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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)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE

This announcement is made by Daiwa Associate Holdings Limited (the “**Company**”) pursuant to Rule 3.7 of The Code on Takeovers and Mergers of Hong Kong (the “**Takeovers Code**”), Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 26 November 2014 (the “**Announcement**”) in relation to inside information and unusual movement in the price and trading volume of the shares of the Company. Unless otherwise stated, capitalised terms used herein shall have same meanings as those defined in the Announcement.

The Board would like to inform the shareholders of the Company that in the event that preliminary discussions between Mr. Lau and several independent third parties (the “**Potential Investors**”) in respect of the possible disposal (the “**Disposal**”) of shareholding interest of Mr. Lau and his parties acting in concert (as defined under the Takeovers Code) in the Company which, if materialized, may lead to a change in control of the Company and a mandatory general offer under the Takeovers Code for all the issued shares of the Company (other than those already owned by or agreed to be acquired by the respective Potential Investor and parties acting in concert with it). As at the date of this announcement, Mr. Lau and his parties acting in concert (as defined under the Takeovers Code) in aggregate, hold 241,221,529 Shares representing about 55.17% of the total issued share capital of the Company.

* *For identification purpose only*

The Board has been further notified by Mr. Lau that no legally binding agreement has been entered into between Mr. Lau and/or his parties acting in concert (as defined under the Takeovers Code) and any of the Potential Investors in respect of the Disposal as at the date of this announcement. The preliminary discussions are still in progress and the Disposal may or may not proceed. Save as disclosed above, the Board confirms that there are no negotiations or agreements relating to any intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which contains inside information.

Monthly announcement(s) setting out the progress of the discussions between Mr. Lau and the Potential Investors in relation to the Disposal will be made until the announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the offer.

As at the date of this announcement, the Company has a total of 437,239,448 Shares in issue. Save as aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof.

The associates of the Company (including shareholders having interests of more than 5% in the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code.

Responsibilities of stockbrokers, banks and other intermediaries

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

There is no assurance that any transaction mentioned in this announcement will materialize or eventually be consummated and the discussions may or may not lead to a general offer. Shareholders and the public investors are urged to exercise extreme caution when dealing in the Shares.

In the event that any transaction mentioned in this announcement materializes, the Company and the respective Potential Investor will comply with all applicable requirements under the Takeovers Code and the Listing Rules.

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

Hong Kong, 28 November 2014

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Announcement and this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Announcement and this announcement have been arrived at after due and careful consideration and there are no other facts not contained in the Announcement and this announcement the omission of which would make any statement in the Announcement and this announcement misleading.