning per worker increased substantially. At the same time, order forecast from customers, especially on telecommunication modules, is increasing. The Group expects that this business will grow in the coming year.

To further utilize unemployed facilities after changing the direction in manufacturing business, the Group has already started to lease out some of the shop floors in the production site in Heyuan.

After consolidation of resources from discontinued business, the Group is actively looking for new partners with niche product portfolios. The Group also focuses on training new management talents to ensure they are aligned with the strategic outlook of the Group.

The management believes that in the coming fiscal year, the Group will start a new page of steady growth.

Employees

At 31 March 2013, after discontinuing the business segment in consumer electronics, the Group employed a total of approximately 800 employees (31 March 2012: 2,300 employees) located in Hong Kong, Canada and PRC.

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 performance and individual appraisals. The Group also provides a Mandatory Provident Fund or ORSO scheme and medical benefits to all Hong Kong employees.

The Group is committed to devoting more resources in providing internal and external training to the employees. In addition to sending staff to participate in seminars and lectures, the Group continues recommending that qualified staff 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 upgrading the management system of the Group.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000 (Restated)
Continuing operations			
Revenue	3	**547,916**	643,016
Cost of sales	5	**(479,197)**	(572,548)
Gross profit		**68,719**	70,468
Other income		**875**	388
Other gains, net	4	**866**	842
Provision for impairment of property, plant and equipment		**(6,756)**	—
Net gain on disposal of land use rights, and property, plant and equipment		**17,529**	41,941
Selling and distribution expenses	5	**(10,224)**	(9,921)
General and administrative expenses	5	**(54,299)**	(59,311)
Operating profit		**16,710**	44,407
Finance income	6	**854**	752
Finance costs	6	**(1,732)**	(1,368)
Profit before income tax		**15,832**	43,791
Income tax expense	7	**(1,928)**	(1,966)
Profit for the year from continuing operations		**13,904**	41,825
Discontinued operations			
Loss for the year from discontinued operations	10	**(184,646)**	(33,064)
(Loss)/profit for the year		**(170,742)**	8,761

	Note	**2013**	2012
		HK$'000	*HK$'000*
			(Restated)
Attributable to:			
Equity holders of the Company			
— continuing operations		**13,904**	41,825
— discontinued operations		**(184,912)**	(33,039)
		(171,008)	8,786
Non-controlling interests — discontinued operations		**266**	(25)
		(170,742)	8,761
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company during the year			
Basic and diluted	*8*		
Continuing operations		**HK3.81 cents**	HK12.60 cents
Discontinued operations		**HK(50.64) cents**	HK(9.95) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2013

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Comprehensive (loss)/income:		
(Loss)/profit for the year	**(170,742)**	8,761
Other comprehensive (loss)/income:		
Currency translation differences	**(1,938)**	(1,806)
Release of exchange reserve upon disposal of subsidiaries	**(8,403)**	—
Available-for-sale financial assets:		
— Impairment during the year	**225**	—
— Fair value gain/(loss) during the year	**377**	(935)
Other comprehensive loss for the year	**(9,739)**	(2,741)
Total comprehensive (loss)/income for the year	**(180,481)**	6,020
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company		
— continuing operations	**12,568**	39,084
— discontinued operations	**(193,315)**	(33,039)
	(180,747)	6,045
Non-controlling interests — discontinued operations	**266**	(25)
	(180,481)	6,020

CONSOLIDATED BALANCE SHEET

As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Goodwill		**28,201**	28,781
Property, plant and equipment		**76,500**	149,994
Investment properties		**35,364**	—
Land use rights		**9,648**	10,574
Other intangible assets		**710**	2,959
Prepayments and rental deposits		**363**	621
Deferred income tax assets		**—**	514
Available-for-sale financial assets		**15,136**	14,759
		165,922	208,202
Current assets			
Inventories		**98,031**	261,986
Trade and notes receivables	*11*	**95,198**	207,509
Prepayments, deposits and other receivables		**19,287**	34,372
Cash and cash equivalents		**60,160**	105,444
		272,676	609,311
Total assets		**438,598**	817,513
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital		**39,424**	31,539
Share premium		**225,514**	218,476
(Deficits)/reserves		**(52,247)**	128,500
		212,691	378,515
Non-controlling interests		**215**	(51)
Total equity		**212,906**	378,464

	Note	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Deferred income tax liabilities		**253**	1,652
Borrowings		**321**	7,461
		574	9,113
Current liabilities			
Borrowings		**113,947**	259,184
Trade payables	*12*	**65,425**	143,380
Accruals and other payables		**44,256**	25,903
Tax payable		**1,490**	1,469
		225,118	429,936
Total liabilities		**225,692**	439,049
Total equity and liabilities		**438,598**	817,513
Net current assets		**47,558**	179,375
Total assets less current liabilities		**213,480**	387,577

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 manufacturing and distribution of electronic components, contract electronic manufacturing services and consumer electronics, and the distribution of personal computer products. The Group operates mainly in Hong Kong, Mainland China and Canada. During the year, the Group abandoned its operations in the manufacturing of electronic components and consumer electronics, and disposed of a major portion of electronic component distributions. These constitute discontinued operations and further details of which are set out in Notes 3 and 10.

2. Basis of preparation and accounting policies

The consolidated financial statements of Daiwa Associate Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets which are carried at fair value.

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.

During the year ended 31 March 2013, the Group reported a loss of approximately HK$170,742,000 and a net operating cash outflow of approximately HK$73,819,000. The loss was primarily due to the discontinued operation of the "Consumer Electronics and Electronic Components and Parts Manufacturing" segment and the consequential provision made for certain assets related to this segment. In addition, the Group breached the covenant requirement of certain banking facilities during the year and as at 31 March 2013. The facilities from these banks were approximately HK$127,927,000, of which HK$90,989,000 had been utilised as at 31 March 2013. As at 31 March 2013, the above bank borrowings of HK$88,263,000 were classified as current liabilities as they were either repayable on demand or repayable within one year. Subsequent to year end, the Group had obtained one-off waivers from strict compliance with the covenant requirements in relation to the outstanding bank borrowings of HK$84,864,000.

During the year, the Group completed a rights issue with net proceeds of approximately HK$14,923,000 raised. The Group successfully renewed banking facilities that were due during the year ended 31 March 2013. The Group also obtained new or renew banking facilities of HK$40,000,000 from certain other banks during the year ended 31 March 2013. In addition, the management maintains continuous communication with the Group's principal banks on the renewal of existing banking facilities that will fall due in the coming twelve months. The directors have reviewed the Group's bank loans and banking facilities available to the Group and are of the opinion that the bank loans and banking facilities with the principal banks will be renewed when their current terms expire.

The directors have also prepared cash flow projections for the coming twelve months and are of the opinion that, having taken into consideration of the Group's history of its ability to renew its existing banking facilities, the ability to obtain additional financing from the financial institutions including through pledge of land and buildings (none of which are currently pledged), its anticipated cash inflows from continuing operations in the coming year; and its expected future working capital requirements, there are sufficient financial resources available to the Group at least in the coming twelve months to meet its liabilities as and when they fall due.

On the above basis, the directors believe that the Group will continue as a going concern and consequently have prepared the consolidated financial statements on a going concern basis.

During the year, the Group reassessed the utilisation pattern of its machinery and equipment whose costs were previously allocated to their residual values (if any) over their estimated useful lives using the reducing balance method, and considered that the use of the straight line method could better reflect the actual usage of these assets. The change has resulted in an increase in depreciation expense of the Group for the year ended 31 March 2013 of approximately HK$4,882,000. A similar level of depreciation charge is expected in future periods over the shorter remaining useful lives of the relevant individual assets.

(a) ***Effect of adopting amendments to existing standards***

The following amendments to existing standards are mandatory for accounting periods beginning on or after 1 April 2012:

- HKAS 12 (Amendment) — "Deferred tax: Recovery of underlying assets"
- HKFRS 1 (Amendment) — "Severe hyperinflation and removal of fixed dates for first-time adopters"
- HKFRS 7 (Amendment) — "Disclosures — Transfers of financial assets"

The adoption of these amendments to standards did not have any significant impact on the results and financial position of the Group.

(b) ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group***

The following published standards, and amendments and interpretations to existing standards are mandatory for the Group's accounting periods beginning on or after 1 April 2013 or later periods and have not been early adopted by the Group:

- HKAS 19 (2011) — "Employee benefits"[2];
- HKAS 27 (2011) — "Separate financial statements"[2];
- HKAS 28 (2011) — "Investments in associates and joint ventures"[2];
- HKFRS 9 — "Financial instruments"[4];
- HKFRS 10 — "Consolidated financial statements"[2];
- HKFRS 11 — "Joint arrangements"[2];
- HKFRS 12 — "Disclosure of interests in other entities"[2];
- HKFRS 13 — "Fair value measurement"[2];
- Amendments to HKAS 1 (Revised) — "Presentation of items of other comprehensive income"[1];
- Amendments to HKAS 32 — "Financial instruments: Presentation — Offsetting financial assets and financial liabilities"[3];
- Amendments to HKAS 36 — "Recoverable amount disclosures for non-financial assets"[3];
- Amendments to HKFRS 7 — "Financial instruments: Disclosures — Offsetting financial assets and financial liabilities"[2];
- Amendments to HKFRS 10 — "Consolidated financial statements"[2];
- Amendments to HKFRS 11 — "Joint arrangements"[2];
- Amendments to HKFRS 12 — "Disclosure of interests in other entities: Transition guidance"[2];
- Amendments to HKAS 27 (2011) — "Investment entities"[3];
- HK (IFRIC) — Int 20 — "Stripping costs in the production phrase of a surface mine"[2]; and
- HK (IFRIC) — Int 21 — "Levies"[3].

[1] Effective for annual periods beginning on or after 1 July 2012

[2] Effective for annual periods beginning on or after 1 January 2013

[3] Effective for annual periods beginning on or after 1 January 2014

[4] Effective for annual periods beginning on or after 1 January 2015

The directors anticipate that the adoption of the above new standards, interpretations and amendments to existing standards will not result in a significant impact on the results and financial position of the Group.

(c) As a result of the discontinued operations as mentioned in Note 10 during the year, comparative figures of the consolidated income statement and consolidated statement of comprehensive income in prior year have been restated to conform to the presentation of the current year. These restatements have no impact on the Group's total equity as at 31 March 2012 and 1 April 2011, or on the Group's profit for the year ended 31 March 2012.

3. Revenue and segment information

	Group	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Turnover		
Sales of goods	**547,916**	643,016

Segment information

The Group is principally engaged in the manufacturing and distribution of electronic components, contract electronic manufacturing services and consumer electronics, and the distribution of personal computer products.

The chief operating decision maker has been identified as the executive directors (collectively referred to as the "CODM") that make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from the perspective of the nature of operations and the type of products, including the "Electronic Components Distribution", "Contract Electronic Manufacturing Services" and "Personal Computer Distribution".

On 23 November 2012, the Group disposed of the equity interests in several wholly-owned subsidiaries including Daiwa Distribution Limited, Daiwa Resources Limited ("DRL"), Daiwa Electronic Limited ("DEL"), Daiwa Component (Shenzhen) Limited ("Daiwa SZ") and Daiwa Component (Shanghai) Limited ("Daiwa SH") (together, the "disposal group") at a consideration and gain on disposal of HK$63,168,000 and HK$39,501,000 respectively. The disposal group represents a major portion of the Electronic Components Distribution segment.

During the year, the Group also abandoned the operations of the Consumer Electronics and Electronics Components and Parts Manufacturing segment.

The disposal group together with certain related operations, and the abandoned manufacturing segment were classified as discontinued operations for the year ended 31 March 2013. The discontinued operations have resulted in a structural change in the Group's composition of reporting segment. Consequently, the comparative figures of segment disclosure has been restated to conform to current year's presentation.

In addition, a specific review of the Group's property, plant and equipment is then performed by the directors. Consequently, certain machinery and equipment of the Group's continuing operations and discontinued operations with a total carrying amount of HK$6,756,000 and HK$11,964,000 respectively that are not expected to be redeployed in the future and has been fully provided for during the year.

Each of the Group's operating segments represents a strategic business unit that is managed by the respective business unit leaders. Inter-segment transactions are entered into under the normal commercial terms and conditions that would normally be available to unrelated third parties. CODM assesses the performance of the operating segments based on a measure of profit before income tax. Other information provided to the CODM is measured in a manner consistent with that in the financial statements.

Assets of reportable segments exclude deferred income tax assets, available-for-sale financial assets and corporate assets (mainly including certain corporate properties and equipment and corporate cash and bank balances), all of which are managed on a central basis. Liabilities of reportable segments exclude current and deferred income tax liabilities, corporate borrowings and other corporate liabilities. These are part of the reconciliation to total balance sheet assets and liabilities.

The results of the disposals and abandonment are excluded from the segment information with the comparative figures restated accordingly.

	Year ended 31 March 2013				
	Electronic Components Distribution	**Contract Electronic Manufacturing Services**	**Personal Computer Products Distribution**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover					
Sales of goods	**201,014**	**78,280**	**268,622**	**—**	**547,916**
Results of reportable segments	**3,543**	**(233)**	**5,838**	**—**	**9,148**
A reconciliation of results of reportable segments to profit for the year is as follows:					
Results of reportable segments					**9,148**
Unallocated income – net gains on disposal of property, plant and equipment					**17,529**
Unallocated expenses					**(9,967)**
Operating results					**16,710**
Finance costs — net					**(878)**
Profit before income tax					**15,832**
Income tax expense					**(1,928)**
Profit for the year					**13,904**
Other segment information:					
Capital expenditure	**25**	**1,238**	**92**	**1,901**	**3,256**
Depreciation on property, plant and equipment	**89**	**2,994**	**383**	**2,505**	**5,971**
Amortisation of land use rights	**—**	**—**	**—**	**360**	**360**
Provision for impairment of trade receivables	**95**	**—**	**179**	**—**	**274**
Provision for impairment of property, plant and equipment	**118**	**5,602**	**—**	**—**	**5,720**
Provision for impairment of inventories	**—**	**—**	**903**	**—**	**903**

	As at 31 March 2013			
	Electronic Components Distribution	Contract Electronic Manufacturing Services	Personal Computer Products Distribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets				
Goodwill	—	—	**28,201**	**28,201**
Other segment assets	**90,024**	**79,547**	**63,577**	**233,148**
	90,024	**79,547**	**91,778**	**261,349**
Available-for-sale financial assets				**15,136**
Assets related to discontinued operations and other unallocated assets *(Note (a))*				**162,113**
Total assets per consolidated balance sheet				**438,598**
Segment liabilities				
Segment liabilities	**73,666**	**38,166**	**32,634**	**144,466**
Tax payable				**1,490**
Deferred income tax liabilities				**253**
Liabilities related to discontinued operations and other unallocated liabilities *(Note (b))*				**79,483**
Total liabilities per consolidated balance sheet				**225,692**

Note:

(a) As at 31 March 2013, other unallocated assets mainly included land and buildings in respect of factory and office premises and cash and cash equivalents related to continuing operations. Assets related to discontinued operation mainly included outstanding receivables and inventories.

(b) As at 31 March 2013, other unallocated liabilities mainly included corporate borrowings. Liabilities related to discontinued operation mainly included outstanding borrowings and trade payables.

	Year ended 31 March 2012				
	Electronic Components Distribution	Contract Electronic Manufacturing Services	Personal Computer Products Distribution	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)				(Restated)
Turnover					
Sales of goods	210,575	157,571	274,870	—	643,016
Results of reportable segments	5,668	4,074	5,839	—	15,581
A reconciliation of results of reportable segments to profit for the year is as follows:					
Results of reportable segments					15,581
Unallocated income — net gain on disposal of land use rights, and property, plant and equipment					41,941
Unallocated expenses					(13,115)
Operating results					44,407
Finance costs — net					(616)
Profit before income tax					43,791
Income tax expense					(1,966)
Profit for the year					41,825
Other segment information:					
Capital expenditure	68	8,881	50	2,069	11,068
Depreciation on property, plant and equipment	69	2,382	355	3,867	6,673
Amortisation of land use rights	—	—	—	402	402
Provision for impairment of trade receivables	178	—	240	—	418
Provision for impairment of inventories	—	—	1,458	—	1,458
Write-down of inventories	181	—	—	—	181

	As at 31 March 2012			
	Electronic Components Distribution *HK$'000* (Restated)	Contract Electronic Manufacturing Services *HK$'000*	Personal Computer Products Distribution *HK$'000*	Total *HK$'000* (Restated)
Segment assets				
Goodwill	—	—	28,781	28,781
Other segment assets	97,928	127,958	65,402	291,288
	97,928	127,958	94,183	320,069
Available-for-sale financial assets				14,759
Deferred income tax assets				514
Assets related to discontinued operations and other unallocated assets *(Note (a))*				482,171
Total assets per consolidated balance sheet				817,513
Segment liabilities				
Segment liabilities	68,055	30,472	32,684	131,211
Tax payable				1,469
Deferred income tax liabilities				1,652
Liabilities related to discontinued operations and other unallocated liabilities *(Note (b))*				304,717
Total liabilities per consolidated balance sheet				439,049

Note:

(a) As at 31 March 2012, other unallocated assets mainly included land and buildings in respect of factory and office premises and cash and cash equivalents related to continuing operations. Assets related to discontinued operation mainly included outstanding receivables and inventories.

(b) As at 31 March 2012, other unallocated liabilities mainly included corporate borrowings. Liabilities related to discontinued operation mainly included outstanding borrowings and trade payables.

The entity is domiciled in Hong Kong. The revenue from external customers attributable to Hong Kong and other locations (on the basis of customers' locations) is analysed as follows:

	Revenue from external customers	
	2013 ***HK$'000***	2012 *HK$'000* (Restated)
Hong Kong	**130,003**	137,752
Mainland China	**73,411**	80,812
North America	**268,622**	274,870
Europe	**75,880**	149,582
	547,916	643,016

At 31 March 2013, the total non-current assets other than goodwill, available-for-sale financial assets, prepayments and rental deposits and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Hong Kong is approximately HK$9,433,000 (2012: HK$12,363,000), and the total non-current assets located in other locations (mainly in the Mainland China and Canada) is approximately HK$112,789,000 (2012: HK$151,164,000).

4. Other gains, net

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Net exchange gains	**866**	842

5. Expenses by nature

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Changes in inventories of finished goods and work-in-progress	**(28,187)**	(834)
Trading merchandise sold, and raw materials and consumables used	**484,731**	527,889
Provision for impairment of inventories	**903**	1,458
Write-down of inventories	**—**	181
Auditor's remuneration	**2,242**	1,627
Amortisation of land use rights	**360**	402
Depreciation		
— owned property, plant and equipment	**5,290**	6,409
— property, plant and equipment held under finance leases	**681**	264
Provision for impairment of trade receivables (included in general and administrative expenses)	**274**	418
Employment benefit expenses (including directors' emoluments)	**49,611**	72,336
Operating lease rental in respect of land and buildings	**7,106**	7,704
Travelling and office expenses	**9,325**	11,703
Transportation expenses	**4,404**	3,271
Advertising expenses	**261**	257
Repairs and maintenance expenses	**807**	749
Other expenses	**5,912**	7,946
	543,720	641,780
Representing:		
Cost of sales	**479,197**	572,548
Selling and distribution expenses	**10,224**	9,921
General and administrative expenses	**54,299**	59,311
	543,720	641,780

6. Finance costs — net

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Interest income from bank deposits	**854**	752
Interest expense on bank loans which contains a repayment on demand clause	**(1,396)**	(1,176)
Interest expense on other borrowings	**(302)**	(159)
Interest element of finance leases	**(34)**	(33)
	(1,732)	(1,368)
Finance costs — net	**(878)**	(616)

7. Income tax expense

The Company is exempted from taxation in Bermuda. Hong Kong profits tax has been provided for at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong. Companies established and operating in Mainland China are subject to PRC corporate income tax at the rate of 25% (2012: 25%). Companies established and operating in Canada are subject to Canadian income tax at rates ranging from 25.0% to 26.5% (2012: 26.1% to 27.8%).

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Current taxation		
— Hong Kong profits tax	**521**	503
— PRC corporate income tax	**121**	422
— Canadian income tax	**1,173**	1,527
Deferred taxation relating to the origination and reversal of temporary differences	**113**	(486)
	1,928	1,966

8. Earnings per share

(a) Basic

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
(Loss)/profit attributable to equity holders of the Company	**(171,008)**	8,786
Add: Loss from discontinued operations attributable to equity holders of the Company	**184,912**	33,039
Profit from continuing operations attributable to equity holders of the Company	**13,904**	41,825

	2013	2012
Weighted average number of ordinary shares in issue *('000)*	**365,123**	331,968
Basic earnings per share *(rounded to HK cents per share)*		
— Continuing operations	**3.81**	12.60
— Discontinued operations	**(50.64)**	(9.95)
	(46.83)	2.65

(b) 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. As at 31 March 2013, there were no outstanding warrants. For the year ended 31 March 2012, dilutive earnings per share equal basic earnings per share as the exercise of the outstanding warrants would be anti-dilutive.

9. Dividends

No dividend was paid or proposed for the year ended 31 March 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil).

10. Discontinued operations

On 23 November 2012, the Group disposed of its equity interests in the disposal group as set out in Note 3 to an independent third party at a total cash consideration of approximately HK$63,168,000 and a gain of approximately HK$39,501,000. The disposal group was principally involved in the distribution of electronic components.

During the year, the Group also abandoned the operations of the "Consumer Electronics and Electronics Components and Parts Manufacturing" segment.

The disposal group together with certain related operations, and the abandoned segment are classified as discontinued operations.

The relevant results are presented as discontinued operations in the consolidated income statement. Comparative figures have been restated.

The results of these discontinued operations for the year ended 31 March 2013 are set out below:

	2013	2012
	HK$'000	*HK$'000*
Revenue	**500,246**	765,601
Expenses	**(722,283)**	(793,441)
Loss before income tax and gain on disposal of subsidiaries	**(222,037)**	(27,840)
Income tax expense	**(2,110)**	(5,224)
Loss for the year from discontinued operations before gain on disposal of subsidiaries	**(224,147)**	(33,064)
Gain on disposal of subsidiaries	**39,501**	—
Loss for the year from discontinued operations	**(184,646)**	(33,064)

During the year, inventories of approximately HK$72,457,000 (2012: Nil) in relation to discontinued operations were written off. During the year, provision for impairment of inventories in relation to discontinued operations amounted to HK$46,820,000 (2012: Nil).

11. Trade and notes receivables

	Group	
	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**109,908**	186,895
Less: provision for impairment	**(22,075)**	(2,015)
	87,833	184,880
Notes receivable	**7,365**	22,629
	95,198	207,509

Note:

Majority of the Group's sales are made on open account, with credit terms generally ranged from 30 days to 90 days. The ageing analysis of trade receivables by the dates on which the relevant sales were made is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Less than 60 days	**60,746**	127,438
60 days to 120 days	**20,279**	22,465
Over 120 days	**28,883**	36,992
	109,908	186,895

Notes receivable represent bank acceptance notes issued by third parties with average maturity of within 180 days (2012: 120 days).

During the year ended 31 March 2013, provision for impairment of trade receivables of HK$275,000 (2012: HK$418,000) and HK$30,561,000 (2012: HK$186,000) was recognised for the Group's continuing operations and discontinued operations respectively.

12. Trade payables

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

The ageing analysis of trade payables is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Less than 60 days	**52,378**	136,466
60 days to 120 days	**8,527**	4,602
Over 120 days	**4,520**	2,312
	65,425	143,380

13. Commitments and contingencies

At 31 March 2013 and 2012, the future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases were as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Not later than one year	**3,517**	4,952
Later than one year and not later than five years	**958**	4,963
	4,475	9,915

Generally, the Group's operating leases are for terms of one to five years.

The Group did not have other significant commitments at 31 March 2013 and 2012.

As at 31 March 2013, the Group and the Company have no significant contingent liabilities.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 20 August 2013 to Monday, 26 August 2013, both days inclusive, during which period no transfer of shares can be registered. To ascertain shareholders who are eligible to attend our 2013 Annual General Meeting, all properly completed transfer forms accompanied by relevant share certificates must be lodged with Tricor Abacus Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Monday, 19 August 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions as set out in the Corporate Governance Code (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 2013, 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 2013.

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 2013.

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 2013. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2013 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.

NOMINATION COMMITTEE

The Nomination Committee was established on 30 March 2012 with a specific written terms of reference. The Nomination Committee comprise two independent non-executive directors, Mr. Barry John Buttifant 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 2013, 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 2013.

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.daiwa.com.hk/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.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares ("Shares") on the Stock Exchange was suspended from 9:00 a.m. on 2 July 2013, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 23 July 2013.

By order of the Board
LAU TAK WAN
President

Hong Kong, 22 July 2013

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