ANNUAL REPORT 2005

Personal Digital Assistants Handphones Digital Cameras

Gamebox Entertainment Equipment Notebook Monitors

GPS Navigators LCD TV Printers

What do they have in common?

Personal Digital Assistants Copiers
Handphones
Microwave Ovens Gamebox Entertainment Equipment GPS Navigators
Copiers Notebook Monitors
LCD TV Printers

CDW

A Reliable Outsourcing Partner With Japanese Precision

日本の技術力と信頼性を世界へ

Corporate Profile

CDW Holding Limited is a Japanese-managed precision components specialist serving the global market focusing on the production and supply of niche precision components for mobile communication equipment, consumer and information technology equipment, office equipment and electrical appliances.

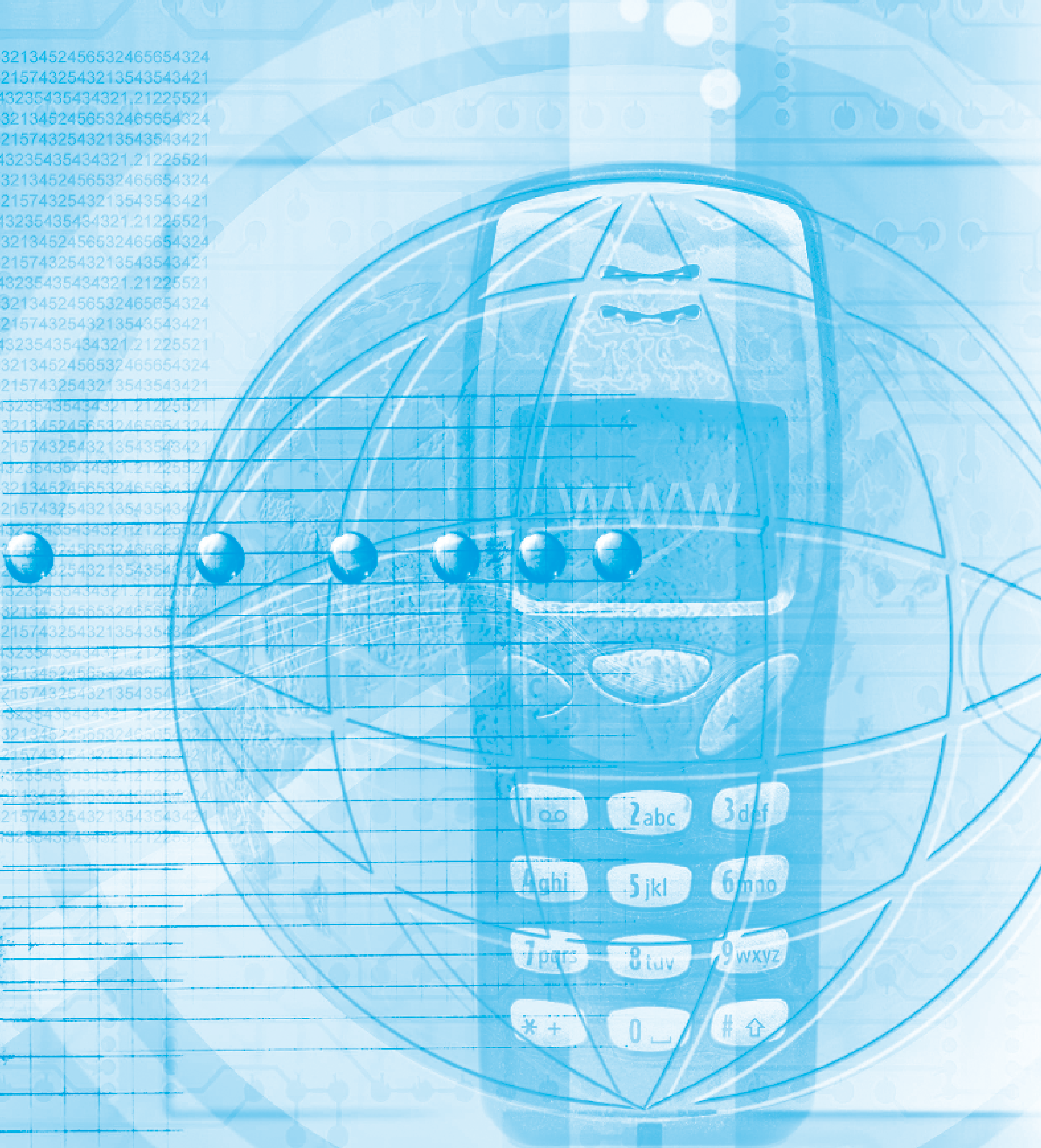
Our Production Centres

Our production centres are located within the industrial and commercial belts in Shanghai, Suzhou and Dongguan, PRC. We also operate a clean room and a trading office in Hong Kong.

** These production centres are managed and owned by Tomoike Industrial Co., Ltd, our affiliated company in Japan*

Milestones

1991	Our founder, Mr. Yoshimi set up TM Hong Kong as a private trading company in Hong Kong engaged in the trading of precision accessories for the electrical and electronic appliances.
1993	The Group identified the trend of large Japanese corporations shifting their production facilities to the PRC. The Group started supplying cost efficient precision accessories sourced from Hong Kong and PRC manufacturers to them.
1996	The Group established TM Shanghai in Jiading, Shanghai to manufacture precision accessories for customers involved in the production of office equipment.
2001	CD Shanghai commenced production of LCD backlight units for colour mobile phones.
2002	The Group established CD Suzhou for the manufacture of metal and plastic frames and began to produce precision metal and plastic components for notebook monitors.
2003	The Group established TM Pudong to perform the processing functions of precision components for our LCD backlight units business.
2004	The Group set up a clean room in Hong Kong and started to produce precision accessories for the electrical and electronic appliances including LCD TVs.
Jan 2005	Shares of the Company were listed on the main board of the Singapore Stock Exchange.
Dec 2005	**TM Dongguan was established and commenced production of LCD backlight units for colour mobile phones and entertainment equipment, and supply other precision accessories for electrical and electronic appliances.**



contents

Corporate Information

BOARD OF DIRECTORS

Mr. Kunikazu Yoshimi
(Chairman & Chief Executive Officer)

Mr. Akihiro Kiyota
(Executive Director)

Mr. Lai Shi Hong Edward
(Executive Director)

Mr. Koh Kuek Chiang
(Non-Executive Director)

Mr. Ng Wai Kee
(Independent Director)

Mr. Wong Chak Weng
(Independent Director)

Mr. Wong Yik Chung John
(Independent Director)

JOINT COMPANY SECRETARIES

Mr. Lee Teck Leng Robson, LLB (Hons)

Ms. Tan San-Ju, FCIS

AUDIT COMMITTEE

Mr. Ng Wai Kee (Chairman)

Mr. Koh Kuek Chiang

Mr. Wong Chak Weng

Mr. Wong Yik Chung John

REMUNERATION COMMITTEE

Mr. Wong Yik Chung John (Chairman)

Mr. Koh Kuek Chiang

Mr. Ng Wai Kee

Mr. Wong Chak Weng

NOMINATING COMMITTEE

Mr. Wong Chak Weng (Chairman)

Mr. Koh Kuek Chiang

Mr. Lai Shi Hong Edward

Mr. Ng Wai Kee

Mr. Wong Yik Chung John

ASSISTANT SECRETARY

Appleby Corporate Services
(Bermuda) Ltd.
Canon's Court,
22 Victoria Street,
Hamilton HM12
Bermuda

BERMUDA COMPANY REGISTRATION NUMBER

35127

REGISTERED OFFICE

Canon's Court,
22 Victoria Street,
Hamilton HM12
Bermuda

PRINCIPAL OFFICE

Units 1617 to 1621,
16th Floor, Tower II,
Grand Central Plaza,
138 Sha Tin Rural
Committee Road, Shatin,
New Territories, Hong Kong

SINGAPORE SHARE TRANSFER AGENT

Lim Associate (Pte) Ltd
10 Collyer Quay #19-08
Ocean Building
Singapore 049315

BERMUDA SHARE REGISTRAR

Reid Management Limited
Argyle House
41a Cedar Avenue
Hamilton HM12
Bermuda

AUDITORS

Deloitte & Touche
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

Audit Partner :
Ms. Wong-Yeo Siew Eng

Date of appointment :
5 August 2004

Letter to Shareholders

Dear Shareholders,

BUSINESS REVIEW

2005 was a challenging year for us.

The year started well as follow-through orders from the previous year buoyed our sales and profit. However, we were affected by a slowdown in our core LCD backlight units business in the second quarter. This slowdown was primarily caused by a delay in the launches of new handset models by our principal customer due to a corporate restructuring at one of their key customers.

In the latter part of the year, there was a rebound in orders from existing and new customers for the LCD backlight units. However, profitability continued to be affected by pricing pressure throughout the year. Start-up issues at our new Dongguan plant also affected our earnings in the fourth quarter.

For the full year 2005, we registered a 7.8% rise in revenue to US$106.2 million compared to US$98.5 million in the previous year. However, net profit declined 41.1% to US$8.9 million from US$15.2 million in the previous year.

The growth in revenue was primarily due to improvements in three of our core business segments: LCD backlight units, LCD frame products and precision accessories. Our profitability declined with net margin falling to 8.4% from 15.4% in the previous year, was primarily attributable to the pricing pressure from customers, the start-up losses for the new plant in Dongguan and a one-off charge of IPO expenses.

The Group's balance sheet remains strong as we are in a net cash position with little debt. Our asset base increased by 35.6% to US$72.8 million due primarily to our new plant and machinery at Dongguan.

Although industry dynamics in 2005 were difficult, we were able to increase our revenue for the full year. In addition, the Group succeeded in expanding our customer base in our main business segments. We are now indirectly serving five out of the world's top seven mobile phone manufacturers as our end customers.

Letter to Shareholders

BUSINESS OUTLOOK

We completed the construction of four clean rooms at our new Dongguan plant in the fourth quarter of 2005. We expect this plant to contribute to the Group in 2006, supporting our LCD backlight units, precision accessories and other businesses. Our Dongguan operation is of great strategic importance as it serves handset and gamebox entertainment equipment manufacturers in southern China, a frontier yet to be explored by the Group.

We will also commence the construction of our new Suzhou plant in the later part of the year. This new plant is designated for our metal and plastic frame products and will become another growth driver of our revenue for the year 2007.

Besides, the Group will begin to explore other opportunities to expand our business. These will include strategic alliances and acquisitions to complement our existing businesses and augment our capabilities.

The long-term objective of CDW is to be the partner-supplier of choice for our customers. To do so, the Group will continuously strive to be at the forefront of technology changes and deliver quality all-round service.

DIVIDENDS

The Board of Directors has recommended a final dividend of 0.4 US cent per ordinary share to reward our shareholders. This, together with the 0.4 US cent per ordinary share interim dividend declared in August 2005, represents a total dividend payout (of net profit) of approximately 43.7%.

ACKNOWLEDGMENTS

Here, I would like to take this opportunity to thank all our employees for their invaluable contribution to the success of the Group in 2005. To our shareholders, business associates and customers, I would also like to sincerely thank them for their support and look forward to their continued support in the coming year.

Yours sincerely,
Kunikazu Yoshimi
Chairman and CEO

Financial & Operational Review

FINANCIAL REVIEW

Profit and Loss

Group revenue rose 7.8% to US$106.2 million. However, gross profit fell 16.9% to US$21.8 million and, net profit fell 41.1% to US$8.9 million.

Revenue was boosted by all-round improvements in our major segments of LCD backlight units, frame products and precision accessories. The parts trading segment registered a drop in sales.

The profitability in all business segments was affected by pricing pressures from customers. Distribution and administrative costs also increased due to the higher level of business activities, the start-up costs of the new Dongguan plant and the one-off charge of the IPO expenses. Group gross margin fell 6.2 percentage points to 20.5%. Distribution costs rose 31.5% to US$2.2 million while administrative expenses rose 39.3% to US$10.4 million. However, financing costs remained low at US$0.3 million. Net margin fell 7.0 percentage points to 8.4%.

Group EPS was 1.83 US cents (on fully diluted basis) compared with 3.80 US cents for the previous year. The Board of Directors has recommended a final dividend of 0.4 US cent per ordinary share. This, together with the 0.4 US cent dividend paid out at half year, represents a dividend payout ratio of approximately 43.7%.

Balance Sheet

As at 31 December 2005, the total assets and liabilities of the Group stood at US$72.8 million and US$25.8 million respectively. Current assets increased 34.6% to US$59.0 million, due to increases in cash and bank balances, accounts receivables and inventories in line with the higher sales. Current liabilities fell 7.0% to US$24.2 million due to decrease in short-term bank borrowings exceeding increase in payables. Current ratio rose to 2.4 times compared to 1.7 times at the end of 2004. Non current assets rose by US$3.9 million to US$13.8 million primarily due to the new plant and equipment at Dongguan.

Group borrowings fell from US$11.5 million to US$3.3 million. Cash and cash equivalents rose 43.4% to US$24.0 million. As a result, the Group's net cash position increased from US$5.2 million to US$20.7 million.

The total shareholders' equity was US$47.0 million as at 31 December 2005 compared to US$24.5 million in the previous year. Group net asset value per share was 9.6 US cents, against 6.1 US cents as at 31 December 2004.

KEY FINANCIAL DATA

In US$mn	FY2005	FY2004	FY2003
Total Assets	72.8	53.7	32.8
Total Liabilities	25.8	29.2	16.4
Current Assets	59.0	43.9	24.1
Current Liabilities	24.2	26.0	15.1
Shareholders' Equity	47.0	24.5	16.5
Revenue	106.2	98.5	53.2
Profit before tax	10.1	17.1	8.6
Profit after tax	8.9	15.2	8.2
EPS (US cents)	1.9	3.8	2.1

Financial & Operational Review

OPERATIONAL REVIEW

LCD Backlight Units ("LCD BLU")

Despite a hiccup in the middle of the year when there were delays in the launch of new handset models, revenue for the LCD BLU segment grew 11.3% to US$51.9 million in 2005. This segment remained the largest, accounting for 48.9% of total group revenue. The bulk of the LCD BLU was for handsets and gamebox entertainment equipment, supported by new product models and end customers.

Profitability for this segment was affected by pricing pressure from our major customers and start-up costs at the new Dongguan plant. Earnings before Interest and Tax (EBIT) fell 47.3% to US$4.8 million.

The Group has expanded its production capacity for LCD BLU with the setting up of the Dongguan plant. When fully-operational, this plant will be able to produce two million LCD BLU per month, increasing the Group's LCD BLU capacity by 50%. This plant will serve key customers in southern China.

The orderbook remains strong. New handset models and gamebox entertainment equipment from existing and new end customers will also benefit the continuous growth of this segment.

The greatest challenge for the Group is to improve profitability. Towards this end, the Group is re-engineering its processes and sourcing for alternative raw materials to contain costs. Moreover, external pricing pressure has also abated.

The Group will also continue to source for new customers and broaden its product range. CDW's LCD BLUs are now indirectly serving five out of the top seven mobile phone manufacturers in the world.

Operating subsidiaries:
Crystal Display Components (Shanghai) Co., Limited (CD Shanghai)
Tomoike Electronics (Shanghai) Co., Limited (TM Pudong)
Tomoike Precision Machinery (Dongguan) Co., Limited (TM Dongguan)

	2005 *	2004	2003
Revenue (US$mn)	51.9	46.6	19.3
EBIT (US$mn)	4.8	9.2	3.9
Gross floor area (sqm)	23,708	12,428	12,428
Number of workers	2,373	1,599	876
Clean room area (sqm)	6,480	4,800	4,800
Production capacity (units/mth)	6,000,000	4,000,000	2,000,000

* TM Dongguan commenced operations in Dec 2005
(Figures are based on December of each year)

LCD Frame Products

Revenue from LCD frame products rose 70.9% to US$17.5 million. Demand for metal frames for notebook computer monitors, gamebox entertainment equipment, GPS navigators and other IT equipment fueled this growth. EBIT rose 23.1% to US$3.2 million. This segment accounted for 16.5% of Group revenue in FY2005 compared to 10.4% in FY2004.

The Group's main production facility for LCD frame products in Suzhou is currently operating at full capacity. The Group will construct a new plant in Suzhou to augment the current capacity as part of the plant will be dedicated to LCD frame products.

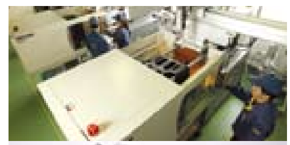
Financial & Operational Review

This segment is important to the Group for two primary reasons. Firstly, it is a high growth segment with good profit potential. Secondly, it is a strategic fit to its other business segments. Hence, the Group will continue to allocate the necessary resources to expand this operation.

Operating subsidiary:
Crystal Display Components (Suzhou) Co., Limited (CD Suzhou)

	2005*	2004	2003
Revenue (US$mn)	17.5	10.3	8.4
EBIT (US$mn)	3.2	2.6	1.5
Gross floor area (sqm)	8,160	5,440	5,440
Number of workers	396	419	224

* A new factory commenced operations from Jan 2005
(Figures are based on December of each year)



Precision Accessories

Precision accessories sales rose 26.6% to US$16.4 million, accounting for 15.5% of total Group revenue. Accessories such as shock absorbers, labels and insulators were produced for a wide range of end products including office equipment such as photocopiers and facsimile machines and electrical appliances such as microwave ovens and washing machines. The Group also assembled precision accessories for large screen LCD televisions.

EBIT fell by a marginal 4.2% to US$3.7 million. However, EBIT margin was still relatively high at 22.6% because of our focus on high-end products .

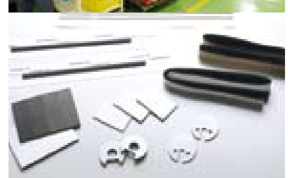
Precision accessories manufacturing is carried out in Hong Kong and Shanghai which is required to be in close proximity with the various customers.

In 2006, this segment is expected to register impressive growth as a result of the new capacity available from the new Dongguan plant. Meanwhile, the Group will continue to expand its existing portfolio of products and customers.

Operating subsidiaries:
Tomoike Industrial (H.K.) Limited (TM Hong Kong)
Tomoike Precision Machinery (Shanghai) Co., Limited (TM Shanghai)
Tomoike Precision Machinery (Dongguan) Co., Limited (TM Dongguan)

	2005**	2004*	2003
Revenue (US$mn)	16.4	13.0	11.3
EBIT (US$mn)	3.7	3.9	2.1
Gross floor area (sqm)	7,400	4,580	4,280
Number of workers	640	480	450

* TM Hong Kong's manufacturing operations commenced in April 2004
** TM Dongguan commenced operations in December 2005
(Figures are based on December of each year)



Financial & Operational Review

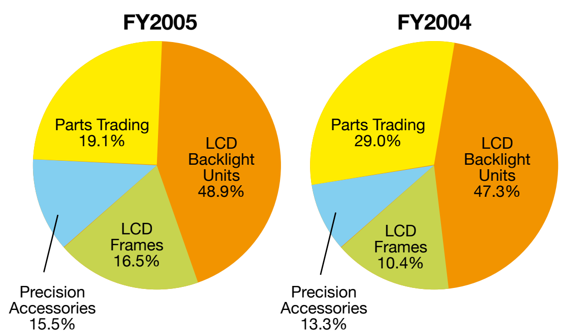
Parts Trading

Revenue from parts trading operated by TM Hong Kong fell 29.0% to US$20.3 million compared to US$28.6 million achieved in FY2004. This segment posted a slight EBIT loss of approximately US$80,000.

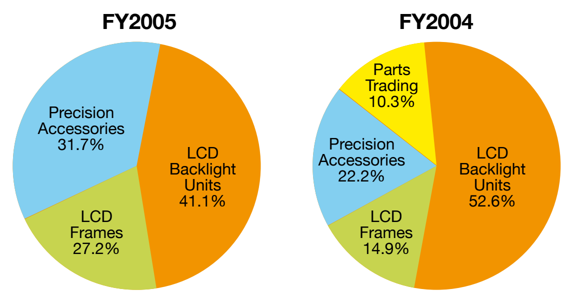
Parts trading now constitute a lower 19.1% of Group revenue compared to 29.0% in 2004. This is in line with the strategy of the management to place more emphasis on the higher value-added manufacturing activities. However, this segment remains important as it enables us to offer our customers a more complete solution to their outsourcing needs.

SEGMENTAL ANALYSIS

REVENUE - BY BUSINESS SEGMENTS



EBIT - BY BUSINESS SEGMENTS



REVENUE GROWTH

US$mn	FY2005	FY2004	%Change
LCD Backlight Units	51.9	46.6	11.3
LCD Frames	17.5	10.3	70.9
Precision Accessories	16.4	13.0	26.6
Parts Trading	20.3	28.6	(29.0)

EBIT GROWTH

US$mn	FY2005	FY2004	%Change
LCD Backlight Units	4.8	9.2	(47.3)
LCD Frames	3.2	2.6	23.1
Precision Accesories	3.7	3.9	(4.2)
Parts Trading	(0.1)	1.8	n.a

Management Team

BOARD OF DIRECTORS

MR. KUNIKAZU YOSHIMI is the Chairman and Chief Executive Officer of the Group. He founded the Group in the early 90's. Mr. Yoshimi has over 25 years of experience in the manufacture and trading of precision accessories and LCD related components in Japan, Hong Kong and PRC from which he has established a close rapport and extensive working relationship with numerous multinational corporations. As the Chief Executive Officer of our Group, Mr. Yoshimi is responsible for overseeing the overall management and is directly involved in the planning and formulating of the Group's business and marketing strategies.

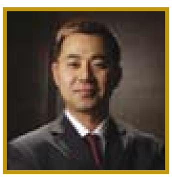
MR. AKIHIRO KIYOTA is the Executive Director of our Group. He is responsible for managing our Group's operations and planning our Group's marketing strategies. Mr. Kiyota has over 20 years of experience in sales and marketing in a number of Japanese companies at the managerial level. He joined our Group in 2000 as the Deputy General Manager of our principal subsidiary and assumed his current position in August 2004. He is also currently responsible for the overall control of our new Dongguan plant. Mr. Kiyota graduated from the Osaka Commercial College with a Bachelor's degree in Management.

MR. LAI SHI HONG EDWARD is the Executive Director of our Group. He is responsible for overseeing our finance, compliance and corporate development functions. He has more than 18 years of experience in finance, accounting and business management, specializing in stock broking and corporate finance. He was appointed in August 2004. Mr. Lai graduated from the University of Hong Kong and is currently a Member of the Hong Kong Institute of Certified Public Accountants and a Fellow Member of the Association of Chartered Certified Accountants.

MR. KOH KUEK CHIANG is the Non-Executive Director of our Group. Mr Koh has over 20 years of private equity investment experience and is currently the Executive Director of Asian Direct Capital Management (ADCM), a subsidiary of State Street Corporation, and is in charge of ADCM's direct investment activities in Greater China and Korea. Mr. Koh graduated with a Bachelor of Engineering from the University of Western Australia and has a post graduate Diploma in Business Administration from the National University of Singapore. He also attended the PMD program at the Harvard Business School. Mr. Koh is a CFA charterholder.

MR. NG WAI KEE is the Independent Director of our Group. Mr. Ng is a professional accountant by training and a certified public accountant. Mr. Ng has more than 18 years of experience in accounting, auditing, taxation and corporate secretarial work. He is currently a director of Qleap China Limited, an investment firm in Hong Kong. Mr. Ng graduated from the Hong Kong Shue Yan College. He is a Fellow Member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

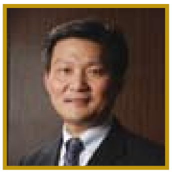
MR. WONG CHAK WENG is the Independent Director of our Group. He is a practicing lawyer with more than 20 years of experience and a partner at Soh, Wong & Yap. His areas of practice include corporate work and advising on compliance with licensing and business conduct regulations of financial service providers. He is also currently the Company Secretary of Prudential Asset Management (Singapore) Limited, Russell Investment Group Pte Ltd, Excelics Semiconductor Singapore Pte Ltd and charitable organization, Lutheran Community Care Services Limited. He is presently the Honorary Legal Advisor to ACI Singapore, The Financial Markets Association. Mr. Wong holds an LLB (Hons) from the National University of Singapore.



MR. WONG YIK CHUNG JOHN is the Independent Director of our Group. He is a professional accountant by training with more than 15 years of experience in auditing and corporate finance work, with extensive exposure to the business enterprises in the PRC. Mr. Wong is currently the Director of TMF Services Limited, a firm providing accounting and corporate advisory services in the PRC. Mr. Wong graduated from the University of Melbourne. He also holds a Master's degree in Finance from the Flinders University. He is a Fellow Member of the Australian Society of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. He also obtained a PRC Certificate of Independent Directorship in 2002.

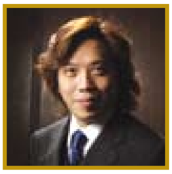
Management Team

KEY EXECUTIVE OFFICERS



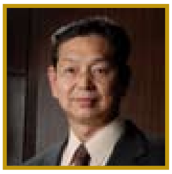
MR. DYMO HUA CHEUNG PHILIP is the Financial Controller and Head of Administration of our Group. He is responsible for the overall management of our Group's financial reporting, internal control, audit functions and accounting and compliance processes. Mr. Dymo joined our Group in 2003 and has more than 18 years of experience in the auditing and accounting profession. He graduated from the University of Birmingham and is a member of the Hong Kong Institute of Certified Public Accountants.

MR. TATSURO KURODA is the Head of Business Development and Strategic Planning of our Group. He is responsible for overseeing the business operations of our Group and assists our CEO in charting the future directions of our Group. Mr. Kuroda has more than 10 years of experience in the sales and marketing businesses in Japan, Hong Kong and PRC. He joined our Group in 1998 as Manager of our principal subsidiary and assumed his current position in August 2004.



MR. CHAN KAM WAH is the Head of Sales and Marketing of our Group in Hong Kong. He is in charge of the overall sales operations in Hong Kong. Mr. Chan joined our Group in 1999 and has extensive experience in the sales and marketing businesses. He also worked as a personal assistant to our CEO prior to his joining our Group. Mr. Chan graduated from Datong Institution.

MR. LEE HAENG JO (also known as Kouzo Moriyama) is the Head of Production of our Group. He is responsible for overseeing the production facilities of the Group in Hong Kong and the PRC. Mr. Lee was formerly engaged in our LCD backlight units division in Shanghai on a consultancy basis and contributed significantly to the success of this division. Mr. Lee has more than 10 years of experience in sales and marketing in Japan. He also has over 5 years of supervisory experience in factory operations in the PRC with extensive experience in sales, marketing and new product development.



MR. AKIRA SAKAI is the Head of Human Resources of our Group. He is responsible for overseeing the personnel management and the human resource affairs of the Group in Hong Kong and the PRC. Mr. Sakai formerly served in various departments of the Matsushita Electric Group for nearly 30 years and has extensive experiences in production, quality control, procurement and personnel management. Mr. Sakai is the brother-in-law of the Chairman and Chief Executive Officer, Mr. Yoshimi.

COMPANY SECRETARIES

MR. LEE TECK LENG ROBSON is a partner in Shook Lin & Bok's corporate finance & international finance practice and has been with the firm since 1994. He obtained an LLB (2nd Class Upper Hons) from the National University of Singapore. He has structured a number of corporate finance transactions and advises public listed companies on securities and capital markets transactions, cross-border mergers and acquisitions and foreign joint ventures. He is also a partner in the firm's China practice and focuses on cross-border corporate transactions in the People's Republic of China. Mr. Lee holds independent and non-executive directorships in a number of public listed companies in Singapore, and is an active community service leader in Singapore.

MS. TAN SAN-JU is a Fellow of the Institute of Chartered Secretaries & Administrators (UK) and a member of the Singapore Association of the Institute of Chartered Secretaries & Administrators (SAICSA). She also holds a Practising Certificate from SAICSA. She has more than 20 years experience in corporate secretarial work. She is currently Director of Lim Associates (Pte) Ltd, subsidiary of Boardroom Limited, a company listed on the mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"), which provides corporate secretarial services and share registration services. She is also currently the Company Secretary of several companies listed on the mainboard of SGX-ST.

Corporate Governance Report

The Board of Directors of CDW Holding Limited (the "Board") recognizes the importance of and is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries so as to enhance transparency and protect the interests of the Company's shareholders.

This report describes the corporate governance practices of the Company, with specific reference to the principles set out in the Code of Corporate Governance (the "Code") prescribed by the SGX-ST.

BOARD MATTERS

Principal 1: Board's Conduct of its Affairs

The members of the Board as at 31 December 2005 are as follows:

Mr. Kunikazu Yoshimi	(Chairman and Chief Executive Officer)
Mr. Akihiro Kiyota	(Executive Director)
Mr. Lai Shi Hong Edward	(Executive Director)
Mr. Koh Kuek Chiang	(Non-executive Director)
Mr. Ng Wai Kee	(Independent Director)
Mr. Wong Chak Weng	(Independent Director)
Mr. Wong Yik Chung John	(Independent Director)

The Board plays an effective role in leading and controlling the long-term corporate goals and strategies of the Group. Besides performing the statutory duties and responsibilities, the Board oversees the management and affairs of the Group and approves important business decisions involving the corporate and strategic directions of the Group. In regard to the financial issues, the Board is responsible for reviewing periodic financial reports to assess its financial performance and implementing policies which include risk management and internal controls and compliance. In addition, the Board also approves nomination of directors to the Board and the appointment of key management personnel. These functions are carried out either directly or through delegations to various Board Committees including the Audit Committee, Nominating Committee and Remuneration Committee.

Decisions by the full Board are required for matters which involve a potential conflict of interest for a substantial shareholder or a Director, and other major corporate matters such as material acquisitions and disposal of assets, corporate or financial restructuring, share issuance, dividend declarations, and the approval of financial results which requires public disclosures.

Formal Board meetings will be held at least four times a year to oversee the business affairs of the Group, and to approve, if applicable, any matters in relation to its financial or business affairs. Ad-hoc meetings will be convened when the circumstances require. The Company's Bye-laws allow a Board meeting to be conducted by way of teleconference and videoconference.

The number of meetings held by the Board and Board Committees and attendance for the year 2005 are as follows:

DIRECTORS	**Board**		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
	No. of Meetings	**Attended**	**No. of Meetings**	**Attended**	**No. of Meetings**	**Attended**	**No. of Meetings**	**Attended**
Kunikazu Yoshimi	4	4	-	-	-	-	-	-
Akihiro Kiyota	4	2	-	-	-	-	-	-
Lai Shi Hong Edward	4	4	-	-	0	0	1	1
Koh Kuek Chiang	4	4	4	4	0	0	1	1
Ng Wai Kee	4	4	4	4	0	0	1	1
Wong Chak Weng	4	4	4	4	0	0	1	1
Wong Yik Chung John	4	4	4	4	0	0	1	1

Corporate Governance Report

In addition, the Directors will receive, from time to time, when appropriate further relevant training, in particular on the applications of new laws and regulations as well as the changing commercial risks which are relevant to the business and operations of the Group. The Directors will also be updated on the business of the Group through regular meetings and gatherings.

Principle 2: Board Composition and Balance

Presently, the Board comprises three Executive Directors (including the CEO), one Non-executive Director and three Independent Directors. The independence of each Director will be reviewed annually by the Nominating Committee with reference to the circumstances set forth in the Code and any other salient factors.

The Board will constantly evaluate its size and determine what it considers to be an appropriate size having regard to the principle of facilitating effective decision making processes for the Group. The Nominating Committee will also review the composition of the Board on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.

The Board, in consideration of the complexity and nature of operations of the Company, considers its current size to be adequate for effective decision-making. A summary of the academic and professional qualifications and other appointments of each Director is set out on page 12 of this annual report.

Principle 3: Chairman and Chief Executive Officer ("CEO")

The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairman of the Board and the CEO is the same person so that the decision-making process of the Group would not be unnecessarily hindered.

The Group's Chairman and CEO, Mr. Kunikazu Yoshimi, who is also the founder, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. Mr. Yoshimi is responsible for the day to day operations of the Group, as well as monitoring the quality, quantity and timeliness of information flow between the Board and the management.

The Board considers that there are adequate safeguards and check to ensure that the decision making process by the Board is based on collective actions and is independent from any influence by an individual having an uneven concentration of power and authority. For example, all major decisions made by the Chairman and CEO will have to be submitted for endorsement by the entire Board. The Remuneration Committee reviews the remuneration package of our Chairman and CEO, which has to be endorsed by the entire Board.

BOARD COMMITTEES

Nominating Committee ("NC")

Principle 4: Board Membership

Principle 5: Board Performance

The NC comprises all the three Independent Directors namely Mr. Wong Chak Weng, Mr. Wong Yik Chung John, Mr. Ng Wai Kee, the Non-executive Director, Mr. Koh Kuek Chiang and Executive Director, Mr. Lai Shi Hong Edward, and is chaired by Mr. Wong Chak Weng. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

According to the written terms of reference of the NC, the NC performs the following functions:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;

(b) to determine annually whether or not a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;

(c) in respect of a Director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple Boards; and

(d) to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value.

All Directors are subject to the provisions of the Company's Bye-laws whereby one-third of the Directors are required to retire and subject themselves to re-election by shareholders at every annual general meeting ("AGM").

The NC will assess the effectiveness of the Board as a whole and the respective contribution of each Director annually. In this regard, the NC will consider a number of factors based on an objective evaluation criteria, including the achievement of certain financial targets, the performance of the Board, and the performance of individual Director's vis-à-vis attendance and contributions during Board meetings, etc.

Though some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention have been given by the Directors to the Group.

Principle 6: Access to Information
The members of the Board, in their individual capacity, have access to complete information on a timely basis and in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, the members of the Board will be provided with management reports containing complete, adequate and timely information, and other relevant documents and explanatory information required to support the decision-making process.

The Board has direct and independent access to senior management and the Company Secretaries at all times. The Company Secretaries who administer, attend and prepare minutes of Board meetings, assist the Chairman in ensuring that the Board meeting procedures are properly followed and the Company's Bye-laws and relevant rules and regulations, including requirements, of the Singapore Companies Act, Cap. 50, and the SGX-ST, are complied with.

If any of the Directors require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies
The RC comprises all the three Independent Directors namely Mr. Wong Yik Chung John, Mr. Ng Wai Kee, Mr. Wong Chak Weng, and the Non-executive Director, Mr. Kok Kuek Chiang and is chaired by Mr. Wong Yik Chung John. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

According to the written terms of reference of the RC, the functions of the RC are as follows:

(a) to recommend to the Board a framework of remuneration for members of the Board, and to determine specific remuneration packages for each Executive Director and the CEO (or executive of equivalent rank) if the CEO is not an Executive Director, such recommendation to be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, and benefits in kind;

Corporate Governance Report

(b) in the case of service contracts, to consider what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

(c) in respect of other long-term incentive schemes (if any) including share option or share schemes as may be implemented, to consider whether Directors should be eligible for benefits under such long-term incentive schemes.

The RC may obtain independent external legal and other professional advice as it deems necessary for making appropriate decisions. The expenses of such advice shall be borne by the Company.

The RC has established a framework of remuneration for the Board and key executives covering all aspects of remuneration including directors' fees, salaries, allowances, bonuses, long-term incentives schemes and benefits-in-kind.

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The Company sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and senior management with the required experience and expertise to manage the business and operations of the Group. The remuneration paid to the Directors and executive officers for services rendered during the year ended 31 December 2005 are as follows:

DIRECTORS' REMUNERATION

Remuneration band and Name of Directors	Salary	Benefits-in-kind	Directors' Fees	Performance Bonus
S$750,000 to S$1,000,000				
Kunikazu Yoshimi	89%	11%	-	-
Below S$250,000				
Akihiro Kiyota	81%	13%	-	6%
Lai Shi Hong Edward	93%	-	-	7%
Ng Wai Kee	-	-	100%	-
Wong Chak Weng	-	-	100%	-
Wong Yik Chung John	-	-	100%	-

Remuneration of top five Key Executives (not being Directors)

Remuneration band and Name of Key Executives	Salary	Benefits-in-kind	Directors' Fees	Performance Bonus
Below S$250,000				
Chan Kam Wah	78%	17%	-	5%
Dymo Hua Cheung Philip	94%	-	-	6%
Harumasa Ikeda	90%	9%	-	1%
Li Qing Song	76%	16%	-	8%
Tatsuro Kuroda	77%	18%	-	5%

Corporate Governance Report

The remuneration of the Independent Directors is in the form of a fixed fee which will be subject to approval at the AGM.

The Company has entered into service agreements with the CEO and all Executive Directors. The terms of the appointment are for two years each, unless otherwise terminated by either party giving not less than three months' written notice. Their compensation packages consist of salary, bonus, and performance awards that are dependent on the Group's and their individual performance.

There are no employees whose remuneration exceeds S$150,000 (equivalent to approximately HK$690,000) during the year who are immediate family members of any director or substantial shareholder.

The Company has a share option scheme known as CDW Holding Share Option Scheme (the "Scheme") which was approved by shareholders of the Company on 8 November 2004. The Scheme complies with the relevant rules as set out in Chapter 8 of the Listing Manual. The Scheme will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The Scheme is administered by the RC. A total number of 18,056,000 options have been granted and accepted under the Scheme to a number of key executives (including two executive directors) of the Company during the year.

Principle 10: Accountability
The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis.

The management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

Audit Committee ("AC")

Principle 11: Audit Committee
Our AC comprises all the three Independent Directors namely, Mr. Ng Wai Kee, Mr. Wong Chak Weng, Mr. Wong Yik Chung John and the Non-executive Director, Mr. Koh Kuek Chiang and is chaired by Mr. Ng Wai Kee. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The Board is of the view that the AC members have the relevant expertise to discharge the function of an AC.

The AC will assist the Board with regard to discharging its responsibility to safeguard our Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls with an overall objective to ensure that our management has created and maintained an effective control environment in our Company, and that our management demonstrates and stimulates the necessary aspect of our Group's internal control structure among all parties.

According to the written terms of reference of the AC, the AC performs the following functions:

(a) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;

(b) review the quarterly and annual financial statements and balance sheet and profit and loss accounts before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(c) review the internal controls and procedures and ensure co-ordination between the external auditors and our management, reviewing the assistance given by our management to the auditors, and discuss problems and concerns, if any arising form the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

(d) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(e) review transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(f) undertake such other reviews and projects as may be requested by our Board of Directors and will report to our Board of Directors its findings from time to time on matters arising and requiring the attention of our AC; and

(g) generally undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

Besides, the AC will review all interested person transactions between the Group and Tomoike Industrial Co., Limited in accordance with the guidelines and procedures under the Shareholders' Mandate approved by the shareholders on 8 November 2004 and renewed at the Annual General Meeting held on 28 April 2005 (the "IPT Shareholders' Mandate").

Apart from the duties listed above, our AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or infringement of any Singapore and other applicable law, rule or regulation which has or is likely to have material impact on our Company's operating results and/or financial position.

The AC meets at least quarterly and also holds informal meetings and discussions with the management from time to time. The AC has full discretion to invite any Director or executive officer to attend its meetings.

The AC has been given full access to and is provided with the co-operation of the Company's management. In addition, the AC has independent access to external auditors. The AC meets with the external auditors without the presence of management. The AC has reasonable resources to enable it to discharge its functions properly.

The AC has reviewed the volume of non-audit services to the Group by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, is pleased to recommend their re-appointment.

Principle 12: Internal Controls

The Board acknowledges that it is responsible for maintaining a sound system of internal controls to safeguard shareholders' interest and maintain accountability of its assets. While no cost-effective internal control system will preclude errors and irregularities, the Group's internal controls and systems have been designated to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication, are reasonable and accurate.

Based on its review of internal controls, the AC is of the view that there are adequate internal controls in the Group.

Corporate Governance Report

Principle 13: Internal Audit

The Company has recently engaged Baker Tilly Hong Kong to carry out the internal audit functions for the Group. The focus of the internal audit function is to strengthen the internal control structure and risk management of the Group through the conduct of independent and objective reviews. The AC will review the internal audit activities on a quarterly basis.

Principles 14 and 15: Communication with Shareholders

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. The Company disseminates its latest corporate news, strategies and announcements promptly through SGXNET, press releases, various media as well as our investor relations consultant's network. The Company ensures that price-sensitive information is publicly released, and is announced within the mandatory period. The Company does not practice selective disclosure.

All shareholders of the Company will receive the annual report and the notice of the AGM. The notice is also advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at AGMs and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairperson of each of the Board Committees. The Company ensures that there are separate resolutions at general meetings on each distinct issue.

The Company's Bye-laws allows a shareholder of the Company holding two or more shares to appoint not more than two proxies to attend and vote at general meetings. The chairpersons of the Audit, Nominating and Remuneration Committees will be present and available to address questions at the AGM. The external auditors will also be present to assist the Directors in addressing any relevant queries from the shareholders.

MATERIAL CONTRACTS

Save for the service agreements between the Executive Directors and the Company, there are no material contracts of the Company or its subsidiaries involving the interest of the Chief Executive Officer or any Directors or controlling shareholders subsisting as at and during the year ended 31 December 2005.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

DEALING IN SECURITIES

The Company has adopted the SGX-ST Best Practices Guide with respect to dealings in securities by Directors and officers of the Group. Directors, management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the periods commencing at least two weeks before the announcement of each of the Group's first three quarters results and one month before the full year results until the day of the release of the announcement or while in possession of unpublished price-sensitive information on the Group.

The Company has complied with its Best Practices Guide on Securities Transactions.

Corporate Governance Report

INTEREST PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are on an arm's length basis.

The aggregate value of interested person transactions entered into during the year under review is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Tomoike Industrial Co., Limited ("Japan Tomoike")	US$'000	US$'000
Purchases of raw materials and semi-finished goods from Japan Tomoike (Note)	-	23,894
Assembly of LCD backlight units and its related components and precision accessories for office and electrical appliances to Japan Tomoike (Note)	-	17,453
Total	**-**	**41,347**

Note:
These transactions are ongoing interested person transactions conducted pursuant to the IPT Shareholders' Mandate approved on 8 November 2004 and renewed on 28 April 2005 by the independent shareholders. The Company intends to continue these transactions with Japan Tomoike and proposes to renew the existing IPT Shareholders' Mandate in its AGM. Please refer to the Appendix for further details with respect to the proposed renewal for the IPT Shareholders' Mandate.

Financial Contents

Directors' Report

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2005.

1. GENERAL

The Company was incorporated in Bermuda on 2 April 2004 under the Companies Act 1981 of Bermuda as an exempted company with limited liability.

The Company is a Japanese-managed precision components specialist serving the global market, focusing on the production of niche precision components for mobile communication equipment, consumer and information technology equipment, office equipment and electrical appliances.

2. DIRECTORS

The directors of the Company in office at the date of this report are:

Mr. Kunikazu Yoshimi
Mr. Akihiro Kiyota
Mr. Lai Shi Hong Edward
Mr. Koh Kuek Chiang
Mr. Ng Wai Kee
Mr. Wong Chak Weng
Mr. Wong Yik Chung John

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraph 6 of the Directors' Report.

Directors' Report

4. DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debenture of the Company and related corporations except as follows:

	Shareholding registered in the name of the director		Shareholding in which directors are deemed to have an interest	
Name of directors and company in which interests are held	At beginning of year	At end of year	At beginning of year	At end of year
The Company – Ordinary shares of US$0.02 each				
Mr. Kunikazu Yoshimi	–	–	320,000,000	268,680,000
Mr. Akihiro Kiyota	–	200,000	–	–
Mr. Lai Shi Hong Edward	–	200,000	–	–
Mr. Wong Yik Chung John	–	100,000	–	–

Mr. Kunikazu Yoshimi was deemed to have an interest in 268,680,000 ordinary shares of the Company held by Mikuni Co., Ltd. (formerly known as Crystal Display Components (HK) Limited) by virtue of his shareholding in Mikuni Co., Ltd.

The Directors' interests in the shares and options of the Company at 21 January 2006 were the same as those at 31 December 2005.

5. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of these related corporations.

There were certain transactions as shown in Note 5 to the financial statements with a corporation in which Mr. Kunikazu Yoshimi has an interest.

6. SHARES OPTIONS

(a) Options to take up unissued shares

The Company adopted the CDW Holding Share Option Scheme (the "Scheme"), which was approved by the shareholders of the Company pursuant to resolutions passed on 8 November 2004. The Scheme will provide an opportunity for our employees and executive directors to participate in the equity of the Company.

The rules of the Scheme are set out in the Company's Prospectus dated 14 January 2005 and in Note 17 to the financial statements. Qualified persons who are also the Company's controlling shareholders or their associates may not participate in the Scheme. The options grant the right to the holder to subscribe for new ordinary shares of the Company at a discount to the market price of the share (subject to a maximum limit of 20%) or at a price equal to the average of the closing prices of the shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") on the five trading days immediately preceding the date of the grant of the option.

The Scheme is administered by the Remuneration Committee ("RC"), which comprises the following four Directors:

Mr. Wong Yik Chung John	(Chairman of the RC and Independent Director)
Mr. Ng Wai Kee	(Independent Director)
Mr. Wong Chak Weng	(Independent Director)
Mr. Koh Kuek Chiang	(Non-executive Director)

(b) Unissued shares under options exercised

The number of shares available under the Scheme shall not exceed 15% of the issued share capital of the Company. Share options granted during the year and the number of outstanding share options under the Scheme are as follows:

Number of options to subscribe for ordinary shares of US$0.02 each

Date of grant	Balance at 1.1.2005	Granted	Exercised	Cancelled/ Lapsed	Balance at 31.12.2005	Exercise price per share	Exercisable period
12.9.2005	–	18,056,000	–	–	18,056,000	S$0.305	12.9.2006 to 11.9.2010

All the options were granted to employees of related corporations, making it a total of 18,056,000 options granted from the commencement of the Scheme to the end of the financial year.

Holders of the above share options have no right to participate in any share issues of any other company. No employee or employee of related corporations has received 5% or more of the total options available under this scheme.

Directors' Report

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Listing Manual).

The information on directors of the Company participating in the Scheme is as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Akihiro Kiyota	3,416,000	3,416,000	–	–	3,416,000
Lai Shi Hong Edward	3,416,000	3,416,000	–	–	3,416,000

7. AUDIT COMMITTEE

The Audit Committee of the Company carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50 including a review of the financial statements of the Company and of the Group for the financial year and the Auditors' Report. The nature and extent of the functions performed by the Audit Committee are further described in the Corporate Governance Report.

8. AUDITORS

The auditors, Deloitte & Touche, Singapore has expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Kunikazu Yoshimi
Chairman and Chief Executive Officer

Lai Shi Hong Edward
Executive Director

Hong Kong
28 March 2006

Auditors' Report

to the Members of CDW Holding Limited

We have audited the consolidated financial statements of the Group and the balance sheet of CDW Holding Limited for the financial year ended 31 December 2005 set out on pages 28 to 66. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2005 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Deloitte & Touche
Certified Public Accountants
Singapore

Wong-Yeo Siew Eng
Partner
Appointed on 5 August 2004

28 March 2006

Balance Sheets

31 December 2005

	Note	Group 2005 US$'000	Group 2004 US$'000	Company 2005 US$'000	Company 2004 US$'000
ASSETS					
Current assets:					
Cash and bank balances	6	22,070	13,517	91	–
Trade and other receivables	7	24,395	21,318	6,040	–
Inventories	8	10,622	5,799	–	–
Total current assets		57,087	40,634	6,131	–
Non-current assets:					
Pledged bank deposits	6	1,933	3,217	–	–
Amounts due from subsidiary	9	–	–	12,392	6,050
Property, plant and equipment	10	13,758	9,820	–	–
Subsidiaries	11	–	–	9,642	18,360
Associate	12	–	–	–	–
Total non-current assets		15,691	13,037	22,034	24,410
Total assets		72,778	53,671	28,165	24,410
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Bank borrowings	13	1,659	8,338	–	–
Trade and other payables	14	22,042	16,784	148	14,768
Obligation under finance leases	15	111	101	–	–
Income tax payable		363	785	–	–
Total current liabilities		24,175	26,008	148	14,768
Non-current liabilities:					
Bank borrowings	13	1,289	2,840	–	–
Obligation under finance leases	15	217	227	–	–
Deferred tax liability	16	132	132	–	–
Total non-current liabilities		1,638	3,199	–	–
Shareholders' equity:					
Share capital	18	9,760	8,000	9,760	8,000
Reserves		37,205	16,464	18,257	1,642
Total equity		46,965	24,464	28,017	9,642
Total liabilities and shareholders' equity		72,778	53,671	28,165	24,410

Consolidated Profit and Loss Statement

Year ended 31 December 2005

	Note	Group 2005 US$'000	Group 2004 US$'000
Revenue	20	106,173	98,452
Cost of sales		(84,370)	(72,214)
Gross profit		21,803	26,238
Other operating income	22	1,174	272
Distribution expenses		(2,190)	(1,665)
Administrative expenses		(10,438)	(7,493)
Share of losses from associate	23	–	–
Finance cost	24	(296)	(297)
Profit before income tax	25	10,053	17,055
Income tax expense	26	(1,111)	(1,861)
Profit for the year		8,942	15,194
Earnings per share (US cents)			
Basic	28	1.85	3.80

Consolidated Statement of Changes in Equity

Year ended 31 December 2005

	Share capital US$'000	Share premium of the Company US$'000	Share Option Reserve US$'000	Merger reserve US$'000	Reserve Fund (Note 19) US$'000	Enterprise Expansion Fund (Note 19) US$'000	Staff Welfare Fund (Note 19) US$'000	Currency translation reserve US$'000	Accumulated Profits US$'000	Total US$'000
Balance at 1 January 2004	**8,000**	**1,642**	**–**	**(7,020)**	**229**	**302**	**–**	**64**	**13,237**	**16,454**
Profit for the year	–	–	–	–	–	–	–	–	15,194	15,194
Dividends paid (Note 27)	–	–	–	–	–	–	–	–	(7,184)	(7,184)
Transfer	–	–	–	–	158	–	–	(64)	(94)	–
Balance at 1 January 2005	**8,000**	**1,642**	**–**	**(7,020)**	**387**	**302**	**–**	**–**	**21,153**	**24,464**
Issue of 88,000,000 ordinary shares of US$0.02 each pursuant to its initial public offer	1,760	16,012	–	–	–	–	–	–	–	17,772
Profit for the year	–	–	–	–	–	–	–	–	8,942	8,942
Share-based payment expense	–	–	98	–	–	–	–	–	–	98
Currency translation differences	–	–	–	–	–	–	–	681	–	681
Dividends paid (Note 27)	–	–	–	–	–	–	–	–	(4,992)	(4,992)
Transfer	–	–	–	–	945	–	1,155	–	(2,100)	–
Balance as at 31 December 2005	**9,760**	**17,654**	**98**	**(7,020)**	**1,332**	**302**	**1,155**	**681**	**23,003**	**46,965**

Consolidated Cash Flow Statement

Year ended 31 December 2005

	Group 2005 US$'000	Group 2004 US$'000
Operating activities:		
Profit before income tax	10,053	17,055
Adjustments for:		
Depreciation of property, plant and equipment	2,061	1,524
Interest income	(256)	(36)
Interest expense	296	297
(Gain) / loss on disposal of property, plant and equipment	(1)	59
Allowance for slow moving stock	142	–
Share-based payment expense	98	–
Operating cash flows before working capital changes	12,393	18,899
Trade and other receivables	(2,976)	(9,692)
Inventories	(4,965)	(2,816)
Trade and other payables	5,258	3,665
Cash generated from operations	9,710	10,056
Income tax paid	(1,642)	(975)
Interest paid	(296)	(297)
Net cash from operating activities	7,772	8,784
Investing activities:		
Proceeds on disposal of property, plant and equipment	398	411
Purchase of property, plant and equipment (Note)	(6,032)	(3,183)
Interest income received	256	36
Net cash used in investing activities	(5,378)	(2,736)
Financing activities:		
Increase/(decrease) in pledged bank deposits	1,284	(3,217)
Proceeds from bank borrowings	6,322	31,021
Repayment of obligation under finance leases	(133)	(84)
Repayment of bank borrowings	(14,566)	(22,631)
Dividend paid	(5,014)	(350)
Dividend paid pursuant to the restructuring exercise	–	(6,812)
Net proceeds from issue of shares	17,772	–
Net cash from financing activities	5,665	2,073)
Net increase in cash and cash equivalents	8,059	3,975
Cash and bank balances at beginning of year (Note 6)	13,517	9,474
Net effect of currency translation differences	494	68
Cash and bank balances at end of year (Note 6)	22,070	13,517

Note:
The Group acquired property, plant and equipment with aggregate cost of approximately US$6,172,000 (2004 : US$3,183,000) of which US$140,000 (2004 : Nil) was acquired by means of finance leases. Cash payments of approximately US$6,032,000 (2004 : US$3,183,000) were made to purchase property, plant and equipment.

Notes to Financial Statements

31 December 2005

1. GENERAL

1.1 The Company (Registration number 35127) was incorporated in Bermuda on 2 April 2004 as a limited company. The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the principal place of business is at Room 6-10, 11th Floor, CCT Telecom Building, 11 Wo Shing Street, Fo Tan, Shatin, New Territories, Hong Kong. The financial statements are measured and expressed in United States dollars.

The Group was formed as a result of a restructuring exercise, undertaken in 2004 for the purpose of the Company's listing on the Singapore Exchange Trading Limited. Details of the restructuring exercise were disclosed in the financial statements for the year ended 31 December 2004.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries and its associate company are set out respectively in Notes 11 and 12 to the financial statements.

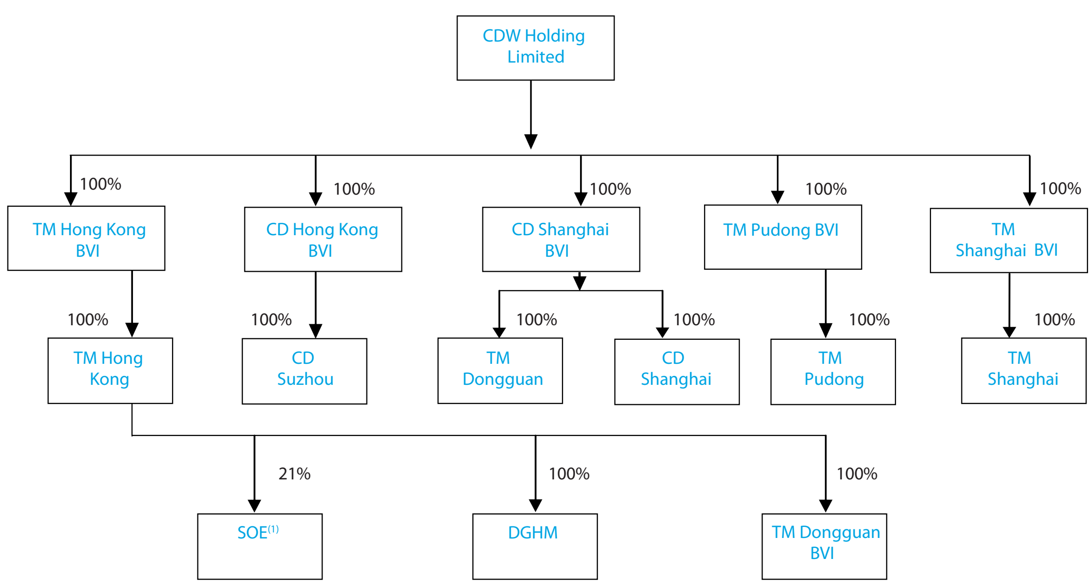
On 26 January 2005, the Company was listed on the Main Board Singapore Exchange Securities Trading Limited.

The consolidated financial statements of the Group and the balance sheet of the Company for the year ended 31 December 2005 were authorised for issue by the Board of Directors on 28 March 2006.

1.2 In September 2005, the Company restructured the Group's organisation ("Corporate Reorganisation") in order to facilitate more effective management of the Group and to centralise human resource management.

The following diagrams show the Group structure and shareholding structure prior to and after the Corporate Reorganisation:

Prior to the Corporate Reorganisation

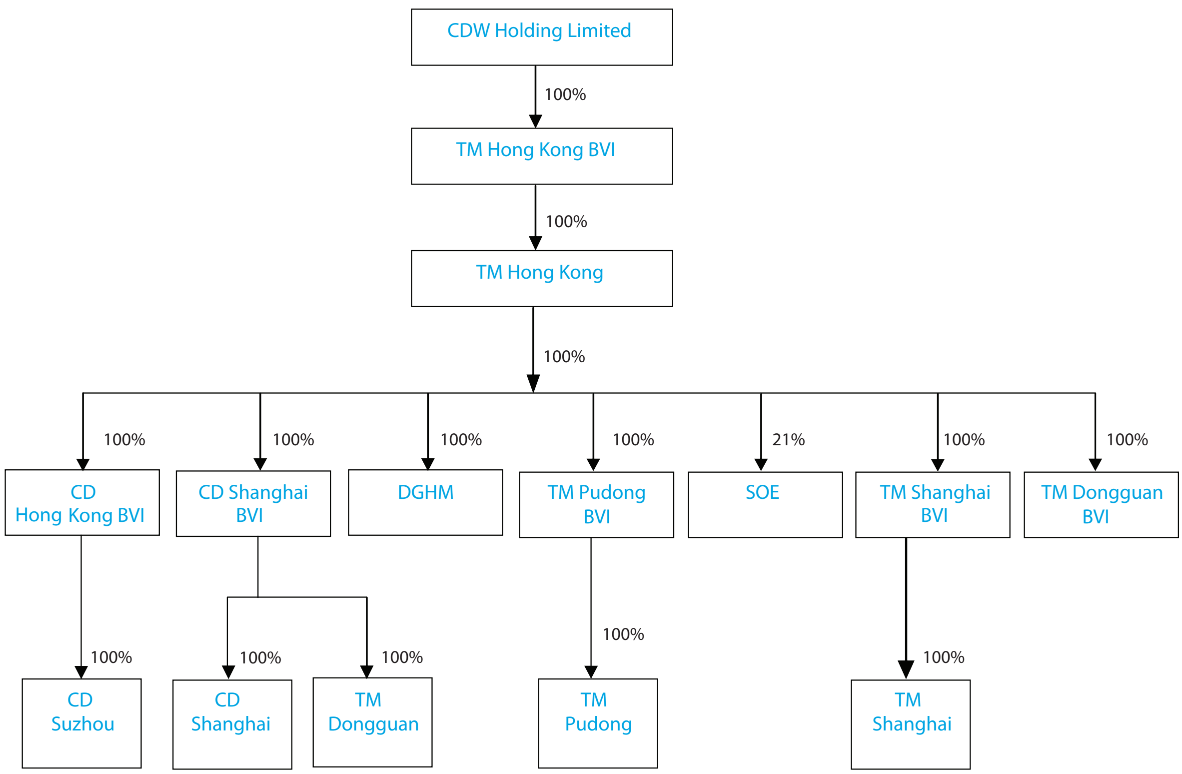


1. GENERAL - continued

(1) SOE : Slight Opto - Electronics Co. Ltd

The full name of other entities in the diagram are indicated in Note 11 to the financial statements.

After the Corporate Reorganisation



The Corporate Reorganisation undertaken in 2005 is summarised below.

(a) The Company sold to Tomoike Industrial (H.K.) Limited ("TM Hong Kong") the entire issued and paid-up share capital of each of CD Hong Kong BVI, CD Shanghai BVI, TM Pudong BVI and TM Shanghai BVI for an aggregate cash consideration of US$8,718,122 as follows:

1. GENERAL - continued

	Consideration
	US$
CD Hong Kong BVI	1,599,763
CD Shanghai BVI	2,509,913
TM Pudong BVI	2,329,309
TM Shanghai BVI	2,279,137
Total	8,718,122

(b) In November 2004, loans of US$1,599,762 and US$7,118,356 were made by TM Hong Kong to the Company in connection with the restructuring exercise of the Group and the Company's acquisition of equity interest in all the companies within the Group ("Restructuring Exercise") prior to the Company's initial public offering of its shares.

(c) Following the Corporate Reorganisation, TM Hong Kong became the intermediate holding company of the four BVI companies listed in paragraph 1(a).

The total cash consideration of US$8,718,122 owing by TM Hong Kong to the Company to purchase the four subsidiaries listed in paragraph 1(a) under the Corporate Reorganisation in 2005 was set off against the total loans of US$8,717,118 owing by the Company to TM Hong Kong arising from the Restructuring Exercise in November 2004 (paragraph 1(b)).

1. GENERAL - continued

(d) The Corporate Reorganisation is an internal corporate restructuring exercise and has no financial impact on the Group as a whole except for incidental costs to effect the Corporate Reorganisation.

The Corporate Reorganisation serves to centralise the Group's human resource management with TM Hong Kong handling re-allocation and secondment of staff within the Group with the aim of more efficient allocation and use of manpower. As administrative headquarters of the Group, TM Hong Kong also oversee periodic reporting obligations of the subsidiaries.

After the Corporate Reorganisation, the Company focused on in its role as an investment holding company, assuming primarily head-office functions in respect of setting overall corporate goals for the Group and providing strategic business directions and development plans for its subsidiaries.

Notes to Financial Statements

31 December 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention and are drawn up in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

The principal accounting policies adopted are set out below.

In the current financial year, the Group has adopted all the new and revised Standards and Interpretations issued by the IASB and the IFRIC of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2005. The adoption of these new/revised Standards and Interpretations has no material effect on the financial statements except for the recognition of shares-based payment expense of US$98,000 in 2005 (Note 17).

At the date of authorisation of these financial statements, the following Standards and Interpretations were issued but not effective:

IAS 1 (Amended 2005)	–	Presentation of Financial Statements
IAS 19 (Amended 2004)	–	Employee Benefits
IAS 39 (Amended 2005)	–	Financial Instruments: Recognition and Measurement
IFRS 6	–	Exploration for and Evaluation of Mineral Resources
IFRS 7	–	Financial Instruments: Disclosures
IFRIC 4	–	Determining whether an Arrangement contains a Lease
IFRIC 5	–	Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 6	–	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Engineering
IFRIC 7	–	Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary economics
IFRIC 8	–	Scope of IFRS 2 Share-based Payments
IFRIC 9	–	Reassessment of Embedded Derivatives

The directors anticipate that the adoption of these Standards and Interpretations in the future periods will not have a material impact on the financial statements of the Group.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The results of subsidiaries acquired or disposed during the year are included in the consolidated profit and loss statement from the effective date of acquisition or to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Company's financial statements, investment in subsidiaries is carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and bank balances comprise cash on hand and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Notes to Financial Statements

31 December 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress consists of cost of material, related acquisition expenses, construction cost and any related finance cost incurred during the period of construction. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Depreciation is charged so as to write off the cost of assets less estimated residual value, other than assets under construction, over their estimated useful lives, using the straight-line method, on the following bases:

	Depreciation rates	Residual value
Leasehold land and buildings	2% over the terms of lease whichever is lower	Nil to 10%
Plant and equipment	10% to 20%	Nil to 10%
Furniture, fixtures and equipments	20% to 33%	Nil to 10%
Leasehold improvements	12.5% to 33%	Nil
Motor vehicles	20%	Nil

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

ASSOCIATES - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate are incorporated in these financial statements using the equity method of accounting. Under the equity method, investment in associate is carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

PROVISIONS - Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions and behavioural considerations.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes) are charged as expense as they fall due.

The subsidiary in Hong Kong operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF") under the Mandatory Provident Fund Schemes Ordinance, for all of those employees who are eligible to participate in the scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statements as they become payable in accordance with the rules of the MPF. The assets of the MPF are held separately from those of the subsidiary in an independently administered fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The People's Republic of China ("PRC") employees of the Group's PRC subsidiaries are members of the pension scheme operated by the PRC local government., The PRC subsidiaries are required to contribute a certain percentage of payroll of these employees to fund benefits under the pension scheme. The only obligation of the Group with respect to the pension scheme is to make the specified contributions.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the subsidiaries operate by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet of the Company are presented in United State dollars which is the functional currency of the Company.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are taken to the foreign currency translation reserve.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made judgements that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates which are discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year relates to the allowance for inventory obsolescence at year end base on management's judgement and estimation of future relisable values of inventories. The carrying amount for inventories is disclosed in Note 8.

4. FINANCIAL RISKS AND MANAGEMENT

The Group's activities expose it to a variety of financial risks, including credit risk and risks arising from changes in foreign currency exchange rates and interest rates.

(i) Foreign currency exchange risk

The Group transacts business in various foreign currencies, including the United States dollar ("USD"), Chinese renminbi ("RMB"), Hong Kong dollars ("HK") and Japanese yen ("Yen").

Sales are largely denominated in USD, RMB, Yen and HK dollars. Purchases are largely denominated in USD, Yen, HK dollars and RMB. Manufacturing cost and overheads are incurred in the domestic currencies in which the operations are conducted and these are substantially incurred in RMB and HK dollars.

The Group's foreign currency exposures arise mainly from the relative exchange rate movements of the above currencies.

The Group may from time to time enter into forward exchange contracts to manage its exposure to foreign currency risks.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not enter into any derivative financial instruments to manage its currency exposure to the net assets of the Group's subsidiaries.

(ii) Interest rate risk

The Group's bank borrowings (Note 13) are arranged at variable interest pegged to the prevailing prime rate in Hong Kong and is therefore exposed to cash flow interest rate risk. The Group does not enter into any financial derivatives to manage such exposures.

(iii) Credit risk

The Group's principal financial assets are bank balances and cash and trade and other receivables. The balances on the financial statements represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The Group has a few major customers resulting in concentration of credit risk. Management considers the credit risk to be low as these customers are large reputable corporations with a good credit history.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Management considers the credit risk on liquid funds to be limited as these funds are placed with reputable banks.

Notes to Financial Statements
31 December 2005

4. FINANCIAL RISKS AND MANAGEMENT - continued

(iv) Liquidity risk

The Group has sufficient cash and cash equivalent, and internally generated cash flows to finance its activities.

(v) Fair values of financial instruments

The carrying amounts of the Group's and Company's financial assets and liabilities reported in the balance sheet approximate the fair values of those financial assets and liabilities due to the relatively short-term maturity of financial instruments classified as current and interest rates charged on non-current monetary assets and liabilities are considered to approximate fair market rates .

5. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Company transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balance arising from related party transactions are unsecured and interest-free and repayment on demand unless otherwise stated.

Significant related party transactions comprise the following transactions with a company in which Mr. Yoshimi (a director of the Company) has interests:

	Group	
	2005	2004
	US$'000	US$'000
Sales of goods	17,453	17,280
Purchases of goods	23,894	15,893
Purchase of property, plant and equipment	–	177

As at 31 December 2004, Mr. Yoshimi has given an unlimited personal guarantee to banks in respect of the bank loans referred to in Note 13 (d)

5. RELATED PARTY TRANSACTIONS - continued

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2005 US$'000	2004 US$'000
Short-term benefits	1,284	1,245
Other long-term benefits	98	–
	1,382	1,245

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

6. CASH AND BANK BALANCES

	Group		Company	
	2005 US$'000	2004 US$'000	2005 US$'000	2004 US$'000
Cash at bank	16,180	11,046	91	–
Fixed deposits	7,734	5,633	–	–
Cash on hand	89	55	–	–
Total	24,003	16,734	–	–
Less: Pledged bank deposits	(1,933)	(3,217)	–	–
	22,070	13,517	91	–

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits of US$1,933,000 (2004 : US$3,217,000) were placed as security for bank borrowings (Note 13(b)).

6. CASH AND BANK BALANCES - continued

Fixed deposits earn an average interest rate of 2.60% (2004 : 0.72%) per annum and the tenure generally ranged from 7 days to 30 days for HK dollars and US dollars deposits; and 90 days for RMB deposits (2004 : 90 days).

The Group's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2005	2004
	US$'000	US$'000
United States dollars	11,422	5,413
Japanese yen	2,942	2,063

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005	2004	2005	2004
	US$'000	US$'000	US$'000	US$'000
Amounts receivable from sale of goods:				
Outside parties	19,737	12,165	–	–
Related party (Note 5)	2,652	6,625	–	–
Total trade receivables	22,389	18,790	–	–
Other receivables	421	345	–	–
Tax recoverable	101	–	–	–
Deposits	434	273	–	–
Prepayment	898	1,902	–	–
Value added tax recoverable	152	8	–	–
Dividend receivable	–	–	6,040	–
	24,395	21,318	6,040	–

At 31 December 2004, trade receivables amounting to US$1,660,000 was placed as security for bank loans provided to the Group (Note 13).

The Group's trade and other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2005	2004
	US$'000	US$'000
United States dollars	9,524	7,278
Japanese yen	4,673	550

8. INVENTORIES

	Group 2005 US$'000	Group 2004 US$'000
At cost:		
Raw materials	5,236	1,972
Work in progress	2,489	2,318
Finished goods	2,897	1,509
	10,622	5,799

9. AMOUNTS DUE FROM SUBSIDIARY

The amounts due from a subsidiary (Note 11) is unsecured, bear interest at 3% per annum and is repayable on demand. The amounts are not expected to be repaid within the next 12 months.

The directors are of the opinion that the fair value of amounts due from the subsidiary approximates its carrying amount.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings US$'000	Plant and machinery US$'000	Furniture, fixtures and equipment US$'000	Leasehold improvements US$'000	Motor vehicles US$'000	Construction-in-progress US$'000	Total US$'000
Cost:							
At 1 January 2004	170	6,106	1,192	2,451	460	135	10,514
Additions	180	1,733	636	193	252	189	3,183
Disposals	–	(457)	(56)	(58)	(23)	–	(594)
Transfer	–	54	14	40	–	(108)	–
Exchange differences	(1)	(48)	(2)	(18)	(2)	(1)	(72)
At 31 December 2004	349	7,388	1,784	2,608	687	215	13,031
Additions	–	3,036	1,030	103	197	1,806	6,172
Disposals	–	(399)	(14)	–	(129)	–	(542)
Transfer	–	–	–	629	–	(629)	–
Exchange differences	9	176	18	64	15	6	288
At 31 December 2005	358	10,201	2,818	3,404	770	1,398	18,949
Accumulated depreciation:							
At 1 January 2004	38	584	544	538	115	–	1,819
Depreciation	12	642	287	490	93	–	1,524
Eliminated on disposals	–	(10)	(48)	(58)	(8)	–	(124)
Exchange differences	–	(4)	–	(4)	–	–	(8)
At 31 December 2004	50	1,212	783	966	200	–	3,211
Depreciation	16	1,033	340	544	128	–	2,061
Eliminated on disposals	–	(53)	(9)	–	(83)	–	(145)
Exchange differences	1	28	8	23	4	–	64
At 31 December 2005	67	2,220	1,122	1,533	249	–	5,191
Carrying amount:							
At 31 December 2004	299	6,176	1,001	1,642	487	215	9,820
At 31 December 2005	291	7,981	1,696	1,871	521	1,398	13,758

The carrying amount of the Group's plant and machinery, motor vehicles, furniture, fixtures and equipment includes an amount of US$453,000 (2004 : US$343,000), US$16,000 (2004 : US$24,000) and US$ Nil (2004 : US$5,000) respectively in respect of assets held under finance leases (Note 15).

The Group has pledged plant and machinery having a carrying amount of approximately US$917,000 (2004 : US$996,000) to secure banking facilities granted to the Group (Note 13).

Construction-in-progress comprises machinery under installation and clean rooms under construction.

11. SUBSIDIARIES

	Company 2005 US$'000	Company 2004 US$'000
Unquoted equity shares, at cost	9,642	18,360

The Group underwent a corporate restructuring exercise in 2005. The pre-existing and current Group structure and information on the corporate restructuring exercise are set out in Note 1.2 . The financial effect of the corporate exercise in the Company is a reduction in the carrying amount of investment in subsidiaries by US$8,718,122 and a reduction in amount owing to the subsidiary, TM Hong Kong, by US$8,718,122.

Details of the Company's subsidiaries are as follows:

Name of subsidiaries	Country of incorporation and operations	Proportion of ownership, interest and voting power held 2005 %	Proportion of ownership, interest and voting power held 2004 %	Principal activity
Tomoike Industrial (Hong Kong) Holding Limited (1) ("TM Hong Kong BVI")	British Virgin Islands	100	100	Investment holding
Tomoike Industrial (H.K.) Limited (2) ("TM Hong Kong")	Hong Kong	100	100	Trading of precision accessories for office equipment and electrical appliances
Crystal Display (Hong Kong) Holding Limited (1)(5) ("CD Hong Kong BVI")	British Virgin Islands	100	100	Investment holding
Crystal Display (Shanghai) Holding Limited (1)(5) ("CD Shanghai BVI")	British Virgin Islands	100	100	Investment holding
Tomoike Electronics (Shanghai) Holding Limited (1)(5) ("TM Pudong BVI")	British Virgin Islands	100	100	Investment holding
Tomoike Precision Machinery (Shanghai) Holding Limited (1)(5) ("TM Shanghai BVI")	British Virgin Islands	100	100	Investment holding

11. SUBSIDIARIES - continued

Name of subsidiaries	Country of incorporation and operations	Proportion of ownership, interest and voting power held 2005 %	Proportion of ownership, interest and voting power held 2004 %	Principal activity
Dongguan Hotin Metal Machinery Co., Limited [4] ("DGHM")	Dongguan People's Republic of China	100	100	Under voluntary liquidation
Tomoike Precision Machinery (Dongguan) Holding Limited [1][5] ("TM Dongguan BVI")	British Virgin Islands	100	100	Investment holding
Crystal Display Components (Suzhou) Co., Limited [3] ("CD Suzhou")	Suzhou People's Republic of China	100	100	Manufacturing of metal and plastic LCD frames
Crystal Display Components (Shanghai) Co., Limited [3] ("CD Shanghai")	Shanghai People's Republic of China	100	100	Manufacturing of LCD backlight units and its related components
Tomoike Precision Machinery (Dongguan) Co., Limited ("TM Dongguan) [5]	Dongguan People's Republic of China	100	100	Manufacturing of LCD backlight units and its related components
Tomoike Electronics (Shanghai) Co., Limited [3] ("TM Pudong")	Shanghai People's Republic of China	100	100	Manufacturing of LCD backlight units and its related components
Tomoike Precision Machinery (Shanghai) Co., Limited [3] ("TM Shanghai")	Shanghai People's Republic of China	100	100	Manufacturing of precision accessories for office equipment and electrical appliances

(1) Not required to be audited in country of incorporation

(2) Audited by Deloitte Touche Tohmatsu, Hong Kong

(3) Audited by Deloitte Touche Tohmatsu CPA Ltd, People's Republic of China

(4) Previously audited by Dongguan City, Junye Certified Public Accounting Firm, People's Republic of China

(5) Audited by Deloitte Touche Tohmatsu, Hong Kong for the purpose of incorporation in the consolidated financial statements of the Group.

12. ASSOCIATE

	Group 2005 US$'000	Group 2004 US$'000
Unquoted equity shares, at cost	647	647
Share of post acquisition:		
Accumulated losses	(293)	(293)
Amortisation of goodwill	(39)	(39)
Gain on dilution of interest	68	68
Less: Impairment	(383)	(383)
	–	–

Details of the Group's associate are as follows:

Name of associate	Country of incorporation and operations	Proportion of ownership interest and voting power held 2005 %	Proportion of ownership interest and voting power held 2004 %	Principal activity
Slight Opto-Electronics Co., Ltd.	Taiwan	21	21	In liquidation

The carrying value of the associate has been fully impaired.

The Company had applied for the cancellation of its investment in the associate and this cancellation was approved on 13 September 2005 by the Investment Commission, Ministry of Economic Affair of Republic of China.

13. BANK BORROWINGS

	Group 2005 US$'000	Group 2004 US$'000
Bank loans - unsecured	101	3,256
Bank loans - secured	2,847	7,922
Total	2,948	11,178

The borrowings are repayable as follows:

	Group 2005 US$'000	Group 2004 US$'000
Within one year	1,659	8,338
In the second year	1,289	1,553
In the third year	–	1,287
	2,948	11,178
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,659)	(8,338)
Amount due for settlement after 12 months	1,289	2,840

The Group's principal bank loans are as follows:

(a) 2 loans with residual balance of US$269,000 (2004 : US$524,000) were drawn down in December 2003 and January 2004. These loans denominated in Hong Kong dollars are repayable in 48 monthly instalments. The loans are secured by a charge over certain of the Group's machineries.

(b) A loan of approximately US$2,578,000 (2004 : US$3,860,000) denominated in Hong Kong dollars, is repayable by 12 quarterly repayments of HK$2.5 million each commencing in January 2005. It is secured by certain fixed deposits of the Group.

13. BANK BORROWINGS - continued

(c) An unsecured loan with residual balance of approximately US$101,000 denominated in Hong Kong dollars, is repayable in 12 monthly installments commencing in May 2005.

(d) Several short term bank loans and trade financing loans of approximately US$6,794,000 denominated in Hong Kong dollar except for US$779,000 and US$3,158,000 denominated in JPY and US$ respectively, were outstanding at the end of 2004 (2005 : Nil). Included in the loans was an amount of US$3,538,000 which was secured against certain fixed deposits and trade receivables of the Group and a personal guarantee of a director (Note 5).

All the bank borrowings carry variable interest rates pegged to the prevailing prime rate in Hong Kong. Rates are adjusted as and when there are changes to the prevaiing prime rate.

The average effective interest rate for the Group's bank borrowings is 5.61% (2004 : 4.10%) per annum.

The following were placed as securities for the above bank borrowings:

	Group	
	2005 US$'000	2004 US$'000
Trade receivables	–	1,660
Plant and machinery	917	996
Fixed deposits	1,933	3,217

The directors consider the carrying values of the Group's borrowings to approximate their fair value.

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2005 US$'000	2004 US$'000	2005 US$'000	2004 US$'000
Trade creditors:				
Outside parties	15,530	9,866	–	–
Related party (Note 5)	4,207	4,013	–	–
Total trade creditors	19,737	13,879	–	–
Accruals	2,040	1,231	–	–
Other payables	265	1,205	148	–
Related party (Note 5)	–	469	–	–
Amounts due to subsidiaries	–	–	–	14,768
	22,042	16,784	148	14,768

14. TRADE AND OTHER PAYABLES - continued

The amounts due to subsidiaries were interest-free and have been settled during the year.

The Group's and Company's trade and other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2005	2004	2005	2004
	US$'000	US$'000	US$'000	US$'000
Hong Kong dollars	160	–	102	–
United States dollars	7,152	4,404	–	–
Japanese yen	5,286	2,745	–	–

15. OBLIGATION UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2005	2004	2005	2004
	US$'000	US$'000	US$'000	US$'000
Amounts payable under finance leases:				
Within one year	125	114	111	101
In the second to fifth year inclusive	232	238	217	227
	357	352	328	328
Less: Future finance charges	(29)	(24)		
Present value of lease obligations	328	328		

The average effective borrowing rate was 4.49% to 7.49% (2004 : 4.59% to 7.49%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's lease obligations approximates their carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 10).

16. DEFERRED TAX LIABILITY

Group

	Arising from accelerated tax depreciation	
	2005	2004
	US$'000	US$'000
At beginning of year	132	35
Charge to income for the year	–	97
At end of year	132	132

17. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Company. The scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last done prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the five market days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is one year from date of grant. If the options remain unexercised after a period of 5 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

On 12 September 2005, the Company made the first grant of options under the Scheme. Details of the share options outstanding during the year are as follows:

	Group and Company 2005	
	Number of share options	Weighted average exercise price
	'000	S$
Amount granted during the year and outstanding at end of the year	18,056	0.305
Exercisable at the end of the year	–	

The options outstanding at the end of the year have a weighted average remaining contractual life of approxmiately 4.7 years.

17. SHARE-BASED PAYMENTS - continued

The estimated fair values of the options granted on 12 September 2005 is 3.0 US cents.

The fair value of the share option was calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	2005
Weighted average share price on date of grant (Singapore cents)	30.0 cents
Weighted average exercise price (Singapore cents)	30.5 cents
Expected volatility	32.57%
Expected life	5 years
Risk free rate	2.0%
Expected dividend yield	5.6%

Expected volatility was determined by calculating the historical volatility of the Company's share price from 26 January 2005 to 9 September 2005. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of US$98,000 (2004 : Nil) related to equity-settled share-based payment transactions during the year.

18. SHARE CAPITAL

	2005	2004	2005	2004
	Number of ordinary shares of US$0.02 each		US$'000	US$'000
Authorised	1,500,000,000	1,500,000,000	30,000	30,000
Issued and fully paid:				
At beginning of year	400,000,000	400,000,000	8,000	8,000
Issue of shares pursuant to its initial public offer [(1)]	88,000,000	–	1,760	–
At end of year	488,000,000	400,000,000	9,760	8,000

(1) On 25 January 2005, 88,000,000 new shares of US$0.02 each were issued by the Company to the public at S$0.38 per share. The proceeds from the issue, net of expenses, amounted to approximately S$28,801,000 equivalent to approximately US$17,772,000.

Notes to Financial Statements

31 December 2005

19. RESERVE FUND, ENTERPRISE EXPANSION RESERVE AND STAFF WELFARE FUND

Reserve Fund

In accordance with the People's Republic of China ("PRC") laws on foreign enterprises, the PRC subsidiaries are required to set aside 10% of their profit after tax for the Reserve Fund until the fund aggregates to 50% of their registered capital. The reserve fund can be used to offset prior years' losses or convert into capital, provided such conversion is approved by a resolution at a shareholders' meeting.

Enterprise Expansion Fund

The Enterprise Expansion Fund can be used for business expansion or conversion into capital, provided such conversion is approved by a resolution at a shareholder's meeting.

The percentage of their profit after tax to be transferred to the Enterprise Expansion Fund is determined by the board of directors of the PRC subsidiaries or the articles of associations of the PRC subsidiaries.

Staff Welfare Fund

Under the regulations applicable to two PRC subsidiaries, the directors of the subsidiaries are to transfer a discretionery percentage of the profit after tax to a staff welfare fund to which the shareholder of the subsidiaries are not entitled. The fund has to be transferred to a new shareholder in the event of a sale of the subsidiaries or turned over to the government in the event of liquidation.

There is no regulatory obligation to pay the staff out of this fund and the subsidiaries has no intention to make such payment. Consequently, management has not recorded any liability in the Group's financial statements but transferred the accumulated amount of funds from accumulated profits to a staff welfare fund.

20. REVENUE

Revenue comprises the sales of products at invoiced value, net of discounts and sale returns.

21. SEGMENT INFORMATION

Business segments

The Group is organised into four operating divisions as follows:

(i) Parts trading - Trading of precision accessories for office equipment and electrical appliances

(ii) LCD backlight units - Manufacturing of LCD backlight units and related components

(iii) Precision accessories - Manufacturing of precision accessories for office equipment and electrical appliances

(iv) LCD frames - Manufacturing of metal and plastic LCD frames

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's profit and loss statement that are directly attributable to a segment and the relevant potion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of allowances for losses or impairment. Capital expenditure comprise the total cost incurred to acquire property, plant and equipment. Segment liabilities consist principally of trade payables, accrued expenses and other payables.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are normally charged at cost plus a percentage mark-up. These transfers and inter-segment mark-up are eliminated on consolidation.

21. SEGMENT INFORMATION - continued

	Parts trading	LCD backlight units	Precision accessories	LCD frames	Eliminations	Consolidated
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
31 December 2005						
REVENUE						
External sales	20,298	51,898	16,435	17,542	–	106,173
Inter-segment sales	3,190	806	1,790	999	(6,785)	–
Total revenue	23,488	52,704	18,225	18,541	(6,785)	106,173
RESULTS						
Segment results	(80)	4,830	3,715	3,196		11,661
Unallocated corporate expense						(1,568)
Operating profit						10,093
Interest expense						(296)
Interest income						256
Profit before income tax						10,053
Income tax						(1,111)
Profit after income tax						8,942

21. SEGMENT INFORMATION - continued

	Parts trading	LCD backlight units	Precision accessories	LCD frames	Eliminations	Consolidated
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
31 December 2005						
ASSETS						
Segment assets	20,700	30,414	8,590	15,976	(3,464)	72,216
Unallocated assets						562
Consolidated assets						72,778
LIABILITIES						
Segment liabilities	10,059	11,211	1,309	2,778	(3,464)	21,893
Bank borrowings and finance leases						3,276
Unallocated liabilities						644
Consolidated total liabilities						25,813
OTHER INFORMATION						
Capital expenditure	198	3,027	438	2,509		6,172
Depreciation of property, plant and equipment	178	776	411	696		2,061

21. SEGMENT INFORMATION - continued

	Parts trading	LCD backlight units	Precision accessories	LCD frames	Eliminations	Consolidated
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
31 December 2004						
REVENUE						
External sales	28,594	46,609	12,986	10,263	–	98,452
Inter-segment sales	72	236	842	916	(2,066)	–
Total revenue	28,666	46,845	13,828	11,179	(2,066)	98,452
RESULTS						
Segment results	1,794	9,167	3,878	2,597		17,436
Unallocated corporate expense						(120)
Operating profit						17,316
Interest expense						(297)
Interest income						36
Profit before income tax						17,055
Income tax						(1,861)
Profit after income tax						15,194
ASSETS						
Segment assets	11,633	24,563	6,312	12,325	(1,172)	53,661
Unallocated assets						10
Consolidated assets						53,671
LIABILITIES						
Segment liabilities	4,769	9,492	1,185	2,020	(1,172)	16,294
Bank borrowings and finance leases						11,506
Unallocated liabilities						1,407
Consolidated total liabilities						29,207
OTHER INFORMATION						
Capital expenditure	514	1,071	556	1,042		3,183
Depreciation of property, plant and equipment	143	625	405	351		1,524

21. SEGMENT INFORMATION - continued

(b) Geographical segment

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods.

	Group 2005 US$'000	Group 2004 US$'000
Sales revenue by geographical market		
Hong Kong Special Administrative Region ("Hong Kong")	36,006	30,157
People's Republic of China ("PRC")	51,177	50,655
Japan	18,460	17,539
Others	530	101
Total	106,173	98,452

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located.

	Additions to property, plant and equipment		Carrying amount of segment assets	
	2005	2004	2005	2004
	US$'000	US$'000	US$'000	US$'000
Hong Kong	198	991	19,805	12,195
PRC	5,974	2,192	52,973	41,476
Total	6,172	3,183	72,778	53,671

22. OTHER OPERATING INCOME

	Group 2005 US$'000	Group 2004 US$'000
Interest income from bank deposits	256	36
Sundry income	100	86
Subsidies from foreign government	360	–
Net foreign exchange gain	273	–
Gain on disposal of scrap material	185	150
	1,174	272

23. SHARE OF LOSSES FROM ASSOCIATE

Management is of the view that the Group's obligation to the associate is limited to its cost of investment as stated in Note 12 and as a result, no share of losses of associate during the financial year has been recorded. The investment has been fully impaired.

24. FINANCE COST

	Group 2005 US$'000	Group 2004 US$'000
Interest expense	296	297

25. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	Group 2005 US$'000	Group 2004 US$'000
Inventory write-down	142	–
Cost of defined contribution plans	1,212	1,164
Cost of inventories recognised as expense	84,370	72,214
Directors' remuneration	807	883
(Gain)/loss on disposal of property, plant and equipment	(1)	59
Net foreign exchange (gain)/loss	(273)	111
Non-audit fee paid to auditors of the Company	70	–
Employee benefits expense (including directors' remuneration and cost of defined contribution plans)	13,079	9,065

26. INCOME TAX EXPENSE

	Group 2005 US$'000	Group 2004 US$'000
Current tax	1,111	1,712
Deferred tax	–	97
Underprovision of income tax in prior year	–	52
	1,111	1,861

The income tax expense for the Group for both years varies from the amount of income tax expense determined by applying the Hong Kong tax rates of 17.5% and the tax rates in different locations in PRC ranging from 15% to 24% to profit before income tax, as a result of the following:

	Group 2005 US$'000	Group 2004 US$'000
Tax at the domestic rates applicable to profits in the country concerned	2,217	4,011
Tax effect of expenses not deductible for tax purpose	101	4
Effect of tax exemptions granted to PRC subsidiaries	(1,393)	(2,228)
Underprovision of income tax in prior year	–	52
Others	186	22
Total income tax expense	1,111	1,861

The exemptions applicable to PRC subsidiaries comprise two years of tax exemptions from the first profitable year followed by a 50% exemption for the following three years.

After the tax exemption period, a preferential tax rate of 12% will be applicable to all PRC subsidiaries which are principally engaged in the export of products under the laws of the PRC, subject to satisfaction of certain conditions including deriving 70% of revenue from exports. This represents a 50% reduction from the prevailing statutory tax rate of 24%.

27. DIVIDENDS

In 2005, a dividend of 0.623 US cents per share (total dividend of US$3,040,000) in respect of 2004 and an interim dividend of 0.4 US cents per share (total dividend of US$1,952,000 in respect of 2005 were paid to shareholders. In 2004, the dividend paid was 1.795 US cents per share (total dividend of US$7,180,000).

In respect of the current year, the directors propose that a dividend of 0.4 US cent per share to be paid to shareholders on May 24, 2006. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is US$1,952,000.

28. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2005 US$'000	2004 US$'000
Profit for the year attributable to equity holders of the Company	8,942	15,194

	2005 '000	2004 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	482,214	400,000

There is no diluted earnings per share as the average market price of ordinary shares during the period from the issue of the options to the balance sheet date is below the exercise price for the options.

29. COMMITMENTS

(i) Operating lease commitments

	Group	
	2005 US$'000	2004 US$'000
Minimum lease payments under operating leases included in the profit and loss statement	1,278	997

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases which fall due were as follows:

	Group	
	2005 US$'000	2004 US$'000
Future minimum lease payments payable:		
Payable within one year	1,786	930
Payable in the second to fifth years inclusive	1,302	499
Total	3,088	1,429

Operating lease payments represent rentals payable by the Group for certain of its office and factory properties and apartments. Leases for certain office and factory properties are negotiated for an average term of five years. All other leases are negotiated for an average term of one to two years and such rentals are fixed for an average term of one to two years.

(ii) Capital commitments

	Group	
	2005 US$'000	2004 US$'000
Capital expenditure for acquisition of property, plant and equipment		
Authorised but not contracted for	434	423
Contracted for but not provided	874	354

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet of the Company set out on pages 28 to 66 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December, 2005 and of the results, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Kunikazu Yoshimi
Chairman and Chief Executive Officer

Lai Shi Hong Edward
Executive Director

Hong Kong
28 March 2006

Statistics of Shareholdings

As at 17 March 2006

Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	–	999	3	0.19	1,000	0.00
1,000	–	10,000	778	50.20	3,367,000	0.69
10,001	–	1,000,000	749	48.32	48,215,000	9.88
1,000,001 and above			20	1.29	436,417,000	89.43
Total			**1,550**	**100.00**	**488,000,000**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Mikuni Co., Limited	248,680,000	50.96
2.	DBS Nominees Pte Ltd	63,679,000	13.05
3.	SBI E2-Capital Asia Securities Pte Ltd	51,320,000	10.52
4.	Lim & Tan Securities Pte Ltd	17,747,000	3.64
5.	UOB Kay Hian Pte Ltd	12,506,000	2.56
6.	DBS Vickers Securities (S) Pte Ltd	5,408,000	1.11
7.	Citibank Nominees S'pore Pte Ltd	4,408,000	0.90
8.	HL Bank Nominees (S) Pte Ltd	4,040,000	0.83
9.	Yeap Lam Hong	4,029,000	0.83
10.	OCBC Securities Private Ltd	3,753,000	0.77
11.	United Overseas Bank Nominees Pte Ltd	3,453,000	0.71
12.	Morgan Stanley Asia (S'pore) Securities Pte Ltd	3,318,000	0.68
13.	HSBC (Singapore) Nominees Pte Ltd	3,080,000	0.63
14.	Phillip Securities Pte Ltd	2,147,000	0.44
15.	Nurdian Cuaca	2,066,000	0.42
16.	Kim Eng Securities Pte. Ltd.	1,564,000	0.32
17.	CIMB-GK Securities Pte. Ltd.	1,519,000	0.31
18.	Chong Lay Teng	1,430,000	0.29
19.	Tan Siew Cheng	1,200,000	0.25
20.	Tann Kah Huat Eric	1,070,000	0.22
	Total	**436,417,000**	**89.44**

Statistics of Shareholdings

As at 17 March 2006

SHAREHOLDERS' INFORMATION AS AT 17 MARCH 2006

Authorised share capital	:	US$30,000,000
Issued and fully paid-up capital	:	US$9,760,000
Class of shares	:	Ordinary share of US$0.02 each
Voting rights	:	One vote per share

SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2006

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Mikuni Co., Limited (formerly known as Crystal Display Components (HK) Limited)[1]	248,680,000	50.96	—	—
The China Fund, Inc	60,000,000	12.3	—	—
Kunikazu Yoshimi	—	—	248,680,000	50.96

Note:

1. Mr Kunikazi Yoshimi is deemed interested in the shares held by Mikuni Co., Limited ("Mikuni") by virtue of his shareholdings in Mikuni.

As at 17 March 2006, 31.64% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CDW Holding Limited (the "Company") will be held at Carlton Hotel Singapore, Level 2, Empress Room 1, 76 Bras Basah Road, Singapore 189558 on Friday, 28 April 2006 at **3.00 p.m.** for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2005 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare final dividend of 0.4 US cent per ordinary share (equivalent to approximately **0.644** Singapore cents) (tax not applicable) for the year ended 31 December 2005 (2004: Final dividend of 0.623 US cent per ordinary share (equivalent to approximately 1.01667 Singapore cents)(tax not applicable)). **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Bye-law 104 of the Company's Bye-laws:

Mr Akihiro Kiyota	(Retiring under Bye-law 104)	**(Resolution 3)**
Mr Ng Wai Kee	(Retiring under Bye-law 104)	**(Resolution 4)**
Mr Wong Yik Chung John	(Retiring under Bye-law 104)	**(Resolution 5)**

   Mr Ng Wai Kee will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of Nominating Committee and Remuneration Committee and will be considered independent.

   Mr Wong Yik Chung John will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of Audit Committee and Nominating Committee and will be considered independent.

4. To approve the payment of Directors' fees of **HK$720,000** (equivalent to approximately **S$150,000** for the year ending 31 December 2006 to be paid quarterly in arrears (2005: HK$720,000 (equivalent to approximately S$153,000)). **(Resolution 6)**

5. To re-appoint Deloitte & Touche as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares up to 50 per centum (50%) of issued share capital**

   That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares (whether by way of rights, bonus or otherwise) in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that:

   (i) the aggregate number of shares to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company; and

   (ii) unless previously revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (i)]

   (Resolution 8)

8. **Authority to allot and issue shares under the CDW Holding Share Option Scheme**

   That the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of the options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the CDW Holding Share Option Scheme (the "Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time. [See Explanatory Note (ii)] **(Resolution 9)**

9. **Renewal of Shareholders' Mandate for Interested Person Transactions**

   That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited:

   (a) approval be given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out on pages 122 to 124 of the Company's Prospectus dated 14 January 2005 ("Prospectus") with any party who is of the class of Interested Persons described in the Prospectus, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Company's Prospectus (the "Shareholders' Mandate");

Notice of Annual General Meeting

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting; and

(c) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit. [See Explanatory Note (iii)] **(Resolution 10)**

By Order of the Board

Robson Lee Teck Leng
Tan San-Ju
Secretaries
Singapore, 5 April 2006

Explanatory Notes:

(i) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company.

For the purpose of this resolution, the percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoke by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

(iii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will authorise the Interested Person Transactions as described in the Prospectus and recurring in the year and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notice of Annual General Meeting

Notes:

1. If a Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) wishes to attend and vote at the Annual General Meeting (the "Meeting"), then he/she/it should complete the Proxy Form and deposit the duly completed Proxy Form at the office of the Singapore Share Transfer Agent, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315, at least forty-eight (48) hours before the time of the Meeting.

2. If a Depositor wishes to appoint a proxy/proxies, then the Proxy Form must be deposited at the office of the Singapore Share Transfer Agent, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315, at least forty-eight (48) hours before the time of the Meeting.

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

Personal Digital Assistants Notebook Monitors Handphones

Digital Cameras Gamebox Entertainment Equipment

GPS Navigators LCD TV

Personal Digital Assistants

Copiers

Handphones

Gamebox Entertainment Equipment

Notebook Monitors

Microwave Ovens

Copiers LCD TV Printers

Digital Cameras

GPS Navigators

CDW Holding Limited

新界沙田鄉事會路138號新城市中央廣場2座16樓1617至21室

Unit 1617-1621, 16th Floor, Tower II, Grand Central Plaza,
138 Sha Tin Rural Committee Road, Shatin, N.T., H.K.
TEL: +852 2634 1151 FAX: +852 2690 3349

www.cdw-holding.com.hk