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 2014

PRESIDENT 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 2014.

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 2014, turnover of the Group was reported as HK$618.3 million (2013: HK$547.9 million), representing an increase of 12.8% when compared with last financial year. Gross profit increased by 27.8% to HK$87.8 million (2013: HK$68.7 million).

- The earnings before interest, tax, depreciation and amortization (EBITDA) were HK$17.6 million (2013: HK$23.0 million), representing a decrease of HK$5.4 million when compared to the last corresponding period. After the exclusion of net gain from disposal and the provision for impairment of property, plant and equipment of HK$10.8 million in last year, the operating profit (EBITDA) for this year increased by HK$5.4 million.

- The operating profit (EBIT) of the Group was HK$9.0 million (2013: HK$16.7 million), representing a decrease of HK$7.7 million when compared to the last corresponding period. After the exclusion of the net gain from disposal and provision of impairment of property, plant and equipment of HK$10.8 million in last year, the operating profit (EBIT) for this year has actually increased by HK$3.1 million.

- The net profit of the Group was HK$8.3 million (2013: loss HK$170.7 million), representing an increase of HK$179.0 million when compared to the last year.

* *For identification purpose only*

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

At 31 March 2014, the Group's current assets amounted to HK$279.4 million (2013: HK$272.7 million) and the shareholders' equity were HK$228.2 million (2013: HK$212.9 million). The current liabilities were HK$210.4 million (2013: HK$225.1 million).

The inventory level increased to HK$115.5 million (2013: HK$98.0 million). Average stock turnover was around 79 days based on closing stock at 31 March 2014 (2013: 75 days). The trade receivables (excluding notes receivable) increased by HK$1.6 million to HK$89.4 million (2013: HK$87.8 million).

Because of the low utilization of banking facilities, the year end cash and bank balances were HK$55.5 million (2013: HK$60.2 million). Total available banking facilities of the Group were approximately HK$155.7 million (2013: HK$190.1 million), of which HK$42.7 million was available for use (2013: HK$75.1 million). There were no finance lease obligations outstanding as at 31 March 2014 (2013: HK$1.2 million). At 31 March 2014, the Company committed corporate guarantees of HK$261.0 million (2013: HK$293.0 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 18% (2013: 20%).

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.

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 costs 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 payables and bank borrowings were denominated in Hong Kong and US dollars, the exchange risk for the Group was not expected to be material. The Group did not use derivative financial instruments for speculative purpose.

In the reported year, the Group successfully completed a placing of 43,000,000 ordinary shares of HK$0.10 each in the share capital at a subscription price of HK$0.29 per placing share, raising net proceeds of HK$11,982,000 for working capital purpose. The Group did not repurchase any ordinary shares in the open market.

BUSINESS REVIEW AND PROSPECT

The Group was engaging in the following major business:

— Personal Computer Products Distribution;

— Electronic Products Manufacturing; and

— Electronic Components Distribution

In the reported year, the Group focused on the development of new business network and further improvement on gross profit and cost control on existing product lines.

Personal Computer Products Distribution

Turnover of this segment was HK$282.2 million (2013: HK$268.6 million) which represented an increase of 5.1% in the reported year.

Business in this segment has shown a steady growth during the year. The Group has extended the business from the main stream personal computers market to the increasing demand for tablets, portable devices and peripherals. Besides its core market, the Group has successfully developed new businesses in mass merchants market. Both the turnover and gross profit contribution from mass merchant business was increasing steadily.

The Group has been in the market of personal computer systems and computer parts in North America for more than 20 years. 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.

Electronic Products Manufacturing

The turnover of this segment increased to HK$159.1 million (2013: HK$78.3 million), representing an increase of 103.2% when compared to last year.

After the elimination of less profitable products in last year, the Group was enlightened by the higher profit margin and longer business commitment product lines. The significant increase in turnover and profit contribution in this segment indicated that the re-engineering of the manufacturing business was in the right direction.

Through the efforts of new managements team, streamlining of production lines, stronger quality control, logistic and cost control system, the profitability and efficiency of this segment was further enhanced.

The Group has concentrated in the professional production of telecommunication modules in infrastructures as well as assembly for industrial and commercial purpose products. The plant is equipped with high speed SMT production lines with nitrogen filled reflow furnaces and precision quality assurance equipment in antistatic clean room.

Electronic Components Distribution

Turnover of the electronic components distribution segment was HK$177.0 million (2013: HK$201.0 million) representing a decrease of 11.9% when compared with the last financial year.

After the disposal of the low margin distribution business during the past year, the Group has successfully recovered the distribution business by gaining new distributorships and new customer base. The sales team performed well in both existing and new brands. Turnover of new brands grew satisfactory with improved profit margin. The Group had deployed more engineering resources as well as sales and marketing force to break into new markets.

Business in this segment is mainly act as authorized distributor of various electronics components of renowned brands such as Rohm, Lite-on Arnold Magnetics, Diodes, SDC, Everlight, PFC Device, AEM, Micro-metal, Chino-Excel Technology (CET) and the Group's own brand COS and TIP. Major customers are manufacturers located in Hong Kong and the PRC. Products of this segment include diodes, transistors, integrated circuits (IC), power management devices, optical-electronics and illuminations as well as discrete components.

The Group has more than 30 years of experience in the business of distributing of electronic components. In addition to its solid base in Hong Kong, the Group is one of the pioneer distributors to penetrate into 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 to bring in new principal suppliers to sustain future growth.

FUTURE PROSPECT

The Group will continue to develop product lines of low risk and higher gross margin business with consistent demands. The Group is also confident that each of the segments will continue the improvement in cost effectiveness and concentrate in the enhancement of management systems.

In the segment of Electronic Components Distribution, the Group will focus on the development of new products markets and establishment of new distributorship with 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. The Group is improving the management of inventories, customer base and distribution process by the introduction of new software and management control.

Business in the personal computer business is experiencing growth in the mass merchants market. The Group keeps sourcing to act as authorized distributor of new brands and suppliers. With the daily increase in demand from mega stores, this segment will build up sourcing points in Mainland China to procure 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 in the market will provide good opportunity for growth of the segment.

In Electronics Products Manufacturing segment, the Group is developing new products with niche technologies. The Group has already received confirmed consistent orders from renown customers and expects that these products will bring in new contributions in the coming fiscal year. Order forecast from existing customers are growing steadily. The Group expects that business in this segment will have a constant grow in the coming year.

As both labor cost and administrative cost are increasing substantially in PRC, the Group will improve the production process, inventory control, logistic and management system by applying new equipment and new ERP software system. To reduce the number of manual labors, the Group has also started to build new semi-automatic machine to replace the hand assembling procedures and to eliminate the impact of increasing labor cost.

To release the funding and resources tied in non-current assets and to save management cost, the Group is in discussion with a third party on the disposal of the production land and building in Heyuan. The Group will enjoy a rent free period for some years to continue to use the production plant after the disposal. The disposal will further increase the effective working capital which will strengthen the financial status of the Group.

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

Employees

At 31 March 2014, after discontinuing the business segment in consumer electronics, the Group employed a total of approximately 760 employees (31 March 2013: 800 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 2014

	Note	**2014** **HK$'000**	2013 HK$'000
Continuing operations			
Revenue	*3*	**618,300**	547,916
Cost of sales	*5*	**(530,537)**	(479,197)
Gross profit		**87,763**	68,719
Other income		**3,042**	875
Other gains, net	*4*	**30**	866
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
Selling and distribution expenses	*5*	**(12,901)**	(10,224)
General and administrative expenses	*5*	**(68,886)**	(54,299)
Operating profit		**9,048**	16,710
Finance income	*6*	**942**	854
Finance costs	*6*	**(2,349)**	(1,732)
Profit before income tax		**7,641**	15,832
Income tax expense	*7*	**(2,480)**	(1,928)
Profit for the year from continuing operations		**5,161**	13,904
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*10*	**3,181**	(184,646)
Profit/(loss) for the year		**8,342**	(170,742)

	Note	2014 HK$'000	2013 HK$'000
Attributable to:			
Equity holders of the Company			
— continuing operations		**5,161**	13,904
— discontinued operations		**3,181**	(184,912)
		8,342	(171,008)
Non-controlling interests — discontinued operations		**—**	266
		8,342	(170,742)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the year			
Basic and diluted	*8*		
Continuing operations		**HK1.24 cents**	HK3.81 cents
Discontinued operations		**HK0.76 cents**	HK(50.64) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	2014	2013
	HK$'000	*HK$'000*
Comprehensive income/(loss):		
Profit/(loss) for the year	**8,342**	(170,742)
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(5,378)**	(1,938)
Release of exchange reserve upon disposal of subsidiaries	**—**	(8,403)
Available-for-sale financial assets:		
— Fair value gain during the year	**331**	377
— Impairment during the year	**—**	225
Other comprehensive loss for the year, net of tax	**(5,047)**	(9,739)
Total comprehensive income/(loss) for the year	**3,295**	(180,481)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company		
— continuing operations	**114**	12,568
— discontinued operations	**3,181**	(193,315)
	3,295	(180,747)
Non-controlling interests — discontinued operations	**—**	266
	3,295	(180,481)

CONSOLIDATED BALANCE SHEET

As at 31 March 2014

	Note	2014	2013
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Goodwill		**25,901**	28,201
Property, plant and equipment		**72,916**	76,500
Investment properties		**34,591**	35,364
Land use rights		**9,410**	9,648
Other long-term assets		**972**	1,073
Available-for-sale financial assets		**15,467**	15,136
Deferred income tax assets		**241**	—
		159,498	165,922
Current assets			
Inventories		**115,478**	98,031
Trade and notes receivables	*11*	**96,424**	95,198
Prepayments, deposits and other receivables		**11,961**	19,287
Cash and cash equivalents		**55,533**	60,160
		279,396	272,676
Total assets		**438,894**	438,598
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**43,724**	39,424
Share premium		**233,196**	225,514
Reserves		**(48,952)**	(52,247)
		227,968	212,691
Non-controlling interests		**215**	215
Total equity		**228,183**	212,906

	Note	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**273**	253
Borrowings		**—**	321
		273	574
Current liabilities			
Borrowings		**105,528**	113,947
Trade payables	*12*	**84,436**	65,425
Accruals and other payables		**18,043**	44,256
Tax payable		**2,431**	1,490
		210,438	225,118
Total liabilities		**210,711**	225,692
Total equity and liabilities		**438,894**	438,598
Net current assets		**68,958**	47,558
Total assets less current liabilities		**228,456**	213,480

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 electronic components distribution, electronic products manufacturing, and the personal computer products distribution. The Group operates mainly in Hong Kong, Mainland China and Canada. During the year ended 31 March 2013, 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 constituted discontinued operations and further details of which are set out in Notes 3 and 10.

During the year, the Directors resolved to re-term the remaining manufacturing segment of "Contract Electronic Manufacturing Services" as "Electronic Products Manufacturing" to align with the current and planned future operating functions of the existing manufacturing operations.

2. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. 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.

(a) Effect of adopting new accounting standards, interpretation and amendments to existing standards

The following new accounting standards, interpretation and amendments to existing standards are relevant to the Group's operations and mandatory for its accounting periods beginning on or after 1 April 2013:

- HKAS 19 (2011) — "Employee benefits"
- HKAS 27 (2011) — "Separate financial statements"
- HKAS 28 (2011) — "Investments in associates and joint ventures"
- HKFRS 10 — "Consolidated financial statements"
- HKFRS 12 — "Disclosure of interests in other entities"
- HKFRS 13 — "Fair value measurement"
- Amendments to HKAS 1 (Revised) — "Presentation of items of other comprehensive income"
- Amendments to HKFRS 7 — "Financial instruments: Disclosures – Offsetting financial assets and financial liabilities"
- Amendments to HKFRS 10 — "Consolidated financial statements"
- Amendments to HKFRS 12 — "Disclosure of interests in other entities: Transition guidance"

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

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

The following published standards, and amendments and interpretation to existing standards are mandatory for the Group's accounting periods beginning on or after 1 April 2014 and have not been early adopted by the Group:

• HKFRS 9	"Financial instruments"[3];
• HKFRS 14	"Regulatory deferral accounts"[4];
• Amendments to HKAS 32	"Financial instruments: Presentation – Offsetting financial assets and financial liabilities"[1];
• Amendments to HKAS 36	"Recoverable amount disclosures for non-financial assets"[1];
• Amendments to HKFRS 7 and HKFRS 9	"Mandatory effective date and transitional disclosures"[2];
• Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	"Investment entities"[1]; and
• HK (IFRIC) – Int 21	"Levies"[1].

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 January 2015
[3] Effective date to be determined
[4] Effective for annual periods beginning on or after 1 January 2016

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

3. Revenue and segment information

	Group	
	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Turnover		
Sales of goods	**618,300**	547,916

Segment information

The Group is principally engaged in the electronic components distribution, electronic products manufacturing, and personal computer products distribution.

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", "Electronic Products Manufacturing" and "Personal Computer Products Distribution".

During the year ended 31 March 2013, the Group disposed of the equity interests in several wholly-owned subsidiaries which were principally involved in the distribution of electronic components (the "disposal group") at a consideration and gain on disposal of HK$63,168,000 and HK$39,501,000 respectively (Note 10). The disposal group represented a major portion of the Electronic Components Distribution segment.

During the year ended 31 March 2013, 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 (Note 10).

During the year, the Directors resolved to re-term the remaining manufacturing segment of "Contract Electronic Manufacturing Services" as "Electronic Products Manufacturing" to align with the current and planned future operating functions of the existing manufacturing operations, which is also consistent with the remaining manufacturing segment's operations during the year ended 31 March 2013.

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 consolidated 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 for the year ended 31 March 2013 had been excluded from the segment information.

	Year ended 31 March 2014				
	Electronic Components Distribution *HK$'000*	Electronic Products Manufacturing *HK$'000*	Personal Computer Products Distribution *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Turnover					
Sales of goods	**176,993**	**159,062**	**282,245**	**—**	**618,300**
Results of reportable segments	**2,406**	**7,308**	**6,909**	**—**	**16,623**
A reconciliation of results of reportable segments to profit for the year is as follows:					
Results of reportable segments					**16,623**
Unallocated income					**1,855**
Unallocated expenses *(Note (a))*					**(9,430)**
Operating profit					**9,048**
Finance costs — net					**(1,407)**
Profit before income tax					**7,641**
Income tax expense					**(2,480)**
Profit for the year					**5,161**
Other segment information:					
Capital expenditure	**377**	**1,811**	**267**	**1,769**	**4,224**
Depreciation on property, plant and equipment and investment properties	**99**	**4,289**	**171**	**3,781**	**8,340**
Loss on disposal of property, plant and equipment	**24**	**—**	**—**	**17**	**41**
Amortisation of land use rights	**—**	**—**	**—**	**238**	**238**
Provision for impairment of trade receivables	**259**	**—**	**68**	**—**	**327**
Provision for impairment of inventories	**—**	**—**	**1,392**	**—**	**1,392**

Note (a):

Unallocated expenses mainly include salaries, depreciation, and other operating expenses incurred at corporate level.

	As at 31 March 2014			
	Electronic Components Distribution	**Electronic Products Manufacturing**	**Personal Computer Products Distribution**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets				
Goodwill	—	—	**25,901**	**25,901**
Other segment assets	**104,327**	**102,723**	**74,139**	**281,189**
	104,327	**102,723**	**100,040**	**307,090**
Deferred income tax assets				**241**
Available-for-sale financial assets				**15,467**
Other unallocated assets *(Note (a))*				**116,096**
Total assets per consolidated balance sheet				**438,894**
Segment liabilities				
Segment liabilities	**73,078**	**64,959**	**39,108**	**177,145**
Tax payable				**2,431**
Deferred income tax liabilities				**273**
Other unallocated liabilities *(Note (b))*				**30,862**
Total liabilities per consolidated balance sheet				**210,711**

Note (a):

As at 31 March 2014, other unallocated assets mainly included land and buildings in respect of all factory and office premises and cash and cash equivalents for corporate usage. Depreciation charge in respect of factory premises utilised is included in the related segment results.

Note (b):

As at 31 March 2014, other unallocated liabilities mainly included corporate borrowings.

	Year ended 31 March 2013				
	Electronic Components Distribution *HK$'000*	Electronic Products Manufacturing *HK$'000*	Personal Computer Products Distribution *HK$'000*	Unallocated *HK$'000*	Total *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 land use rights, and property, plant and equipment					17,529
Unallocated expenses *(Note (a))*					(9,967)
Operating profit					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	—	1,036	6,756
Provision for impairment of inventories	—	—	903	—	903

Note (a):

Unallocated expenses mainly include salaries, depreciation, and other operating expenses incurred at corporate level.

	As at 31 March 2013			
	Electronic Components Distribution	Electronic Products Manufacturing	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 all factory and office premises, and cash and cash equivalents for corporate usage related to continuing operations. Depreciation charge in respect of factory premises utilised by the continuing operations is included in the related segment results. Assets related to discontinued operation mainly included outstanding receivables and inventories.

Note (b):

As at 31 March 2013, other unallocated liabilities mainly included corporate borrowings. Liabilities related to discontinued operations 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	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**87,970**	130,003
Mainland China	**131,472**	73,411
North America	**285,554**	268,622
Europe	**101,701**	75,880
Other Asian countries	**11,603**	—
	618,300	547,916

At 31 March 2014, 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 are approximately HK$8,079,000 (2013: HK$9,433,000), and the total non-current assets located in other locations (mainly in Mainland China and Canada) HK$109,548,000 (2013: HK$112,789,000).

4. Other gains, net

	2014	2013
	HK$'000	*HK$'000*
Net exchange gains	**71**	866
Loss on disposal of property, plant and equipment	**(41)**	—
	30	866

5. Expenses by nature

	2014	2013
	HK$'000	*HK$'000*
Changes in inventories of finished goods and work-in-progress	**(9,676)**	(28,187)
Trading merchandise sold, and raw materials and consumables used	**514,994**	484,731
Provision for impairment of inventories	**1,392**	903
Auditor's remuneration	**1,840**	2,242
Amortisation of land use rights	**238**	360
Depreciation		
— owned property, plant and equipment	**7,567**	5,290
— investment properties	**773**	—
— property, plant and equipment held under finance leases	**—**	681
Provision for impairment of trade receivables (included in general and administrative expenses)	**327**	274
Employment benefit expenses (including directors' emoluments)	**61,900**	49,611
Operating lease rental in respect of land and buildings	**7,280**	7,106
Travelling and office expenses	**12,718**	9,325
Transportation expenses	**5,641**	4,404
Advertising expenses	**214**	261
Repairs and maintenance expenses	**1,211**	807
Other expenses	**5,905**	5,912
	612,324	543,720
Representing:		
Cost of sales	**530,537**	479,197
Selling and distribution expenses	**12,901**	10,224
General and administrative expenses	**68,886**	54,299
	612,324	543,720

6. Finance costs — net

	2014	2013
	HK$'000	*HK$'000*
Interest income from bank deposits	**942**	854
Interest expense on bank loans which contains a repayment on demand clause	**(2,306)**	(1,396)
Interest expense on other borrowings	**(37)**	(302)
Interest element of finance leases	**(6)**	(34)
	(2,349)	(1,732)
Finance costs — net	**(1,407)**	(878)

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% (2013: 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% (2013: 25%). Companies established and operating in Canada are subject to Canadian income tax at rates ranging from 26.0% to 26.5% (2013: 25.0% to 26.5%).

	2014	2013
	HK$'000	*HK$'000*
Current taxation		
— Hong Kong profits tax	**658**	521
— PRC corporate income tax	**170**	121
— Canadian income tax	**1,873**	1,173
Deferred taxation relating to the origination and reversal of temporary differences	**(221)**	113
	2,480	1,928

8. Earnings per share

(a) Basic

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

	2014	2013
	HK$'000	*HK$'000*
Profit/(loss) attributable to equity holders of the Company	**8,342**	(171,008)
(Profit)/loss from discontinued operations attributable to equity holders of the Company	**(3,181)**	184,912
Profit from continuing operations attributable to equity holders of the Company	**5,161**	13,904

	2014	2013
Weighted average number of ordinary shares in issue *('000)*	**416,152**	365,123
Basic earnings per share *(rounded to HK cents per share)*		
— Continuing operations	**1.24**	3.81
— Discontinued operations	**0.76**	(50.64)
	2.00	(46.83)

(b) Diluted

Dilutive earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year.

9. Dividends

No dividend was paid or proposed for the year ended 31 March 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

10. Discontinued operations

Details of components comprising the Group's discontinued operations for the year ended 31 March 2013 are set out in Note 3.

Their relevant results were presented as discontinued operations in the consolidated income statement for the years ended 31 March 2014 and 2013.

The results of these discontinued operations for the years ended 31 March 2014 and 2013 are set out below:

	2014	2013
	HK$'000	*HK$'000*
Revenue	—	500,246
Expenses	—	(722,283)
Loss before income tax and gain on disposal of subsidiaries	—	(222,037)
Income tax expense	—	(2,110)
Loss for the year from discontinued operations before gain on disposal of subsidiaries	—	(224,147)
Gain on disposal of subsidiaries	—	39,501
Adjustments upon final settlement of retention arrangement in relation to disposed subsidiaries	**3,181**	—
Profit/(loss) for the year from discontinued operations	**3,181**	(184,646)

11. Trade and notes receivables

	Group	
	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**110,842**	109,908
Less: provision for impairment	**(21,476)**	(22,075)
	89,366	87,833
Notes receivable	**7,058**	7,365
	96,424	95,198

Note:

Majority of the Group's sales are made on open account, with credit terms generally ranging 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	
	2014	2013
	HK$'000	*HK$'000*
Less than 60 days	**65,065**	60,746
60 days to 120 days	**20,494**	20,279
Over 120 days	**25,283**	28,883
	110,842	109,908

Notes receivable represent bank acceptance notes issued by third parties with average maturity of within 180 days (2013: 180 days).

During the year ended 31 March 2014, provision for impairment of trade receivables of HK$327,000 (2013: HK$30,836,000) was recognised.

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	
	2014	2013
	HK$'000	*HK$'000*
Less than 60 days	**70,737**	52,378
60 days to 120 days	**10,187**	8,527
Over 120 days	**3,512**	4,520
	84,436	65,425

13. Commitments and contingencies

At 31 March 2014 and 2013, the future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases were as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Not later than one year	**3,620**	3,517
Later than one year and not later than five years	**9,191**	958
	12,811	4,475

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 2014 and 2013.

The Company did not have significant commitments at 31 March 2014 and 2013.

As at 31 March 2014, 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 Friday, 5 September 2014 to Friday, 12 September 2014, both days inclusive, during which period no transfer of shares can be registered. To ascertain shareholders who are eligible to attend our 2014 Annual General Meeting, all properly completed transfer forms accompanied by relevant share certificates must be lodged with Tricor Abacus Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Thursday, 4 September 2014.

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 2014, 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 2014.

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 2014.

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 2014. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 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, Dr. 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, Dr. 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 2014, 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 2014.

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.

By order of the Board
LAU TAK WAN
President

Hong Kong, 30 June 2014

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