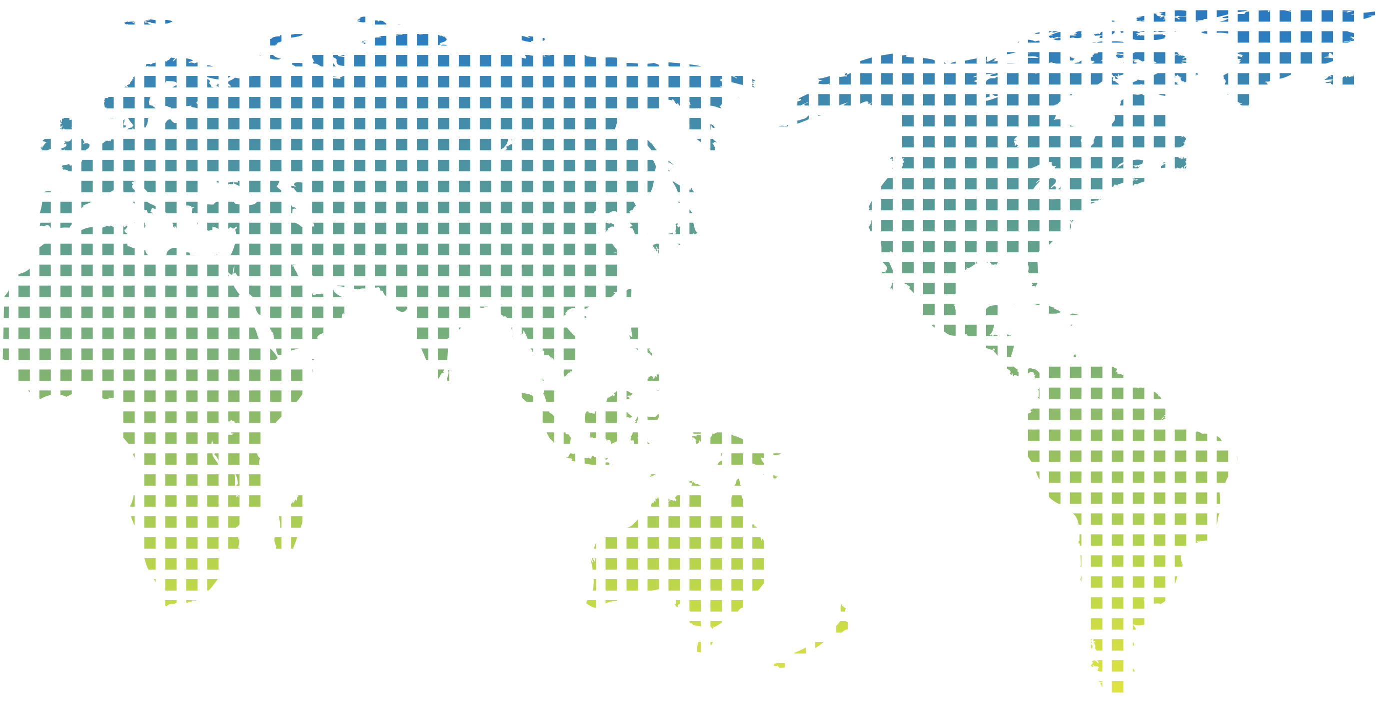
CDW Holding Limited



Sound Strategies for a Digital World

ANNUAL REPORT **2011**

A Reliable Outsourcing Partner with Japanese Precision

日本の技術力と信頼性を世界へ

With an eagle-eyed focus on producing higher margin, popular consumer electronics, while expanding prudently and managing costs, we are on the right course for long-term sustainable growth. That's Sound Strategy.

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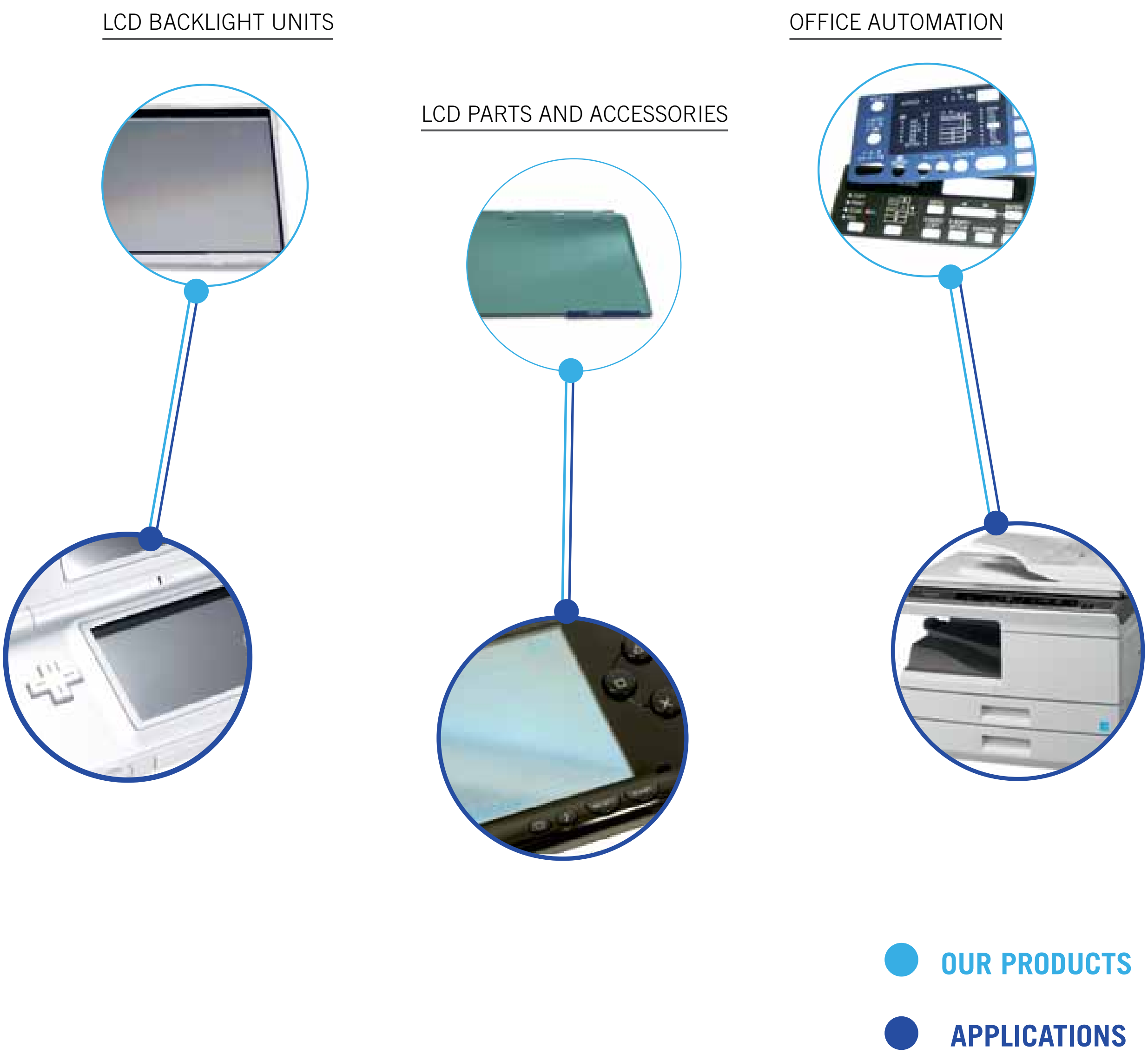
CDW Holding Limited is a Japanese-managed precision components specialist serving the global market focusing on the production and supply of niche precision components for mobile communication equipment, gamebox entertainment equipment, consumer and information technology equipment, office equipment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



Our Production Centres & Offices

Tomoike Industrial Co., Limited

Tomoike Electronics (Shanghai) Co., Limited

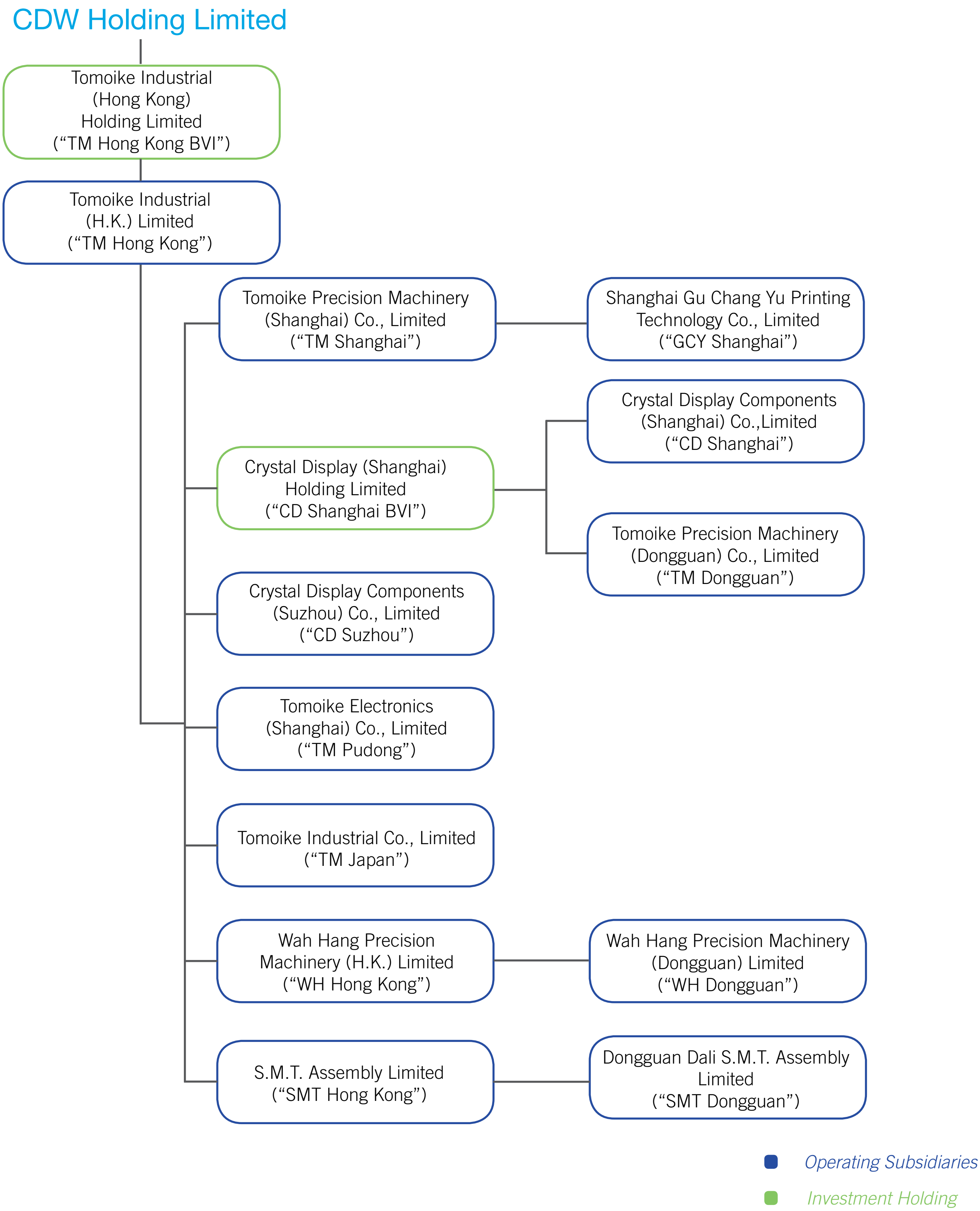
Crystal Display Components (Shanghai) Co., Limited

Tomoike Precision Machinery (Shanghai) Co., Limited

Crystal Display Components (Suzhou) Co., Limited

Tomoike Precision Machinery (Dongguan) Co., Limited

Corporate Structure



Corporate Milestones

1991 Our founder, Mr Yoshimi, set up TM Hong Kong as a private trading company in Hong Kong engaging in the trading of precision accessories for electrical and electronic appliances.

1993 The Group identified the trend of large Japanese corporations shifting their production facilities to the PRC and started supplying them with cost efficient precision accessories sourced from Hong Kong and PRC manufacturers.

1996 The Group established TM Shanghai in Jiading, Shanghai, the PRC 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 Parts and Accessories business.

2005 Shares of the Company were listed on the main board of the Singapore Stock Exchange in January.

2005 TM Dongguan was established and commenced production of LCD Backlight Units for colour mobile phones and entertainment equipment in December.

Corporate Milestones

2011

The Group increased equity interest from 72% to 86% in SMT Hong Kong.

2011

SMT Dongguan and GCY Shanghai were established in order to secure and enhance the business of the Group.

2010

The Group acquired 72% equity interest in SMT Hong Kong, a company specialising in the provision of surface mounting technique services in electronics production assembly.

2009

The Group managed to consolidate the facilities which reduced the operating costs, substained utilisation and achieved cost efficiency.

2008

The Group expanded capacity for Office Automation segment and WH Dongguan started production in September. This Dongguan factory aims to serve customers in Southern China.

2007

The Group completed the acquisition of TM Japan by issuing 18,405,221 new shares as consideration in September. As a result of the completion, TM Japan has become a wholly-owned subsidiary of the Group.

2007

CD Suzhou completed the relocation to new factory for further expansion of business in July.

2006

The Group acquired the controlling stake in TM Japan in July. TM Japan joined the Group to extend the Group's sales and marketing network in Japan, supplying precision components for LCD Backlight Units and related products and supplying and manufacturing precision accessories for office equipment and electrical and electronic appliances.

Letter to Shareholders

Dear Shareholders,

On behalf of the Board, I am pleased to write to you as your Chairman-designate and Chief Executive Officer-designate and to share with you our developments over the Financial Year 2011. In the past year, as your company's Executive Director and Chief Operating Officer, I have been working closely with your retiring Chairman and Chief Executive Officer, Mr Yoshimi Kunikazu, fine-tuning our targeted marketing strategies, reviewing our presence in Japan, enhancing our China operations and developing strategic business associations. I am humbled and honoured to have been given the opportunity to work and indeed learn from our founder Mr Yoshimi Kunikazu and look forward to taking our company further as its new head.

We have made substantial progress in our niche business as a precision components specialist focusing on consumer electronics. Maintaining focus on our growth strategy of targeting high-value, popular consumer electronic products with strong order visibility, stable order flow, as well as steady margins, we managed to secure a 42.0% increase in Group sales to US$173.1 million, compared with US$121.9 million the year before. This increased revenue was mainly due to robust sales in our largest business segment of LCD Backlight Units. The stronger sales was partly due to a change in the supplier landscape as explained below. This in turn generated greater order stability and enabled us to improve production efficiency.

As for our other businesses, the Office Automation business maintained its sales base, while the LCD Parts and Accessories business saw an increase in revenue together with a two-fold improvement in its operating margins. This in sum enabled us to expand net profits by 38.2% from US$3.4 million in FY2010 to US$4.7 million in FY2011.

On a per share basis, CDW generated earnings of 0.94 US cents for the year in review, a 0.26 US cents increase compared with earnings of 0.68 US cents for FY2010. Net asset value per ordinary share as of year-end 31 December 2011 was 12.13 US cents, a 1.11 US cents increase compared with net asset value of 11.02 cents in the prior year. To reward our shareholders, the Board is recommending a final dividend of 0.4 US cents per ordinary share to be approved at the upcoming Annual General Meeting. Together with an interim cash dividend of 0.3 US cents per ordinary share, total dividends for the year will amount to 0.7 US cents per ordinary share.

Steady Progress

In FY2011, our track record of expertise, targeted marketing and focused development enabled us to expand Group revenue considerably. Importantly, our expertise in the manufacturing of LCD Backlight Units enabled us to secure larger orders with a steadier order flow from one of our key customers. This resulted in progressive revenue growth every consecutive quarter over the year, with the fourth quarter being the strongest at US$32.2 million. It also enabled us to improve the quality of our earnings in our largest business segment. With higher order visibility, we were able to draw upon economies of scale, realise cost efficiencies and ultimately improve operating margins in this segment from 4.5% in FY2010 to 7.2% in FY2011.

Letter to Shareholders

Our LCD Parts and Accessories business also saw sales expand almost every quarter over the year in review, with operating margins strengthening from 4.1% in FY2010 to 8.8% in the year in review. Due to a slow recovery in Japan, our operating margins for the Office Automation business saw a reduction from 10.1% in FY2010 to 4.6% in FY2011. Nonetheless, we were able to maintain a healthy Group-wide gross profit margin of about 20% over the year. This margin maintenance is an achievement we aim to maintain.

Aside from revenue growth, we also further streamlined our operations. We reviewed our Japan operations and undertook an internal restructuring of TM Japan, downsizing its manufacturing capacity. We also integrated SMT Hong Kong, in which we acquired a controlling stake just a year before in FY2010. SMT Hong Kong specialises in surface mount technology, a production process we had previously outsourced. In vertically integrating this company, we achieve more production synergy and cost efficiencies.

During the year, we also acquired about US$3.0 million of new machineries. These new machineries are meant to replace old ones in order to enhance the overall production efficiency of LCD Parts and Accessories and Office Automation equipment. Group-wide, we also continued to manage costs and undertake production process re-engineering to maintain competitiveness.

Outlook and Strategy

As we enter 2012, we see that the global economic environment remains uncertain and bearish, affected by the prolonged European sovereign debt crisis, a weak Japanese economy and a tepid US recovery. As major engines of the global economy, their weaknesses will have a bearing on global business. Meanwhile, Asia might be relatively more robust, but it is not as large a demand generator as the G-7 countries. High inflation in Asia also remains a worry. These larger developments might impact the Group's business and profitability as it operates in the high-end consumer electronics sector dominated by a handful of mega players.

Nonetheless, with our proven focus on higher-value products with high order visibility and reasonable margins, coupled with our strategic flexibility, we remain cautiously optimistic. In our largest LCD Backlight Units business, we noticed some of our competitors scaled down their production. This change

in the supplier landscape resulted in CDW becoming the key supplier to one of our customers. While we anticipate our Office Automation business to be stable, we believe there is much room for expansion of our LCD Parts and Accessories business through leveraging partnerships with optical manufacturers. Through such joint marketing with other material manufacturing companies, we will be able to reach a wider customer audience.

Cost Management Vital

As we look for avenues to expand, we will actively manage costs through process re-engineering, inventory management and productivity improvements. We will also maintain our low gearing and lower financing costs where possible. In addition, our cash position is in fact strong, with US$45.5 million in cash and cash equivalents at year-end 2011, an increase over FY2010 where we booked US$37.7 million. This cash reserve will give us the flexibility to expand organically or through acquisitions if necessary.

As an international operation, the Group purchases important Japanese-made raw materials and parts in Japanese Yen ("Yen") for the group's production while sales are denominated in United States ("US") Dollars. The extended weakness of the US Dollar has consequently adversely affected our profitability. We mitigate this currency risk through currency forward and option contracts. Furthermore, the appreciating Chinese Renminbi ("RMB"), together with a tightening labour supply and increased minimum wages in the People's Republic of China ("PRC") will likely lead to higher operating costs for our manufacturing operations in the PRC. This is despite our regular efforts at increasing productivity through deployment of new and more efficient production equipment and techniques. We will have to manage these changes as best as we can so that they will not erode the progress we make as a Group.

Letter to Shareholders

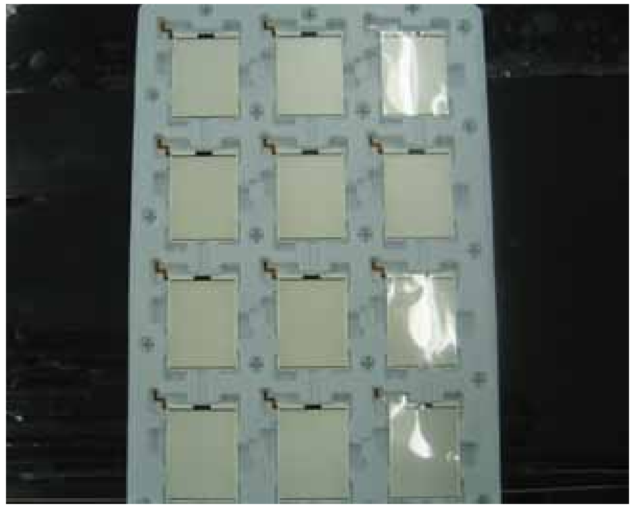
Managing through Bracing Times

As disclosed in November 2011, one of our wholly-owned subsidiaries, CD Suzhou, received a general notice from the government authorities of MuDu New District informing it that in connection with the authorities' urbanisation development plans, the authorities invited the subsidiary to negotiate the sale of its land and buildings under a land acquisition exercise. Management believes that this land acquisition would likely have a serious financial impact if it becomes crystallised, considering the recent compensation case of nearby companies. We will provide an update on this land acquisition in due course.

Conclusion

These are bracing times for CDW. While we aim to expand with proven strategies, we will have to be cognisant of larger developments beyond our control, managing our Group with dexterity and foresight. As we move ahead, our corporation is bolstered by Mr Kiyota Akihiro, the new Chief Operating Officer. Joining the Group in 2000 and leading various operations through the years, he was most recently in charge of planning the Group's marketing strategies in Japan. Mr Kiyota brings with him over 25 years of experience in sales and marketing in a number of Japanese companies at the managerial level.

On behalf of the Board, I would also like to welcome Mr Ochi Shinichi on the Board. He has been with the Group for over 17 years and is currently the Head of Supply Chain Management, a post he has held since 2009. I would also like to welcome and thank Mr Chong Pheng and Mr Mitani Masatoshi, who were appointed as Independent Directors on 31 May 2011. A special word of appreciation is also due to Mr Yoshimi Kunikazu who has taken us from the foundation and for leading CDW on the track of recovery. To ensure a successful and smooth transition, he will continue to serve as an advisor to CDW for an initial three years. We look forward to tapping his expertise.

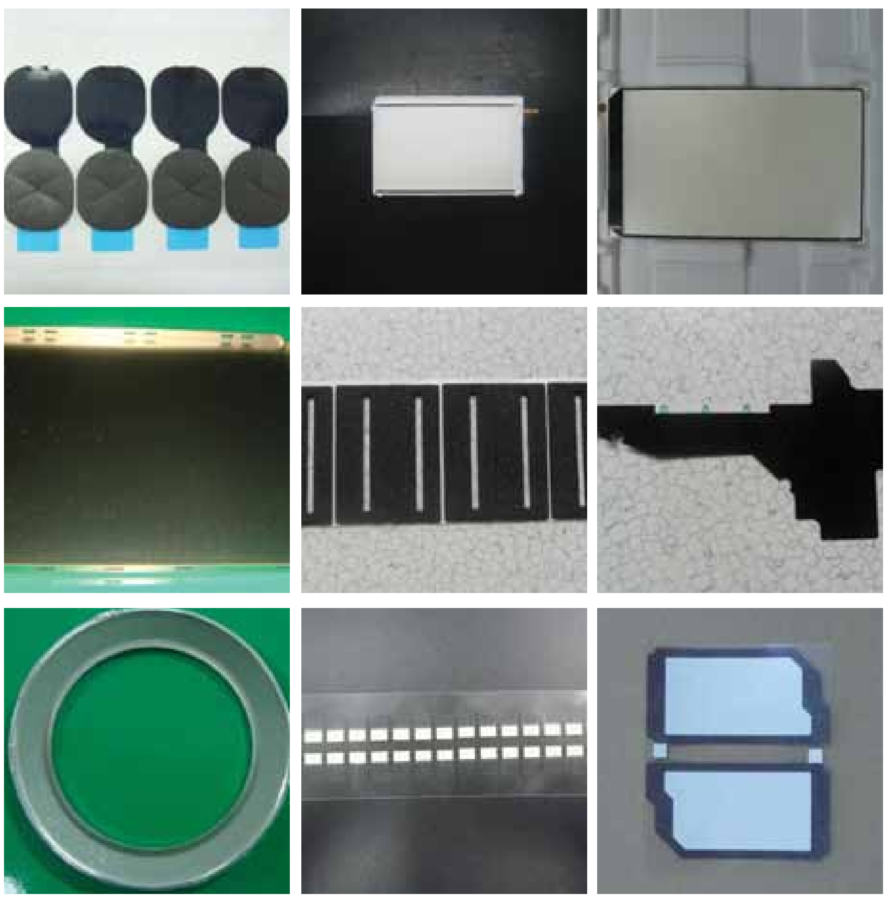


At this juncture, I would like to conclude by thanking the directors, management and staff for their advice, dedication and determination. Special mention should also be extended to Mr Wong Chak Weng and Mr Wong Yik Chung, John, both Independent Directors since August 2004. Mr Wong Chak Weng, Chairman of the Nominating Committee, retired from the Board on 31 May 2011. Mr Wong Yik Chung, John, Chairman of the Remuneration Committee, retired from the Board on 31 December 2011. We thank both of them for their contributions and wish them well in the future. We would also like to extend gratitude to our business partners, customers and shareholders for their invaluable support. We have very talented and experienced resources at hand, and together, we look forward to the opportunities ahead.

Yours Sincerely,

URANO Koichi
On behalf of the Board of Director of CDW Holding Limited

Our Base is Solid,
The Future is Bright



Financial & Operations Review

Income Statement

Focusing on its customer base in consumer electronics and leading-edge expertise in precision component manufacturing, CDW registered a commendable set of results for Financial Year 2011. During the year in review, the Group booked a 42.0% or US$51.2 million boost to its revenue to US$173.1 million. This increased revenue was mainly due to robust sales in our largest business segment of LCD Backlight Units.

Group gross profits grew by US$7.1 million or 25.8% to US$34.8 million in FY2011. Gross profit margin moderated by 2.6 percentage points, from 22.7% in FY2010 to 20.1% in FY2011. This was partly due to rising labour costs and higher raw material costs for the manufacture of high value items, which we have been securing larger orders in. Nonetheless, over the last four consecutive quarters, the Group managed to maintain a gross profit margin of around 20%.

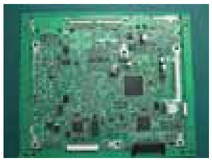
With an eye on optimal resource management, we restructured our operations in Japan, downsizing its manufacturing capacity. Based on the latest projected cash flows generated from this downsized operation, the directors were of the opinion that the value of the goodwill arising from the acquisition of TM Japan was impaired and therefore the goodwill amounting to US$1.5 million was fully written off as at year-end.

In terms of expenses, our selling and distribution expenses increased in line with an increase in sales. Administration expenses increased by 13.0% or US$2.8 million to US$24.4 million partly due to increasing operating costs in the PRC and the appreciation of RMB and Yen as compared to the US Dollar and partly due to the increase in headcount and salary-related expenses in the PRC and Hong Kong operations which were in line with the increase in sales. The increase also included professional expenses directly related to the investigation of certain bank transfers which occurred last year. On the other hand, our finance costs remained at a low level during the year due to the Group's low gearing policy and the low interest rate environment.

With the effective tax rate for the year in review moderately increased to 29.6% from 26.0% for the previous year, income tax expenses increased by US$2.1 million to US$3.2 million over FY2011. The Group also maintained bank loans at a low level and in fact has unutilised banking facilities which could be deployed for expansion where necessary.

During the year, the Group acquired plant and equipment to replace old ones with aggregate cost of approximately US$3.5 million of which US$0.2 million was acquired by means of finance leases. This was to improve overall efficiency in the production of LCD Parts and Accessories and Office Automation equipment.

Financial & Operations Review


All in all, we registered net profit of US$4.7 million, an increase of US$1.3 million or 37.2%.

LCD Backlight Units

Comprising about two-thirds of Group revenue, LCD Backlight Unit sales expanded by 74.5% from US$63.9 million in FY2010 to US$111.5 million in FY2011.This strong expansion was due to our Group being the key supplier for some product models in the light of a consolidation of suppliers who have reduced their production. Benefitting from this changed supplier landscape, the Group increased production, had more stable order flow and improved efficiency. With this improved economies of scale, we increased operating margins from 4.5% in FY2010 to 7.2% in FY2011.

During the year under review, we manufactured 8.1 million backlight units for handsets (mainly smart phones) and 42.6 million backlight units for gamesets and other handheld devices (including backlight units for digital cameras and global positioning system products). In FY2010, we manufactured 2.5 million backlight units for handsets, and 28.1 million backlight units for gamesets and other handheld devices.

Office Automation

The Office Automation segment maintained its contribution to total Group sales in FY2011, seeing a slight moderation to US$25.4 million, compared with US$26.2 million in the previous year. This was due to weak demand from Japan partly due to the effects of the 2011 tsunami on domestic businesses as well as the strong Yen which makes Japanese production more costly than that done outside it.

LCD Parts and Accessories

Leveraging on its close relationships with optical sheet manufacturers, the Group has strengthened the business related to Japanese-made optical sheets in this segment. As a result, orders from a key customer increased. FY2011 sales in this segment grew 14.1% to US$36.2 million. Operating margin improved over the year from 4.1% in FY2010 to 8.8% in FY2011.

Statement of Financial Position

As at financial year-end 31 December 2011, total assets stood at US$109.7 million and total liabilities were US$51.1 million.

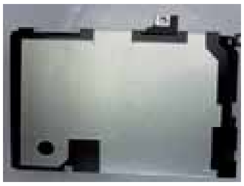
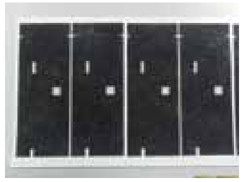
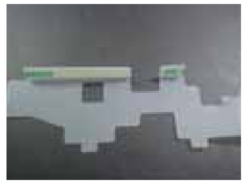
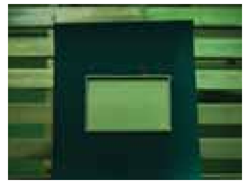
Total current assets were up by US$10.0 million over the year under review to US$84.1 million as at 31 December 2011. Apart from the increase in cash and bank balances with reasons stated below, inventories were lifted due to increased sales of LCD Backlight Units and the postponement of mass production of certain parts in the LCD Parts and Accessories segment.

For trade receivables, the Group debtor turnover days improved to 43 days as a result of increased sales to customers with shorter credit term. In general, there is no material change in the credit term to customers. Other receivables mainly represented utility deposits, prepaid expenses and value-added tax recoverable. The inventory turnover days for FY2011 were 36 days, compared with 38 days in the previous year.

Total non-current assets stood at US$25.6 million, representing a 4.6% decrease from US$26.8 million in the preceding year. As mentioned above, the goodwill amounting to US$1.5 million arising from the acquisition of TM Japan was impaired and therefore fully written off as at year-end.

Total liabilities as at 31 December 2011 rose to US$51.1 million, representing an increase of US$5.7 million over the year. In order to secure borrowing at low interest rates, the Group arranged a fixed interest three-year term loan during the year. The bank loans were decreased by US$1.3 million to US$13.9 million as at year-end.

Financial & Operations Review

The balance in trade payables increased by US$4.4 million to US$27.6 million as at 31 December 2011. It was consistent with the rise in revenue. There was no change in the credit terms from our suppliers. Other payables and accruals, comprising accruals for expenses and wage payables, registered an increase of US$0.7 million to US$5.1 million as at 31 December 2011 to reflect rising labour costs in the PRC.

The income tax on profit was provided and adjusted under tax rules of different jurisdictions which is consistent with the increase in sales and the profit before tax.

Statement of Cash Flows

During the year in review, the Group generated profit before tax of US$7.9 million, and operating cash inflows of US$13.7 million. As such, cash and cash equivalents at year-end were US$45.5 million as compared to US$37.7 million a year before.

Net cash flows from operating activities amounted to US$13.5 million, compared to US$3.3 million in the corresponding period in the previous year. The increase in operating cash was due to the increase in profit before tax, and the increase in non-cash adjustments, such as impairment recognised in respect of goodwill.

Net cash used in investing activities amounted to US$2.3 million, compared to US$0.2 million in the preceding year. Included in these cash outflows was newly purchased plant and equipment amounting to US$3.3 million as mentioned above.

Lastly, net cash used in financing activities increased to US$5.3 million, compared to US$3.5 million a year before. The net cash outflows included the payment of dividends and share buyback amounting to US$3.0 million and US$1.3 million respectively during the year.

Key Financial Data

US$mn	FY2011	FY2010	FY2009	FY2008	FY2007
Total Assets	109.7	100.9	93.8	100.9	104.3
Total Liabilities	51.1	45.4	41.4	45.7	51.4
Current Assets	84.1	74.1	66.3	70.5	73.5
Current Liabilities	45.7	36.8	32.5	42.5	45.9
Shareholders' Equity	58.6	55.5	52.4	55.2	52.9
Revenue	173.1	121.9	107.3	154.6	167.3
Profit before tax	7.9	4.6	1.6	1.5	1.0
Profit after tax	4.7	3.4	0.3	0.1	0.1
Earnings per share (US cents)	0.94	0.68	0.05	0.02	(0.06)
Dividend per share (US cents)	0.7*	0.6	0.5	0.8	0.2

** including the proposed final dividend for FY2011*

Key Operational Information / Data

LCD BLU Operating subsidiaries
(CD Shanghai, TM Dongguan, TM Japan & TM Hong Kong)

	FY2011	FY2010	FY2009
Revenue (US$mn)	111.5	63.9	52.6
Earnings before interest and taxes (EBIT) (US$mn)	8.1	2.9	1.5
Gross floor area (sqm)	19,731	19,731	19,731
Clean room area (sqm)	6,208	6,208	6,208
Number of staff	162	162	168
Number of workers	1,529	1,285	1,004
Production capacity (units/mth)	6,000,000	6,000,000	6,000,000

LCD Parts and Accessories Operating subsidiaries
(CD Suzhou, TM Japan, TM Pudong, TM Dongguan, TM Hong Kong, SMT Hong Kong & SMT Dongguan)

	FY2011	FY2010	FY2009
Revenue (US$mn)	36.2	31.8	29.6
EBIT (US$mn)	3.2	1.3	1.2
Gross floor area (sqm)	36,887	36,887	25,504
Clean room area (sqm)	4,373	4,373	3,763
Number of staff	191	183	168
Number of workers	709	770	649

**SMT Hong Kong was acquired in September 2010.*
**SMT Dongguan was incorporated in June 2011.*

Office Automation Operating subsidiaries
(TM Japan, TM Shanghai, WH Hong Kong, WH Dongguan & GCY Shanghai)

	FY2011	FY2010	FY2009
Revenue (US$mn)	25.4	26.2	25.1
EBIT (US$mn)	1.2	2.6	1.7
Gross floor area (sqm)	7,830	8,454	8,454
Clean room area (sqm)	569	829	724
Number of staff	173	142	158
Number of workers	491	545	504

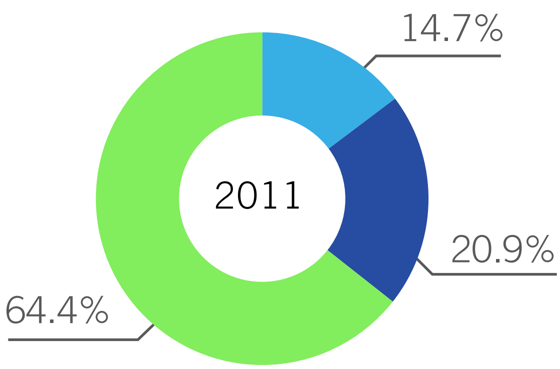
**GCY Shanghai was incorporated in July 2011.*

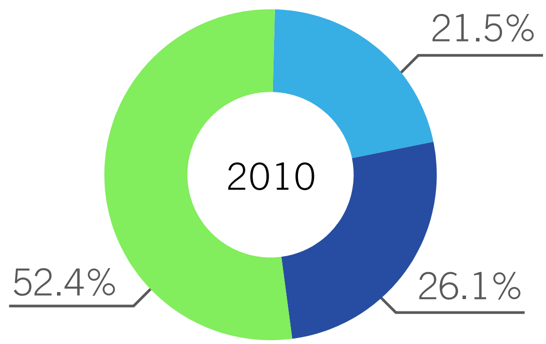
(Figures are based on December of each year.)

Financial & Operations Review

Segmental Financial Highlights

Revenue - by business segments



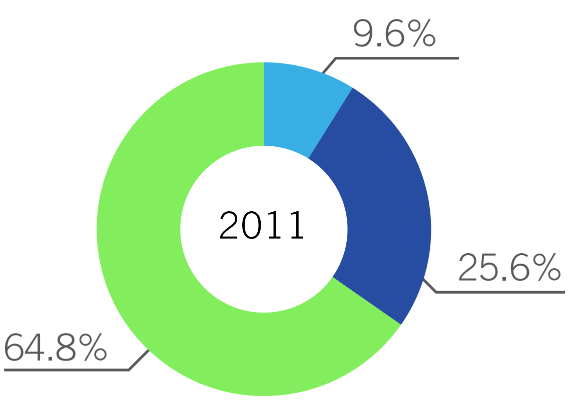


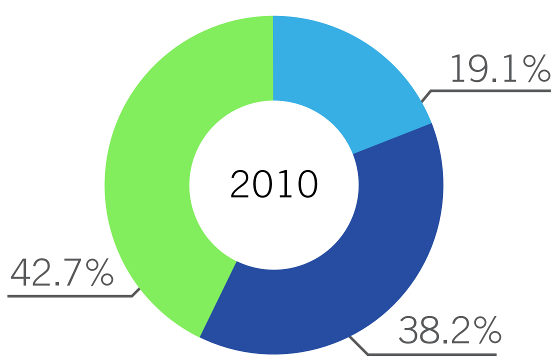
Revenue Growth

US$mn	FY2011	FY2010	%Change
LCD Backlight Units	111.5	63.9	74.5
LCD Parts and Accessories	36.2	31.8	13.8
Office Automation	25.4	26.2	(3.1)

LCD Backlight Units
LCD Parts and Accessories
Office Automation

EBIT - by business segments





EBIT Growth

US$mn	FY2011	FY2010	%Change
LCD Backlight Units	8.1	2.9	179.3
LCD Parts and Accessories	3.2	1.3	146.2
Office Automation	1.2	2.6	(53.8)

LCD Backlight Units
LCD Parts and Accessories
Office Automation

Board of Directors

URANO Koichi

KIYOTA Akihiro

DY MO Hua Cheung, Philip

OCHI Shinichi

LAI Shi Hong, Edward

URANO Koichi

Chairman-designate and Chief Executive Officer-designate

Mr Urano succeeded from Mr Yoshimi Kunikazu who founded the Group on 31 March 2012. As the Chief Executive Officer, he is in charge of the overall operations of the Group and is responsible for overall strategy, planning and development. He has more than 17 years of experience and knowledge of the LCD technology and has made considerable contribution towards the development of Group's business in the Japanese and overseas markets.

KIYOTA Akihiro

Executive Director and Chief Operating Officer-designate

Mr Kiyota succeeded as the Chief Operating Officer from Mr Urano on 31 March 2012, and currently in charge of the overall operations of the Group and is responsible for overall strategy, planning and development. He has over 25 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 TM Hong Kong and was promoted as the General Manager in August 2004. Mr Kiyota was appointed as the Executive Managing Director of TM Japan in August 2007.

DY MO Hua Cheung, Philip

Executive Director

Mr Dy Mo is responsible for the overall management of our Group's financial and management reporting, budgeting, treasury, internal control, auditing functions and accounting and compliance processes. He joined our Group as Financial Controller and Head of Administration of our Group in 2003 and has extensive experience in the auditing and accounting profession. Mr Dy Mo graduated from the University of Birmingham, England and is a Member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

OCHI Shinichi

Executive Director

Mr Ochi was appointed as the Executive Director in March 2012. He is responsible for overseeing and promoting efficiency of our Group's supply chain management from ordering, procurement, inventory control to logistics. With management skill developed in his career with the Group for more than 17 years, he has made significant contribution to the Group's success in particular in cost management. He was the General Manager of TM Pudong and TM Shanghai. In TM Japan, he was appointed as a director in January 2009, and currently appointed as the Executive Managing Director in April 2012.

LAI Shi Hong, Edward

Non-Executive Director

Mr Lai was re-designated from an Executive Director to a Non-Executive Director in October 2011. He is currently a member of Audit, Nominating and Remuneration Committee. He was appointed to the Board in August 2004, when he was responsible for overseeing our finance, compliance and corporate development functions. He has more than 24 years of experience in finance, accounting and business management, and is currently the Chief Financial Officer and the Company Secretary of a main-board listed company in Hong Kong. He graduated from the University of Hong Kong and the Hong Kong Baptist University with a Bachelor of Arts and a Master of Science Degree in Corporate Governance and Directorship, respectively. He is currently a Member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and a Fellow Member of the Association of Chartered Certified Accountants.

Board of Directors


CHONG Pheng


HO Yew Mun


MITANI Masatoshi


NG Wai Kee

CHONG Pheng

Independent Director

Mr Chong was an officer in the Singapore Armed Forces. After retiring from the Army, he started his own businesses in several different industries and is the director and owner of Blue Forest Echo Pte Ltd; a director and shareholder of Eurock Resources Pte Ltd, Eu-Pure Pte Ltd, HDJ Pte Ltd (f.k.a. Diobas Far East Pte Ltd) and Eurock Ltd (a Hong Kong company); and a director of Zhong Xing Venture Pte Ltd. He is also currently employed as Director of Sales in Microlight Sensors Pte Ltd. He holds a First Class Honors Degree in Electronic and Electrical Engineering from the National Defense Academy in Japan, a Master of Science Degree in Defense Technology (Electronics) from Cranfield University (Royal Military College of Science) in England and a Graduate Diploma in Organizational Learning from the Civil Service College in Singapore.

HO Yew Mun

Independent Director

Mr Ho is currently an Independent Director of PEC Ltd. He has a finance, accounting training and extensive experience and knowledge of the securities markets both in Singapore and regionally. He had served with DBS Bank Limited and Singapore Exchange Limited previously. He holds a Master in Business Administration degree from Victoria University, Wellington, New Zealand and is also a full Member of the Singapore Institute of Directors.

MITANI Masatoshi

Independent Director

Mr Mitani is a professional accountant by training and a certified public accountant. He has more than 16 years of experience in accounting, auditing, taxation and corporate secretarial work in Japan, Hong Kong and Singapore. He is a permanent resident in Singapore since 2001. Mr Mitani graduated from the Kyoto University. He is a Member of the Association of Japanese Institute of Certified Public Accountants.

NG Wai Kee

Independent Director

Mr Ng is a professional accountant by training and a certified public accountant. He has more than 24 years of experience in accounting, auditing, taxation and corporate secretarial work. Mr Ng graduated from the Hong Kong Shue Yan University. He is a Fellow Member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and a Member of The Institute of Chartered Accountants in England and Wales.

Key Management

CHAN Kam Wah

EGUCHI Yasunori

LEE Haeng Jo (also known as MORIYAMA Kozo)

SHINJO Kunihiko

CHAN Kam Wah

Head of Sales and Marketing in Southern China

Mr Chan is in charge of the overall sales operations in Hong Kong and Southern China. He joined our Group in 1999 and has extensive experience in the sales and marketing business. He also worked as a personal assistant to our CEO prior to his joining our Group. Mr Chan graduated from Datong Institution.

EGUCHI Yasunori

Head of Operations (Project Coordination)

Mr Eguchi is responsible for coordinating various business functions and ad hoc projects in the Group. He graduated with a Bachelor of Engineering from the University of Saga. He has over 23 years of experience in project management, being in charge of numerous large-scale projects overseas. He has assumed senior management position for more than 16 years. Mr Eguchi was appointed as the General Manager of TM Hong Kong in August 2007 and also aggressively involved for the strategic business improvement activities for the Group.

LEE Haeng Jo (also known as MORIYAMA Kozo)

Head of Production and Corporate Planning

Mr Lee is responsible for overseeing the production facilities of the Group in Hong Kong and the PRC. He 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 15 years of experience in sales and marketing in Japan. He is responsible for the corporate planning of our group, and also address the improvement of business performance of our Group.

SHINJO Kunihiko

Head of Finance (Group Coordinator)

Mr Shinjo is responsible for coordinating financial activities across the Group and establishing relationships with financial institutions overseas. He has more than 25 years of experience in accounting, financial control, treasury management and tax compliance in Japan. He joined our Group as the Branch Manager of Osaka Representative Office of TM Hong Kong in 2005.

Corporate Information

Board of Directors

Chairman-designate and Chief Executive Officer-designate
URANO Koichi

Executive Director
KIYOTA Akihiro
DY MO Hua Cheung, Philip
OCHI Shinichi

Non-Executive Director
LAI Shi Hong, Edward

Independent Director
CHONG Pheng
HO Yew Mun
MITANI Masatoshi
NG Wai Kee

Key Executive Officers

CHAN Kam Wah
EGUCHI Yasunori
LEE Haeng Jo (also known as MORIYAMA Kozo)
SHINJO Kunihiko

Company Secretary

TAN San-Ju, FCIS

Audit Committee

NG Wai Kee (Chairman)
CHONG Pheng
HO Yew Mun
LAI Shi Hong, Edward
MITANI Masatoshi

Remuneration Committee

CHONG Pheng (Chairman)
HO Yew Mun
LAI Shi Hong, Edward
MITANI Masatoshi
NG Wai Kee

Nominating Committee

HO Yew Mun (Chairman)
CHONG Pheng
LAI Shi Hong, Edward
MITANI Masatoshi
NG Wai Kee

Assistant Secretary

Appleby Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
Hamilton, HM 12
Bermuda

Bermuda Company Registration Number

35127

Registered Office

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

Principal Office

Room 6-10, 11th Floor, CCT Telecom Building
11 Wo Shing Street, Fo Tan, Shatin
New Territoties, Hong Kong

Singapore Share Transfer Agent

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01 Singapore Land Tower
Singapore 048623

Bermuda Share Registrar

Appleby Management (Bermuda) Limited
Canon's Court 22 Victoria Street
Hamilton HM 12
Bermuda

Auditors

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

Audit Partner: CHUA How Kiat
Date of appointment: 15 October 2010

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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 (the "Group") 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 Singapore Exchange Securities Trading Limited ("SGX-ST").

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The members of the Board for the financial year 2011 and as at the date of this report on 28 March 2012 are as follows:

YOSHIMI Kunikazu	(Chairman and Chief Executive Officer)
URANO Koichi	(Executive Director and Chief Operating Officer)
KIYOTA Akihiro	(Executive Director)
OCHI Shinichi	(Executive Director - Appointed on 1 March 2012)
DYMO Hua Cheung, Philip	(Executive Director)
LAI Shi Hong, Edward	(Non-Executive Director - Re-designated from Executive Director on 28 October 2011)
CHONG Pheng	(Independent Director - Appointed on 31 May 2011)
HO Yew Mun	(Independent Director)
MITANI Masatoshi	(Independent Director - Appointed on 31 May 2011)
NG Wai Kee	(Independent Director)
WONG Chak Weng	(Independent Director - Retired on 31 May 2011)
WONG Yik Chung, John	(Independent Director - Retired on 31 December 2011)

As announced on 28 February 2012, URANO Koichi is promoted with effect from 31 March 2012 as the Chairman of the Board and Chief Executive Officer, succeeding YOSHIMI Kunikazu. KIYOTA Akihiro will in turn take charge as the Chief Operating Officer with effect from 31 March 2012.

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. With regard to the Group's financial matters, the Board is responsible for reviewing periodic financial reports to assess its financial performance and implementing policies for risk management, internal controls and compliance. In addition, the Board approves nomination of directors to the Board, changes in the composition of the Audit, Nominating and Remuneration Committees and appointment of key management personnel. These functions are carried out either directly or delegated to various Board Committees including the Audit Committee, Nominating Committee and Remuneration Committee.

Decisions by the full Board are required for matters where there is a potential conflict of interest involving 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 require 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 financial year 2011 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
YOSHIMI Kunikazu	13	10	–	–	–	–	–	–
URANO Koichi	13	10	–	–	–	–	–	–
KIYOTA Akihiro	13	10	–	–	–	–	–	–
DYMO Hua Cheung, Philip	13	13	–	–	–	–	–	–
LAI Shi Hong, Edward (Note 1)	13	12	1	1	5	5	–	–
CHONG Pheng (Note 2)	2	2	1	1	–	–	–	–
HO Yew Mun	13	12	26	24	5	5	1	1
MITANI Masatoshi (Note 2)	2	2	1	1	–	–	–	–
NG Wai Kee	13	12	26	25	5	5	1	1
WONG Chak Weng (Note 3)	10	10	23	23	3	3	1	1
WONG Yik Chung, John	13	13	26	19	5	5	1	1

Notes:

1. LAI Shi Hong, Edward was appointed as a member of the Audit Committee and the Remuneration Committee on 17 November 2011.
2. CHONG Pheng and MITANI Masatoshi were appointed as Independent Directors on 31 May 2011 and were appointed members of the Audit Committee, the Nominating Committee and the Remuneration Committee on 17 November 2011.
3. WONG Chak Weng retired at the AGM held on 31 May 2011.

The Directors will receive further relevant training as and when appropriate, 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. A newly appointed director will be provided with a formal letter upon appointment, setting out the director's duties and obligations.

Principle 2: Board Composition and Balance

Presently, the Board comprises five Executive Directors (including the CEO), a Non-Executive Director and four Independent Directors. The Nominating Committee will review the independence of each Director annually 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 pages 15 and 16 of this annual report.

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

Succeeding the founder YOSHIMI Kunikazu as the Group's Chairman-designate and CEO-designate, URANO Koichi, will continue to develop the business of the Group and provide the Group with strong leadership and vision. Mr. Urano 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 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.

However, the Group's Chairman-designate and CEO-designate, URANO Koichi, together with the other Directors, will actively consider separating the roles of the Chairman and CEO to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Should the Chairman and CEO be separate persons, the CEO will be responsible for the day-to-day operation of the Group. The responsibility of the Chairman will be to schedule meetings, prepare meeting agenda in consultation with the CEO, exercise control over quality, quantity and timeliness of the flow of information between the management and the Board and assist in ensuring compliance with Company's guidelines on corporate governance.

The Board is of the opinion that there are adequate safeguards and checks to ensure that the decision-making process by the Board is independent of any influence from an individual or small group of individuals to ensure a balance 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 four Independent Directors namely HO Yew Mun, CHONG Pheng, MITANI Masatoshi, NG Wai Kee and the Non-Executive Director, LAI Shi Hong, Edward, and is chaired by HO Yew Mun. 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, and changes in the composition of the Audit, Nominating and Remuneration Committees, having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour);

(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.

Every Director shall retire from office once every three years and is 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 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.

In selecting new directors, re-nominating directors for re-election and changes in the composition of the Audit, Nominating and Remuneration Committees, the NC will seek to identify the competencies required to enable the Board or the relevant Board Committee, as the case may be, to fulfil its responsibilities. In doing so, the NC will have regard to the results of the annual evaluation of directors. Recommendations are put to the Board for its consideration.

On multiple board representations, the NC's guideline is that the number of directorships in listed companies that a Board member holds should not be more than five. In this regard, the NC is satisfied that the Directors have devoted sufficient time and attention to the Group.

Principle 6: Access to information

The members of the Board 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 Secretary at all times. The Company Secretary who administers, attends and prepares minutes of Board meetings, assists the Chairman in ensuring that Board meeting procedures are properly followed and the Company's Bye-laws and relevant rules and regulations are complied with, including requirements of the Bermuda Companies Act and the SGX-ST. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

If Directors require independent professional advice in the furtherance of his 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 four Independent Directors namely CHONG Pheng, HO Yew Mun, MITANI Masatoshi, NG Wai Kee and the Non-Executive Director, LAI Shi Hong, Edward and is chaired by CHONG Pheng. Each member of the RC shall abstain from voting on any resolutions in respect of his own 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;

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

(c) in respect of other long-term incentive schemes (if any) including share options 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 key executive officers for services rendered during the year ended 31 December 2011 are as follows:

DIRECTOR'S REMUNERATION

Remuneration band and Name of Directors	Salary	Benefits-in-kind	Directors' Fees
S$500,000 to S$749,999			
YOSHIMI Kunikazu	89%	11%	–
S$250,000 to S$499,999			
URANO Koichi	96%	4%	–
KIYOTA Akihiro	100%	–	–
Below S$250,000			
DYMO Hua Cheung, Philip	100%	–	–
LAI Shi Hong, Edward	75%	–	25%
CHONG Pheng	–	–	100%
HO Yew Mun	–	–	100%
MITANI Masatoshi	–	–	100%
NG Wai Kee	–	–	100%
WONG Chak Weng	–	–	100%
WONG Yik Chung, John	–	–	100%

Remuneration of Key Executives Officers (not being Directors)

Remuneration band and Name of Key Executive Officers	Salary	Benefits-in-kind	Directors' Fees
S$250,000 to S$499,999			
EGUCHI Yasunori	82%	18%	–
LEE Haeng Jo	80%	20%	–
OCHI Shinichi	100%	–	–
SHINJO Kunihiko	100%	–	–
Below S$250,000			
CHAN Kam Wah	75%	25%	–

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 five years each with review every year, 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 two employees who are relatives of YOSHIMI Kunikazu, the retiring Chairman and CEO of the Company. Remuneration of one of them exceeded S$150,000 but was less than S$250,000 during the year while the other was less than S$150,000. Save for the above, there were no employees who are immediate family members of Directors, the retiring CEO or the CEO-designate, and whose remuneration exceeded S$150,000 during the year.

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 and was subsequently amended with approval by the shareholders of the Company on 20 May 2008. The Scheme complies with the relevant rules as set out in Chapter 8 of the SGX-ST 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 19,032,000 options, which were granted on 9 March 2007, were cancelled in 2008 on the grounds that the objectives of the scheme had not been met. The remaining unexercised 1,464,000 share options were lapsed in 2010.

A total number of 19,032,000 options have been granted on 11 June 2009, and accepted under the Scheme, by a number of key executives (including four Executive Directors) of the Company in 2008. The number of outstanding share options as at 31 December 2011 was 19,032,000.

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 and whenever necessary for the discharge of responsibility to the shareholders.

Audit Committee ("AC")

Principle 11: Audit Committee

Our AC comprises all the four Independent Directors namely NG Wai Kee, CHONG Pheng, HO Yew Mun, MITANI Masatoshi and the Non-Executive Director, LAI Shi Hong, Edward and is chaired by 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 the Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls with an overall objective to ensure that the management has created and maintained an effective control environment in the Company, and that the management demonstrates and stimulates the necessary aspect of the 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) to review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and the management's response;

(b) to 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) to review the adequacy and effectiveness of material internal controls (including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors) and procedures and to ensure co-ordination between the external auditors and the management, to review the assistance given by the management to the auditors, and to discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

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

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

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

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

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 four times a year after the end of each quarter 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 external auditor was also present at the relevant junctures. In its review of the audited financial statements for FY2011, the AC discussed with the management and external auditors the audit work performed and accounting principles applied.

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 the external auditors. The AC has reasonable resources to enable it to discharge its functions properly.

The AC meets with the external auditors without the presence of the management at least once a year. The Company is in compliance with Rules 712 and Rule 715 of the Listing Manual of SGX-ST whereby the Company appoints a suitable auditing firm to meet its audit obligations in respect of its own accounts and for its subsidiaries.

The AC has reviewed the volume of non-audit services to the Group by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The amount of non-audit fees paid to auditors for the financial year ended 31 December 2011 can be referred to page 94 of the Annual Report. The AC is pleased to recommend their re-appointment.

The AC has established the whistle-blowing policy where staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters, and ensure that arrangements are in place for independent investigations of such matters and for appropriate follow up actions.

As reported in the Corporate Governance Report for the financial year ended 31 December 2010, the AC conducted a separate investigation on certain unauthorised bank transfer transactions which took place in Crystal Display Components (Shanghai) Co., Limited, a wholly-owned subsidiary of the Company during the year ended 31 December 2010 (the "Unauthorised Bank Transfers"), details of which were described in the Company's announcements dated 1 and 3 March 2011. A report was issued by the AC upon completion of the investigation on 20 April 2011, the details of which were summarised in the Company's announcement dated 21 April 2011.

RISK ASSESSMENT AND MANAGEMENT OF BUSINESS RISK

Principle 12: Internal Controls

Principle 13: Internal Audit

The management has put in place a risk management system and system of internal controls within the Group to identify risks and document counter-measures to address risks in the Group's business, and to safeguard the shareholders' interests and the Group's assets.

Top five risks and their respective counter-measures are identified by key management and documented in the Group's risk register and discussed with the Board at each quarter. The abovementioned systems are intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risks.

The management will review and adjusts its business and operational activities, if necessary, where it identifies areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures on a continuous basis and highlights all significant matters to the Board.

Management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Group can make more informed decisions and benefit from a better balance between risk and reward. This will help protect and also create shareholders' value.

The management is then expected to ensure that appropriate controls are in place to manage those risks, and such risks and controls are monitored by the Board on a regular basis.

To strengthen the internal control systems of the Group and to address the weaknesses identified in the internal control system in relation to Unauthorised Bank Transfers, the management imposed the following additional internal control procedures:

a. Subsidiaries have to seek prior authorisation from the management for all payments exceeding a certain amount;

b. Each subsidiary is required to submit a list of the pre-approved limit payments for each vendor or payee for each calendar month. The management reviews the list of this pre-approved limit payments for each vendor or payee on a regular basis. Any payment over the pre-approved limit may only be made with the prior approval of the management; and

c. Each subsidiary is to open a bank account and deposit its entire idle fund in this account. The authorised signatories of such bank account must consist of senior personnel from the management.

The Unauthorised Bank Transfers incident was an isolated event and was attributable to certain weaknesses in the internal control procedures relating to the ineffective internal control, the reporting line and the responsibilities of the senior executives and the management of the subsidiary concerned.

The Company has set up an in-house internal audit team to carry out the internal audit functions for the Group. The internal auditors report primarily to the Chairman of the AC and report administratively to the CEO.

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 internal audit team adopts the principles and methodologies of the Institute of Internal Auditors, USA, and is provided with training where appropriate. The internal audit team carries out the internal audit functions by company in accordance with approved internal audit plan which normally has duration of two to three years. Each company of the Group will be covered and subject to internal audit review and testing at least once during the cycle of the internal audit plan. The AC reviews the internal audit team's scope of work on an annual basis.

The Company's internal auditors conduct tests of the Company's internal controls, including financial, operational and compliance controls systems maintained by the management (collectively, "internal controls"). The internal audit plan for each year is developed taking into consideration the risks of each processes. Any material non-compliance or failures in internal control, and recommendations for improvements, are reported to the AC.

The Company engaged an external qualified professional, Protiviti Hong Kong Co., Limited, to review the internal audit function and make recommendations in formulating the risk-based internal audit approach and strategy to cover all high risk areas. In this regard, the AC had recommended to the Board and the management to adopt and implement its recommendations.

In addition, the Group's external auditors highlight internal control issues that came to their notice during the conduct of their normal audit procedures which are designed primarily for the purpose of expressing their opinion on the financial statements and these issues and their recommendations are reported to the AC.

During the year, the AC reviewed the effectiveness of the Company's internal controls and risk management procedures put in place by the management, taking into consideration internal control issues highlighted by the internal auditors and external auditors during the year as well as measures taken by the management in response to these control issues. The Company's internal controls and risk management processes are sufficient to meet the needs of the Company in its current business environment.

The Board, after taking into consideration the current risk management system and controls, in the absence of evidence to the contrary, with the concurrence of the AC, is of the opinion that the systems of controls maintained the Group are adequate to meet the needs of the Company in providing reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices and the identification and management of business risks.

The Board notes that any system of internal controls can only provide reasonable, but not absolute, assurance that the Group would not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. Therefore, the Board recognizes the limitations that are inherent in any system as this control system is designed to manage rather than eliminate risk of failure to achieve corporate objectives. Hence, they're no absolute assurance against occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

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 through our investor relations consultant's network. The Company ensures that price-sensitive information is publicly released on a timely basis. The Company does not practise selective disclosure.

All shareholders of the Company will receive the annual report and the notice of the general meetings. The notice is also advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at general meetings 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 to appoint 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 questions 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 at the end of the year ended 31 December 2011 or entered into since the end of that financial year.

DEALING IN SECURITIES

The Company has adopted a 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 also reminded its Directors and officers not to deal in the Company's securities on short-term consideration.

The Company has complied with its Best Practices Guide on Securities Transactions which is in accordance with Rule 1207(19) of the SGX-ST Listing Manual.

INTERESTED 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.

There was no interested person transactions entered into during the year under review.

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2011.

1 Directors

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

YOSHIMI Kunikazu	(Chairman and Chief Executive Officer)
URANO Koichi	(Executive Director)
KIYOTA Akihiro	(Executive Director)
DY MO Hua Cheung, Philip	(Executive Director)
OCHI Shinichi	(Executive Director) (Appointed with effect from 1 March 2012)
LAI Shi Hong, Edward	(Non-Executive Director) (Re-designated with effect from 28 October 2011)
CHONG Pheng	(Independent Director) (Appointed with effect from 31 May 2011)
HO Yew Mun	(Independent Director)
MITANI Masatoshi	(Independent Director) (Appointed with effect from 31 May 2011)
NG Wai Kee	(Independent Director)

As announced on 28 February 2012, Mr URANO Koichi is promoted with effect from 31 March 2012 as the Chairman of the Board and Chief Executive Officer, succeeding Mr YOSHIMI Kunikazu. Mr KIYOTA Akihiro will in turn take charge as the Chief Operating Officer with effect from 31 March 2012.

2 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 disclosed in paragraphs 3 and 5 of this report.

3 Directors' Interests 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 debentures of the Company and related corporations except as follows:

	Direct interests		Deemed interests	
Name of directors and companies 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				
YOSHIMI Kunikazu	18,405,221	18,405,221	239,680,000	239,680,000
URANO Koichi	710,000	710,000	–	–
KIYOTA Akihiro	200,000	200,000	–	–
DY MO Hua Cheung, Philip	400,000	400,000	–	–
LAI Shi Hong, Edward	200,000	200,000	–	–

Mr Yoshimi is deemed to have an interest in 239,680,000 ordinary shares of the Company held by Mikuni Co., Limited by virtue of his shareholding in Mikuni Co., Limited.

	Options to subscribe for ordinary shares	
	At beginning of year	**At end of year**
The Company		
URANO Koichi	1,952,000	1,952,000
KIYOTA Akihiro	1,952,000	1,952,000
DY MO Hua Cheung, Philip	1,952,000	1,952,000
LAI Shi Hong, Edward	1,464,000	1,464,000

The directors' interest in the shares and options of the Company at 21 January 2012 were the same as those at 31 December 2011.

4 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 for salaries, bonuses and other benefits as disclosed in the financial statements and the options as disclosed in paragraphs 3 and 5 of this report.

5 Share 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 the resolutions passed on 8 November 2004 and was subsequently amended with approval by the shareholders of the Company on 20 May 2008. The Scheme provides an opportunity for the Group's 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 23 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 days immediately preceding the date of the grant of the option.

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

CHONG Pheng	(Chairman of the RC and Independent Director)
HO Yew Mun	(Independent Director)
LAI Shi Hong, Edward	(Non-Executive Director)
MITANI Masatoshi	(Independent Director)
NG Wai Kee	(Independent 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 financial year and the number of outstanding share options under the Scheme are as follows:

Date of grant	Balance at 1 January 2011	Granted	Exercised	Cancelled/ Lapsed	Balance at 31 December 2011	Exercise price per share	Exercisable period
11 June 2008	19,032,000	–	–	–	19,032,000	S$0.07	11 June 2009 to 10 June 2013

In respect of share options granted to employees of the Group, no options (2010 : 1,464,000) were lapsed and no new options (2010 : Nil) were granted during the financial year, making it a total of 19,032,000 (2010 : 19,032,000) options granted to employees of the Group 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 issue of any other company. No employee of the Group has received 5% or more of the total options available under the Scheme.

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).

5 Share Options (cont'd)

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/ cancelled since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
URANO Koichi	–	3,904,000	–	(1,952,000)	1,952,000
KIYOTA Akihiro	–	7,320,000	–	(5,368,000)	1,952,000
DY MO Hua Cheung, Philip	–	1,952,000	–	–	1,952,000
Lai Shi Hong, Edward	–	6,344,000	–	(4,880,000)	1,464,000

6 Audit Committee

The Audit Committee of the Company is chaired by NG Wai Kee, an independent director, and includes CHONG Pheng, HO Yew Mun, LAI Shi Hong, Edward and MITANI Masatoshi, all of whom are independent directors except for LAI Shi Hong, Edward, who is a Non-Executive Director. The Audit Committee has met 4 times since the last Annual General Meeting ("AGM") up to the date of this report and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) the audit plans and results of an independent firm's examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and the external auditors' report on those financial statements;

d) the quarterly and annual announcements as well as the related press releases on the results and the financial position of the Group and the financial position of the Company;

e) the co-operation and assistance given by the management to the Group's external and internal auditors; and

f) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

Report of the Directors

7 Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On Behalf of the Directors

YOSHIMI Kunikazu
Chairman and Chief Executive Officer

LAI Shi Hong, Edward
Non-Executive Director

28 March 2012

Statement of Directors

To the best of our knowledge and belief, in the opinion of Directors, despite the auditors have qualified the current year's corresponding figures in their Independent Auditors' Report, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 38 to 98 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company 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 when they fall due.

On Behalf of the Directors

YOSHIMI Kunikazu
Chairman and Chief Executive Officer

LAI Shi Hong, Edward
Non-Executive Director

28 March 2012

Independent Auditors' Report

To the Members of CDW Holding Limited

We have audited the accompanying financial statements of CDW Holding Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at 31 December 2011, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 98.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the financial position and changes in equity of the Group and the Company and financial performance of the Group and our qualified audit opinion on the cash flows of the Group.

Basis for Qualified Opinion on the Cash Flows of the Group on the Comparability of Current Year's Figures and on the Corresponding Figures

During the course of the audit of the financial statements for the year ended 31 December 2010, bank transfers in the aggregate amount of RMB210 million (equivalent to approximately US$30,995,000) made by a subsidiary of the Company to a company in the People's Republic of China during the year ended 31 December 2010 were identified. As described in Note 3 to the financial statements, following investigations taken by the audit committee of the Group, the board of directors had disclosed these bank transfers as "Amounts paid for investment purposes (unauthorised)" and "Repayment of amounts paid for investment purposes (unauthorised)" in the consolidated statement of cash flows for the year ended 31 December 2010. However, we had been unable to obtain sufficient appropriate audit evidence to satisfy ourselves either as to the purpose for which the bank transfers were made or as to whether they were fairly described in the consolidated statement of cash flows and the related Note 3 to the financial statements for the year ended 31 December 2010. This caused us to qualify our audit opinion on the consolidated statement of cash flows and the related Note 3 to the financial statements in respect of the year ended 31 December 2010. Our opinion on the current year's cash flows of the Group is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Independent Auditors' Report

To the Members of CDW Holding Limited

Qualified Opinion on the Cash Flows of the Group on the Comparability of Current Year's Figures and on the Corresponding Figures

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion on the Cash Flows of the Group on the Comparability of Current Year's Figures and on the Corresponding Figures paragraph, the consolidated statement of cash flows of the Group gives a true and fair view of the cash flows of the Group for the year ended 31 December 2011 in accordance with International Financial Reporting Standards.

Opinion on the Financial Position and Changes in Equity of the Group and the Company and Financial Performance of the Group

In our opinion, the statements of financial position and the statements of changes in equity of the Group and the Company, the consolidated income statement and the consolidated statement of comprehensive income of the Group give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011, and of the financial performance of the Group and changes in equity of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Singapore
28 March 2012

Statements of Financial Position

As at 31 December 2011

	Note	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
ASSETS					
Current assets					
Cash and bank balances	7	45,506	37,716	362	79
Pledged bank deposits	7	143	764	–	–
Trade and other receivables	8	26,146	25,410	29	27
Derivative financial instruments	20	1	2	–	–
Prepaid lease payments	9	9	9	–	–
Inventories	10	12,259	10,169	–	–
Total current assets		84,064	74,070	391	106
Non-current assets					
Goodwill	11	–	1,516	–	–
Investments	12	1,638	1,847	–	–
Other assets	13	796	604	–	–
Amount due from a subsidiary	14	–	–	17,632	18,625
Prepaid lease payments	9	469	456	–	–
Property, plant and equipment	15	22,710	22,417	–	–
Subsidiaries	16	–	–	10,735	10,735
Total non-current assets		25,613	26,840	28,367	29,360
Total assets		109,677	100,910	28,758	29,466
LIABILITIES AND EQUITY					
Current liabilities					
Current portion of bank and other borrowings	17	10,438	8,591	–	–
Trade and other payables	18	32,668	27,560	166	110
Current portion of finance leases	19	349	257	–	–
Income tax payable		2,203	383	–	–
Total current liabilities		45,658	36,791	166	110
Non-current liabilities					
Bank and other borrowings	17	3,500	6,597	–	–
Finance leases	19	380	431	–	–
Retirement benefit obligations	21	947	750	–	–
Deferred tax liabilities	22	616	845	–	–
Total non-current liabilities		5,443	8,623	–	–
Capital, reserves and non-controlling interests					
Share capital	24	10,087	10,087	10,087	10,087
Treasury shares	25	(1,347)	(33)	(1,347)	(33)
Reserves		49,817	45,414	19,852	19,302
Equity attributable to owners of the company		58,557	55,468	28,592	29,356
Non-controlling interests		19	28	–	–
Total equity		58,576	55,496	28,592	29,356
Total liabilities and equity		109,677	100,910	28,758	29,466

See accompanying notes to financial statements.

Consolidated Income Statement

Year ended 31 December 2011

		Group	
	Note	2011 US$'000	2010 US$'000
Revenue	27	173,106	121,855
Cost of sales		(138,339)	(94,226)
Gross profit		34,767	27,629
Other income	29	1,500	921
Impairment loss on goodwill	11	(1,516)	–
Distribution costs		(2,183)	(2,098)
Administrative expenses	30	(24,383)	(21,575)
Finance costs	31	(300)	(315)
Profit before tax	32	7,885	4,562
Income tax expense	33	(3,187)	(1,137)
Profit for the year		4,698	3,425
Profit attributable to:			
Owners of the company		4,683	3,447
Non-controlling interests		15	(22)
		4,698	3,425
Earnings per share (US cents)			
Basic	35	0.94	0.68
Diluted	35	0.94	0.68

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2011

	Note	Group 2011 US$'000	Group 2010 US$'000
Profit for the year		4,698	3,425
Other comprehensive income:			
Reversal of deferred tax liability on revaluation of available-for-sale investments	22	16	27
Exchange differences on translation of foreign operations		2,716	2,708
Available-for-sale investments:			
Fair value loss arising during the year	12	(40)	(62)
Other comprehensive income for the year, net of tax		2,692	2,673
Total comprehensive income for the year		7,390	6,098
Total comprehensive income attributable to:			
Owners of the company		7,375	6,120
Non-controlling interests		15	(22)
		7,390	6,098

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended 31 December 2011

	Share capital US$'000	Share premium of the Company US$'000	Treasury shares (Note 25) US$'000	Share option reserve US$'000	Merger reserve (Note 26) US$'000	Reserve Fund (Note 26) US$'000	Enterprise Expansion Fund (Note 26) US$'000	Other reserves (Note 26) US$'000	Revaluation reserve US$'000	Currency translation reserve (Note 26) US$'000	Retained earnings US$'000	Attributable to equity holders of the Company US$'000	Attributable to non-controlling interest US$'000	Total US$'000
Group														
Balance at 1 January 2010	10,087	18,994	(33)	286	(7,020)	4,692	310	1,170	56	9,052	14,775	52,369	–	52,369
Total comprehensive income for the year	–	–	–	–	–	–	–	–	(35)	2,708	3,447	6,120	(22)	6,098
Transfer on share options lapsed (Note 23)	–	–	–	(20)	–	–	–	–	–	–	20	–	–	–
Transfer	–	–	–	–	–	166	3	3	–	–	(172)	–	–	–
Arising on acquisition of a subsidiary (Note 36)	–	–	–	–	–	–	–	–	–	–	–	–	50	50
Dividends paid (Note 34)	–	–	–	–	–	–	–	–	–	–	(3,021)	(3,021)	–	(3,021)
Balance at 31 December 2010	10,087	18,994	(33)	266	(7,020)	4,858	313	1,173	21	11,760	15,049	55,468	28	55,496
Total comprehensive income for the year	–	–	–	–	–	–	–	–	(24)	2,716	4,683	7,375	15	7,390
Shares purchased under Shares Purchase Mandate and held as treasury shares (Note 25)	–	–	(1,314)	–	–	–	–	–	–	–	–	(1,314)	–	(1,314)
Transfer	–	–	–	–	–	588	8	8	–	–	(604)	–	–	–
Arising on acquisition of additional interests in a subsidiary (Note 36)	–	–	–	–	–	–	–	–	–	–	–	–	(24)	(24)
Dividends paid (Note 34)	–	–	–	–	–	–	–	–	–	–	(2,972)	(2,972)	–	(2,972)
Balance at 31 December 2011	10,087	18,994	(1,347)	266	(7,020)	5,446	321	1,181	(3)	14,476	16,156	58,557	19	58,576

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended 31 December 2011

	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Share option reserve US$'000	Retained earnings US$'000	Total US$'000
Company						
Balance at 1 January 2010	10,087	18,994	(33)	286	161	29,495
Total comprehensive income for the year	–	–	–	–	2,882	2,882
Transfer on share options lapsed (Note 23)	–	–	–	(20)	20	–
Dividends paid (Note 34)	–	–	–	–	(3,021)	(3,021)
Balance at 31 December 2010	10,087	18,994	(33)	266	42	29,356
Total comprehensive income for the year	–	–	–	–	3,522	3,522
Shares purchased under Share Purchase Mandate and held as treasury shares (Note 25)	–	–	(1,314)	–	–	(1,314)
Dividends paid (Note 34)	–	–	–	–	(2,972)	(2,972)
Balance at 31 December 2011	10,087	18,994	(1,347)	266	592	28,592

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2011

	Note	Group 2011 US$'000	Group 2010 US$'000
Operating activities			
Profit before tax		7,885	4,562
Adjustments for:			
Depreciation of property, plant and equipment		3,356	3,376
Amortisation of prepaid lease payments		11	11
Interest income		(500)	(164)
Interest expense		300	315
Loss on disposal of property, plant and equipment		236	46
Impairment loss on goodwill	11	1,516	–
Allowances for inventories		519	706
Retirement benefit obligations		156	169
Impairment loss on available-for-sale investments		221	153
Changes in fair value of derivative financial instruments		1	(150)
Operating cash flows before movements in working capital		13,701	9,024
Trade and other receivables		(736)	(5,414)
Inventories		(2,609)	(2,367)
Trade and other payables		5,095	3,936
Cash generated from operations		15,451	5,179
Net income taxes paid		(1,653)	(1,233)
Retirement benefit obligations paid		–	(334)
Interest paid		(300)	(315)
Net cash from operating activities		13,498	3,297
Investing activities			
Proceeds from repayment of loan receivable		–	735
Proceeds on disposal of property, plant and equipment		649	331
Purchase of property, plant and equipment (Note A)		(3,255)	(1,307)
Increase in other assets		(162)	(16)
Additional investment in available-for-sale investments		(18)	(17)
Interest income received		500	164
Acquisition of a subsidiary	36	–	(61)
Acquisition of additional interests in a subsidiary	36	(24)	–
Amounts paid for investment purposes (unauthorised)	3	–	(30,995)
Repayment of amounts paid for investment purposes (unauthorised)	3	–	30,995
Net cash used in investing activities		(2,310)	(171)
Financing activities			
Payment of share buyback		(1,300)	–
Decrease in pledged bank deposits		621	817
Proceeds from bank and other borrowings		96,920	81,156
Repayment of bank and other borrowings		(98,345)	(82,199)
Repayment of obligation under finance leases		(260)	(268)
Dividends paid		(2,972)	(3,021)
Net cash used in financing activities		(5,336)	(3,515)
Net increase (decrease) in cash and cash equivalents		5,852	(389)
Cash and cash equivalents at beginning of year	7	37,716	35,828
Net effect of currency translation differences		1,938	2,277
Cash and cash equivalents at end of year	7	45,506	37,716

Note A

The Group acquired property, plant and equipment with aggregate cost of approximately US$3,535,000 (2010 : US$1,398,000) of which US$280,000 (2010 : US$91,000) was acquired by means of finance leases. Cash payments of approximately US$3,255,000 (2010 : US$1,307,000) were made to purchase property, plant and equipment.

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended 31 December 2011

1. GENERAL

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 06 - 10, 11th Floor, CCT Telecom Building, 11 Wo Shing Street, Fo Tan, Shatin, New Territories, Hong Kong. The Company is listed on the SGX-ST. The financial statements are expressed in United States dollars.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are set out in Note 16.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2011 were authorised for issue by the Board of Directors on 28 March 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with International Financial Reporting Standards ("IFRS").

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised International Accounting Standards ("IAS") and IFRS issued by the International Accounting Standards Board and the Interpretations thereof issued by the International Financial Reporting Standards Interpretations Committee ("IFRS IC") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2011. The adoption of these new/revised Standards and Interpretations does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following Standards and Interpretations that are relevant to the Group and the Company were issued but not effective:

IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[3]
IAS 19 (as revised in 2011)	Employee Benefits[1]
IAS 27 (as revised in 2011)	Separate Financial Statements[1]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 32	Offsetting Financial Assets and Financial liabilities[4]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2015.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2014.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a reasonable estimate of that effect when a detailed review has been completed.

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosure was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation -Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of IFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 "Financial Instruments: Disclosures" will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

IAS 19 Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Groups' defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

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

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

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after 1 January 2010.

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

Financial assets are classified into the following specified categories: "available-for-sale" financial assets, "held-to-maturity investments", "loans and receivables" and financial assets at "fair value through profit or loss" (FVTPL). The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market-place.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Available-for-sale financial assets

Certain shares and debt securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 12. Gains and losses arising from changes in fair value are recognised directly in the revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is classified to profit or loss. In the revaluation reserve is included in profit or loss for the period. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised costs using the effective interest method less any impairment.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measurd at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables where the recognition of interest would be immaterial.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition, it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 5.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial assets because of financial difficulties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income. In respect of available-for-sale debt instruments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Classification as equity or debt

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" (FVTPL) or other financial liabilities.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 5.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 20 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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 statement of financial position 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 recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 carried at cost less accumulated depreciation and any accumulated impairment losses.

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

	Depreciation rate	Residual value
Leasehold land and buildings	2% or the higher percentage to depreciate over the remaining lease term (if less than 50 years)	Nil to 10%
Plant and machinery	10% to 20%	Nil to 10%
Furniture, fixtures and equipment	12.5% to 33%	Nil to 10%
Leasehold improvements	12.5% to 33%	Nil
Motor vehicles	20%	Nil

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any change in estimates accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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 profit or loss.

GOODWILL - Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23. 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 the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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 profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as expense when employees have rendered services entitling them to the contribution. A 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 profit or loss 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 (cont'd)

Employees of subsidiaries in the People's Republic of China ("PRC") 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.

A subsidiary in Japan maintains a defined contribution plan for all eligible employees with at least three years of service. Under the defined contribution plans, the subsidiary generally makes annual contributions to participants' accounts based on individual years of services.

The subsidiary in Japan also maintains an unfunded defined benefit plan for its directors.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation.

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 end of the reporting period.

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 consolidated income 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 (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate, by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other 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 associated with investments in subsidiaries 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.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that will follow from the manner in which the Group expects at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and 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 statement of financial position and statement of changes in equity of the Company are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (currency translation reserve). On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation accumulated in a separate component of equity shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

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 in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

CASH AND CASH EQUIVALENTS - Cash and cash equivalents 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. They exclude pledged bank deposits used as security for credit facilities of the Group.

3. AMOUNTS PAID FOR INVESTMENT PURPOSES (UNAUTHORISED)/ REPAYMENT OF AMOUNTS PAID FOR INVESTMENT PURPOSES (UNAUTHORISED)

During the course of audit of the financial statements of the Group for the year ended 31 December 2010, the auditors discovered several bank transfers of RMB30 million each, amounting to RMB210 million (equivalent to approximately US$31 million) in aggregate, had been made by one of the Company's subsidiaries to a company in the People's Republic of China during the year ended 31 December 2010, without the knowledge of the Board ("Bank Transfers").

The audit committee had taken investigations on the matter and the Board reached the opinion that it was unable to ascertain the actual purpose of the Bank Transfers and concluded that the Bank Transfers were probably deposit payments for investment purposes that were paid by and had been repaid to the subsidiary during financial year ended 31 December 2010, and that no adjustment was required to be made in the consolidated financial statements of the Group. Details of the assessments were set out in note 3 to financial statements for the year ended 31 December 2010.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Management is of the view that apart from those involving estimates as set out below, it has made no critical judgement in the process of applying the Group's accounting policies and that would have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Allowance for inventories

In determining the net realisable value of the Group's inventories, management estimated the recoverable amount of inventories based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations in price, the balance on hand relative to sales prospects and the condition of the inventories. The allowances for inventories as at 31 December 2011 amounted to US$499,000 (2010 : US$708,000). The carrying amount of inventories is disclosed in Note 10.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment of investments in subsidiaries

Where there are indicators of potential impairment of investments in subsidiaries, management projects the cash flows of these subsidiaries and estimates the recoverable amount by discounting the projected cash flows and terminal value to present value. Any change in such projections and estimates can result in changes to the allowance for impairment loss in future periods. The carrying amount of the investments in subsidiaries of the Company is disclosed in Note 16 with no impairment loss recognised for 2011 and 2010.

Impairment of property, plant and equipment

The Group assesses impairment on the above mentioned assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Such assessment requires management's judgements in forecasting industry trends, general market, economic conditions and other available information. The carrying amount of the property, plant and equipment is disclosed in Note 15 with no impairment loss recognised for 2011 and 2010.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Held-to-maturity investment	978	980	–	–
Loan and receivables (including cash and cash equivalents)	70,516	62,798	17,994	18,704
Available-for-sale investments	660	867	–	–
Fair value through profit or loss - derivative financial instruments	1	2	–	–
Financial liabilities				
Amortised cost	48,201	44,102	166	110

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives

The Group uses a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts and foreign currency option contracts to hedge the exchange rate risks arising from trade payables and firm commitments to buy goods.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including Japanese Yen ("Yen"), United States ("US") Dollars and Singapore ("SG") Dollars and is therefore exposed to foreign exchange risk.

The carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Group			
	Liabilities		Assets	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Yen	2,059	209	2,130	2,673
US Dollars	22,239	23,376	16,940	15,566
SG Dollars	–	–	138	5

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

The Company has no significant monetary assets or monetary liabilities denominated in currencies other than its functional currency as at 31 December 2011 and 2010.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currency against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans.

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, profit before tax would increase (decrease) by:

	Group	
	2011 US$'000	2010 US$'000
Yen impact	7	246
US Dollars impact	(530)	(781)
SG Dollars impact	14	*

* Amount less than US$1,000

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit before tax would increase (decrease) by:

	Group	
	2011 US$'000	2010 US$'000
Yen impact	(7)	(246)
US Dollars impact	530	781
SG Dollars impact	(14)	*

* Amount less than US$1,000

This is mainly attributed to the exposure outstanding on cash and bank balances, receivables and payables at the end of the reporting period.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

ii) Interest rate risk management

Certain of the Group's bank balances and fixed deposits are at variable rate and certain borrowings in Note 17 are arranged at variable interest rate pegged to the prevailing prime rate in Hong Kong and Japan. The Group is therefore exposed to cash flow interest rate risk. The Group does not enter into any financial derivatives to manage interest rate risk.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rate for non-derivative financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of the instruments that have floating rates. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2011 would increase/decrease by US$110,000 (2010 : increase/decrease by US$100,000). This is mainly attributed to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates has not changed significantly from the prior year.

iii) Equity price risk management

The Group is exposed to price risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purpose. The Group does not actively trade available-for-sale investments.

Further details of these equity investments can be found in Note 12.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to quoted equity price risks at the end of the reporting period.

In respect of quoted available-for-sale equity investments, if equity prices are 10% higher/lower:

- the Group's profit for the year ended 31 December 2011 and 2010 would have been unaffected as the equity investments are classified as available-for-sale; and
- the Group's revaluation reserve would increase/decrease by US$18,000 (2010 : increase/decrease by US$19,000).

The Group's sensitivity to equity prices has not changed significantly from the prior year.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

iv) Credit risk management

The Group's principal financial assets are cash and bank balances, 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.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

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. The top five customers of the Group accounted for approximately 76% (2010 : 74%) of the total receivables as at the end of the reporting period. Management considers the credit risk to be low as these customers are large reputable corporations with a good credit history.

An allowance 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 has evaluated the credit risk relating to outstanding debts at the end of the reporting period and has determined that there is no doubtful amount for which allowance is necessary.

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

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

v) Liquidity risk management

The Group has sufficient cash and cash equivalents and credit facilities to finance the operations.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
2011						
Non-interest bearing	–	32,587	947	–	–	33,534
Finance lease liability (fixed rate)	2.45	358	388	–	(17)	729
Variable interest rate instruments	0.75	4,485	–	–	(33)	4,452
Fixed interest rate instruments	1.86	6,085	3,577	–	(176)	9,486
Total		43,515	4,912	–	(226)	48,201
2010						
Non-interest bearing	–	27,476	750	–	–	28,226
Finance lease liability (fixed rate)	2.64	276	458	–	(46)	688
Variable interest rate instruments	0.88	5,976	–	–	(52)	5,924
Fixed interest rate instruments	2.12	2,734	6,727	–	(197)	9,264
Total		36,462	7,935	–	(295)	44,102

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

v) Liquidity risk management (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
Company						
2011						
Non-interest bearing	–	166	–	–	–	166
2010						
Non-interest bearing	–	110	–	–	–	110

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial asset on the statements of financial position.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

v) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
2011						
Non-interest bearing	–	24,867	978	480	–	26,325
Variable Interest rate instruments	1.11	46,157	–	–	(508)	45,649
Total		71,024	978	480	(508)	71,974
2010						
Non-interest bearing	–	24,318	980	674	–	25,972
Variable Interest rate instruments	0.47	38,662	–	–	(182)	38,480
Total		62,980	980	674	(182)	64,452
Company						
2011						
Non-interest bearing	–	362	–	–	–	362
Variable Interest rate instruments	2.00	–	17,985	–	(353)	17,632
Total		362	17,985	–	(353)	17,994
2010						
Non-interest bearing	–	79	–	–	–	79
Variable Interest rate instruments	2.00	–	18,998	–	(373)	18,625
Total		79	18,998	–	(373)	18,704

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

vi) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash for analysis using prices from observable current market transactions and dealer quotes for similar instruments; and

- the fair value of derivative instruments are calculated using quoted prices.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

Financial instruments measured at fair value

	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000
Group				
Financial assets				
2011				
Available-for-sale investments:				
- Quoted equity securities	180	180	–	–
- Unquoted debt securities	480	–	480	–
Total	660	180	480	–
Derivative financial instruments	1	–	1	–
2010				
Available-for-sale investments:				
- Quoted equity securities	193	193	–	–
- Unquoted debt securities	674	–	674	–
Total	867	193	674	–
Derivative financial instruments	2	–	2	–

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

Company

The Company has no financial assets or liabilities carried at fair value as at 31 December 2011 and 2010.

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 17, cash and cash equivalents and equity, comprising share capital, reserves and retained earnings as disclosed in the statements of changes in equity.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Capital risk management policies and objectives (cont'd)

The Board of Directors reviews the capital structure on a semi-annual basis and whenever necessary. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on the recommendation of the Board, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from 2010.

6. RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances arising from related party transactions are unsecured and interest-free and repayable on demand unless otherwise stated.

Compensation of directors and key management personnel

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

	Group	
	2011	2010
	US$'000	US$'000
Short-term benefits	2,812	2,623

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

7. CASH AND BANK BALANCES

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Cash at bank	26,538	26,462	362	79
Fixed deposits	19,028	11,960	–	–
Cash on hand	83	58	–	–
	45,649	38,480	362	79
Less: Pledged bank deposits	(143)	(764)	–	–
Cash and cash equivalents in the statement of cash flows	45,506	37,716	362	79

Cash and bank balances comprise cash held by the Group and the Company 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$143,000 (2010 : US$764,000) were placed as security for banking facilities. These fixed deposits earn an average interest rate of 0.35% (2010: 0.67%) and will mature 9 months after year-end (2010: 9 months after year-end).

Fixed deposits earn an average interest rate of 2.41% (2010 : 1.02%) per annum and the tenure generally ranged from 30 days to 90 days for Yen deposits (2010 : 30 days to 90 days); and ranged from 7 days to 90 days for RMB deposits (2010 : 90 days) and no HK Dollars deposits for the year (2010: 30 days). There is insignificant cost involved in converting these fixed deposits to cash and cash equivalents.

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

	Group	
	2011 US$'000	2010 US$'000
Yen	1,471	2,152
US Dollars	3,847	3,814
SG Dollars	138	5

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Trade receivables	24,228	23,594	–	–
Other receivables	285	356	–	–
Tax recoverable	7	7	–	–
Deposits	354	368	–	–
Prepayments	1,054	961	29	27
Value-added tax recoverable	218	124	–	–
	26,146	25,410	29	27

The average credit period on sale of goods is 60 days (2010 : 60 days). No interest is charged on the trade receivables.

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of US$1,625,000 (2010 : US$2,262,000) which are past due at the end of the reporting period for which the Group has not made any impairment as there has not been a significant change in credit quality and amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	Group	
	2011	2010
	US$'000	US$'000
Less than 30 days overdue	1,249	2,141
30 to 60 days overdue	231	107
Over 60 days overdue	145	14
	1,625	2,262

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

	Group	
	2011	2010
	US$'000	US$'000
Yen	659	521
US Dollars	13,093	11,752

9. PREPAID LEASE PAYMENTS

The prepaid lease payments comprise:

	Group	
	2011	2010
	US$'000	US$'000
Leasehold land in the PRC:		
Long-term lease	478	465
Analysed for reporting purposes as		
Current portion	9	9
Non-current portion	469	456
	478	465

The leasehold land is amortised on a straight-line basis over the remaining term of the lease.

10. INVENTORIES

	Group	
	2011	2010
	US$'000	US$'000
Raw materials	4,554	3,429
Work-in-progress	788	1,290
Finished goods	6,917	5,450
	12,259	10,169

The above amounts represent cost less allowance for impairment in recoverable amount of inventories. Allowances for inventories (Note 32) are made for the full amount of inventories with poor sales prospects.

11. GOODWILL

	Group
	US$'000
Cost:	
At 1 January 2010, 31 December 2010 and 2011	1,516
Impairment:	
Impairment loss recognised during the year ended 31 December 2011 and balance at 31 December 2011	1,516
Carrying amount:	
At 31 December 2011	–
At 31 December 2010	1,516

11. GOODWILL (cont'd)

Goodwill acquired in a business combination is allocated, at acquisition, to a cash generating unit (CGU) that is expected to benefit from that business combination. The carrying amount of goodwill is allocated to the subsidiary, Tomoike Industrial Co., Limited ("TM Japan") (the single CGU).

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period that cash flow forecasts are made. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past experience and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next financial year and extrapolates cash flows for the following four years based on an estimated growth rate for second year of 1% and no growth for third to fifth year. The Group also estimates a terminal value assuming no growth beyond this period.

The rate used to discount the forecast cash flows to net present value is 9% (2010 : 9%) per annum.

At 31 December 2011, due to the operation in Japan undergoing an internal restructuring and downsizing in its manufacturing capacity, goodwill arising from the acquisition of TM Japan was fully impaired.

12. INVESTMENTS

	Group	
	2011 US$'000	2010 US$'000
Available-for-sale investments:		
Quoted equity securities, at fair value (Note A)	180	193
Unquoted debt securities, at fair value (Note B)	480	674
	660	867
Held-to-maturity investment (Note C)	978	980
Total	1,638	1,847

Notes:

In making its judgement on the impairment loss, management considered the following various factors:

(i) the substantial reduction in the current fair value relative to the cost; and

(ii) the length of time the fair value has remained lower than cost.

12. INVESTMENTS (cont'd)

(A) Investments in quoted equity securities offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these securities is based on the quoted closing market prices on the last market day of the financial year.

In current financial year, the changes in fair value of the quoted available-for-sale equity investment of loss US$40,000 (2010 : US$62,000) were recognised in other comprehensive income.

(B) The unquoted debt securities of US$480,000 (2010 : US$674,000) have no interest for the year (2010 : Nil) and will mature in October 2035.

During the year ended 31 December 2011, impairment loss on these unquoted debt securities charged to profit or loss amounted to US$221,000 (2010 : US$153,000).

The fair value of these unquoted debt securities are estimated by reference to current valuations provided by the issuing bank.

(C) As at 31 December 2011 and 2010, the held-to-maturity investment comprises investment of funds in a leveraged lease arrangement entered into by the subsidiary, TM Japan.

TM Japan invested JPY106.6 million (approximately US$0.9 million) of funds in airplane lease operations ("Leveraged Lease Agreement") managed by NBBKite Co., Ltd ("NBKK"). An airplane was purchased by NBKK with borrowed funds and funds provided by investors, including TM Japan. The funds invested by TM Japan are expected to be returned together with its share of any profits from the lease and sale of the airplane or net of losses incurred by NBKK from the lease and sale of the airplane.

In the opinion of management, the carrying amount of the unquoted investment approximates its fair value as it is based on the estimated recoverable amount.

13. OTHER ASSETS

	Group	
	2011	2010
	US$'000	US$'000
Directors' insurance	147	101
Rental deposit	649	503
	796	604

Directors' insurance represents the surrender values of an insurance policy taken by TM Japan. Under the policy, TM Japan pays the premiums, expenses a portion of such payments and records a recoverable amount approximating the surrender values of the insurance policy. On maturity of the insurance policy, the payouts by the insurance company will be retained by TM Japan. Payouts by the insurance company on any death claims during the insured period will be made to TM Japan.

14. AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary (Note 16) is non-trade in nature, unsecured and earns interest at 2% (2010 : 2%) per annum. The amount is not expected to be repaid within the next 12 months.

Management is of the opinion that the fair value of the amount due from the subsidiary approximates the carrying amount.

15. 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$'000	Total US$'000
Group						
Cost:						
At 1 January 2010	11,255	16,729	6,092	8,779	937	43,792
Additions	22	994	161	70	151	1,398
Disposals	–	(607)	(173)	(63)	(197)	(1,040)
Exchange differences	593	640	337	412	24	2,006
Acquired on acquisition of a subsidiary (Note 36)	–	549	60	140	–	749
At 31 December 2010	11,870	18,305	6,477	9,338	915	46,905
Additions	23	3,041	258	55	158	3,535
Disposals	–	(1,028)	(286)	(1,078)	(134)	(2,526)
Exchange differences	601	889	243	413	40	2,186
At 31 December 2011	12,494	21,207	6,692	8,728	979	50,100
Accumulated depreciation:						
At 1 January 2010	1,290	9,201	4,139	5,507	627	20,764
Depreciation	465	1,585	629	578	119	3,376
Eliminated on disposals	–	(291)	(163)	(48)	(161)	(663)
Exchange differences	76	432	232	255	16	1,011
At 31 December 2010	1,831	10,927	4,837	6,292	601	24,488
Depreciation	491	1,738	552	470	105	3,356
Eliminated on disposals	–	(235)	(267)	(1,018)	(122)	(1,642)
Exchange differences	105	580	184	294	25	1,188
At 31 December 2011	2,427	13,010	5,306	6,038	609	27,390
Carrying amount:						
At 31 December 2011	10,067	8,197	1,386	2,690	370	22,710
At 31 December 2010	10,039	7,378	1,640	3,046	314	22,417

The carrying amount of the Group's property, plant and equipment includes an amount of US$1,160,000 (2010 : 1,240,000) in respect of assets held under finance leases (Note 19).

16. SUBSIDIARIES

	Company 2011 US$'000	Company 2010 US$'000
Unquoted equity shares, at cost	9,642	9,642
Recognition of share-based payments	1,093	1,093
	10,735	10,735

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 2011 %	2010 %	Principal activity
Held by the Company				
Tomoike Industrial (Hong Kong) Holding Limited (1) ("TM Hong Kong BVI")	British Virgin Islands	100	100	Investment holding
Held by TM Hong Kong BVI				
Tomoike Industrial (H.K.) Limited (1) ("TM Hong Kong")	Hong Kong	100	100	Manufacturing and trading of parts and precision accessories for office equipment, electrical appliances and LCD module and manufacturing of LCD backlight units for LCD module
Held by TM Hong Kong				
Crystal Display Components (Suzhou) Co., Limited (2) ("CD Suzhou")	Suzhou, PRC	100	100	Manufacturing and trading of parts and precision accessories for LCD module
Tomoike Electronics (Shanghai) Co., Limited (2) ("TM Pudong")	Shanghai, PRC	100	100	Manufacturing and trading of parts and precision accessories for LCD module
Tomoike Precision Machinery (Shanghai) Co., Limited (2) ("TM Shanghai")	Shanghai, PRC	100	100	Manufacturing and trading of parts and precision accessories for office equipment and electrical appliances

16. SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation and operations	Proportion of ownership interest and voting power held		Principal activity
		2011	2010	
		%	%	
Held by TM Hong Kong				
Tomoike Industrial Co., Limited [(2)] ("TM Japan")	Osaka, Japan	100	100	Manufacturing of LCD backlight units for LCD module. Manufacturing and trading of parts and precision accessories for office equipment, electrical appliances and LCD module
Crystal Display (Shanghai) Holding Limited [(1)] ("CD Shanghai BVI")	British Virgin Islands	100	100	Investment holding
Wah Hang Precision Machinery (H.K.) Limited [(1)] ("WH Hong Kong")	Hong Kong	100	100	Investment holding
S.M.T Assembly Limited [(1)] ("SMT Hong Kong")	Hong Kong	86	72	Provision of surface mounting technique services in electronics product assembly
Held by CD Shanghai BVI				
Crystal Display Components (Shanghai) Co., Limited [(2)] ("CD Shanghai")	Shanghai, PRC	100	100	Manufacturing of LCD backlight units for LCD module
Tomoike Precision Machinery (Dongguan) Co., Limited [(1)] ("TM Dongguan")	Dongguan, PRC	100	100	Manufacturing and trading of parts and precision accessories for LCD module and manufacturing of LCD backlight units for LCD module
Held by WH Hong Kong				
Wah Hang Precision Machinery (Dongguan) Limited [(1)] ("WH Dongguan")	Dongguan, PRC	100	100	Manufacturing and trading of parts and precision accessories for office equipment and electrical appliances

16. SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation and operations	Proportion of ownership interest and voting power held		Principal activity
		2011	2010	
		%	%	
Held by SMT Hong Kong				
Dongguan Dali S.M.T. Assembly Limited (1) ("SMT Dongguan")	Dongguan, PRC	86	–	Provision of surface mounting technique services in electronics product assembly
Held by TM Shanghai				
Shanghai Gu Chang Yu Printing Technology Co. Limited (2) ("GCY Shanghai")	Shanghai, PRC	100	–	Provision of label printing services

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

(2) Audited by overseas practices of Deloitte Touche Tohmatsu.

17. BANK AND OTHER BORROWINGS

	Group 2011 US$'000	Group 2010 US$'000
Bank borrowings - unsecured	10,952	11,924
Corporate bonds - unsecured	2,986	3,264
Total	13,938	15,188
The bank borrowings are repayable as follows:		
Within one year	7,452	8,174
In the second year to fifth year	3,500	3,750
	10,952	11,924
The corporate bonds are repayable as follows:		
Within one year	2,986	417
In the second year	–	2,847
	2,986	3,264
Total bank and other borrowings	13,938	15,188
Less: Amount due for settlement within 12 months (shown under current liabilities)	(10,438)	(8,591)
Amount due for settlement after 12 months (shown under non-current liabilities)	3,500	6,597

As at 31 December 2011 and 2010, the corporate bonds relate to fixed rate corporate bonds issued by TM Japan in 2009. The original amounts of the fixed rate corporate bonds were as follows:

		Annual interest	Repayable terms
(1)	JPY 100,000,000	0.84%	Lump sum payment in September 2012
(2)	JPY 100,000,000	0.79%	By semi-annual instalments until October 2012
(3)	JPY 100,000,000	0.92%	Lump sum payment in December 2012

Bank and other borrowings amounted to US$4,452,000 (2010 : US$5,924,000) are unsecured and carried variable interest rates quoted by the banks with reference to their cost of fund rates.

Bank and other borrowings amounted to US$9,486,000 (2010 : US$9,264,000) are unsecured and carried fixed interest rate.

The average effective interest rate for the Group's bank loans is 0.80% (2010 : 0.99%) per annum.

Management considers the carrying values of the Group's borrowings approximate their fair values.

17. BANK AND OTHER BORROWINGS (cont'd)

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

	Group	
	2011	2010
	US$'000	US$'000
Yen	1,004	–
US Dollars	9,140	11,515

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Trade creditors	27,566	23,207	–	–
Accruals	1,898	1,656	–	–
Other payables	3,204	2,697	166	110
	32,668	27,560	166	110

The average credit period on purchases of goods is ranged from 30 days to 120 days (2010 : 30 days to 120 days).

Trade creditors and accruals comprise principally amounts outstanding for trade purchases and ongoing costs.

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

	Group	
	2011	2010
	US$'000	US$'000
Yen	1,055	209
US Dollars	12,819	11,861

19. FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Amounts payable under finance leases:				
Within one year	371	276	349	257
In the second to fifth year inclusive	394	458	380	431
	765	734	729	688
Less: Future finance charges	(36)	(46)	N/A	N/A
Present value of lease obligations	729	688	729	688
Less: Amount due for settlement within 12 months (shown under current liabilities)			(349)	(257)
Amount due for settlement after 12 months (shown under non-current liabilities)			380	431

The borrowing rates ranged from 1.50% to 6.50% (2010 : 1.50% to 7.23%) per annum. Interest rates are fixed at the contract date. 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 approximate their carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 15).

The Group's finance leases that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2011	2010
	US$'000	US$'000
US Dollars	280	–

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2011	2010
	US$'000	US$'000
Assets (Current)		
Foreign currency options contracts (Note A)	–	2
Forward foreign exchange contracts (Note B)	1	–
	1	2

Notes:

(A) Foreign currency options contracts

The Group entered into foreign currency options contracts with banks to manage its foreign exchange exposures. Under the contracts, the Group has the option to buy Yen with US Dollars at a fixed rate and similarly, the banks have the option to buy US Dollars using Yen at the same rate. In 2010, the foreign currency options contracts have maturity date from November 2010 to January 2011.

At the end of the reporting period, the total notional amount of outstanding foreign currency options contracts to which the Group was committed were as follows:

	Group	
	2011	2010
	US$'000	US$'000
Foreign currency options contracts	–	182

The net of the fair value change of the foreign currency options contracts amounting to a decrease of US$2,000 (2010 : an increase of US$92,000) had been recognised in profit or loss.

(B) Forward foreign exchange contracts

The Group utilises forward foreign exchange contracts to sell US Dollars to manage its foreign exchange exposures against Yen. The forward foreign exchange contracts have maturity date from January 2012 to February 2012 (2010 : Nil).

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the Group was committed were as follows:

	Group	
	2011	2010
	US$'000	US$'000
Forward foreign exchange contracts	400	–

Changes in fair value of the forward foreign exchange contracts amounting to US$1,000 (2010 : US$58,000) had been credited in profit or loss.

21. RETIREMENT BENEFIT OBLIGATIONS

TM Japan maintains a defined benefit plan for its directors. The expense for the year amounted to approximately US$156,000 (2010 : US$169,000) has been charged in profit or loss.

The retirement benefit obligation is unfunded and the balance at year end represents the present value of the expected future payments required to settle the obligation. Payments of such retirement benefits to directors of TM Japan are subject to approval of TM Japan's shareholder in accordance with the Corporate Law in Japan.

Management is of the view that as the retirement benefit obligation is not significant, the required disclosures under IAS 19 *Employee Benefits* are not necessary.

22. DEFERRED TAX

The following are the major deferred tax assets (liabilities) recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation	Temporary difference relating to held-to-maturity investment	Directors' insurance	Retirement benefit obligations	Withholding tax on undistributed earnings of subsidiaries	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group							
At 1 January 2010	(266)	(835)	(12)	326	(317)	209	(895)
Exchange differences	(34)	(99)	(1)	40	–	33	(61)
Credit to other comprehensive income for the year	–	–	–	–	–	27	27
Credit (Charge) to profit or loss for the year (Note 33)	21	190	(4)	(66)	(189)	57	9
Release of previously provided deferred tax upon payment	–	–	–	–	75	–	75
At 31 December 2010	(279)	(744)	(17)	300	(431)	326	(845)
Exchange differences	(13)	(35)	(2)	17	–	22	(11)
Credit to other comprehensive income for the year	–	–	–	–	–	16	16
Credit (Charge) to profit or loss for the year (Note 33)	55	54	(6)	62	(522)	163	(194)
Release of previously provided deferred tax upon payment	–	–	–	–	418	–	418
At 31 December 2011	(237)	(725)	(25)	379	(535)	527	(616)

23. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme, CDW Holding Share Option Scheme (the "Scheme") for all employees of the Group. 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 SGX-ST 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.

Information on share-based payment arrangements are as follows:

Option series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Issued on 11 June 2008	19,032,000	11 June 2008	10 June 2013	S$0.070	US$0.01

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	Group and Company						
Date of grant	Balance at 1 January 2011	Granted	Exercised	Cancelled/ Lapsed	Balance at 31 December 2011	Exercise price per share	Exercisable period
11 June 2008	19,032,000	–	–	–	19,032,000	S$0.070	11 June 2009 to 10 June 2013

In 2010, 1,464,000 unexercised share options, which were granted on 9 March 2007, were lapsed.

The number of share options exercisable at the end of the year amounted to 19,032,000 (2010 : 19,032,000).

The options outstanding at the end of the year have a weighted average remaining contractual life of approximately 1.4 years (2010 : 2.4 years).

The fair values for share options granted were calculated using valuation model. The inputs into the model were as follows:

Weighted average share price on date of grant (Singapore cents)	6.5
Weighted average exercise price (Singapore cents)	7.0
Expected volatility	57.80%
Expected life	3 years
Risk free rate	1.852%
Expected dividend yield	4.46%

23. SHARE-BASED PAYMENTS (cont'd)

Expected volatility was determined by calculating the historical volatility of the Company's share price from 1 July 2006 to 11 June 2008. 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 did not recognise any expenses related to equity-settled share-based payment during the both years.

24. SHARE CAPITAL

	Group and Company			
	2011	2010	2011	2010
	Number of ordinary shares of US$0.02 each		US$	US$
Authorised	1,500,000,000	1,500,000,000	30,000,000	30,000,000
Issued and paid up:				
At beginning and end of the year	504,354,221	504,354,221	10,087,000	10,087,000

As at 31 December 2011, 21,306,000 (2010 : 820,000) of ordinary shares include in above shares which had been purchased on the SGX-ST under the Shares Purchase Mandate and held as treasury shares (Note 25).

25. TREASURY SHARES

	Group and Company			
	2011		2010	
	Number of shares	US$	Number of shares	US$
Balance as at 1 January	820,000	33,000	820,000	33,000
Purchased during the year	20,486,000	1,314,000	–	–
Balance as at 31 December	21,306,000	1,347,000	820,000	33,000

During 2011, the Company acquired 20,486,000 of its own shares through purchases on the SGX-ST under the Shares Purchase Mandate. The total amount paid to acquire the shares was US$1,314,000 and had been deducted from shareholders' equity. These shares are held as treasury shares, which have no rights to dividends.

26. MERGER RESERVE, RESERVE FUND, ENTERPRISE EXPANSION FUND AND OTHER RESERVES

Merger Reserve

Merger Reserve represents the difference between the combined share capital of the entities in the merged Group and the capital of the Company arising from a restructuring exercise undertaken in 2005.

Reserve Fund

In accordance with the 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 the 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.

Other Reserves

Other Reserves represents staff welfare fund appropriated from retained earnings at a discretionary percentage of the profit after tax for the year.

Currency Translation Reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into US Dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them under foreign currency translation reserve.

27. REVENUE

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

28. SEGMENT INFORMATION

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's consolidated income statement that are directly attributable to a segment and the relevant portion 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 payables and accrued expenses.

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.

Products and services from which reportable segments derive their revenues

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on the customer profile. The Group's reportable segments under IFRS 8 are therefore as follows:

i)	LCD backlight units	-	Manufacturing of LCD backlight units for LCD module
ii)	Office automation	-	Manufacturing and trading of parts and precision accessories for office equipment and electrical appliances
iii)	LCD parts and accessories	-	Manufacturing and trading of parts and precision accessories for LCD module

Information regarding the Group's reportable segments is presented below.

28. SEGMENT INFORMATION (cont'd)

Segment revenue and results

	LCD backlight units US$'000	Office automation US$'000	LCD parts and accessories US$'000	Eliminations US$'000	Total US$'000
2011					
REVENUE					
External sales	111,450	25,418	36,238	–	173,106
Inter-segment sales	4	4,731	3,639	(8,374)	–
Total revenue	111,454	30,149	39,877	(8,374)	173,106
RESULTS					
Segment results	8,072	1,173	3,202	–	12,447
Impairment loss on goodwill					(1,516)
Unallocated corporate expenses					(3,246)
Operating profit					7,685
Finance costs					(300)
Interest income					500
Profit before tax					7,885
Income tax expense					(3,187)
Profit for the year					4,698
2010					
REVENUE					
External sales	63,856	26,245	31,754	–	121,855
Inter-segment sales	39	3,904	3,528	(7,471)	–
Total revenue	63,895	30,149	35,282	(7,471)	121,855
RESULTS					
Segment results	2,880	2,646	1,296	–	6,822
Unallocated corporate expenses					(2,109)
Operating profit					4,713
Finance costs					(315)
Interest income					164
Profit before tax					4,562
Income tax expense					(1,137)
Profit for the year					3,425

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of corporate expenses, finance costs, interest income and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

28. SEGMENT INFORMATION (cont'd)

Segment assets, liabilities and other information

	LCD backlight units US$'000	Office automation US$'000	LCD parts and accessories US$'000	Eliminations US$'000	Total US$'000
2011					
ASSETS					
Segment assets	44,046	18,373	46,286	(1,729)	106,976
Unallocated assets					2,701
Consolidated total assets					109,677
LIABILITIES					
Segment liabilities	13,047	6,126	14,869	(1,729)	32,313
Bank and other borrowings and finance leases					14,667
Unallocated liabilities					4,121
Consolidated total liabilities					51,101
OTHER INFORMATION					
Capital expenditure	595	1,071	1,869	–	3,535
Depreciation of property, plant and equipment	654	452	2,250	–	3,356
Allowance for inventories	53	153	313	–	519
Amortisation of prepaid lease payments	–	–	11	–	11
2010					
ASSETS					
Segment assets	35,971	19,462	42,263	(865)	96,831
Unallocated assets					4,079
Consolidated total assets					100,910
LIABILITIES					
Segment liabilities	10,642	6,679	10,809	(865)	27,265
Bank and other borrowings and finance leases					15,876
Unallocated liabilities					2,273
Consolidated total liabilities					45,414
OTHER INFORMATION					
Capital expenditure	138	452	808	–	1,398
Depreciation of property, plant and equipment	921	446	2,009	–	3,376
Allowance for inventories	189	81	436	–	706
Amortisation of prepaid lease payments	–	–	11	–	11

28. SEGMENT INFORMATION (cont'd)

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than goodwill, investments, other assets, tax assets and assets of the Company. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Geographical segment

The Group operates in three principal geographical areas – Hong Kong, PRC and Japan.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding available-for-sale investments and other financial assets) by geographical location are detailed below:

	Revenue from external customers*		Carrying amount of non-current assets	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Hong Kong	49,506	41,967	1,263	1,186
PRC	103,965	59,480	18,132	17,501
Japan	19,630	20,254	4,434	6,204
Others	5	154	–	–
Total	173,106	121,855	23,829	24,891

* Based on locations of external customers.

Information about major customers

In the year ended 31 December 2011, revenue from one key customer which has transactions with all segments accounted for 77% (2010 : 70%) of total revenue.

29. OTHER INCOME

	Group	
	2011	2010
	US$'000	US$'000
Gain on disposal of scrap material	334	282
Interest income from bank deposits	500	164
Sales of moulds	331	137
Sub-contracting income	125	115
Sundry income	210	223
	1,500	921

30. ADMINISTRATIVE EXPENSES

	Group	
	2011 US$'000	2010 US$'000
Employee-related expenses	15,430	13,622
Utilities and office expenses	1,524	1,652
Travelling and entertainment	2,049	1,598
Professional fees	2,196	1,427
Rental expenses	1,247	1,235
Depreciation of property and equipment	875	957
Miscellaneous	1,062	1,084
Total administrative expenses	24,383	21,575

31. FINANCE COSTS

	Group	
	2011 US$'000	2010 US$'000
Interest expenses to non-related companies	300	315

32. PROFIT BEFORE TAX

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

	Group	
	2011	2010
	US$'000	US$'000
Depreciation of property, plant and equipment	3,356	3,376
Amortisation of prepaid lease payments	11	11
Directors' remuneration	1,654	1,479
Employee benefits expense (including Directors' remuneration)		
Post employment benefits:		
- Defined contribution plans	2,925	2,268
- Defined benefit plan	156	169
Other employee benefits expense	29,999	22,983
Total employee benefits expense	33,080	25,420
Audit fees		
Auditor of the Company:		
- For current year	54	42
- For professional services rendered in respect of the audit for year ended 31 December 2010	38	–
Other auditors:		
- For current year	458	353
- For professional services rendered in respect of the audit for year ended 31 December 2010	77	–
Non-audit fees:		
- Auditor of the Company	–	–
- Other auditors	5	5
Allowance for inventories	519	706
Inventories recognised as expense	138,339	94,226
Loss on disposal of property, plant and equipment	236	46
Net foreign currency exchange (gain) loss	(164)	580
Changes in fair value of derivative financial instruments, recorded under administrative expenses	1	(150)
Impairment loss on available-for-sale investments, recorded under administrative expenses (Note 12)	221	153

33. INCOME TAX EXPENSE

	Group 2011 US$'000	Group 2010 US$'000
Current tax	2,988	1,098
Underprovision of current tax in prior years	5	48
Deferred tax charge/(credit) (Note 22)	194	(9)
	3,187	1,137

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 rate of 16.5% (2010 : 16.5%), the Japan tax rate of 41.7% (2010 : 41.7%) and the tax rates in different locations in PRC ranging from 24% to 25% (2010 : 22% to 25%) to profit before tax, as a result of the following:

	Group 2011 US$'000	Group 2010 US$'000
Profit before tax	7,885	4,562
Tax at the domestic rates applicable to profits in the country concerned	2,201	1,078
Tax effect of expenses not deductible for tax purpose	934	123
Tax effect of income not taxable for tax purpose	(514)	(329)
Tax effect of exemptions granted to PRC subsidiaries	(22)	(47)
Tax effect of unused tax losses and tax offsets not recognised	61	75
Underprovision in prior years	5	48
Deferred tax impact on undistributed earnings (Note 22)	522	189
Total income tax expense	3,187	1,137

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided in the consolidated financial statements in respect of temporary differences attributable to the profit earned by the PRC subsidiaries.

At the end of the reporting period, the Group has unutilised tax losses of US$5,900,000 (2010 : US$5,800,000) available for offsetting against future periods. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

34. DIVIDENDS

In 2010, a final dividend of 0.3 US cents per share (total dividend : US$1,511,000) in respect of 2009 and an interim dividend of 0.3 US cents per share (total dividend : US$1,510,000) in respect of 2010 were paid to shareholders.

In 2011, a final dividend of 0.3 US cents per share (total dividend : US$1,511,000) in respect of 2010 and an interim dividend of 0.3 US cents per share (total dividend : US$1,461,000) in respect of 2011 were paid to shareholders.

In respect of the current financial year, the directors of the Company propose that a final dividend of 0.4 US cents per share. This dividend is subject to approval by shareholders at the AGM to be held on 26 April 2012 and has not been included as a liability in the financial statements. Based on the number of ordinary shares as at 31 December 2011, the total estimated dividend to be paid is US$1,932,000.

35. EARNINGS PER SHARE

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

Earnings	Group	
	2011 US$'000	2010 US$'000
Profit attributable to owners of the Company	4,683	3,447

Number of Shares	2011 '000	2010 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	496,523	503,534
Effect of dilutive share options	2,628	2,603
Weighted average number of ordinary shares for purpose of diluted earnings per share	499,151	506,137

The weighted average number of ordinary shares for the purposes of basic earnings per share excludes treasury shares which had been purchased on the SGX-ST under the Shares Purchase Mandate (Note 25).

36. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY / ACQUISITION OF A SUBSIDIARY

Subsidiary acquired in 2010	Principal activities	Proportion of interests acquired %	Cost of acquisition US$'000
SMT Hong Kong	Provision of surface mounting technique services in electronics product assembly	72	129

Assets acquired and liabilities assumed at the date of acquisition:

	US$'000
Non-current assets	
Plant, machinery and equipment	749
Current assets	
Cash and cash equivalents	68
Trade and other receivables	326
Inventories	24
Current liabilities	
Trade and other payables	(713)
Current portion of finance leases	(110)
Non-current liabilities	
Finance leases	(165)
Net assets acquired	179
Non-controlling interests	(50)
Total cost of acquisition	129

The acquisition of SMT Hong Kong was paid in cash:

Net cash outflow arising on acquisition:	US$'000
Cash consideration paid	129
Less: Cash and cash equivalents acquired	(61)
	68

Management is of the view that as the acquisition of interests in a subsidiary is not significant, the required disclosures under IFRS 3 *Business Combinations* are not necessary.

On 1 August 2011, the Company's wholly-owned subsidiary, TM Hong Kong, acquired an additional 14% equity interest in SMT Hong Kong from its non-controlling interests for a cash consideration of HK$194,445 (approximately US$24,000). As a result of this acquisition, the Group's interest in SMT Hong Kong is 86%. The carrying value of net assets of SMT Hong Kong at 30 June 2011 (latest practicable date) was HK$1,260,189 (approximately US$161,000) and the carrying value of the additional interest acquired was US$24,000.

37. COMMITMENTS

(i) Operating lease commitments

	Group	
	2011	2010
	US$'000	US$'000
Minimum lease payments under operating leases recognised as an expense for the year	2,737	2,460

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2011	2010
	US$'000	US$'000
Future minimum lease payments payable:		
Within one year	2,076	1,367
In the second to fifth years inclusive	1,301	1,565
Total	3,377	2,932

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. Rates are subject to revisions during the term of the lease and the minimum lease payments payables disclosed above are based on current rates. All other leases are negotiated for an average term of one to two years and such rentals are fixed for an average of one to two years.

(ii) Capital commitments

	Group	
	2011	2010
	US$'000	US$'000
Commitments for acquisition of property, plant and equipment:		
Contracted for but not provided	80	22

Statistics of Shareholdings

As at 12 March 2012

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	5	0.32	2,000	0.00
1,000 - 10,000	642	41.61	2,881,000	0.60
10,001 - 1,000,000	868	56.25	68,278,000	14.16
1,000,001 and above	28	1.82	411,062,221	85.24
Total	**1,543**	**100.00**	**482,223,221***	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Mikuni Co., Limited	239,680,000	49.70
2.	Citibank Nominees Singapore Pte Ltd	47,602,000	9.87
3.	DMG & Partners Securities Pte Ltd	37,248,221	7.72
4.	DBS Vickers Securities (S) Pte Ltd	27,365,000	5.67
5.	OCBC Securities Private Ltd	7,237,000	1.50
6.	UOB Kay Hian Pte Ltd	6,212,000	1.29
7.	Phillip Securities Pte Ltd	5,800,000	1.20
8.	Ng Hwee Koon	5,000,000	1.04
9.	Ong Peng Koon Gilbert	3,541,000	0.73
10.	Lim Buan Hua	3,110,000	0.64
11.	Lim & Tan Securities Pte Ltd	2,276,000	0.47
12.	Maybank Kim Eng Securities Pte Ltd	2,218,000	0.46
13.	DBS Nominees Pte Ltd	2,135,000	0.44
14.	Mayban Nominees (S) Pte Ltd	1,900,000	0.39
15.	Tsao San	1,810,000	0.38
16.	Patsun Pte Ltd	1,800,000	0.37
17.	Armstrong Industrial Corporation Limited	1,700,000	0.35
18.	Chian Shian Ann @ Chiam Yeow Ann	1,632,000	0.34
19.	Wong Kien Chorn	1,600,000	0.33
20.	Yun Soo Har	1,525,000	0.32
	Total	**401,391,221**	**83.21**

* Included in the total number of issued shares is 200,000 ordinary shares bought back by the Company on 12 March 2012 which are held as treasury shares but have not yet been reflected in the shareholding record as at 12 March 2012 of The Central Depository (Pte) Limited.

Statistics of Shareholdings

As at 12 March 2012

Class of equity securities	:	Ordinary share
No. of equity securities (excluding treasury shares)	:	482,023,221
Voting rights	:	One vote per share

As at 12 March 2012, the total number of treasury shares held is 22,331,000. The treasury shares as a percentage of the total number of issued shares excluding treasury shares is 4.63%.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2012

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Mikuni Co., Limited	239,680,000	49.72	–	–
Yoshimi Kunikazu (1)	18,405,221	3.82	239,680,000	49.72
The China Fund Inc.	47,602,000	9.88	–	–
RCM Asia Pacific Ltd. (2)	–	–	47,602,000	9.88
Allianz Global Investors Asia Pacific GmbH (2)	–	–	47,602,000	9.88
Allianz Asset Management AG (2)	–	–	47,602,000	9.88
Allianz SE (2)	–	–	47,602,000	9.88

Note:

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

2. RCM Asia Pacific Ltd is the investment manager of The China Fund, Inc. RCM Asia Pacific Ltd is a wholly owned subsidiary of Allianz Global Investors Asia Pacific GmbH, which itself is a wholly owned subsidiary of Allianz Asset Management AG. Allianz Asset Management AG is a wholly owned subsidiary of Allianz SE. Accordingly, by virtue of Sections 7(4A)(a) and 7(6) of the Singapore Companies Act (Cap 50), RCM Asia Pacific Ltd, Allianz Global Investors Asia Pacific GmbH, Allianz Asset Management AG and Allianz SE are deemed interested in the 47,602,000 shares directly interested by The China Fund, Inc.

PUBLIC FLOAT

As at 12 March 2012, 36.27% 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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CDW Holding Limited ("the Company") will be held at Rosewood Room, Swissôtel Merchant Court Singapore, 20 Merchant Road, Singapore 058281 on Thursday, 26 April 2012 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Directors and the Audited Financial Statements of the Company for the year ended 31 December 2011 together with the Independent Auditors' Report thereon.
(Resolution 1)

2. To declare a final dividend of 0.4 US cents per ordinary share (tax not applicable) for the year ended 31 December 2011 (2010: Final dividend of 0.3 US cents per ordinary share (tax not applicable)).
(Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to Bye-Laws 104 and 107(A) of the Bye-laws of the Company:

Mr LAI Shi Hong Edward	(Retiring under Bye-Law 104)	**(Resolution 3)**
Mr DY MO Hua Cheung Philip	(Retiring under Bye-Law 104)	**(Resolution 4)**
Mr MITANI Masatoshi	(Retiring under Bye-Law 107(A))	**(Resolution 5)**
Mr CHONG Pheng	(Retiring under Bye-Law 107(A))	**(Resolution 6)**
Mr OCHI Shinichi	(Retiring under Bye-Law 107(A))	**(Resolution 7)**

Mr Lai Shi Hong, Edward will, upon re-election as Director of the Company, remain as member of the Audit, Nominating and Remuneration Committees and will be considered non-independent.

Mr Mitani Masatoshi will, upon re-election as Director of the Company, remain as member of the Audit, Nominating and Remuneration Committees and will be considered independent.

Mr Chong Pheng will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and member of the Audit and Nominating Committees and will be considered independent.

4. To approve the payment of Directors' fees of S$287,000 for the year ending 31 December 2012 (2011: S$400,000). **(Resolution 8)**

5. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**

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 issue shares

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Directors of the Company be empowered to

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company 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 10)**

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

That the Directors of the Company be authorised and empowered to offer and grant options under the CDW Holding Share Option Scheme ("the Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company 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 (ii)] **(Resolution 11)**

By Order of the Board

Tan San-Ju
Secretary
Singapore
2 April 2012

Notice of Annual General Meeting

Explanatory Notes:

(i) The Ordinary Resolution 10 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Ordinary Resolution 11 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2 If a shareholder of the Company, being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore) wishes to attend and vote at the Meeting, he must be shown to have shares entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited, at least forty-eight (48) hours before the time of the Meeting.

3. If a Depositor wishes to appoint a proxy/proxies to attend the Meeting, he must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, at least forty-eight (48) hours before the time of the Meeting.

CDW

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