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## **DAIWA ASSOCIATE HOLDINGS LIMITED**

**台和商事控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1037)**

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The board of directors (the “Board”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that the Group’s annual results for the year ended 31 March 2010 is expected to record a loss as compared to a net profit for the year ended 31 March 2009.

**Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company.**

The announcement is made by Daiwa Associate Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Board of the Company wishes to inform the Shareholders and potential investors that the Group’s annual results for the year ended 31 March 2010 is expected to record a loss compared to a net profit for the year ended 31 March 2009. In the manufacturing segment, the Group has been operating in accordance with its normal production procedures and stocking plans for raw materials. Due to the prolonged contraction of the American and European markets, the Group will discontinue certain low-margin product lines in the manufacturing business segment. Provisions for inventories and tooling & machinery, in

respect of the discontinued product lines, would significantly affect the financial results of the Group. Such provisions will be non-recurring whilst the Group's core business in electronic component distribution, is performing well with above average levels of profitability. The Board projects that the operations and financial performance of the Group will be positive in the coming new year. The Group's liquidity shall not be affected by the provisions for inventory and tooling & machinery.

The Company is in the process of finalizing the audited final results of the Group for the financial year ended 31 March 2010. The information contained in this announcement is only a preliminary assessment by the management of the Company. Audited final results of the Group will be disclosed in the 2009-10 annual report which will be published by the end of July 2010.

**Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company.**

By Order of the Board  
Daiwa Associate Holdings Limited  
**LAU Tak Wan**  
*President*

Hong Kong, 14 July 2010

*As at the date of this announcement, the Board comprises four executive directors, namely Mr. Lau Tak Wan, Ms. Chan Yuen Mei, Pinky, Mr. Wan Chor Fai and Mr. Mak Hoi Kai, Stanly and three independent non-executive directors, namely, Mr. Barry John Buttifant, Mr. Choi Yuk Fan and Mr. Liu Ngai Wing.*