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 2015

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 2015.

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 2015, turnover of the Group was reported as HK$531.1 million (2014: HK$618.3 million), representing a decrease of 14.1% when compared with last financial year. Gross profit decreased by 26.5% to HK$64.5 million (2014: HK$87.8 million).

- The loss before interest, tax, depreciation and amortisation was HK$22.0 million (2014: restated profit of HK$16.5 million), representing a decrease of HK$38.5 million when compared to the last corresponding period.

- The loss before interest and tax of the Group was HK$29.2 million (2014: restated profit of HK$8.8 million), representing a decrease of HK$38.0 million when compared to the last corresponding period.

- After the non-recurring items such as impairment of goodwill of HK$22.6 million and withholding of dividend tax of HK$8.1 million, the net loss of the Group was HK$39.7 million (2014: restated profit HK$8.2 million), representing a decrease of HK$47.9 million when compared to the last year.

* *For identification purpose only*

The Board of Directors does not recommend any payment of a final dividend in respect of the year ended 31 March 2015.

At the board meeting held on 28 November 2014, the Board of Directors declared the payment of a special dividend of HK$0.05 per ordinary share payable to shareholders whose names appeared on the Register of Members of the Company on 12 December 2014, amounting to the total of approximately HK$21.9 million. The special dividend was paid on 5 January 2015.

At 31 March 2015, the Group's current assets amounted to HK$292.7 million (2014: restated HK$279.4 million) and the shareholders' equity was HK$186.5 million (2014: restated HK$239.8 million). The current liabilities were HK$156.8 million (2014: HK$210.4 million).

The inventory level increased to HK$116.3 million (2014: HK$115.5 million). Average stock turnover was around 93 days based on closing stock at 31 March 2015 (2014: 79 days). The trade receivables (excluding notes receivable) decreased by HK$8.6 million to HK$80.8 million (2014: HK$89.4 million).

The year end cash and bank balances were HK$71.7 million (2014: HK$55.5 million). Total available banking facilities of the Group were approximately HK$163.2 million (2014: HK$155.7 million), of which HK$88.4 million were available for use (2014: HK$42.7 million). There were no finance lease obligations outstanding as at 31 March 2015 (2014: Nil). 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 1.7% (2014: 18%).

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 5 years based on original contractual maturity.

Borrowings were mostly denominated in Hong Kong dollars and US dollars. The Group's cash and cash equivalents were denominated in Hong Kong dollars, US dollars, Canadian dollars and Renminbi. The Group matched the payments and receipts of foreign currency arising from routine purchases and sales to control and minimise the financial costs and exchange rate risk. Most of the Group's borrowings were interest bearing at floating rates which were based on the 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 rate risk of the Group is not expected to be material. The Group did not use derivative financial instruments for speculative purpose.

At 21 August 2014, the Group entered into an agreement for the disposal of a subsidiary for a cash consideration of approximately HK$126.1 million. After inclusion of non-cash benefit, and deduction of the net book value of the disposal and the related costs of sales including profession fees of HK$7.8 million, the net gain on disposal after these expenses was HK$19.6 million before the PRC capital gain tax. The subsidiary mainly held an industrial park at Heyuan, Guangdong Province, the PRC. As the Group discontinued the business of manufacturing of consumer electronics during the financial year ended 31 March 2013, a large portion of the industrial park was unutilized. Although the production activities of the remaining manufacturing business have been steady, the utilization of that industrial park remains at low level. The Group therefore considered that this disposal represented a good opportunity to realize the Group's investment, to release the associated tied funding, and can also reduce substantial future expenses in the real estate taxes and maintenance expenses. The disposal was completed on 28 October 2014. The net proceeds from the disposal after deduction of related expenses have been used as general working capital of the Group.

The Group did not repurchase any ordinary shares in the open market.

At the annual general meeting held on 12 September 2014, shareholders duly passed a special resolution to adopt a share premium reduction. Accordingly, the Company offset its entire accumulated losses with the share premium of approximately HK$165.4 million. The excessive share premium of approximately HK$67.8 million was credited to the contributed surplus. According to the law of Bermuda, the Company can make a distribution out of contributed surplus provided that the Company is, or would after the payment, able to pay its liabilities as they become due or the realizable value of the company's assets exceeds its liabilities.

BUSINESS REVIEW AND PROSPECT

The Group was engaged in the following major businesses:

— Electronic Products Manufacturing;

— Personal Computer Products Distribution; and

— Electronic Components Distribution

For the reported financial year, the Group faced a decrease in both turnover and gross profit. The personal computer market in Canada was declining rapidly particularly in second half of year and the demand for electronic components slowed down in Hong Kong and the PRC. The Group put considerable effort to consolidate the customer network and product marketing.

Electronic Products Manufacturing

The turnover of this segment decreased to HK$132.5 million (2014: HK$159.1 million), representing a decrease of 16.7% when compared to last year.

In view of the slowdown of electronic markets and the lengthening of payment from some customers, the Group had applied tighter control over overdue accounts to minimize credit risk from less creditable customers. This policy has led to a lower business volume with those customers. The Group has also ceased the operation of the non-profit making speaker box business unit.

During the year, the Group has re-engineered the operation of its factory to enable to a more efficient production flow. Besides replacing labor efforts with automation machinery, the management team also improved the efficiency by introducing new production process and a tighter control of logistics expenses.

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

Personal Computer Products Distribution

Turnover of this segment was HK$234.9 million (2014: HK$282.2 million) which represented a decrease of 16.8% in the reported year.

The Group has been in the market of personal computer systems, computer parts and peripherals 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.

In this segment, the main personal computer and related components market in Canada has retracted during the year. The quantity demand of most of the products dropped significantly. Although the Group could maintain turnover of some major products, the others had decreased to a level resulting in a 20% gross profit decrease in the whole segment when compared with last financial year. The general market sentiment became low and a further decrease in demand is expected in the coming year. Since there was a trend that consumers began to purchase directly from manufacturers through internet instead of shopping in retail shops, the role of PC distributors is diminishing. Customers from this segment is expected to be migrated to the Group’s web sales. In view of these phenomena, the Group has re-examined the business prospect and assessed the value of the goodwill in the Group’s financial statements. After careful consideration and review of the business valuation prepared by external appraiser, the management has decided to write off all the goodwill related to this segment.

Electronic Components Distribution

Turnover of the electronic components distribution segment was HK$163.7 million (2014: HK$177.0 million) representing a decrease of 7.5% when compared with the last financial year. In order to have a prosperous growth in the future years, the Group has spent considerable resources and expenses to develop new distribution lines and to further enhance the distribution networks in the PRC. However the competition in PRC market was strong and overall demand was declining, and thus the contribution of these developments was delayed.

The Group has more than 30 years of experience in the business of distributing of electronic components. This segment has a solid base in Hong Kong and the Group has penetrated into the PRC market for many years. The Group has built up strong sales network and good logistics foundation in major PRC cities.

In this segment, the business is to mainly act as the authorised distributor of electronics components of renowned brands such as Rohm, Lite-on, Arnold Magnetics, Diodes, SDC, Everlight, PFC Device, AEM, Chino-Excel Technology (CET) and the Group's own manufacturing 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.

FUTURE PROSPECT

The Group expects a slowdown in the market in the coming year and will develop new product lines with reasonable gross margin and consistent demands. The Group will continue to improve the cost effectiveness of all its operations.

In the segment of Electronics Products Manufacturing, the consistent increase of minimum wages and social insurance in the PRC created a heavy burdens in the cost of productions. The Group will continue to invest in the development of automations to ease the reliance on labor forces and, at the same time, to yield more consistent and precise quality products. The further enhancement of production processes will also increase the efficiency of the production. The possibility of new partners joining the manufacturing segment in the coming financial year and will bring the Group to a new era of business. The Group expects these new opportunities will bring in reasonable new orders in the coming fiscal year.

In the Diode manufacturing business unit, demand from customers is increasing. New production facilities of the Diode workshop have already been installed and the capacity of the production is expected to increase by 30%. New customers in plastic injection will further improve the performance of this unit. Growth in these business units will bring moderate contribution in the coming financial year.

Business in the personal computer business is experiencing a downturn and may last for a certain period of time. The Group is putting great efforts in sourcing new product lines as well as new channels of distribution. Diversification to business other than personal computer will be the top mission of this segment. Internet sales of this segment is under construction and expect to be in place by the next fiscal year. The Group is also planning to further penetrate into the field of tablet computers and smartphone segments.

In the segment of Electronic Components Distribution, the Group continues to explore new distributorship with renowned new principal suppliers. The segment will continue to expand the markets of optical electronics, illuminations, power management devices as well as active component and these are expected to have positive growth in the coming years. By the introduction of new ERP software, the Group is improving the inventories management and customer management which will reduce the inventory risk and will enable more customer penetration in the coming years.

After the disposal of the land and building in Heyuan factory site, PRC, the Group will enjoy a rent free period for a number of years after the disposal. The disposal will further decrease the maintenance cost of the factory and will strengthen the financial position of this segment.

The management believes that the coming fiscal year will be challenging but under control.

POST BALANCE SHEET EVENTS

The board of the Company (the "**Company**") has been informed by Mr. Lau Tak Wan ("**Mr. Lau**"), a controlling Shareholder, the executive Director and president of the Company that he, Ms. Chan Yuen Mei, Pinky and their controlled companies (the "**Selling Shareholders**") and a purchaser (the "**Purchaser**") entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") on 29 April 2015, pursuant to which the Selling Shareholders conditionally agreed to sell and the Purchaser conditionally agreed to acquire in aggregate 241,221,529 shares of the Company (the "**Shares**"), representing approximately 55.17% of the issued capital of the Company as at the date of the Sale and Purchase Agreement for a consideration of approximately HK$276.0 million (equivalent to HK$1.144 per Sale Share).

On the same day, the Company entered into a disposal agreement (the "**Disposal Agreement**") with a company owned by Mr. Lau (the "**Disposal Purchaser**"), pursuant to which the Company conditionally agreed to sell the subsidiaries holding the business segments of electronics components distribution, personal computer products distribution and the central management and property holdings,. As such, the Disposal Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). As one of the applicable percentage ratios in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to the Listing Rules.

EMPLOYEES

At 31 March 2015, after discontinuing the business segment in consumer electronics, the Group employed a total of approximately 600 employees (31 March 2014: 760 employees) located in Hong Kong, Canada and the 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 individuals. 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 devote 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 Quality Systems. The training programs not only enhance employees' career development and professional knowledge, but also contribute to enhancing the management system of the Group.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000 (Restated)
Continuing operations			
Revenue	3	**531,126**	618,300
Cost of sales	5	**(466,600)**	(530,537)
Gross profit		**64,526**	87,763
Other income		**2,298**	3,042
Selling and distribution expenses	5	**(13,448)**	(12,901)
General and administrative expenses	5	**(85,371)**	(68,000)
Gains on disposals of land use rights, investment properties and property, plant and equipment		**27,139**	—
Fair value losses on investment properties		**(26)**	(1,108)
Impairment loss on goodwill		**(22,559)**	—
Other (losses)/gains, net	4	**(1,799)**	30
Operating (loss)/profit		**(29,240)**	8,826
Finance income	6	**1,321**	942
Finance costs	6	**(2,105)**	(2,349)
(Loss)/profit before income tax		**(30,024)**	7,419
Income tax expense	7	**(9,700)**	(2,425)
(Loss)/profit for the year from continuing operations		**(39,724)**	4,994
Discontinued operations			
Profit for the year from discontinued operations		**—**	3,181
(Loss)/profit for the year		**(39,724)**	8,175

	Note	2015 *HK$'000*	2014 *HK$'000* (Restated)
Attributable to:			
Equity holders of the Company			
— continuing operations		**(39,724)**	4,994
— discontinued operations		**—**	3,181
		(39,724)	8,175
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company during the year			
Basic and diluted	*8*		
Continuing operations		**(9.09)**	1.20
Discontinued operations		**N/A**	0.76

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2015

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Comprehensive (loss)/income:		
(Loss)/profit for the year	**(39,724)**	8,175
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss		
Currency translation differences	**(9,041)**	(5,378)
Fair value gain on available-for-sale financial assets	**143**	331
Revaluation gain on leasehold land and buildings	**17,163**	—
Other comprehensive income/(loss) for the year, net of tax	**8,265**	(5,047)
Total comprehensive (loss)/income for the year	**(31,459)**	3,128
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company		
— continuing operations	**(31,459)**	(53)
— discontinued operations	**—**	3,181
	(31,459)	3,128

CONSOLIDATED BALANCE SHEET

As at 31 March 2015

		As at 31 March		As at 1 April
		2015	2014	2013
	Note	***HK$'000***	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
ASSETS				
Non-current assets				
Goodwill		—	25,901	28,201
Property, plant and equipment		**39,546**	72,916	76,500
Investment properties		**3,540**	54,459	55,566
Land use rights		**2,092**	5,082	5,208
Available-for-sale financial assets		**14,088**	15,467	15,136
Deferred income tax assets		**115**	241	—
Other long-term assets		**3,564**	972	1,073
		62,945	175,038	181,684
Current assets				
Inventories		**116,250**	115,478	98,031
Trade and notes receivables	*10*	**92,286**	96,424	95,198
Prepayments, deposits and other receivables		**11,396**	11,961	19,287
Tax recoverable		**1,049**	—	—
Cash and cash equivalents		**71,669**	55,533	60,160
		292,650	279,396	272,676
Total assets		**355,595**	454,434	454,360
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		**43,724**	43,724	39,424
Share premium		—	233,196	225,514
Reserves		**142,577**	(37,298)	(40,426)
		186,301	239,622	224,512
Non-controlling interests		**215**	215	215
Total equity		**186,516**	239,837	224,727

	Note	As at 31 March 2015 HK$'000	2014 HK$'000 (Restated)	As at 1 April 2013 HK$'000 (Restated)
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities		**12,311**	4,159	4,194
Borrowings		**—**	—	321
		12,311	4,159	4,515
Current liabilities				
Borrowings		**74,805**	105,528	113,947
Trade payables	*11*	**57,930**	84,436	65,425
Accruals and other payables		**24,033**	18,043	44,256
Tax payable		**—**	2,431	1,490
		156,768	210,438	225,118
Total liabilities		**169,079**	214,597	229,633
Total equity and liabilities		**355,595**	454,434	454,360
Net current assets		**135,882**	68,958	47,558
Total assets less current liabilities		**198,827**	243,996	229,242

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.

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, investment properties and land and building which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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 interpretation and amendments to existing standards

The following 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 2014:

• HKAS 36 (Amendment)	"Impairment of assets"
• HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	"Investment entities"
• HK (IFRIC)-Int 21	"Levies"

The adoption of these 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 2015 and have not been early adopted by the Group:

• HKAS 19 (2011) (Amendment)	"Defined benefit plans: employee contributions"[1];
• HKFRSs (Amendment)	"Annual improvements to IFRSs 2010–2012 Cycle"[1];
• HKFRSs (Amendment)	"Annual improvements to IFRSs 2011–2013 Cycle"[1];
• HKFRSs (Amendment)	"Annual improvements to IFRSs 2012–2014 Cycle"[2];
• HKFRS 10 and HKAS 28 (Amendment)	"Sale or contribution of assets between an investor and its associate or joint venture"[2];
• HKFRS 11 (Amendment)	"Accounting for acquisitions of interests in joint operations"[2];
• HKAS 16 and HKAS 38 (Amendment)	"Clarification of acceptable methods of depreciation and amortisation"[2];
• HKAS 16 and HKAS 41 (Amendment)	"Agriculture: bearer plants"[2];
• HKAS 27 (Amendment)	"Equity method in separate financial statements"[2];
• HKFRS 14	"Regulatory deferral accounts"[2]; and
• HKFRS 15	"Revenue from contracts with customers"[3].

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017

Management is in the process of making an assessment of the impact of these new standards and amendments to existing standards and is not yet in a position to state whether they will have a significant impact on the Group's results and financial position.

(c) Change in accounting policy

Measurement basis of investment properties

In previous years, the Group's investment properties were measured using the cost model in the consolidated financial statements. With effect from 1 April 2014, the Group revised its accounting policy in respect of investment properties from the use of cost model to fair value model under HKAS 40. In addition, land use rights in relation to investment properties previously classified as prepayments are reclassified as part of the investment properties as if they are finance leases. All investment properties are then carried at fair value based on valuations by external independent valuers. All subsequent changes in fair value of investment properties are recognised in profit or loss. These changes to reflect the fair value of the investment properties were made to enhance the relevancy of financial data to the users of the consolidated financial statements.

This change in accounting policy has been accounted for retrospectively and the comparative figures for prior periods have been restated.

Measurement basis of land and buildings classified as property, plant and equipment

In previous years, the Group's land and buildings were measured using the cost model in the consolidated financial statements. With effect from 1 April 2014, the Group revised its accounting policy in respect of land and buildings from the use of cost model to the revaluation model under HKAS 16, under which these assets are carried at fair value based on valuations by external independent valuers. Any land use rights associated with buildings classified as property, plant equipment continued to be accounted for as prepayments. Accordingly, any subsequent increase in the fair values of land and buildings classified as property, plant and equipment is recognised in other comprehensive income, whereas any such decrease is recognised in profit or loss to the extent such decrease exceeds the credit previously recognised in equity. These changes to reflect the fair value of the land and buildings were made to enhance the relevancy of financial data to the users of the consolidated financial statements.

This change in accounting policy has been accounted for prospectively as a revaluation at the date of change.

Effect of adoption

The effect of adoption of these changes in accounting policies is set out below:

	As at 31 March		As at 1 April
	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Balance sheet			
Increase in investment properties	**3,090**	19,868	20,202
Increase in deferred income tax liabilities	**3,959**	3,886	3,941
Increase in property, plant and equipment	**19,994**	—	—
Increase in retained profits	**1,218**	11,654	11,821
Increase in property revaluation reserve	**17,163**	—	—
Decrease in land use rights	**(744)**	(4,328)	(4,440)

	For the year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Income statement		
Decrease in income tax expense	**(3,298)**	(55)
Increase in fair value loss on investment properties	**26**	1,108
Decrease in depreciation	**—**	(886)
Decrease in gains on disposals of buildings, investment properties and land use rights	**(13,708)**	—
Decrease in basic earnings per share (rounded to HK cents per share)	**(2.39)**	(0.04)

3. Revenue and segment information

	Group	
	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Turnover		
Sales of goods	**531,126**	618,300

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".

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.

	Year ended 31 March 2015				
	Electronic Components Distribution	Electronic Products Manufacturing	Personal Computer Products Distribution	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover					
Sales of goods	**163,741**	**132,525**	**234,860**	**—**	**531,126**
Results of reportable segments	**(8,076)**	**3,939**	**(18,733)**	**—**	**(22,870)**
A reconciliation of results of reportable segments to loss for the year is as follows:					
Results of reportable segments					**(22,870)**
Unallocated income					**27,139**
Unallocated expenses *(Note (a))*					**(33,509)**
Operating loss					**(29,240)**
Finance costs — net					**(784)**
Loss before income tax					**(30,024)**
Income tax expense					**(9,700)**
Loss for the year					**(39,724)**
Other segment information:					
Capital expenditure	**237**	**842**	**153**	**1,433**	**2,665**
Depreciation on property, plant and equipment	**162**	**4,643**	**247**	**2,115**	**7,167**
Gains on disposal of land use rights, investment properties and property, plant and equipment	**—**	**—**	**—**	**27,139**	**27,139**
Amortisation of land use rights	**—**	**—**	**—**	**94**	**94**
Provision for impairment of trade receivables	**1,206**	**—**	**115**	**—**	**1,321**
Impairment losses of goodwill	**—**	**—**	**22,559**	**—**	**22,559**
Provision for impairment of inventories	**2,038**	**843**	**—**	**—**	**2,881**

Note a:

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

	As at 31 March 2015			
	Electronic Components Distribution	Electronic Products Manufacturing	Personal Computer Products Distribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets				
Other segment assets	**94,270**	**96,253**	**105,691**	**296,214**
Deferred income tax assets				**115**
Available-for-sale financial assets				**14,088**
Other unallocated assets *(Note a)*				**45,178**
Total assets per consolidated balance sheet				**355,595**
Segment liabilities				
Segment liabilities	**55,589**	**43,957**	**39,871**	**139,417**
Deferred income tax liabilities				**12,311**
Other unallocated liabilities *(Note b)*				**17,351**
Total liabilities per consolidated balance sheet				**169,079**

Note a:

As at 31 March 2015, 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 2015, other unallocated liabilities mainly included corporate borrowings.

	Year ended 31 March 2014 (Restated)				
	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	14,270
Unallocated expenses *(Note (a))*	(22,067)
Operating profit	8,826
Finance costs — net	(1,407)
Profit before income tax	7,419
Income tax expense	(2,425)
Profit for the year	4,994

	Electronic Components Distribution	Electronic Products Manufacturing	Personal Computer Products Distribution	Unallocated	Total
Other segment information:					
Capital expenditure	377	1,811	267	1,769	4,224
Depreciation of property, plant and equipment and investment properties	99	4,289	171	3,008	7,567
Loss on disposal of land use rights, investment properties and property, plant and equipment	24	—	—	17	41
Amortisation of land use rights	—	—	—	126	126
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 (Restated)			
	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))*				131,636
Total assets per consolidated balance sheet				454,434
Segment liabilities				
Segment liabilities	73,078	64,959	39,108	177,145
Tax payable				2,431
Deferred income tax liabilities				4,159
Other unallocated liabilities *(Note (b))*				30,862
Total liabilities per consolidated balance sheet				214,957

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 related to continuing operations. Depreciation charge in respect of factory premises is included in the related segment results.

Note (b):

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

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	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**77,190**	87,970
Mainland China	**143,642**	131,472
North America	**274,632**	285,554
Europe	**29,832**	101,701
Other Asian countries	**5,830**	11,603
	531,126	618,300

At 31 March 2015, the total non-current assets other than goodwill, available-for-sale financial assets, prepayments, rental deposits and deferred income tax assets (there are no employment benefit assets) located in Hong Kong are approximately HK$25,339,000 (2014: HK$8,079,000), and the total non-current assets located in other locations (mainly in Mainland China and Canada) amounted to approximately HK$15,751,000 (2014: HK$124,378,000).

4. Other (losses)/gains, net

	2015	2014
	HK$'000	*HK$'000*
Net exchange (losses)/gains	**(110)**	71
Loss on disposal of plant and equipment	—	(41)
Impairment losses on available-for-sale financial assets	**(1,522)**	—
Others	**(167)**	—
	(1,799)	30

5. Expenses by nature

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Changes in inventories of finished goods and work-in-progress	**2,172**	(9,676)
Trading merchandise sold, and raw materials and consumables used	**447,278**	514,994
Provision for impairment of inventories	**2,881**	1,392
Auditor's remuneration	**1,992**	1,840
Amortisation of land use rights	**94**	126
Depreciation	**7,167**	7,567
Provision for impairment of trade receivables (included in general and administrative expenses)	**1,321**	327
Impairment of property, plant and equipment	**726**	—
Employment benefit expenses (including directors' emoluments)	**64,622**	61,900
Operating lease rental in respect of land and buildings	**7,288**	7,280
Travelling and office expenses	**15,813**	12,718
Transportation expenses	**6,551**	5,641
Advertising expenses	**192**	214
Repairs and maintenance expenses	**2,276**	1,211
Other expenses	**5,046**	5,904
	565,419	611,438
Representing:		
Cost of sales	**466,600**	530,537
Selling and distribution expenses	**13,448**	12,901
General and administrative expenses	**85,371**	68,000
	565,419	611,438

6. Finance costs — net

	2015	2014
	HK$'000	*HK$'000*
Interest income from bank deposits	**1,321**	942
Interest expense on bank loans which contain a repayment on demand clause	**(2,105)**	(2,306)
Interest expense on other borrowings	**—**	(37)
Interest element of finance leases	**—**	(6)
	(2,105)	(2,349)
Finance costs — net	**(784)**	(1,407)

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% (2014: 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% (2014: 25%). Companies established and operating in Canada are subject to Canadian income tax at rates ranging from 26.0% to 26.5% (2014: 26.0% to 26.5%).

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Current taxation		
— Hong Kong profits tax	**56**	664
— PRC corporate income tax	**3,931**	170
— Canadian income tax	**874**	1,867
Over-provision in prior years	**(230)**	—
Deferred taxation relating to the origination and reversal of temporary differences	**5,069**	(276)
	9,700	2,425

8. (Loss)/earnings per share

(a) Basic

Basic loss/(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.

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
(Loss)/profit attributable to equity holders of the Company	**(39,724)**	8,175
Excluding:		
Gain on discontinued operations attributable to equity holders of the Company	**—**	(3,181)
(Loss)/profit from continuing operations attributable to equity holders of the Company	**(39,724)**	4,994

	2015	2014
		(Restated)
Weighted average number of ordinary shares in issue *('000)*	**437,239**	416,152
Basic (loss)/earnings per share *(rounded to HK cents per share)*		
— Continuing operations	**(9.09)**	1.20
— Discontinued operations	**—**	0.76
	(9.09)	1.96

(b) Diluted

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

9. Dividends

The special dividends paid in 2015 was HK$21,862,000 (HK$0.05 per share) (2014: Nil).

10. Trade and notes receivables

	Group	
	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**103,531**	110,842
Less: provision for impairment	**(22,715)**	(21,476)
	80,816	89,366
Notes receivable	**11,470**	7,058
	92,286	96,424

Note:

Majority of the Group's sales are made 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	
	2015	2014
	HK$'000	*HK$'000*
Less than 60 days	**66,591**	65,065
60 days to 120 days	**12,049**	20,494
Over 120 days	**24,891**	25,283
	103,531	110,842

Notes receivable represent bank acceptance notes issued by third parties with average maturity of within 180 days (2014: 180 days).

During the year ended 31 March 2015, provision for impairment of trade receivables of HK$1,321,000 (2014: HK$327,000) was recognised.

11. Trade payables

Payment terms with majority of the suppliers grant credit period ranging from 30 to 60 days.

The ageing analysis of trade payables is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Less than 60 days	**47,269**	70,737
60 days to 120 days	**10,506**	10,187
Over 120 days	**155**	3,512
	57,930	84,436

12. Commitments and contingencies

At 31 March 2015 and 2014, the future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases were as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Not later than one year	**3,523**	3,620
Later than one year and not later than five years	**6,527**	9,191
	10,050	12,811

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

The Group did not have other significant commitments at 31 March 2015 and 2014.

As at 31 March 2015, the Group has no significant contingent liabilities.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 10 August 2015 to Friday, 14 August 2015, both days inclusive, during which period no transfer of shares can be registered. To ascertain shareholders who are eligible to attend our 2015 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 Monday, 10 August 2015.

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 2015, 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 2015.

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 2015.

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 2015. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 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 2015, 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 2015.

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. 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 2015

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.