ADVANTAGE CDW

Annual Report 2013

CDW Holding Limited

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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Corporate Profile

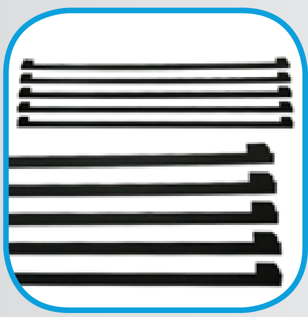
CDW Holding Limited is a Japanese-managed precision components specialist serving the global market focusing on the production and supply of niche precision components for mobile communication equipment, gamebox entertainment equipment, consumer and information technology equipment, office equipment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

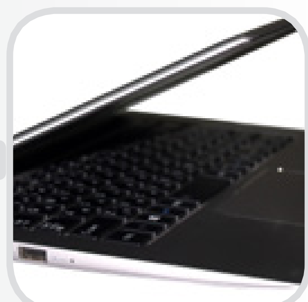
Our Products

Applications

LCD Backlight Units

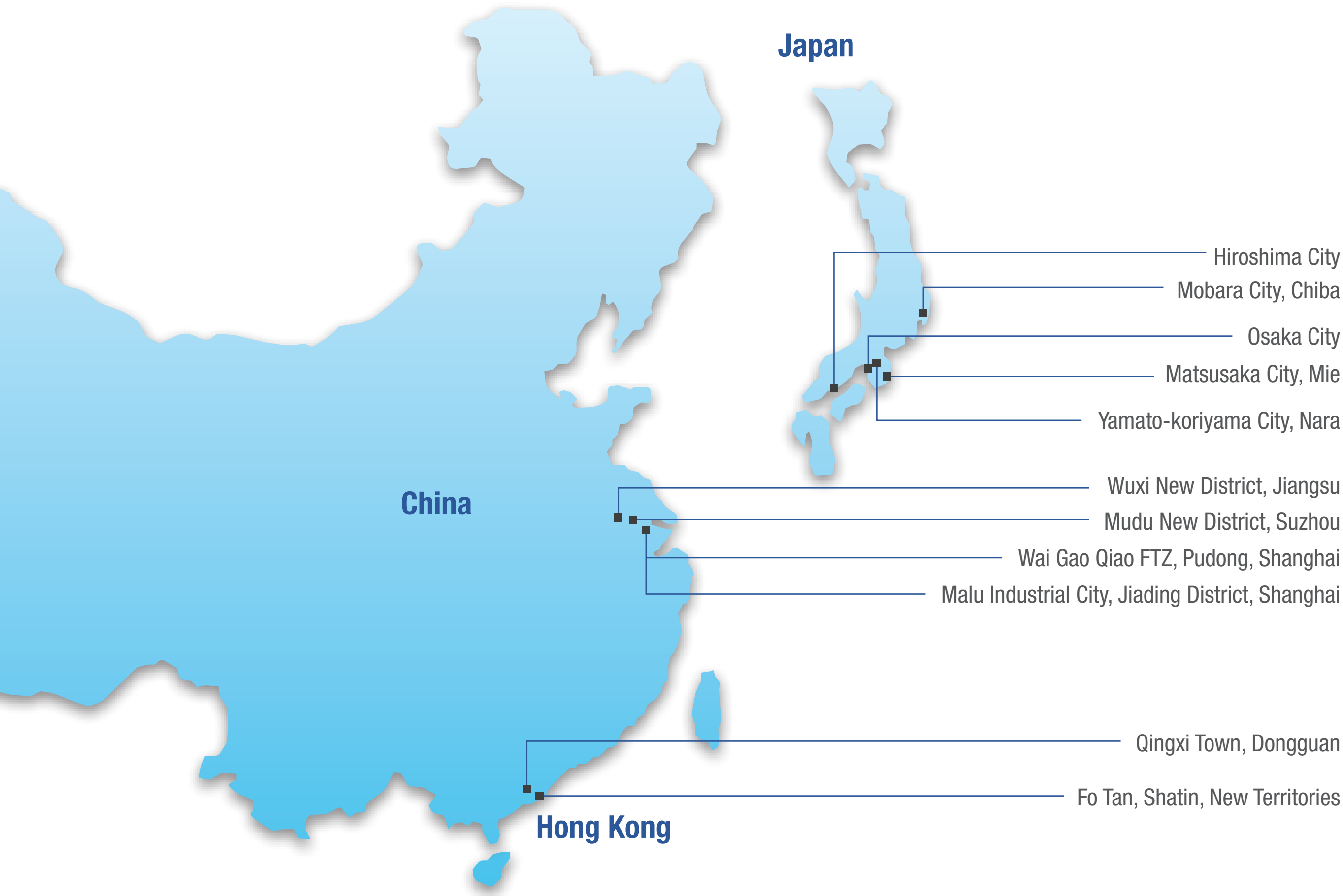
LCD Parts and Accessories





Office Automation

Our Production Centres & Offices



Tomoike Precision Machinery (Dongguan) Co., Limited

Minami Tec (Wuxi) Co., Limited

Tomoike Precision Machinery (Shanghai) Co., Limited

Crystal Display Components (Shanghai) Co., Limited

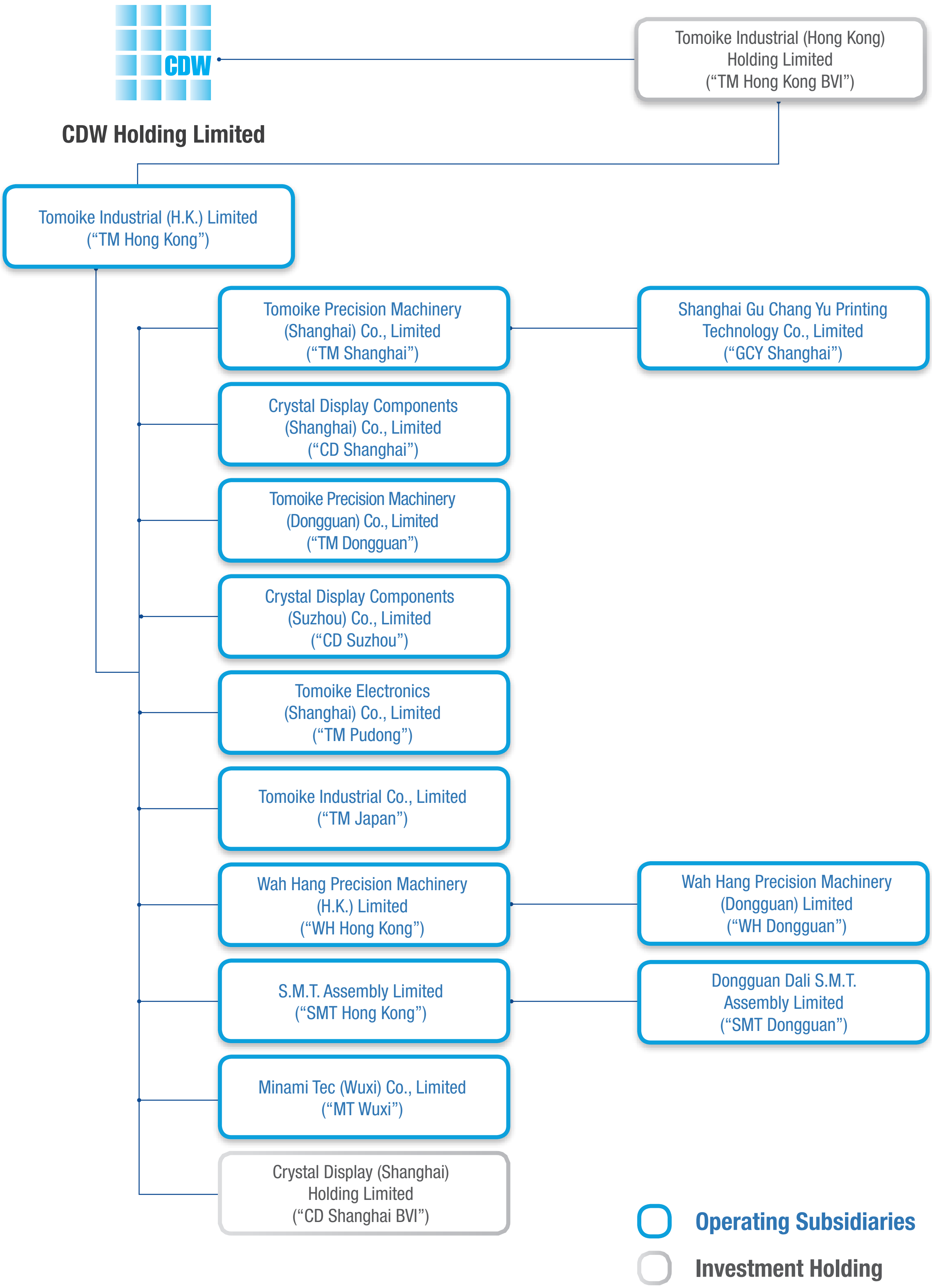
Wah Hang Precision Machinery (Dongguan) Limited

Dongguan Dali S.M.T. Assembly Limited

Tomoike Electronics (Shanghai) Co., Limited

Tomoike Industrial 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 China and started supplying them with cost efficient precision accessories sourced from manufacturers in Hong Kong and China.

1996

The Group established TM Shanghai in Jiading, Shanghai, China 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.

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

Corporate Milestones

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.

2007

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

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 became a wholly-owned subsidiary of the Group.

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.

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.

2011

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

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

2012

Mr Urano succeeded as Chairman and CEO from our founder, Mr Yoshimi, and formed new board.

Disposal by CD Suzhou of its factory premises approved at SGM by shareholders in October.

2013

The Group acquired 100% equity interest in MT Wuxi.

CD Suzhou terminated business operations and applied voluntary liquidation.

Letter To Shareholders

"Amid intense competition and significant changes in consumer behaviour, we managed to retain and leverage on our strong customer networks, especially for our core backlight units business. Such strong customer networks and group restructuring to streamline operations contribute to and demonstrate CDW's foresight, determination and flexibility in the year in review."

URANO Koichi

Dear Shareholders,

The year 2013 has been an eventful one for us. Amid intense competition and significant changes in consumer behaviour, we managed to retain and leverage on our strong customer networks, especially for our core backlight units business. We also continued our Group restructuring to streamline operations for the challenges ahead. These achievements demonstrate CDW's foresight, determination and flexibility in the year in review. However, despite our best efforts, Group revenue in 2013 has been a mixed bag of results. A major customer started winding down orders for phase-out products. Combined with the closure of our loss-making CD Suzhou metal stamping plant which manufactured parts for the LCD Parts and Accessories business, sales in this segment declined by US$18.4 million or 37.6% over the year to US$30.6 million. This impacted Group revenue, resulting in an overall 10.8% decrease year-on-year to US$175.1 million, from U$196.4 million the year before.

On a positive note, sales in the LCD Backlight Units segment remained on an even keel over the year. This segment also continued to be our main revenue driver in 2013, contributing more than two-thirds to Group revenue. Specifically, revenue here was US$121.5 million, a slight decline of US$3.8 million or 3.0%, compared with US$125.3 million in the previous year.

The stable sales in LCD Backlight Units over the year was chiefly due to a major customer releasing new models and maintaining order volumes in the second half of FY2013. This maintenance of orders allowed us to generate operating profit of US$15.1 million, similar to that of the year before while operating profit margin improved to 12.4%, compared with 12.2% in the previous year. The continuation of significant order volumes enabled us to realise economies of scale, rationalising raw material costs and improving labour efficiency.

In our smallest segment of Office Automation, sales edged up by 4.1% over the year to US$23.0 million, from US$22.1 million in FY2012. What was perhaps more important was our turning the corner on the products front. In consultation with our Japanese customers, we eliminated loss-making products and commenced production of higher-margin, profitable ones in the year in review. Operating profit margin, as a consequence, improved nearly seven percentage points from negative 7.2% in FY2012 to negative 0.4% in FY2013.

All in, Group gross profit declined 15.9% from US$45.9 million in FY2012 to US$38.6 million in the year in review. Gross profit margin saw a marginal reduction of 1.4 percentage points from 23.4% in FY2012 to 22.0% in FY2013. Net profit, however, remained about the same over the year, seeing a slight decrease of 0.9% from US$11.4 million in FY2012 to US$11.3 million in the year in review. This was primarily due to the recognition of two one-off transactions: the disposal of the property, plant and equipment of the Suzhou Plant in September 2013 and the US$2.0 million gain on acquisition of 100% equity interest in Minami Tec (Wuxi) Co., Limited ("MT Wuxi").

Letter To Shareholders

We had paid JPY17.0 million (equivalent to US$0.2 million) consideration for the acquisition of MT Wuxi and the net asset value of MT Wuxi as at 31 December 2012 was about RMB14.0 million (equivalent to US$2.2 million), resulting in the above-mentioned profit. If we exclude this US$2.0 million gain, net profit would have been US$9.3 million, an 18.4% decrease from the year before.

Despite this 18.4% decrease in profits from our core operations, we were decisive to stem continued losses at the Suzhou plant by terminating the operations. In surrendering the land and building to the Suzhou Mu Du municipal government as part of their land acquisition exercise, as well as disposing of property, plant and equipment, we realised compensation and proceeds (S$12.5 million) which can be better channeled towards more lucrative ventures.

On a per share basis, including the one-off transactions, our company's earnings per share for FY2013 amounted to 2.41 US cents, the same as the previous year's. Net asset value per ordinary share as at financial year-end 31 December 2013 was 14.54 US cents, an increase of 0.85 US cents over 13.69 US cents the year before.

To recognise and reward the support of our shareholders, CDW is recommending a final dividend of 0.7 US cents per ordinary share to be approved at our upcoming Annual General Meeting. Including our interim dividend of 0.5 US cents per ordinary share, the full year dividends amount to 1.2 US cents, the same as the year before.

OUTLOOK AND STRATEGY

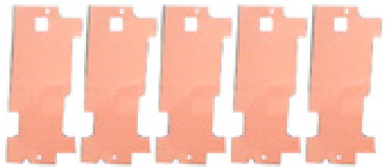
Over the year in review, our ability to maintain an even keel for our corporate ship was due in no small part to the strength of our business networks. Our largest segment, LCD Backlight Units, generated two-thirds of group sales because of the continued support of a major customer. On the flip side, our second largest segment of LCD Parts and Accessories, due to the phasing-out of key products in 2013, experienced around 40% reduction in the revenue of that segment.

Clearly, while our continued focus as a precision components specialist in the consumer electronics sector has reaped dividends, we must expand our pool of customers, generate more ballast in our revenue streams and thus lessen business risk.

More than ever before, we have to be aware of the rapidly-changing environment we operate in. With frequent introduction of competing products, the continued popularity and product life cycle of any given device is hard to ascertain. Even though we continue to place predominant emphasis on high value, popular products for stable order flows, long-term demand is rarely guaranteed.

We already witness the effects of changing consumer behaviour in the technology space. With advances in smartphone technology and increasing consumer preference for smartphones over other handheld devices for gaming, photo-taking and global positioning capability, the demand for gamesets is on the decline. This has resulted in lowered orders for our backlight units for gamesets, which have comprised the bulk of our backlight unit manufacturing. With this fundamental change in technology and customer behaviour, we do not think the reduced orders for gamesets is simply temporary but indicative of a larger, permanent trend. On the positive side, we anticipate larger orders for backlight units for smartphones and tablets over 2014 though this may not compensate for the reduced orders for gameset backlight units.

In our LCD Parts and Accessories business, we anticipate a reduction in orders from a major customer. In the past two years, the major customer was involved in the procurement process conducted by an industrial leader in consumer electronics. Its involvement in this supply chain guaranteed orders for us. In FY2014, this major customer will not be involved in the procurement process and there is no guarantee the new customer will place orders with us. Conversely, the consumer appetite for tablets and super-thin laptops, also known as ultrabooks, should translate into continued orders for supporting the segment. Against these different prospects, the outlook for the parts and accessories business is uncertain.



Letter to Shareholders

Our smallest segment of Office Automation should see a brighter horizon. Working with our Japanese customers, we have phased out loss-making products and started production of profitable ones over the past year. This trend should continue and we aim to secure and even further enlarge our customer base here.

In summary, overall Group prospects in 2014 are challenging. With a sea change in consumer behaviour, there will probably be a fundamental decline in demand for gamesets and so, orders for supporting backlight units. We must brace ourselves to address this change in the consumer electronics marketplace and mitigate this likely downturn. Nonetheless, it will take some time before we can substantially redress this situation.

WIDENING OUR SKILLS BASE AND NETWORKS

On another note, as we integrate MT Wuxi into our Group, we will be able to offer a wider suite of plastic injection capabilities to our clients and prospects. We can also tap into the customer networks of MT Wuxi and explore ways to expand and deepen our customer share of wallet, leveraging on the new operations.

Research and Development is another vital area we will continue strengthening. This is increasingly important in light of a marketplace characterised by evolving consumer trends and regular introduction of new products. To remain as a key player in this environment, it is imperative to keep pace with change and lead market developments as much as possible. Despite a necessary gestation period to develop innovative products and conduct rigorous testing, the eventual products will enable us to improve our value-add. Entering 2014, our plans encompass working with existing customers to develop the latest advanced models.

RISK MANAGEMENT VITAL

The wider economic environment presents persistent challenges we have to contend with. Chief among them is conditions in China, with a persistently strong Chinese Renminbi, high inflation, increasing labour costs and a tight labour supply. Most of our manufacturing is located in China and operating expenses are mainly denominated in Chinese Renminbi. These economic factors outweigh the productivity gains from our regular deployment of more efficient production equipment and processes.

Meanwhile, the weakening of the Japanese Yen has its pros and cons. On the negative side, it has made it more affordable for some Japanese manufacturers to produce their products back in Japan, thus reducing the incentive to place orders with us at our China-based operations. On the positive side, the weak Japanese Yen benefits operations in China as the cost of raw materials becomes cheaper in US Dollar terms.

As we move forward, we will continue to manage currency risk through usage of currency forward and option contracts. Our management will also aim to minimise expenses through regular reviews of operating costs, production process re-engineering and inventory management.

We will also aim to miminise financing costs through refinancing of loans at lower interest rates and maintaining a healthy cash position. At financial year-end 31 December 2013, cash and cash equivalents were US$51.5 million, compared with US$53.2 million a year before. This broadens our financing options in any possible expansion or acquisition. In the area of growth, we will specifically look for vertical integration partners such as companies manufacturing similar products; or companies that undertake similar manufacturing processes but manufacture different products; or companies altogether outside our industry that are in a growth phase and require additional funding. Through these avenues, we aim to optimise returns on cash holdings and generate an overall higher return on equity.

CONCLUSION

The year past has been bracing and the year ahead will be even more so. With rapid evolution in our industry and the broader market place, we must aim to be even more agile and vigilant, widen opportunities and enhance our skills base. In conclusion, on behalf of the Board, I would like to thank our directors, management and staff for their advice, effort and encouragement over an eventful 2013, and our business partners and shareholders for their support.

This was my second year as the Chairman and Chief Executive Officer and I have seen much to be encouraged by; from our professional management and staff, and professionals in Japan, China, Hong Kong and Singapore, to our strong partnerships, customer networks, advanced technology and resources. We have a solid foundation to build upon and I look forward to our continued progress in the new year.

Yours Sincerely,

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

Financial & Operations Review

INCOME STATEMENT

Over the Financial Year 2013 ("FY2013"), the Group booked revenue of US$175.1 million, a 10.8% decrease compared with US$196.4 million in FY2012. This US$21.3 million decrease was due to the winding down of orders for phase-out products from a major customer as well as the closure in September 2013 of our metal stamping operations in the LCD Parts and Accessories segment. With this revenue decrease, the Group's gross profit declined by 15.9% or US$7.3 million to US$38.6 million in FY2013, compared with US$45.9 million in the previous year. Gross profit margin saw a slight reduction of 1.4 percentage points from 23.4% in FY2012 to 22.0% in FY2013.

Over the year, there were two one-off transactions we recognised. The first was the US$2.0 million gain on the purchase of 100% equity interest in Minami Tec (Wuxi) Co., Limited ("MT Wuxi"). This company specialises in the provision of plastic injection for electronic consumer products and automobiles. The fair value of the net assets of MT Wuxi as at 31 December 2012, was about RMB14.0 million (equivalent to US$2.2 million). The consideration of this acquisition was JPY17.0 million (equivalent to US$0.2 million) which resulted in a gain on bargain purchase amounting to US$2.0 million. This gain was recorded in the Group's profit and loss for the year. If we exclude this one-off gain, net profit would have been US$9.3 million, an 18.4% decrease from the year before, where net profit was US$11.4 million. As such, net profit margin for FY2013 would have been 5.3%, compared to 5.8% for FY2012.

The second one-off transaction was the disposal of the property, plant and equipment in the metal stamping operation in Suzhou, China ("Suzhou Plant") in September 2013 with its subsequent closure and voluntary liquidation. After we included these two one-off transactions, net profit in the year in review became US$11.3 million, a 0.9% decrease over FY2012.

Other operating income registered an increase of US$2.8 million to US$4.2 million, from US$1.4 million in FY2012. Apart from interest income, other operating income mainly included the compensation arising from the surrender of the land and building in our Suzhou Plant and the resulting proceeds from the disposal of property, plant and equipment upon the closure of the metal stamping operations.

In the area of expenses, distribution expenses increased by US$0.4 million to US$3.1 million in FY2013, compared with US$2.7 million in FY2012. This was mainly due to an increase in freight costs and packing material costs. Meanwhile, administration expenses remained stable at US$26.1 million in FY2013 and FY2012, after the offsetting effect of the provision for the cost of voluntary liquidation of the Suzhou Plant and the reduction in administration expenses due to the depreciation of the Japanese Yen over US Dollars. Finance costs declined by US$0.1 million to US$0.2 million, from US$0.3 million in the previous year as the Group maintained a low gearing policy in a low interest rate environment.

In the year in review, income tax expenses decreased by US$2.6 million to US$4.2 million as compared to US$6.8 million in the previous year. Over FY2013, the Group continued to complete the group restructuring exercise to improve tax efficiency from subsidiaries in China in future. With this restructuring, we recorded an additional income tax on the gain on intra-group transfer of subsidiaries amounting to US$0.5 million in the income tax expense.

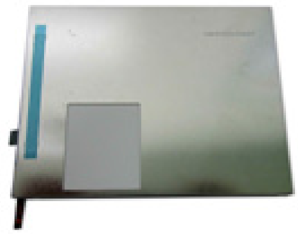
LCD Backlight Units

Over FY2013, revenue from LCD Backlight Units was US$121.5 million, a US$3.8 million or 3.0% decrease compared with US$125.3 million in the previous year. Sales here remained about the same year-on-year as a major customer released new models and maintained order volumes in the second half of FY2013. This segment remained our lead revenue driver, contributing more than two-thirds to Group revenue in FY2013.

In terms of volume production during FY2013, the Group manufactured 8.0 million units of backlight units for handsets (mainly smartphones) and 32.3 million units of backlight units for gamesets (including digital cameras and global positioning systems for automobiles), as compared to 6.9 million and 39.3 million respectively in the previous year.

In this segment, the Group registered operating profit of US$15.1 million in FY2013, about the same as the year before. Operating margin was 12.4% over FY2013,

Financial & Operations Review



compared with 12.2% in FY2012. This was due to the continuation of significant order volume over a fixed and certain period with rationalisation of raw material costs, and improvements in labour efficiency through a reduction of idle time and an increase in productivity.

Office Automation

We made progress on the type of products we are manufacturing in this area. In partnership with our Japanese customers, the Group eliminated loss-making products and commenced production of higher-margin, profitable ones over the year in review. This resulted in a 4.1% increase in sales from US$22.1 million in FY2012 to US$23.0 million in FY2013; and a reduction in operating losses from US$1.6 million in FY2012 to U$0.09 million in FY2013. Operating margin improved from negative 7.2% in FY2012 to negative 0.4% in the year in review.

LCD Parts and Accessories

With a winding down of orders of phase-out products and the closure of the metal stamping operations as mentioned above, sales for the LCD Parts and Accessories segment declined by 37.6% from US$49.0 million in FY2012 to US$30.6 million in FY2013. Operating profit for FY2013 was booked as US$0.6 million, a 92.1% decrease from US$7.6 million booked in the prior year. Operating margin was 2.0% in FY2013, compared with 15.5% in the previous year.

STATEMENT OF FINANCIAL POSITION

As at the financial year-end 31 December 2013, total assets and liabilities stood at US$109.8 million and US$40.8 million respectively. Current assets increased by US$0.3 million over the year under review to US$97.0 million as at 31 December 2013. As a result of repayment of bank loan and borrowings and the settlement of trade payables in FY2013, cash and bank balance decreased by US$1.7 million to US$51.5 million. Inventories remained at a safe level with sufficient quantity to fulfill customer orders. Their value rose by US$1.3 million to US$11.8 million.

As for trade receivables, there was no material change in the normal credit terms of 60 days to customers during the year; the Group debtor turnover days for the year in review was 62 days on average. Included in other receivables were utility deposits, pre-paid expenses, value-added tax recoverable and the receivable arising from the disposal of the Suzhou Plant amounting to US$4.3 million. Loans and receivables represented the Group entering into a secured trade finance arrangement with a third party at an interest rate of 1% per month.

Total non-current assets stood at US$12.8 million, representing a decrease of US$9.3 million from US$22.1 million in the previous year. The decrease was attributable to newly purchased equipment amounting to US$1.1 million in FY2013 which was netted off against the depreciation charges and the disposal of property, plant and equipment which included Suzhou Plant with net book value of US$8.1million.

Under the area of liabilities, total liabilities as at 31 December 2013 declined to US$40.8 million, representing a decrease of US$15.1 million over FY2013. As a result of devaluation of the Japanese Yen and a net repayment of bank loans of US$3.4 million, the Group decreased bank loans by US$4.0 million to US$6.6 million as at year-end. In addition, there was no material purchase of equipment which was financed by finance leases in FY2013.

The balance in trade payables reduced by US$9.3 million to US$23.5 million as at 31 December 2013, due to termination of the metal stamping operations and the decrease in revenue for the year under review. There was no material change in the credit terms from our suppliers.

Other payables and accruals, comprising provision for the cost of voluntary liquidation of the Suzhou Plant, accruals for expenses and wages payable, increased by US$1.1 million over the year to US$6.6 million as at 31 December 2013. The income tax on profit was provided and adjusted under tax rules of different jurisdictions. During the year, income tax charge net of payment for the year reduced income tax payable by US$1.9 million to US$2.1 million.

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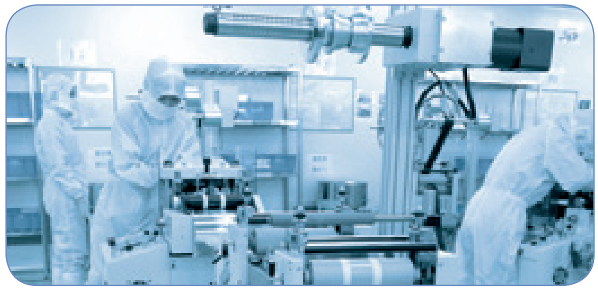
During the year, our Chairman and CEO Urano Koichi retired from his directorship in a subsidiary in Japan in order to focus on the Group's corporate matters, receiving retirement payment according to the local subsidiary's retirement scheme. As a result, the retirement benefit obligations were reduced to US$0.6 million.



STATEMENT OF CASH FLOWS

With a solid performance during FY2013, the Group generated profit before tax of US$15.5 million and an operating cash flow (before movements in working capital) of US$14.2 million during the year under review.

After accounting for the cash outflow of US$9.6 million to working capital, the payment of income tax of US$6.4 million and retirement benefit of US$0.5 million in FY2013, net cash of US$2.5 million was used in operating activities as compared to net cash of US$24.0 million generated from operating activities in FY2012. As such, cash and cash equivalents at year-end decreased by 3.4% over FY2013 to US$51.5 million from US$53.3 million a year before with additional reasons highlighted below.

In FY2013, the Group registered net cash from investing activities amounting to US$10.4 million as compared to net cash of US$5.7 million used in investing activities in FY2012. The Group received sales proceeds of US$7.3 million on disposal of property, plant and equipment mainly in relation to the surrender of the land and building in the Suzhou Plant and the termination of metal stamping operations. In addition, the Group received the full repayment of an entrusted loan and a cash inflow related to the acquisition of MT Wuxi.

During the year, the Group also purchased property, plant and equipment in cash amounting to US$1.1 million, mainly for the LCD Backlight and LCD Parts and Accessories segments, and entered into a trade finance arrangement with a third party which resulted in cash outflows of US$1.9 million during the year.

Net cash used in financing activities amounted to US$8.7 million as compared to US$9.4 million in FY2012. In addition to a cash inflow of proceeds from the exercise of share options amounting to US$0.8 million during the year under review, there was net cash outflow including the payment of dividends and net repayment of bank loans amounting to US$5.7 million and US$3.4 million respectively, as compared to the payment of dividends of US$4.3 million and net repayment of bank loans of US$3.0 million in the previous year.

Key Financial Data

US$mn	**FY 2013**	FY 2012	FY 2011	FY 2010	FY 2009
Total Assets	**109.8**	118.8	109.7	100.9	93.8
Total Liabilities	**40.8**	55.9	51.1	45.4	41.4
Current Assets	**97.0**	96.7	84.1	74.1	66.3
Current Liabilities	**35.8**	48.0	45.7	36.8	32.5
Shareholders' Equity	**69.0**	62.9	58.6	55.5	52.4
Revenue	**175.1**	196.4	173.1	121.9	107.3
Profit before tax	**15.5**	18.2	7.9	4.6	1.6
Profit after tax	**11.3**	11.4	4.7	3.4	0.3
Earnings per share (US cents)	**2.41**	2.41	0.94	0.68	0.05
Dividend per share (US cents)	**1.2***	1.2	0.7	0.6	0.5

* including the proposed final dividend for FY2013

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Key Operational Information / Data

LCD Backlight Units Operating Subsidiaries

(CD Shanghai, TM Dongguan, TM Japan & TM Hong Kong)

	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Revenue (US$mn)	**121.5**	125.3	111.5	63.9	52.6
Earnings before interest and taxes (EBIT) (US$mn)	**15.1**	15.3	8.1	2.9	1.5
Gross floor area (sqm)	**19,731**	19,731	19,731	19,731	19,731
Clean room area (sqm)	**6,208**	6,208	6,208	6,208	6,208
Number of staff	**151**	153	162	162	168
Number of workers	**1,523**	1,653	1,529	1,285	1,004
Production capacity (units/mth)	**6,000,000**	6,000,000	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 & MT Wuxi)

	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Revenue (US$mn)	**30.6**	49.0	36.2	31.8	29.6
EBIT (US$mn)	**0.6**	7.6	3.2	1.3	1.2
Gross floor area (sqm)	**16,210**	36,887	36,887	36,887	25,504
Clean room area (sqm)	**2,107**	4,373	4,373	4,373	3,763
Number of staff	**144**	180	191	183	168
Number of workers	**605**	767	709	770	649

* SMT Hong Kong was acquired in September 2010.
* SMT Dongguan was incorporated in June 2011.
* MT Wuxi was acquired in January 2013.
* CD Suzhou terminated the business operations in September 2013.

Office Automation Operating Subsidiaries

(TM Japan, TM Shanghai, WH Hong Kong, WH Dongguan & GCY Shanghai)

	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Revenue (US$mn)	**23.0**	22.1	25.4	26.2	25.1
EBIT (US$mn)	**(0.1)**	(1.6)	1.2	2.6	1.7
Gross floor area (sqm)	**7,236**	7,830	7,830	8,454	8,454
Clean room area (sqm)	**1,163**	569	569	829	724
Number of staff	**156**	158	173	142	158
Number of workers	**360**	389	491	545	504

* GCY Shanghai was incorporated in July 2011.

(Figures are based on December of each year)

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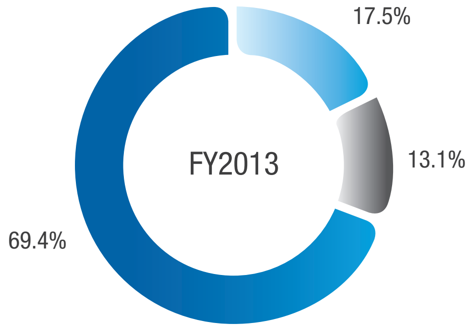
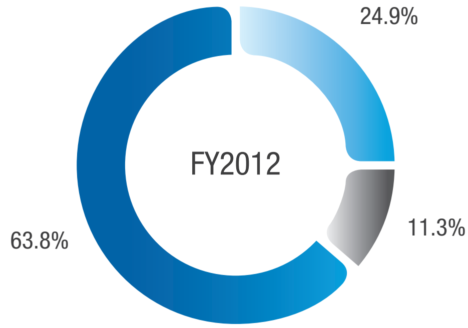
Segmental Financial Highlights

Revenue - by Business Segments

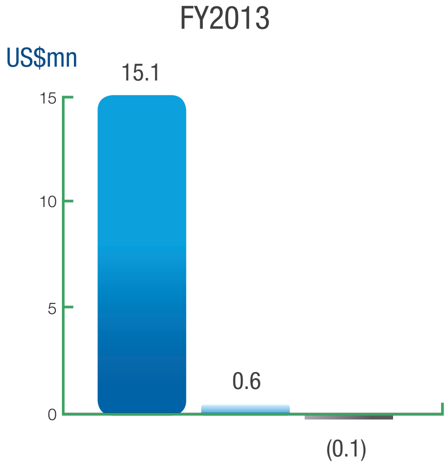




Revenue Growth

US$mn	FY 2013	FY 2012	% Change
LCD Backlight Units	**121.5**	125.3	(3.0)
LCD Parts and Accessories	**30.6**	49.0	(37.6)
Office Automation	**23.0**	22.1	4.1

EBIT - by Business Segments



EBIT Growth

US$mn	FY 2013	FY 2012	% Change
LCD Backlight Units	**15.1**	15.3	(1.3)
LCD Parts and Accessories	**0.6**	7.6	(92.1)
Office Automation	**(0.1)**	(1.6)	(93.8)

LCD Backlight Units
LCD Parts and Accessories
Office Automation

Board Of Directors

URANO Koichi Chairman and Chief Executive Officer

(Appointment: 5 March 2007 Last re-election: 29 April 2013)

Mr Urano on 31 March 2012 succeeded from Mr Yoshimi Kunikazu who founded the Group. 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 19 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

(Appointment: 5 August 2004 Last re-election: 29 April 2013)

Mr Kiyota succeeded as the Chief Operating Officer from Mr Urano on 31 March 2012, and is currently in charge of the overall operations of the Group and 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

(Appointment: 28 April 2008 Last re-election: 26 April 2012)

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 the 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

(Appointment: 1 March 2012 Last re-election: 26 April 2012)

Mr Ochi 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 19 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. He was appointed as an executive director of TM Japan in January 2009, and promoted as the Executive Managing Director in April 2012.

Board Of Directors

LAI Shi Hong, Edward Non-Executive Director

(Appointment: 5 August 2004   Last re-election: 26 April 2012)

Mr Lai was re-designated from Executive Director to Non-Executive Director in October 2011. He has more than 26 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 with a Bachelor of Arts and holds a Master of Science Degree in Corporate Governance and Directorship from the Hong Kong Baptist University. 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.

CHONG Pheng Independent Director

(Appointment: 31 May 2011   Last re-election: 26 April 2012)

Mr Chong started his own business in several different industries after retiring from the Singapore Armed Forces. He is the director and owner of Blue Forest Echo Pte Ltd; a director and shareholder of Eu-Pure Pte Ltd and Eurock Ltd (a Hong Kong company); and a director of Zhong Xing Venture Pte Ltd and Boko Pte Ltd. He is also currently working with Tradelink Engineering and Trading Pte Ltd to expand business in Myanmar. 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.

MITANI Masatoshi Independent Director

(Appointment: 31 May 2011   Last re-election: 26 April 2012)

Mr Mitani is a professional accountant by training and a certified public accountant. He has more than 18 years of experience in accounting, auditing, taxation and corporate secretarial work in Japan, Hong Kong and Singapore. He is currently the managing partner of an accounting and consultancy firm in Singapore. He is a permanent resident in Singapore since 2001. Mr Mitani graduated from the Kyoto University. He is a member of the Japanese Institute of Certified Public Accountants and the Institute of Singapore Chartered Accountants.

NG Wai Kee Independent Director

(Appointment: 5 August 2004   Last re-election: 29 April 2013)

Mr Ng is a professional accountant by training and a certified public accountant. He has more than 26 years of experience in accounting, auditing, taxation and corporate secretarial work. He is currently the executive director and the company secretary of Centron Telecom International Holding Ltd, and the company secretary of Grand TG Gold Holdings Ltd. 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 Executive Officers

CHAN Kam Wah Head of Sales and Marketing in Southern China

Mr Chan is responsible for overall sales operations in Hong Kong and Southern China. He joined the Group in 1999 and has extensive experience in the sales and marketing business. He also worked as a personal assistant to our founder prior to his joining our Group. He was appointed as the legal representative and General Manager of WH Dongguan since March 2008.

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 25 years of experience in project management, being in charge of numerous large-scale projects overseas. He has assumed senior management position for more than 18 years. He aggressively involved for the strategic business improvement activities for the Group.

LEE Haeng Jo Head of Production and Corporate Planning (also known as MORIYAMA Kozo)

Mr Lee is responsible for overseeing the production facilities of the Group in Hong Kong and China. 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 17 years of experience in sales and marketing in Japan. He is responsible for the corporate planning of the Group, and also address the improvement of business performance of the Group.

MIZUGUCHI Tomokazu Head of Operations (Management Coordination)

Mr Mizuguchi is responsible for coordinating different functions in the LCD Backlight Units operations of the Group. He joined the Group in April 2005 as head of sales department of LCD Backlight Units in TM Hong Kong. Mr Mizuguchi started his career in the plant equipment for factory automation with a Japanese major material handling manufacturer. Prior to joining TM Hong Kong, he has 13 years' experience in dealing with and serving large liquid crystal display and semiconductor manufacturers of Japan, China, Taiwan and South Korea. He was promoted in June 2011 to his current position as the General Manager of TM Hong Kong and as a key executive officer of the Group in April 2012.

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 27 years of experience in accounting, financial control, treasury management and tax compliance in Japan. He joined the Group as the Branch Manager of Osaka Representative Office of the Group in 2005. He was appointed as non-executive director of TM Japan in 2006 and now he is an executive director of TM Japan since May 2012.

Financial Contents

Corporate Governance Report

The Board of Directors (the "Board") and the management ("Management") of CDW Holding Limited recognise the importance of and are committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") and have implemented self-regulatory corporate practices so as to enhance transparency and protect the interests of the Company's shareholders.

The Monetary Authority of Singapore had issued a revised Code of Corporate Governance on 2 May 2012 (the "Code"), which replaced the Code of Corporate Governance issued on 14 July 2005. Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires an issuer to outline the corporate governance practices adopted by the Company as set out in the Code.

This report describes the corporate governance practices and procedures of the Company, with specific reference to the principles and guidelines set out in the Code.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The members of the Board for the financial year 2013 and as at the date of this report are as follows:

URANO Koichi	(Chairman and Chief Executive Officer)
KIYOTA Akihiro	(Executive Director and Chief Operating Officer)
DY MO Hua Cheung, Philip	(Executive Director)
OCHI Shinichi	(Executive Director)
LAI Shi Hong, Edward	(Non-Executive Director)
CHONG Pheng	(Independent Director)
MITANI Masatoshi	(Independent Director)
NG Wai Kee	(Independent Director)

The Board plays an effective role in leading and controlling the long-term corporate goals and strategies of the Group. Besides performing the statutory duties and responsibilities and assuming overall responsibility for corporate governance, 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. The Board is also responsible for assessing risks faced by the Group and reviewing and monitoring appropriate measures to manage such risks. 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 (collectively, the "Board Committees"). For remuneration matters, the Board reviews and endorses the recommended framework of remuneration for the Board and senior management by the Remuneration Committee. The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each Board Committee is also constantly reviewed by the Board.

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, approval of interested person transactions, corporate or financial restructuring, material investments, share issuance, dividend declarations, company share purchase mandate, appointment of new Directors and approval of annual budget, annual report, financial statements and financial results announcements 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 2013 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
URANO Koichi	4	4	–	–	–	–	–	–
KIYOTA Akihiro	4	4	–	–	–	–	–	–
DY MO Hua Cheung, Philip	4	4	–	–	–	–	–	–
OCHI Shinichi	4	4	–	–	–	–	–	–
LAI Shi Hong, Edward	4	4	4	4	1	1	1	1
CHONG Pheng	4	4	4	4	1	1	1	1
MITANI Masatoshi	4	4	4	4	1	1	1	1
NG Wai Kee	4	4	4	4	1	1	1	1

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. For any of the Directors who has no prior experience as a director of a listed company, the Company will provide training in areas such as accounting, legal and industry-specific knowledge as appropriate. 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. A newly appointed director will also be given an orientation on the Group's business strategies, operations and organisation structure.

Principle 2: Board Composition and Balance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Presently, the Board comprises four Executive Directors (including the CEO), a Non-Executive Director and three Independent Directors. As the Chairman and CEO is the same person, it is recommended under guideline 2.2 of the Code that independent directors should make up at least half of the Board. Accordingly, the Board will take the necessary steps to adhere to the Code's recommendation on the number of independent directors progressively in due course.

The Nominating Committee will review the independence of each Director annually with reference to the Code's definition of what constitutes an Independent Director and any other salient factors. The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interest of the Company. The Nominating Committee has reviewed and determined that the said Directors are independent. The Board has reviewed the independence of Mr Ng Wai Kee who has served on the Board beyond nine (9) years from the date of his first appointment on 8 November 2004. Taking into consideration that Mr Ng Wai Kee has no business or other relationships (as defined by the Code) with the Company, its directors or its ten per centum (10%) substantial shareholders, the NC together with the Board, considers Mr Ng Wai Kee independent.

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 Board, in consideration of the complexity and nature of operations of the Company, considers its current size to be adequate for effective decision-making. 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 NC is of the view that the current Board comprises persons whose diverse skills, experience and attributes provide for an effective Board.

The Independent Directors who are Non-Executive Directors will constructively review and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. Where necessary, the Non-Executive Directors will have discussions amongst themselves without the presence of Management

A summary of the academic and professional qualifications and other appointments of each Director is set out on pages 14 and 15 of this annual report.

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

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Group's Chairman and CEO, URANO Koichi, plays an instrumental role in developing the business of the Group and provides 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 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 and CEO, 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 in the event it is necessary to do so. 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 Management and the Board and assist in ensuring compliance with Company's guidelines on corporate governance.

Although the Code recommends the appointment of a lead Independent Director instances where the Chairman and CEO are the same person, the Board is of the opinion that there are adequate checks and balances to ensure that the decision-making process of 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. The Nominating and Audit Committees also consist entirely of Non-Executive Directors, a majority of which are independent.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Nominating Committee ("NC")

The NC comprises all the three Independent Directors, namely MITANI Masatoshi, CHONG Pheng, NG Wai Kee and the Non-Executive Director, LAI Shi Hong, Edward, and is chaired by MITANI Masatoshi. 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 duties of the NC are:

a) To review, assess, make recommendations to the Board on the appointment of directors including renominations and changes in the composition of Audit, Nominating, Remuneration and Risk Management Committees and making recommendations on the composition of the Board generally (taking into account Guidelines 2.1, 2.2, 2.3 and 3.3 of the Code, progressive renewal of the Board, each Director's qualifications, competencies, the number of other listed company board representations and whether he/she is independent). The NC shall provide to all newly appointed directors a formal letter setting out his/her duties and obligations.

b) To regularly review the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the directors as a group. The NC shall make recommendations to the Board with regards to any adjustments that may be deemed necessary.

c) To review, assess and recommend nominee(s) or candidate(s) for re-appointment or re-election to the Board and to consider his/her competencies, commitment, contribution, performance and whether or not he/she is independent;

d) To plan for succession, in particular for the Chairman of the Board and Chief Executive Officer.

e) To determine, on an annual basis, if a Director is independent bearing in mind the circumstances set forth in Guidelines 2.3 and/or 2.4 of the Code and other salient factors. If the NC determines that a Director, who has one or more of the relationships mentioned therein or who has served on the Board beyond nine (9) years can be considered independent, the Company should disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent. Conversely, the NC has the discretion to determine that a director is non-independent even if the said director does not fall under the circumstances set forth in Guideline 2.3 and/or 2.4 of the Code.

f) To make recommendations to the Board for the continuation (or not) in services of any Director who has reached the age of seventy (70) years.

g) To recommend Directors who are retiring by rotation to be put forward for re-election.

h) To decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations, and /or other principal commitments.

i) To recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold.

j) To implement the process for assessment of the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director to the effectiveness of the Board.

To recommend to the Board the development of a process for evaluation and decide how the performance of the Board, Board Committees and individual directors may be evaluated and propose objective performance criteria.

The Chairman of the NC should act on the results of the performance evaluation and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the NC.

k) To recommend to the Board comprehensive induction training programmes for new directors and to review training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks.

Every Director shall retire from office once every three years. According to the provisions of the Company's bye-laws, 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, its board committees and the respective contribution of each Director annually, 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.

The Board assesses its effectiveness as a whole through the completion of a questionnaire by each individual director which includes questions covering the above-mentioned areas of assessment. The NC collates the results of these questionnaires and formally discusses these results collectively with other Board members to address any areas for improvement.

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 the situation for a new appointment, the NC prepares a description of the role and the essential and desirable competencies for the particular appointment. In re-nominating directors for re-election, the NC will have regard to the results of the annual evaluation of directors.

Where necessary, external help may be sought to source for new directors, taking into consideration suggestions from the Board and Management. The NC meets with short-listed candidates to assess their suitability and to ensure that the candidates are aware of the expectations and the level of commitment required of them. Recommendations are put to the Board for its consideration and approval.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or his re-nomination as Director.

To address competing time commitments in respect of multiple board representations that are faced by the Directors, the NC has suggested that as a yardstick, the number of directorships in listed companies that a Board member shall hold should not be more than five (5). The NC is satisfied that the Directors have devoted sufficient time and attention to the Group.

Principle 6: Access to information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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 on major operational, financial and corporate issues, and other relevant documents and explanatory information required to support the decision-making process. In respect of budgets, any material variances between the projections and actual results are disclosed and explained during AC and Board meetings.

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 MATTERS

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises all the three Independent Directors, namely CHONG Pheng, 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 duties of the RC are:

a) To review and submit its recommendations for endorsement by the entire Board, a general framework of remuneration for the Board, the specific remuneration packages and terms of employment (where applicable) for each director, the CEO (if CEO is not a director), key management personnel and employees related to the executive directors and controlling shareholders of the Group.

b) To review and submit its recommendations for endorsement by the entire Board, share-based incentives or awards or any long term incentive schemes which may be set up from time to time, in particular to review whether directors and key management personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith.

c) To function as the committee referred to in the CDW Employees' Share Option Scheme 2013 and the CDW Share Performance Scheme 2013 (collectively, the "Schemes") and shall have all the powers as set out in the Schemes.

d) To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

e) To ensure that all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered.

f) As part of its review, the RC shall take into consideration:

   (i) that the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual directors' and key management personnel's performance. A significant and appropriate proportion of executive directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance;

   (ii) that the remuneration packages of employees related to executive directors, CEO (if CEO is not a director) and substantial or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;

   (iii) that the level and structure of remuneration should be aligned with the long-term interests and risk policies of the Company and Guidelines 8.1 to 8.4 of the Code of Corporate Governance; and

   (iv) the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

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 Company had appointed an independent third party to present a report on the remuneration packages of comparable companies listed in Singapore and Hong Kong to assist the RC in its competitive review of the remuneration packages of the Company's directors (including non-executive and independent directors) and senior executives.

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.

The RC also reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors and key management executives to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Company sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and 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 2013 are as follows:

DIRECTOR'S REMUNERATION

Name of Directors (Remuneration in SG$)	Salary	Benefits-in-kind	Directors' fees	Performance bonus	Share options
URANO Koichi (SG$1,278,500)	83%[(1)]	4%	–	13%	–
KIYOTA Akihiro (SG$371,000)	94%	–	–	6%	–
DY MO Hua Cheung, Philip (SG$337,200)	93%	–	–	7%	–
OCHI Shinichi (SG$340,000)	93%	–	–	7%	–
LAI Shi Hong, Edward (SG$59,800)	–	–	100%	–	–
CHONG Pheng (SG$56,200)	–	–	100%	–	–
MITANI Masatoshi (SG$56,200)	–	–	100%	–	–
NG Wai Kee (SG$59,800)	–	–	100%	–	–

Note:

(1) During the year, the Company's subsidiary, Tomoike Industrial Co., Limited ("Tomoike Japan"), had paid JPY51,350,000 (approximately SG$673,000) to Mr. Urano as a retirement allowance which was calculated in accordance with the pre-approved formula provided in the Directors' Retirement Benefits Scheme adopted by Tomoike Japan prior to the Company's acquisition of Tomoike Japan in 2006. The full amount of this payment has already been accrued in the prior years.

Remuneration of Key Executives Officers (not being Directors)

Remuneration band and Name of Key Executive Officers	Salary	Benefits-in-kind	Directors' fees	Performance bonus	Share options
SG$250,000 to SG$499,999					
CHAN Kam Wah	70%	23%	–	7%	–
EGUCHI Yasunori	71%	20%	–	9%	–
LEE Haeng Jo	70%	22%	–	8%	–
MIZUGUCHI Tomokazu	73%	18%	–	9%	–
Below SG$250,000					
SHINJO Kunihiko	96%	–	–	4%	–

The total remuneration paid to the above key management executives for the financial year ended 31 December 2013 was SG$1,392,000.

To keep the level and structure of remuneration aligned with the long-term interest and risk policies of the Company and appropriate to attract, retain and motivate the Directors to provide good stewardship, the remuneration of the Independent Directors and Non-Executive Director is determined by the Remuneration Committee as proportionate to the level of an Independent Director's or Non-Executive Director's contribution or involvement during a year, taking into account factors such as effort and time spent, and responsibilities of that Independent or Non-Executive Director, up to a maximum fixed sum 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.

Save for compliance with local laws and regulations pertaining to any mandatory termination and retirement benefits in the jurisdiction in which each Director or key management personnel is employed, there are no termination or retirement benefits that are granted to the Directors or key management personnel.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management executives in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

There were no employees who are immediate family members of the Directors, the CEO, and whose remuneration exceeded SG$50,000 during the year.

The Company has a previous share option scheme known as CDW Holding Share Option Scheme ("2004 Scheme") which expired on 8 November 2009. The Company had adopted a new CDW Employees' Share Option Scheme 2013 ("2013 Scheme") and CDW Share Performance Scheme 2013 (the "Performance Scheme") on 29 April 2013. The 2013 Scheme and Performance Scheme comply with the relevant rules as set out in Chapter 8 of Listing Manual of the SGX-ST (the "Listing Manual"). The 2013 Scheme and Performance Scheme will provide eligible participants as defined in the Company's circular dated 12 April 2013 with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The 2013 Scheme and Performance Scheme are administered by the RC. Details of the 2013 Scheme and Performance Scheme can be found in the Company's circular dated 12 April 2013.

No share options and performance shares have been granted during the financial year ended 31 December 2013. Further information on the 2013 Scheme and Performance Scheme are set out in the Director's Report on pages 83 and 84 of this Annual Report.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligation to furnish timely information and to ensure full disclosure of material information in compliance with statutory requirements and the Listing Manual.

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.

Management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a monthly basis and whenever necessary for the discharge of responsibility to the Company's shareholders.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risk which the Board is willing to take in achieving its strategic objectives.

The Board requires Management to maintain a sound system of risk management and internal controls to safeguard shareholders' interest and the Company's assets, and determines the nature and extent of the significant risk which the Board is willing to take in achieving its strategic objectives.

The Board maintains overall responsibility for the governance of risk while the AC has been assigned to oversee the risk management system and system of internal controls put in place by Management 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. Since the entire Board oversees the risk management system and system of internal controls put in place by Management, it has not established a separate risk committee in carrying out the responsibility of overseeing the Group's risk management framework and policies.

Major risks and their respective counter-measures are identified and analysed by Management and documented in the Group's risk register and discussed with the Board at each quarter. This risk management framework is intended to provide reasonable but not absolute assurance against material financial 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.

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. Management, on a continuous basis, reviews all significant control policies and procedures 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, Management can make more informed decisions and benefit from a better balance between risk and reward. This will help protect and also create shareholders' value.

Management is then expected to ensure that appropriate controls are in place to manage those risks, and such risks and controls, including financial, operational, compliance and information technology controls are monitored by the Board on a regular basis and reviewed at least annually for adequacy and effectiveness.

During the year, the AC reviewed the effectiveness of the Company's internal controls and risk management procedures put in place by Management, taking into consideration internal control issues highlighted by the internal auditors and external auditors during the year as well as measures taken by 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 has also received assurance from the CEO and Dy Mo Hua Cheung, Philip, the executive director responsible for accounting and finance functions that for the financial year ended 31 December 2013: (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal controls systems are effective.

The Board, after taking into consideration the work performed by external and internal auditors, the actions taken by Management, the current risk management framework in place, the on-going review and continuing efforts at enhancing controls and processes, with the concurrence of the AC, is of the opinion that the system of control maintained by the Group is adequate to address financial, operational and compliance risks and meet the needs of the Group 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 containment 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 recognises 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, there is no absolute assurance against occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

Principle 12: Audit Committee ("AC")

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises all three Independent Directors, namely NG Wai Kee, CHONG Pheng, 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.

All members of the AC, including the AC Chairman, have sufficient accounting and/or related financial management expertise or experience, as assessed by the Board in its business judgment and 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 Management has created and maintained an effective control environment in the Company, and that Management demonstrates and stimulates the necessary aspect of the Group's internal control structure among all personnel.

According to the written terms of reference of the AC, the duties of the AC are:

a) To review with the external auditors:

  i) the audit plan, including the nature and scope of the audit before the audit commences;

  ii) their evaluation of the system of internal accounting controls;

  iii) their audit report; and

  iv) their management letter and Management's response.

b) To ensure co-ordination where more than one audit firm is involved.

c) To review the quarterly/half-year and annual financial statements to ensure integrity of the said financial statements before submission to the Board for approval, focusing in particular, on:

   i) significant financial reporting issues and judgments;

   ii) changes in accounting policies and practices;

   iii) major risk areas;

   iv) significant adjustments resulting from the audit;

   v) the going concern statement;

   vi) compliance with accounting standards; and

   vii) compliance with stock exchange and statutory/regulatory requirements.

d) To review any formal announcements relating to the Company's financial performance.

e) To discuss problems and concerns, if any, arising from the quarterly and final audits, in consultation with the internal auditors and in the case of final audits only, in consultation with the external auditors as well, where necessary.

f) To meet with the external auditors and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have.

g) To review the assistance given by Management to the external auditors.

h) To review annually the scope and results of the external audit and its cost effectiveness as well as the independence and objectivity of the external auditors.

   Where the auditors also provide non-audit services to the Company, the AC has to review the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be affected.

i) To review the internal audit program and the adequacy and effectiveness of the Company's internal audit function, as well as to ensure co-ordination between the internal and external auditors and Management.

j) To oversee and advise the Board in formulating its risks policies to effectively identify and manage the Company's current (and future) risks in its financial, operational, compliance and information technology systems and all strategic transactions to be undertaken by the Company.

k) To oversee Management in the design and implementation of the overall risk management systems and internal control systems (including financial, operational, compliance and information technology controls).

l) To review the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls) and to report to the Board annually.

m) To review the scope and results of the internal audit procedures including the effectiveness of the internal audit function and ensure that the internal audit function is adequately resourced and has appropriate standing within the company.

n) To review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response.

o) To investigate any matter within its terms of reference, with full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

p) To review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up actions to be taken.

q) To report to the Board its findings from time to time on matters arising and requiring the attention of the Committee.

r) To review interested person transactions falling within the scope of the Listing Manual.

s) To approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting firm/auditing firm or corporation to which the internal audit function is outsourced. To ensure that the internal audit function is staffed with persons with the relevant qualification and experience and that they carry out their functions according to the standards set by nationally or internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

t) To recommend to the Board the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.

u) To review the audit representation letters before consideration by the Board, giving particular consideration to matters that related to non-standard issues.

v) To undertake such other reviews and projects as may be requested by the Board.

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

Apart from the duties listed above, the 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 Management from time to time. The AC has full discretion to invite any Director or executive officer to attend its meetings. The external auditors were also present at the relevant junctures. In its review of the audited financial statements for FY2013, the AC discussed with 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 and internal auditors without the presence of Management at least once a year. The Company is in compliance with Rule 712 and Rule 715 of the Listing Manual.

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 aggregate amount of fees, broken down into audit and non-audit fees paid to auditors for the financial year ended 31 December 2013 are set out in page 69 of the Annual Report. The AC is pleased to recommend the re-appointment of Ernst & Young in Hong Kong as Auditors of the Company.

The Group has in place a 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. All matters which are raised will be independently investigated and appropriate actions taken. The AC ensures that independent investigations and any appropriate follow-up actions are taken.

The AC is kept abreast of the changes to accounting standards and issues which may have a direct impact on financial statements through updates provided by the external auditors or briefings from the Company's finance function during AC meetings.

No former partner or director of the Company's current auditing firm is a member of the AC.

Principle 13: Internal Audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has set up an in-house internal audit team, which is staffed with persons with relevant experience 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. Taking into account inputs from the executive directors, the AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function.

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 function has unfettered access to all the company's documents, records, properties and personnel, including access to the AC.

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 (2) to three (3) 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 as well as the adequacy and effectiveness of the internal audit function annually.

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

In 2011, 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 Management to adopt and implement its recommendations. Consequently, the internal audit team worked with Management to implement the recommendations to the satisfaction of the AC. Based on the aforementioned review of the internal audit function, subsequent follow up on recommendations and review of the internal audit scope of work and reports, the AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Group.

Corporate Governance Report

In addition, the Group's external auditors highlight internal control issues that come 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.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

All shareholders are treated fairly and equitably to facilitate their ownership rights. The Board is mindful of the obligation to provide timely and fair disclosure of all material developments that impact the Group in accordance with the Corporate Disclosure Policy of the SGX-ST.

Shareholders can vote in person or, as provided in the Company's bye-laws, appoint not more than two (2) proxies to attend and vote at general meetings. Provided that if the shareholder is the Depository, the Depository may appoint more than two (2) proxies or a corporate representative to attend and vote at general meetings.

Principle 15: Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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. 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 does not practise selective disclosure.

While general meetings of the Company is the principal forum where shareholders may dialogue with the Directors and Management of the Company, Management may when appropriate, conduct media interviews to give shareholders and the public deeper insights of the Group's business and strategies. The Company also maintains and updates its corporate website with relevant corporate developments.

Principle 16: Conduct of Shareholder Meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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 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 regarding the conduct of the audit and the preparation and content of the auditor's report.

The Company prepares minutes of the general meetings that include substantial or relevant comments from shareholders relating to the agenda of the meeting, and responses from the Board and the minutes are available to shareholders upon their request.

In general meetings, the Company ensures that there are separate resolutions at general meetings on each distinct issue; and the Company puts all resolutions to vote by poll and makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages to the shareholders before the close of the meetings.

MATERIAL CONTRACTS

Save for the service agreements between the Executive Directors and the Company, and the advisory agreement between the retired CEO 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 2013 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 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.

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

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than SG$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SG$100,000)
Name of interested person	US$'000	US$'000
Mr YOSHIMI Kunikazu - Advisory fee	246	–
Total	246	–

Report of the Directors

The directors are pleased to present their report to the members together with the audited consolidated financial statements of CDW Holding Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2013.

1. Directors

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

URANO Koichi	(Chairman and Chief Executive Officer)
KIYOTA Akihiro	(Executive Director and Chief Operating Officer)
DY MO Hua Cheung, Philip	(Executive Director)
OCHI Shinichi	(Executive Director)
LAI Shi Hong, Edward	(Non-Executive Director)
CHONG Pheng	(Independent Director)
MITANI Masatoshi	(Independent Director)
NG Wai Kee	(Independent Director)

In accordance with Bye-Laws 104 of the bye-laws of the Company, CHONG Pheng, DY MO Hua Cheung, Philip and LAI Shi Hong, Edward retire and, being eligible, offer themselves for re-election.

2. Arrangements to Enable Directors to Acquire Shares and Debentures

Except as described in paragraphs 3, 5 and 6 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3. Directors' Interests in Shares and Debentures

The following directors, who held office at the end of the financial year, had an interest in shares and debentures of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interests		Deemed interests	
Name of directors and companies in which interests are held	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
The Company				
Ordinary shares of US$0.02 each				
URANO Koichi	710,000	2,662,000	–	–
KIYOTA Akihiro	200,000	2,152,000	–	–
DY MO Hua Cheung, Philip	400,000	2,352,000	–	–
LAI Shi Hong, Edward	200,000	1,064,000	–	–
OCHI Shinichi	–	1,464,000	–	–

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2014.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

4. Directors' Contractual Benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company 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 the director is a member, or with a company in which the director has a substantial financial interest.

5. Share Options

Options to take up unissued shares

The Company adopted the CDW Holding Share Option Scheme (the “2004 Scheme”) which was approved by the shareholders of the Company pursuant to the resolutions passed on 8 November 2004. After the 2004 Scheme expired on 8 November 2009, the Company adopted a new option scheme known as CDW Employees’ Share Option Scheme 2013 (the “2013 Scheme”) which was approved by the shareholders of the Company pursuant to the resolutions passed on 29 April 2013. The option schemes provide an opportunity for the Group’s employees and directors to participate in the equity of the Company.

The rules of the 2004 Scheme and the 2013 Scheme are set out in the Company’s Prospectus dated 14 January 2005 and the Company’s Circular dated 12 April 2013 respectively, and are summarised in note 23(b) to the financial statements. Qualified persons who are also the Company’s controlling shareholders or their associates may not participate in these two option schemes. 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 Remuneration Committee (“RC”) administering these two option schemes comprises four directors, CHONG Pheng, LAI Shi Hong, Edward, MITANI Masatoshi and NG Wai Kee.

Unissued shares under options exercised

The number of shares available under the 2004 Scheme, the 2013 Scheme and the Performance Scheme (as defined below) 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 2013	Granted	Exercised	Cancelled/ Lapsed	Balance at 31 December 2013	Exercise price per share	Exercisable period
11 June 2008	16,104,000	–	(14,640,000)	(1,464,000)	–	SG$0.07	11 June 2009 to 10 June 2013

In respect of share options granted to employees of the Group under the 2004 Scheme, 1,464,000 (2012: 1,464,000) share options were cancelled and lapsed and 14,640,000 (2012: 1,464,000) share options were exercised. A total of 17,568,000 (2012: 17,568,000) share options were granted to employees of the Group from the commencement of the 2004 Scheme to the end of the financial year.

During the financial year, no share options were granted under the 2013 Scheme.

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 (continued)

Unissued shares under options exercised (continued)

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Scheme are as follows:

Name of directors	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 cancelled/lapsed 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	(1,952,000)	(5,368,000)	–
DY MO Hua Cheung, Philip	–	1,952,000	(1,952,000)	–	–
DY MO Hua Cheung, Philip*	–	5,368,000	–	(5,368,000)	–
LAI Shi Hong, Edward	–	6,344,000	(1,464,000)	(4,880,000)	–
OCHI Shinichi	–	1,464,000	(1,464,000)	–	–
OCHI Shinichi*	–	2,928,000	–	(2,928,000)	–

* prior to appointment as Director

6. Share Performance

The Company adopted the Share Performance Scheme (the "Performance Scheme") which was approved by the shareholders of the Company pursuant to the resolutions passed on 29 April 2013. The rules of the Performance Scheme are set out in the Company's Circular dated 12 April 2013 and are summarised in note 23(c) to the financial statements. The number of shares available under the Performance Scheme, the 2004 Scheme and the 2013 Scheme (as defined above) shall not exceed 15% of the issued share capital of the Company.

The Performance Scheme is a performance incentive scheme which form an integral part of the Group's incentive compensation programme. Under this scheme, the Company is allowed to grant the Group's employees and directors (the "Participants") the right to receive fully paid shares of the Company free of charge upon achieving pre-determined key financial and operational targets (the "Award"). The Performance Scheme provides an opportunity for the Participants to participate in the equity of the Company, seeks to motivate the Participants to achieve key financial and operational goal and provides competitive remuneration to reward and retain existing Participants and to recruit new Participants for the long-term growth and profitability of the Group.

The RC administering the Performance Scheme comprises four directors, CHONG Pheng, LAI Shi Hong, Edward, Mitani Masatoshi and NG Wai Kee.

During the year ended 31 December 2013, no Award was granted and no share was issued under the Performance Scheme.

Report of the Directors

7. Audit Committee ("AC")

The AC of the Company is chaired by NG Wai Kee, an independent director, and includes CHONG Pheng, 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 AC has met five 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 AC 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 AC.

Further details regarding the AC are disclosed in the Corporate Governance Report.

The AC has recommended to the directors the nomination of Ernst & Young for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

8. Auditors

Ernst & Young have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors

URANO Koichi Chairman and Chief Executive Officer	DY MO Hua Cheung, Philip Executive Director

31 March 2014

Statement of Directors

We, URANO Koichi and DY MO Hua Cheung, Philip, being two of the directors of CDW Holding Limited, do hereby state that, in the opinion of the directors,

- the accompanying statements of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to present fairly the state of affairs of the Group and of the Company as at 31 December 2013 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

- at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

URANO Koichi	DY MO Hua Cheung, Philip
Chairman and Chief Executive Officer	Executive Director

31 March 2014

Independent Auditors' Report

To the Members of CDW Holding Limited (Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CDW Holding Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 41 to 104, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the statements of changes in equity of the Group and the Company and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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 consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group and of the Company as at 31 December 2013, and the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

31 March 2014

Consolidated Statement of Profit or Loss

Year ended 31 December 2013

	Notes	Group 2013 US$'000	Group 2012 US$'000
Revenue	4	175,147	196,416
Cost of sales		(136,512)	(150,540)
Gross profit		38,635	45,876
Other income	5	4,223	1,424
Gain on bargain purchase	29	2,005	–
Distribution costs		(3,077)	(2,728)
Administrative expenses	6	(26,055)	(26,093)
Finance costs	7	(189)	(259)
Profit before tax	8	15,542	18,220
Income tax expense	9	(4,212)	(6,797)
Profit for the year		11,330	11,423
Profit attributable to:			
Owners of the Company		11,314	11,406
Non-controlling interests		16	17
		11,330	11,423
Earnings per share (US cents)			
Basic	10	2.41	2.41
Diluted	10	2.39	2.39

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2013

	Notes	Group 2013 US$'000	Group 2012 US$'000
Profit for the year		11,330	11,423
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(646)	(1,149)
Available-for-sale investments:			
Fair value gain arising during the year	15(a)&(b)	374	220
Deferred tax liability arising on revaluation of available-for-sale investments		(134)	(78)
Other comprehensive expense for the year, net of tax		(406)	(1,007)
Total comprehensive income for the year		10,924	10,416
Attributable to:			
Owners of the Company		10,908	10,399
Non-controlling interests		16	17
Total comprehensive income for the year		10,924	10,416

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2013

	Notes	Group 2013 US$'000	Group 2012 US$'000	Company 2013 US$'000	Company 2012 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	10,098	19,237	–	–
Prepaid lease payments	12	–	459	–	–
Investments in subsidiaries	14(a)	–	–	10,735	10,735
Amount due from a subsidiary	14(b)	–	–	15,960	15,876
Investments	15	1,940	1,688	–	–
Other assets	16	740	741	–	–
Total non-current assets		12,778	22,125	26,695	26,611
Current assets					
Inventories	17	11,839	10,527	–	–
Prepaid lease payments	12	–	9	–	–
Trade and other receivables	18	31,559	27,831	24	26
Investments	15	1,894	4,938	–	–
Pledged bank deposit	20	144	143	–	–
Cash and bank balances	20	51,546	53,252	630	58
Total current assets		96,982	96,700	654	84
TOTAL ASSETS		109,760	118,825	27,349	26,695
LIABILITIES AND EQUITY					
Current liabilities					
Income tax payable		2,064	3,986	–	–
Current portion of bank borrowings	21	3,330	5,236	–	–
Current portion of finance leases	27	218	410	–	–
Trade and other payables	22	30,085	38,281	455	272
Derivative financial instruments	19	88	37	–	–
Total current liabilities		35,785	47,950	455	272
NET CURRENT ASSETS/(LIABILITIES)		61,197	48,750	199	(188)
Non-current liabilities					
Bank borrowings	21	3,263	5,360	–	–
Finance leases	27	356	466	–	–
Retirement benefit obligations	23(a)	646	1,309	–	–
Deferred tax liabilities	24	723	794	–	–
Total non-current liabilities		4,988	7,929	–	–
TOTAL LIABILITIES		40,773	55,879	455	272
NET ASSETS		68,987	62,946	26,894	26,423
Equity attributable to owners of the Company					
Share capital	25(a)	10,087	10,087	10,087	10,087
Treasury shares	25(b)	(2,100)	(3,115)	(2,100)	(3,115)
Retained earnings		27,967	22,689	134	247
Reserves	26	32,981	33,249	18,773	19,204
		68,935	62,910	26,894	26,423
Non-controlling interests		52	36	–	–
TOTAL EQUITY		68,987	62,946	26,894	26,423
TOTAL LIABILITIES AND EQUITY		109,760	118,825	27,349	26,695

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

Year ended 31 December 2013

	Attributable to owners of the Company														
	Share capital	Share premium of the Company	Share capital reserve	Treasury shares Note 25(b)	Employee share option reserve Note 23(b)	Merger reserve Note 26	Statutory Reserve Fund Note 26	Enterprise Expansion Fund Note 26	Other reserves Note 26	Fair value adjustment reserve Note 26	Foreign currency translation reserve Note 26	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
GROUP															
Balance at 1 January 2012	10,087	18,994	–	(1,347)	266	(7,020)	5,446	321	1,181	(3)	14,476	16,156	58,557	19	58,576
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	11,406	11,406	17	11,423
Other comprehensive income/ (expense) for the year:															
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–	(1,149)	–	(1,149)	–	(1,149)
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	–	–	–	142	–	–	142	–	142
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	142	(1,149)	11,406	10,399	17	10,416
Shares purchased under Shares Purchase Mandate and held as treasury shares (Note 25(b))	–	–	–	(1,866)	–	–	–	–	–	–	–	–	(1,866)	–	(1,866)
Treasury shares transferred out to satisfy share options exercised	–	–	(15)	98	–	–	–	–	–	–	–	–	83	–	83
Transfer	–	–	–	–	–	–	645	4	4	(2)	–	(653)	(2)	–	(2)
Transfer on share options cancelled	–	–	–	–	(20)	–	–	–	–	–	–	20	–	–	–
Transfer on share options exercised	–	–	–	–	(21)	–	–	–	–	–	–	21	–	–	–
Dividends paid (Note 35)	–	–	–	–	–	–	–	–	–	–	–	(4,261)	(4,261)	–	(4,261)
Balance at 31 December 2012	10,087	18,994	(15)	(3,115)	225	(7,020)	6,091	325	1,185	137	13,327	22,689	62,910	36	62,946

Statements of Changes in Equity (continued)

Year ended 31 December 2013

	Attributable to owners of the Company														
	Share capital	Share premium of the Company	Share capital reserve	Treasury shares Note 25(b)	Employee share option reserve Note 23(b)	Merger reserve Note 26	Statutory Reserve Fund Note 26	Enterprise Expansion Fund Note 26	Other reserves Note 26	Fair value adjustment reserve Note 26	Foreign currency translation reserve Note 26	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
GROUP															
Balance at 1 January 2013	10,087	18,994	(15)	(3,115)	225	(7,020)	6,091	325	1,185	137	13,327	22,689	62,910	36	62,946
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	11,314	11,314	16	11,330
Other comprehensive income/ (expense) for the year:															
Exchange differences on translation of foreign operation	–	–	–	–	–	–	–	–	–	–	(646)	–	(646)	–	(646)
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	–	–	–	240	–	–	240	–	240
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	240	(646)	11,314	10,908	16	10,924
Shares purchased under Shares Purchase Mandate and held as treasury shares (Note 25(b))	–	–	–	(10)	–	–	–	–	–	–	–	–	(10)	–	(10)
Treasury shares transferred out to satisfy share options exercised	–	–	(206)	1,025	–	–	–	–	–	–	–	–	819	–	819
Transfer	–	–	–	–	–	–	565	2	2	–	–	(569)	–	–	–
Transfer on share options lapsed	–	–	–	–	(20)	–	–	–	–	–	–	20	–	–	–
Transfer on share options exercised	–	–	–	–	(205)	–	–	–	–	–	–	205	–	–	–
Dividends paid (Note 35)	–	–	–	–	–	–	–	–	–	–	–	(5,692)	(5,692)	–	(5,692)
Balance at 31 December 2013	10,087	18,994	(221)	(2,100)	–	(7,020)	6,656	327	1,187	377	12,681	27,967	68,935	52	68,987

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity (continued)

Year ended 31 December 2013

	Share capital	Share premium	Share capital reserve	Treasury shares Note 25(b)	Employee share option reserve Note 23(b)	Retained earnings	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
COMPANY							
Balance at 1 January 2012	10,087	18,994	–	(1,347)	266	592	28,592
Profit for the year and total comprehensive income for the year	–	–	–	–	–	3,875	3,875
Shares purchased under Share Purchase Mandate and held as treasury shares (Note 25(b))	–	–	–	(1,866)	–	–	(1,866)
Treasury shares transferred out to satisfy share options exercised	–	–	(15)	98	–	–	83
Transfer on share options cancelled	–	–	–	–	(20)	20	–
Transfer on share options exercised	–	–	–	–	(21)	21	–
Dividends paid (Note 35)	–	–	–	–	–	(4,261)	(4,261)
Balance at 31 December 2012 and 1 January 2013	10,087	18,994	(15)	(3,115)	225	247	26,423
Profit for the year and total comprehensive income for the year	–	–	–	–	–	5,354	5,354
Shares purchased under Share Purchase Mandate and held as treasury shares (Note 25(b))	–	–	–	(10)	–	–	(10)
Treasury shares transferred out to satisfy share options exercised	–	–	(206)	1,025	–	–	819
Transfer on share options lapsed	–	–	–	–	(20)	20	–
Transfer on share options exercised	–	–	–	–	(205)	205	–
Dividends paid (Note 35)	–	–	–	–	–	(5,692)	(5,692)
Balance at 31 December 2013	10,087	18,994	(221)	(2,100)	–	134	26,894

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2013

	Notes	Group 2013 US$'000	2012 US$'000
Operating Activities			
Profit before tax		15,542	18,220
Adjustments for:			
Depreciation of property, plant and equipment	11	2,840	3,475
Amortisation of prepaid lease payments	12	7	11
Interest income	5	(852)	(554)
Interest expenses	7	189	259
Net gain on disposal of property, plant and equipment	8	(922)	(22)
Net gain on disposal of prepaid lease payments	8	(685)	–
Gain on bargain purchase	29	(2,005)	–
Impairment loss on plant and equipment	11	–	1,436
(Decrease)/Increase in allowance for inventories	8	(21)	654
Retirement benefit obligations	23(a)	71	489
Impairment loss on available-for-sale investments	8	–	135
Changes in fair value of derivative financial instruments	8	51	38
Operating cash flows before movements in working capital		14,215	24,141
Changes in working capital:			
Trade and other receivables		111	(1,685)
Inventories		(1,076)	1,078
Trade and other payables		(8,636)	5,111
Cash generated from operations		4,614	28,645
Net income tax paid		(6,429)	(4,385)
Retirement benefit obligations paid		(534)	–
Interest paid		(189)	(259)
Net cash (used in)/from operating activities		(2,538)	24,001
Investing Activities			
Proceeds on disposal of property, plant and equipment		6,171	390
Proceeds on disposal of prepaid lease payments		1,157	–
Purchase of property, plant and equipment*		(1,092)	(1,659)
Increase in other assets		(114)	(12)
Proceeds from repayment of loans and receivables		4,991	–
Advances of loans and receivables		(1,894)	(4,917)
Additional investment in available-for-sale investments		(12)	(16)
Interest income received		852	554
Acquisition of a subsidiary	29	376	–
Net cash from/(used in) investing activities		10,435	(5,660)
Financing Activities			
Proceeds from share options exercised		819	83
Payment of share buyback		(10)	(1,866)
Proceeds from bank borrowings		20,183	69,121
Repayment of bank borrowings		(23,586)	(72,088)
Repayment of obligations under finance leases		(407)	(419)
Dividends paid		(5,692)	(4,261)
Net cash used in financing activities		(8,693)	(9,430)
Net (decrease)/increase in cash and cash equivalents		(796)	8,911
Net effect of currency translation differences		(910)	(1,165)
Cash and cash equivalents at 1 January	20	53,252	45,506
Cash and cash equivalents at 31 December	20	51,546	53,252

* The Group acquired property, plant and equipment with an aggregate cost of approximately US$1,208,000 (2012: US$2,233,000) of which US$116,000 (2012: US$574,000) was acquired by means of finance leases, and approximately US$1,092,000 (2012: US$1,659,000) were paid by cash.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to Financial Statements

Year ended 31 December 2013

1. CORPORATE INFORMATION

The Company (Registration number 35127) is a limited company incorporated in Bermuda and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the principal place of business of the Company is located at Room 06 - 10, 11th Floor, CCT Telecom Building, 11 Wo Shing Street, Fo Tan, Shatin, New Territories, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in note 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION - The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("US$") and all values in the tables are rounded to the nearest thousand (US$'000) as indicated.

CHANGES IN ACCOUNTING POLICIES - The Group has adopted the following new and revised IFRSs for the first time for the financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Government Loans
IFRS 7 Amendments	Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance
IFRS 13	Fair Value Measurement
IAS 1 Amendments	Amendments to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
IAS 19 Amendments	Employee Benefits
IAS 27 (Revised)	Separate Financial Statements
IAS 28 (Revised)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements 2009 - 2011 Cycle	Amendments to a number of IFRSs issued in May 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CHANGES IN ACCOUNTING POLICIES (continued)

Except for further detailed below, the adoption of these new and revised IFRSs has had no significant financial effect on these financial statements.

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 previously included in other standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required for financial instruments only under IFRS 7 Financial Instruments: Disclosures has been extended by IFRS 13 to cover all assets and liabilities within its scope. Additional disclosure required by IFRS 13 for financial instruments are included in note 31 to the financial statements.

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. As a result, following the above amendments to IAS1, the presentation of items of other comprehensive income has changed. In addition, the Group has used the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE - The Group has not adopted the following new/revised standards and amendments that have been issued but are not yet effective, in these financial statements:

IFRS 9	Financial Instruments [4]
IFRS 9, IFRS 7 and IAS 39 Amendments	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 [4]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) – Investment Entities [1]
IFRS 14	Regulatory Deferral Accounts [3]
IAS 19 Amendments	Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions [2]
IAS 32 Amendments	Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities [1]
IAS 36 Amendments	Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets [1]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IAS 39 Amendments	Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting [1]
IFRIC 21	Levies [1]
Annual Improvements 2010 - 2012 Cycle	Amendments to a number of IFRSs issued in December 2013 [2]
Annual Improvements 2011 - 2013 Cycle	Amendments to a number of IFRSs issued in December 2013 [2]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 Effective for annual periods beginning on or after 1 January 2016

4 No mandatory effective date yet determined but is available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

In October 2010, the International Accounting Standards Board ("IASB") issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In November 2013, the IASB added to IFRS 9 the requirements related to hedge accounting and made some related changes to IAS 39 and IFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to IFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to IFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other IFRS 9 requirements at the same time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of IFRS 9 was removed by the IASB in November 2013 and a mandatory effective date will be determined after the entire replacement of IAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to IAS 32 Financial Instruments: Presentation-Offsetting Financial Assets and Financial Liabilities

The IAS 32 Amendments clarify the meanings of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

Amendments to IAS 36 Recoverable Amount Disclosure for Non-Financial Assets

The IAS 36 Amendments remove the unintended disclosure requirement made by IFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

BASIS OF CONSOLIDATION - The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF CONSOLIDATION (continued)

- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

BUSINESS COMBINATION - Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that is present ownership interest and entitles their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy is set out in note for goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS - Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

TRANSACTIONS WITH NON-CONTROLLING INTERESTS (continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

FOREIGN CURRENCY - The Group's consolidated financial statements are presented in US$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into US$ at the rate of exchange ruling at the end of the reporting period and their profits or losses are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

PROPERTY, PLANT AND EQUIPMENT - All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy is set out in borrowing costs. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation is charged so as to write off the cost of assets less estimated residual values 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 terms (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% to 25%	Nil

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful lives and the depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

GOODWILL - Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in foreign currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PREPAID LEASE PAYMENTS ON LEASEHOLD LAND - The leasehold land is initially measured at cost. Following initial recognition, the leasehold land is measured at cost less accumulated amortisation. The leasehold land is amortised on a straight-line basis over the lease term.

IMPAIRMENT OF NON-FINANCIAL ASSETS - The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

SUBSIDIARIES - A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SUBSIDIARIES (continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

FINANCIAL ASSETS - Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL ASSETS (continued)

Subsequent measurement (continued)

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS - The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

Available-for-sale financial assets

In the case of equity investments classified as available for sale, objective evidence of impairment includes (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These include bank overdrafts that form an integral part of the Group's cash management but exclude pledged bank deposits used as security for credit facilities of the Group.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

Raw materials: purchase costs on a first-in first-out basis.

Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

FINANCIAL LIABILITIES - Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OFFSETTING OF FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

TRANSFERS BETWEEN LEVELS OF THE FAIR VALUE HIERARCHY - Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

BORROWING COSTS - Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

EMPLOYMENT BENEFITS - Employment benefits represent the defined contribution plans operating in Hong Kong, the People's Republic of China ("PRC") and Japan, defined retirement benefit plan operating in Japan for its directors, annual leave and share-based payments to employees.

Defined contribution plans

Subsidiaries in Hong Kong operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all those employees who are eligible to participate in the MPF 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 Scheme. The assets of the MPF Scheme are held separately from those of the subsidiaries in an independently administered fund.

Employees of the subsidiaries which operate in the PRC are required to participate in a pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the pension scheme.

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.

Defined retirement benefit plan

The subsidiary in Japan also maintains an unfunded defined retirement benefit plan for its directors. The retirement benefit obligations recognised in the statement of financial position represent the present value of the defined benefit obligation.

Annual leave

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

EMPLOYMENT BENEFITS (continued)

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(b) and (c). 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.

LEASES - The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

REVENUE RECOGNITION - Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assessed its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customers, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

Interest income

Interest income is recognised using the effective interest method.

INCOME TAXES - Income tax expense represents the sum of the current income tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAXES (continued)

Deferred tax (continued)

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

SEGMENT REPORTING - For management purposes, the Group is organised into operating segments based on products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

TREASURY SHARES - The Group's own equity instruments, which are reacquired (treasury shares), are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

RELATED PARTIES - A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a) above;

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

FINANCIAL INSTRUMENTS - The Group enters into a variety of financial instruments to manage its exposure to foreign exchange rate risk, including forward foreign exchange contracts and foreign currency options contracts.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency options contracts and forward foreign exchange contracts, to hedge its foreign exchange rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. The judgements, 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. Revision to accounting estimates is 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements made in applying the Group's accounting policies

Management is of the view that apart from those involving estimates as set out below of key sources of estimation uncertainty note, it has made no critical judgement in the process of applying the Group's accounting policies 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 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 2013 amounted to US$1,067,000 (2012: US$1,077,000). The carrying amount of inventories is disclosed in note 17 to the financial statements.

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 14 to the financial statements. No impairment loss was recognised for the years ended 31 December 2013 and 2012.

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 11 to the financial statements. There was no impairment loss recognised for the year ended 31 December 2013 (2012: impairment loss of US$1,436,000).

4. REVENUE

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

5. OTHER INCOME

	Group	
	2013	2012
	US$'000	US$'000
Interest income from bank deposits and an entrusted loan	852	554
Gain on disposal of scrap materials	189	442
Net gain on disposal of property, plant and equipment	922	22
Net gain on disposal of prepaid lease payments	685	–
Sales of moulds	–	95
Sub-contracting income	–	104
Removal compensation*	1,251	–
Sundry income	324	207
	4,223	1,424

* There are no unfulfilled conditions or contingencies relating to the removal compensation. The amount of US$1,251,000 was not yet received and was included in other receivable in the Statement of Financial Position.

6. ADMINISTRATIVE EXPENSES

	Group	
	2013	2012
	US$'000	US$'000
Employee-related expenses	16,784	16,745
Utilities and office expenses	1,381	1,465
Travelling and entertainment expenses	2,319	2,207
Professional fees	1,492	1,692
Rental expenses	1,267	1,315
Depreciation of property, plant and equipment	836	992
Miscellaneous	1,976	1,677
	26,055	26,093

7. FINANCE COSTS

	Group	
	2013	2012
	US$'000	US$'000
Interest expenses on:		
Obligations under finance leases	24	30
Bank borrowings	165	229
	189	259

8. PROFIT BEFORE TAX

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

	Group 2013 US$'000	Group 2012 US$'000
Audit fees paid to:		
Auditors of the Company	187	170
Other auditors	302	325
Non-audit fees paid to:		
Auditors of the Company	–	–
Other auditors	7	8
Employee benefit expenses (Note 23)	36,417	36,319
Depreciation of property, plant and equipment (Note 11)	2,840	3,475
Amortisation of prepaid lease payments (Note 12)	7	11
(Decrease)/Increase in allowance for inventories (Note 17)	(21)	654
Inventories recognised as an expense in cost of sales (Note 17)	136,512	150,540
Net gain on disposal of property, plant and equipment	(922)	(22)
Net gain on disposal of prepaid lease payments	(685)	–
Net foreign currency exchange loss/(gain)	422	(421)
Changes in fair value of derivative financial instruments (Note 19)	51	38
Impairment loss on available-for-sale investments (Note 15)	–	135
Impairment loss on plant and equipment included in administrative expenses (Note 11)	–	1,436

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group 2013 US$'000	Group 2012 US$'000
Current income tax:		
Current income taxation	4,185	6,119
Underprovision in respect of previous years	–	89
	4,185	6,208
Deferred tax (Note 24)	27	589
	4,212	6,797

9. INCOME TAX EXPENSE (continued)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the years ended 31 December 2013 and 2012 are as follows:

	Group	
	2013	2012
	US$'000	US$'000
Profit before tax	15,542	18,220
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,516	4,279
Adjustments:		
Non-deductible expenses	2,889	2,086
Income not subject to taxation	(468)	(713)
Tax effect from previously unrecognised tax losses	(323)	(415)
Tax losses not recognised	163	–
Underprovision in respect of previous years	–	89
Effect of capital gain tax on equity interests transfer within the companies in the Group	469	579
Effect of withholding tax at 5% or 10% on the undistributed earnings of the PRC subsidiaries (Note 24)	(34)	892
Income tax expense recognised in profit or loss	4,212	6,797

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2013 US$'000	2012 US$'000
Profit attributable to owners of the Company	11,314	11,406
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the basic earnings per share computation*	469,859	473,894
Effect of dilutive share options	2,546	4,048
Weighted average number of ordinary shares for the diluted earnings per share computation*	472,405	477,942

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

11. 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 2012	12,494	21,207	6,692	8,728	979	50,100
Additions	24	1,674	252	45	238	2,233
Disposals	–	(1,102)	(624)	(23)	(156)	(1,905)
Transfer	–	(190)	–	190	–	–
Exchange differences	(245)	(232)	(223)	(136)	–	(836)
At 31 December 2012 and 1 January 2013	12,273	21,357	6,097	8,804	1,061	49,592
Additions	–	667	176	111	254	1,208
Disposals	(9,597)	(10,291)	(2,036)	(642)	(242)	(22,808)
Acquired on acquisition of a subsidiary (Note 29)	–	795	34	137	–	966
Exchange differences	(371)	200	(256)	(58)	10	(475)
At 31 December 2013	2,305	12,728	4,015	8,352	1,083	28,483
Accumulated depreciation and impairment loss						
At 1 January 2012	2,427	13,010	5,306	6,038	609	27,390
Depreciation	500	2,031	472	337	135	3,475
Disposals	–	(769)	(608)	(15)	(147)	(1,539)
Impairment loss	692	744	–	–	–	1,436
Transfer	–	(190)	–	190	–	–
Exchange differences	(28)	(110)	(186)	(83)	–	(407)
At 31 December 2012 and 1 January 2013	3,591	14,716	4,984	6,467	597	30,355
Depreciation	400	1,487	431	329	193	2,840
Disposals	(3,532)	(8,341)	(1,908)	(632)	(213)	(14,626)
Exchange differences	(22)	79	(233)	(17)	9	(184)
At 31 December 2013	437	7,941	3,274	6,147	586	18,385
Net carrying amount						
At 31 December 2012	8,682	6,641	1,113	2,337	464	19,237
At 31 December 2013	1,868	4,787	741	2,205	497	10,098

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Assets held under finance leases

The carrying amount of the Group's plant and equipment held under finance leases at the end of the financial year was US$1,150,000 (2012: US$1,427,000).

Leased assets are pledged as security for the related finance lease liabilities.

Impairment of plant and equipment

There was no impairment loss recognised for the financial year ended 31 December 2013 (2012: US$1,436,000).

12. PREPAID LEASE PAYMENTS

	Group	
	2013	2012
	US$'000	US$'000
Cost		
At 1 January	524	523
Disposal	(535)	–
Exchange differences	11	1
At 31 December	–	524
Accumulated amortisation		
At 1 January	56	45
Amortisation	7	11
Disposal	(63)	–
At 31 December	–	56
Net carrying amount	–	468
Portion classified as current assets	–	(9)
Non-current portion	–	459
Amount to be amortised:		
Not later than one year	–	9
Later than one year but not later than five years	–	45
Later than five years	–	414

The Group had prepaid lease payments over a plot of state-owned land in the PRC where the Group's manufacturing facilities reside. During the year ended 31 December 2013, total net gain on disposal of prepaid lease payments amounted to US$685,000 was recognised in the consolidated statement of profit or loss due to the termination of metal stamping operation of CD Suzhou (2012: Nil). As at 31 December 2012, the prepaid lease payments had a remaining tenure of 43.4 years.

13. GOODWILL

	Group US$'000
Cost	
At 1 January 2012, 31 December 2012 and 31 December 2013	1,516
Accumulated impairment	
At 1 January 2012, 31 December 2012 and 31 December 2013	(1,516)
Net carrying amount	
31 December 2012 and 31 December 2013	–

Goodwill acquired in a business combination is allocated, on 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"), as a 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.

During the year ended 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.

14. INVESTMENTS IN SUBSIDIARIES

(a)

	Company 2013 US$'000	Company 2012 US$'000
Unquoted equity shares, at cost	9,642	9,642
Recognition of share-based payments	1,093	1,093
	10,735	10,735

(b) The amount due from a subsidiary included in the Company's non-current assets of US$15,960,000 (2012: US$15,876,000) is unsecured, bears interest at 2% (2012: 2%) per annum and is not repayable within 12 months from the end of the reporting period.

Management considered the fair value of the amount due from a subsidiary is US$15,960,000.

14. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the Company's subsidiaries are as follows:

Name	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2013 %	2012 %
Held by the Company				
Tomoike Industrial (Hong Kong) Holding Limited (i) ("TM Hong Kong BVI")	British Virgin Islands ("BVI")	Investment holding	100	100
Held by TM Hong Kong BVI				
Tomoike Industrial (H.K.) Limited (ii) ("TM Hong Kong")	Hong Kong	Trading of parts and precision accessories for office equipment, electrical appliances and LCD modules, and LCD backlight units for LCD modules	100	100
Held by TM Hong Kong				
Crystal Display Components (Suzhou) Co., Limited (ii) ("CD Suzhou")	Suzhou, PRC	Manufacture and trading of parts and precision accessories for LCD modules	100	100
Tomoike Electronics (Shanghai) Co., Limited (ii) ("TM Pudong")	Shanghai, PRC	Manufacture and trading of parts and precision accessories for LCD modules	100	100
Tomoike Precision Machinery (Shanghai) Co., Limited (ii) ("TM Shanghai")	Shanghai, PRC	Manufacture and trading of parts and precision accessories for office equipment and electrical appliances	100	100
Tomoike Industrial Co., Limited (i) ("TM Japan")	Osaka, Japan	Manufacture of LCD backlight units for LCD modules, manufacture and trading of parts and precision accessories for office equipment, electrical appliances and LCD modules	99.9	100
Crystal Display (Shanghai) Holding Limited (i) ("CD Shanghai BVI")	BVI	Investment holding	100	100
Wah Hang Precision Machinery (H.K.) Limited (ii) ("WH Hong Kong")	Hong Kong	Investment holding	100	100

14. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the Company's subsidiaries are as follows: (continued)

Name	Country of incorporation/ establishment	Principal activities	Proportion of ownership interest 2013 %	2012 %
Held by TM Hong Kong (continued)				
S.M.T. Assembly Limited (ii) ("SMT Hong Kong")	Hong Kong	Provision of surface mounting technique services in electronic product assembly	86	86
Minami Tec (Wuxi) Co., Limited (ii) ("MT Wuxi")	Wuxi, PRC	Provision of plastic injection for electronic consumer products and automobiles	100	–
Crystal Display Components (Shanghai) Co., Limited (ii) ("CD Shanghai")	Shanghai, PRC	Manufacture of LCD backlight units for LCD modules	100	100
Tomoike Precision Machinery (Dongguan) Co., Limited (ii) ("TM Dongguan")	Dongguan, PRC	Manufacture and trading of parts and precision accessories for LCD modules and manufacture of LCD backlight units for LCD modules	100	100
Held by WH Hong Kong				
Wah Hang Precision Machinery (Dongguan) Limited (ii) ("WH Dongguan")	Dongguan, PRC	Manufacture and trading of parts and precision accessories for office equipment and electrical appliances	100	100
Held by SMT Hong Kong				
Dongguan Dali S.M.T. Assembly Limited (ii) ("SMT Dongguan")	Dongguan, PRC	Provision of surface mounting technique services in electronic product assembly	100	100
Held by TM Shanghai				
Shanghai Gu Chang Yu Printing Technology Co., Limited (ii) ("GCY Shanghai")	Shanghai, PRC	Provision of label printing services	100	100

(i) Not required to be audited in the country of incorporation but audited for the purpose of incorporation in the consolidated financial statements of the Group by Ernst & Young, Hong Kong or member firms of Ernst & Young Global in the respective countries.

(ii) Audited for the purpose of incorporation in the consolidated financial statements of the Group by Ernst & Young, Hong Kong or member firms of Ernst & Young Global in the respective countries.

15. INVESTMENTS

	Notes	Group 2013 US$'000	Group 2012 US$'000
Non-current:			
Available-for-sale investments:			
Equity securities (quoted), at fair value	(a)	90	89
Debt securities (unquoted), at fair value	(b)	870	616
		960	705
Held-to-maturity investment:			
Funds in a leveraged lease arrangement (unquoted), at amortised cost	(c)	980	983
		1,940	1,688
Current:			
Loans and receivables, at amortised cost	(d)	1,894	4,938

Notes:

(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.

During the year ended 31 December 2013, there was no impairment loss of these quoted equity securities (2012: Impairment loss of US$135,000) charged to profit or loss. And, a gain in fair value of US$7,000 (2012: US$32,000) was recognised in other comprehensive income in the current financial year.

(b) The unquoted debt securities of US$870,000 (2012: US$616,000) have no interest for the year (2012: Nil) and will mature in October 2035.

During the year ended 31 December 2013, there was no impairment loss on these unquoted debt securities (2012: Nil) charged to profit or loss. And, a gain in fair value of US$367,000 (2012: US$188,000) was recognised in other comprehensive income in the current financial year.

(c) As at 31 December 2013 and 2012, the held-to-maturity investment represented the investment of funds in a leveraged lease arrangement entered into by a subsidiary, TM Japan.

TM Japan invested JPY106.6 million (approximately US$0.9 million) 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 pledged by the airplane and are expected to be returned together with its share of results in the fund from the lease and sale of the airplane upon maturity.

Management considered the fair value of the held-to-maturity investment is US$980,000.

15. INVESTMENTS (continued)

Notes: (continued)

(d) During the year ended 31 December 2013, a subsidiary of the Company, TM Hong Kong entered into a secured trade finance agreement with a third party for a maximum amount of US$2 million at an interest rate of 1% per month. The secured trade finance agreement was pledged by an industrial building located in Hong Kong. As at 31 December 2013, TM Hong Kong advanced US$1,894,000 (2012: Nil) to a third party for a period not more than 6 months. Management considered the fair value of this advance is US$1,894,000.

During the year ended 31 December 2012, a subsidiary of the Company, CD Suzhou advanced an entrusted loan to Suzhou Mudu Construction and Development Co., Limited with a carrying amount of US$4,938,000, with a term of 12 months at an interest rate of 10% per annum.

During the year ended 31 December 2013, the entrusted loan with interest amounted to US$4,991,000 was fully repaid. (2012: Nil)

The Group's investments denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2013	2012
	US$'000	US$'000
US$	1,894	–

16. OTHER ASSETS

	Group	
	2013	2012
	US$'000	US$'000
Directors' insurance	136	168
Rental deposits	604	573
	740	741

Directors' insurance represents the surrender values of an insurance policy taken by TM Japan, a subsidiary of the Company. Under the policy, TM Japan pays 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.

17. INVENTORIES

	Group	
	2013	2012
	US$'000	US$'000
Statement of financial position:		
Raw materials	4,182	3,680
Work-in-progress	973	745
Finished goods	6,684	6,102
	11,839	10,527
Consolidated statement of profit or loss:		
Inventories recognised as an expense in cost of sales	136,512	150,540
Inclusive of the (decrease)/increase in allowances for inventories	(21)	654

Allowances for inventories are made in full for the inventories with poor sales prospects.

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Trade receivables	25,262	25,728	–	–
Other receivables	4,757	362	–	–
Tax recoverable	46	7	–	–
Deposits	239	407	–	–
Prepayments	719	836	24	26
Value-added tax recoverable	536	491	–	–
	31,559	27,831	24	26

Trade receivables

Trade receivables are non-interest-bearing and are generally on terms of 60 days (2012: 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group's trade and other receivables denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2013	2012
	US$'000	US$'000
Japanese Yen ("JPY")	220	37
US$	21,260	19,421
Renminbi ("RMB")	240	–

18. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables (continued)

The Group has trade receivables amounting to US$797,000 (2012: US$2,140,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and their aging analysis at the end of the reporting period is as follows:

	Group	
	2013	2012
	US$'000	US$'000
Trade receivables past due but not impaired:		
Less than 30 days overdue	670	2,047
30 to 60 days overdue	108	63
Over 60 days overdue	19	30
	797	2,140

19. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2013			2012		
	Contract amount	Assets	Liabilities	Contract amount	Assets	Liabilities
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Forward foreign exchange contracts	430	–	1	–	–	–
Foreign currency options contracts	2,930	–	87	1,083	–	37

The Group utilises forward foreign exchange contracts to sell US$ to manage its foreign exchange exposures against Hong Kong dollars ("HK$"). The forward foreign exchange contracts have maturity dates in January 2014.

Change in fair value of the forward foreign exchange contracts amounting to US$1,000 (2012: US$1,000) had been charged to profit or loss.

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 JPY with US$ at a fixed rate and similarly, the banks have the option to buy US$ using JPY at the same rate. In 2013, the foreign currency options contracts have maturity dates from January 2014 to March 2014.

Change in fair value of the foreign currency options contracts amounting to US$50,000 (2012: US$37,000) had been charged to profit or loss.

20. CASH AND BANK BALANCES

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Cash at banks and on hand	26,288	40,738	630	58
Short-term deposits	25,402	12,657	–	–
	51,690	53,395	630	58
Less: pledged bank deposit	(144)	(143)	–	–
	51,546	53,252	630	58

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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 7 days and 90 days, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2013 for the Group was 2.65% (2012: 1.99%) per annum.

A fixed deposit of US$144,000 (2012: US$143,000) was placed as security for banking facilities. This fixed deposit earns an average interest rate of 0.55% (2012: 0.55%) per annum and will mature in 9 months (2012: 9 months) after the end of the reporting period.

The Group's cash and bank balances denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2013	2012
	US$'000	US$'000
JPY	793	2,764
US$	7,879	12,466
RMB	125	33
Singapore Dollars ("SG$")	626	20

21. BANK BORROWINGS

		Group	
		2013	2012
	Maturity	US$'000	US$'000
Current:			
Bank borrowings, unsecured	2014	3,330	5,236
Non-current:			
Bank borrowings, unsecured	2015 – 2017	3,263	5,360
Total bank borrowings		6,593	10,596

21. BANK BORROWINGS (continued)

The bank borrowings are unsecured and bear interest at rates between 0.67% to 2.95% (2012: 0.56% to 2.95%) per annum.

Bank borrowings amounted to US$787,000 (2012: US$759,000) are unsecured and carry variable interest rates quoted by the banks with reference to their cost of fund.

Bank borrowings amounted to US$5,806,000 (2012: US$9,837,0000) are unsecured and carry fixed interest rates.

Management considered the fair values of the Group's fixed rate bank borrowings are US$6,007,000.

The Group's bank borrowings denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2013	2012
	US$'000	US$'000
US$	3,500	6,350

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Trade creditors	23,456	32,716	–	–
Accruals	3,051	2,023	–	–
Other payables	3,578	3,542	455	272
	30,085	38,281	455	272

Trade payables

Trade payables are non-interest-bearing and are generally settled on terms of 30 to 120 days (2012: 30 to 120 days).

The Group's trade and other payables denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2013	2012
	US$'000	US$'000
JPY	403	1,854
US$	13,690	18,284
RMB	373	–

23. EMPLOYEE BENEFITS

	Notes	Group 2013 US$'000	Group 2012 US$'000
Employee benefit expenses, including directors:			
Salaries and bonuses		32,267	32,313
Defined contribution plans		4,079	3,517
Defined retirement benefit plan	(a)	71	489
		36,417	36,319

(a) Retirement benefit obligations

TM Japan maintains an unfunded defined retirement benefit plan for its directors. The expense for the year amounting to approximately US$71,000 (2012: US$489,000) has been charged to profit or loss. The retirement benefit obligations with a carrying amount of US$646,000 (2012: US$1,309,000) at year end represent the present value of the defined retirement benefit plan.

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.

(b) Share-based payments – Share option

The Company has a share option scheme, CDW Employees' Share Option Scheme 2013 (the "2013 Scheme"), which was adopted after the expiry of CDW Holding Share Option Scheme (the "2004 Scheme"), for all employees and directors of the Group. These two option schemes are administrated by the Remuneration Committee ("RC"). Options are exercisable at a price based on the average of the closing prices for the shares of the Company on the SGX-ST for the five market days preceding the date of grant. The RC 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 the 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 an employee leaves the Group before the options vest.

Information about share-based payment arrangements is 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	SG$0.07	US$0.01

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

	Group and Company						
Date of grant	Balance at 1 January 2013	Granted	Exercised	Cancelled/ Lapsed	Balance at 31 December 2013	Exercise price per share	Exercisable period
11 June 2008	16,104,000	–	(14,640,000)	(1,464,000)	–	SG$0.07	11 June 2009 to 10 June 2013

23. EMPLOYEE BENEFITS (continued)

(b) Share-based payments – Share option (continued)

During the year ended 31 December 2013, 14,640,000 share options were exercised under the 2004 Scheme. In addition, 1,464,000 share options were cancelled and lapsed on 10 June 2013 at the expiry of share options. During the financial year ended 31 December 2013, no share options were granted under the 2013 Scheme.

As at 31 December 2013, there were no outstanding share options. As at 31 December 2012, the number of share options amounted to 16,104,000 which had a weighted average remaining contractual life of approximately 0.4 years.

The fair value of the share options granted under the 2004 Scheme is estimated at the grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the share options were granted.

The inputs into the model were as follows:

Dividend yield (%)	4.46
Expected volatility (%)	57.80
Risk-free interest rate (%)	1.852
Expected life of option (year)	3
Weighted average exercise price (Singapore cents)	7.0
Weighted average share price on date of grant (Singapore cents)	6.5

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.

For the years ended 31 December 2013 and 2012, the Group did not recognise any expenses related to equity-settled share-based payments.

(c) Share-based payments – Share performance

The Company has a share performance scheme, CDW Share Performance Scheme (the "Performance Scheme") for all employees and directors of the Group. The Performance Scheme is administrated by the RC. An award granted under the Performance Scheme represents the right to receive fully paid shares of the Company free of charge, upon the Group's employees and directors achieving the prescribed performance conditions (the "Award") as set out in the relevant award approved by the RC at its absolute discretion. Awards are forfeited if the employee leaves the Group before the reward vests. During the year ended 31 December 2013, the RC did not grant any Awards to any employees and directors under the Performance Scheme.

24. DEFERRED TAX

	Group			
	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Deferred tax liabilities				
Difference in depreciation for tax purposes	(67)	(180)	86	37
Temporary difference relating to held-to-maturity investment	(484)	(623)	26	34
Directors' insurance	(21)	(28)	2	(6)
Retirement benefit obligations	260	505	(164)	176
Withholding tax on undistributed earnings of the PRC subsidiaries (Note 9)	(637)	(925)	34	(892)
Others	226	457	(11)	62
	(723)	(794)		
Deferred tax expense (Note 9)			(27)	(589)

Withholding tax on undistributed earnings of the PRC subsidiaries

Pursuant to the Corporate Income Tax ("CIT") Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate of 5% may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by its subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable withholding tax rate of the Group is 5% during the year ended 31 December 2013 (2012: 5% or 10%).

Unrecognised tax losses

At the end of the reporting period, the Group had tax losses of approximately US$1,000,000 (2012: US$2,262,000) that are available for offsetting against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividends

There are no income tax consequences (2012: Nil) attached to the dividends to the shareholders proposed by the Company that are recognised as liabilities in the financial statements (Note 35).

25. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2013		2012	
	Number of ordinary shares	US$	Number of ordinary shares	US$
Authorised				
At beginning and end of the year	1,500,000,000	30,000,000	1,500,000,000	30,000,000
Issued and fully paid up				
At beginning and end of the year	504,354,221	10,087,000	504,354,221	10,087,000

As at 31 December 2013, 29,992,000 (2012: 44,512,000) of ordinary shares included in the above shares had been purchased on the SGX-ST under the Shares Purchase Mandate and held as treasury shares.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restrictions.

The Company has one employee share option scheme under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

(b) Treasury shares

	Group and Company			
	2013		2012	
	Number of shares '000	US$'000	Number of shares '000	US$'000
At 1 January	44,512	3,115	21,306	1,347
Acquired during the financial year	120	10	24,670	1,866
Treasury shares transferred out to satisfy share options exercised	(14,640)	(1,025)	(1,464)	(98)
At 31 December	29,992	2,100	44,512	3,115

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the year ended 31 December 2013, the Company acquired 120,000 shares of the Company on the SGX-ST under the Shares Purchase Mandate. The total amount paid to acquire these shares was US$10,000 and this was presented as a component within shareholders' equity. In addition, 14,640,000 treasury shares with an amount of US$1,025,000 were transferred out to satisfy share options exercised under the Scheme.

26. MERGER RESERVE, STATUTORY RESERVE FUND, ENTERPRISE EXPANSION FUND, OTHER RESERVES, FAIR VALUE ADJUSTMENT RESERVE AND FOREIGN CURRENCY TRANSLATION RESERVE

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.

Statutory Reserve Fund

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the PRC, a subsidiary is required to make appropriation to the Statutory Reserve Fund ("SRF"). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

Enterprise Expansion Fund

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

The amount 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 represent the staff welfare fund appropriated from retained earnings at a discretionary percentage of profit after tax for the year.

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale investments until they are disposed of or impaired.

Foreign currency translation reserve

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

27. FINANCE LEASES

The Group leases certain of its plant and equipment under finance leases and have remaining lease terms ranging from one to five years.

At the end of each reporting period, the total future minimum lease payments under finance leases and their present values are as follows:

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Amounts payable:				
Within one year	230	433	218	410
In the second to fifth years, inclusive	366	486	356	466
	596	919	574	876
Less: Future finance charges	(22)	(43)		
Present value of lease obligations	574	876		
Portion classified as current liabilities	(218)	(410)		
Non-current portion	356	466		

The borrowing rates ranged from 1.50% to 3.78% (2012: 1.50% to 6.50%) per annum. Interest rates are fixed at the contract dates. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Management considered the fair values of the Group's obligations under finance leases are US$576,000.

The Group's obligations under finance leases are secured by the lessors' titles to the leased assets (Note 11).

The Group's finance leases denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2013 US$'000	2012 US$'000
US$	356	646

28. RELATED PARTY TRANSACTIONS

Compensation of directors and key management personnel

	Group	
	2013 US$'000	2012 US$'000
Salaries, allowances and benefits in kind	2,569	2,585
Defined contribution plans	31	39
	2,600	2,624

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

29. ACQUISITION OF A SUBSIDIARY

On 15 January 2013, the Group has acquired the entire equity interest in MT Wuxi (the "Acquisition"), which is engaged in the provision of plastic injection for electronic consumer products and automobiles. The purchase consideration of approximately US$217,000 for the Acquisition was in the form of cash and was paid on the acquisition date.

The fair value of the identifiable assets and liabilities of MT Wuxi as at the acquisition date are as follows:

	Fair value recognised on Acquisition US$'000
Non-current assets	
Property, plant and equipment (Note 11)	966
Current assets	
Inventories	215
Trade and other receivables	883
Cash and cash equivalents	593
Current liabilities	
Trade and other payables	(435)
Total identifiable net assets	2,222
Gain on bargain purchase	(2,005)
Cash consideration paid	217

The Group incurred transaction costs of US$23,000 for the Acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the net inflow of cash and cash equivalents in respect of the Acquisition is as follows:

	US$'000
Cash and cash equivalents acquired	593
Less: cash consideration paid	(217)
Net inflow of cash and cash equivalents in respect of the Acquisition	376

Since the Acquisition, MT Wuxi contributed approximately US$4,100,000 to the Group's revenue and recorded a loss of US$9,000 in the consolidated statement of profit or loss for the year ended 31 December 2013.

Had the business combination taken place at the beginning of the year ended 31 December 2013, there would be no material effect to the revenue and net profit of the Group for the year ended 31 December 2013.

The liquidator of MT Wuxi's holding company invited a number of potential buyers, including the Company, to make a tender offer for MT Wuxi. Although the Group offered the highest bid, it was still substantially lower than the fair value of its identifiable net assets. As such, the Acquisition resulted in a gain on bargain purchase.

30. COMMITMENTS

Operating lease commitments – as lessee

In addition to the prepaid lease payments on leasehold land disclosed in note 12, the Group has entered into commercial leases on certain offices, factory properties and apartments. These leases have an average term of between one and five years with no renewal option and there is no contingent rent provision included in the contracts.

Minimum lease payments, including amortisation of prepaid leases recognised as an expense in profit or loss for the financial year ended 31 December 2013, amounted to US$3,097,000 (2012: US$2,874,000).

Future minimum rental payables under non-cancellable operating leases (excluding prepaid lease payments on leasehold land) at the end of the reporting period are as follows:

	Group	
	2013	2012
	US$'000	US$'000
Not later than one year	2,047	1,739
Later than one year but not later than five years	1,371	1,068
	3,418	2,807

31. FAIR VALUES OF ASSETS AND LIABILITIES

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – Unobservable inputs for the asset or liability

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

31. FAIR VALUES OF ASSETS AND LIABILITIES (continued)

Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	2013			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant observable inputs other than quoted prices (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Group				
Recurring fair value measurements				
Assets				
Financial assets:				
Available-for-sale financial assets (Note 15)				
Equity securities: (quoted)	90	–	–	90
Total equity securities	90	–	–	90
Debt securities: (unquoted)	–	870	–	870
Total debt securities	–	870	–	870
Total available-for-sale financial assets	90	870	–	960
Financial assets as at 31 December 2013	90	870	–	960
Liabilities				
Financial liabilities:				
Derivative financial instruments (Note 19)				
Forward foreign exchange contracts	–	1	–	1
Forward currency options contracts	–	87	–	87
Financial liabilities as at 31 December 2013	–	88	–	88

31. FAIR VALUES OF ASSETS AND LIABILITIES (continued)

Assets and liabilities measured at fair value (continued)

	2012			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Recurring fair value measurements				
Assets				
Financial assets:				
Available-for-sale financial assets (Note 15)				
Equity securities: (quoted)	89	–	–	89
Total equity securities	89	–	–	89
Debt securities: (unquoted)	–	616	–	616
Total debt securities	–	616	–	616
Total available-for-sale financial assets	89	616	–	705
Financial assets as at 31 December 2012	89	616	–	705
Liabilities				
Financial liabilities:				
Derivative financial instruments (Note 19)				
Forward currency options contracts	–	37	–	37
Financial liabilities as at 31 December 2012	–	37	–	37

Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Available-for-sale financial assets

Unquoted debt securities are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include discounted cash flow models, using present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

31. FAIR VALUES OF ASSETS AND LIABILITIES (continued)

Level 2 fair value measurements (continued)

Derivative financial instruments

Forward foreign exchange and foreign currency options contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Level 3 fair value measurements

The Group has no financial assets or liabilities that are categorised within Level 3 of the fair value hierarchy.

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's and the Company's assets and liabilities not measured at fair value at 31 December 2013 but for which fair value is disclosed:

	2013				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
Assets					
Held-to-maturity financial asset	–	–	980	980	980
Loans and receivables	–	–	1,894	1,894	1,894
Liabilities					
Fixed rate bank borrowings	–	6,007	–	6,007	5,806
Obligations under finance leases	–	576	–	576	574
Company					
Assets					
Amount due from a subsidiary	–	15,960	–	15,960	15,960

Determination of fair value

Held-to-maturity financial asset

The fair value as disclosed in the table above is estimated by discounting expected future cash flows at the bank deposit rate in Japan with consideration of realisation of the underlying asset held by the investment fund upon maturity.

31. FAIR VALUES OF ASSETS AND LIABILITIES (continued)

Determination of fair value (continued)

Loans and receivables

The fair value as disclosed in the table above is estimated by discounting expected future cash flows at the market lending rate for similar types of lending with management's estimate of credit risk premium.

Bank borrowings and obligations under finance leases and amount due from a subsidiary

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at the market lending rate for similar types of borrowing or leasing arrangements at the end of the reporting period. The Group's own non-performance risk for bank borrowings and obligations under finance leases as at 31 December 2013 was assessed to be insignificant. The credit risk of the amount due from a subsidiary was considered insignificant.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments

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

	Group		Company	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Financial assets:				
Available-for-sale investments	960	705	–	–
Held-to-maturity investment	980	983	–	–
Loans and receivables (including cash and cash equivalents)	83,712	84,599	16,590	15,934
Financial liabilities:				
Amortised cost	37,143	49,627	445	272
At fair value through profit or loss derivative financial instruments	88	37	–	–

Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. Management reviews and agrees policies and procedures for the management of these risks. The board of directors provides oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables. For other financial assets (including investments, cash and short-term deposits and derivative financial instruments), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures as a mean of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis. Therefore, the Group's exposure to bad debts is not significant.

The Group has a few major customers resulting in concentration of credit risk. The top five customers of the Group accounted for approximately 81% (2012: 84%) of the trade 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 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.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group finances the liquidity through internally generated cash flows and bank and other borrowings (both short-term and long-term with three to five years term), and to minimise liquidity risk by keeping committed credit lines available with the Group's major banks. The Group's policy is to maintain a low gearing policy and to have sufficient cash and cash equivalents to finance the Group's activities through internally generated cash flows and raising long-term bank and other borrowings. For temporary shortage of fund, the Group will raise short-term bank and other borrowings to meet financial obligations.

At the end of the reporting period, approximately 51% (2012: 49%) of the Group's bank borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debts and concluded that such risk is low. Access to sources of funding is sufficiently available and debts maturing within 12 months can be rolled over with existing lenders.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturity

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	31 December 2013				31 December 2012			
	One year or less US$'000	One to five years US$'000	Over five years US$'000	Total US$'000	One year or less US$'000	One to five years US$'000	Over five years US$'000	Total US$'000
GROUP								
Financial assets:								
Trade and other receivables	30,128	–	–	30,128	26,266	–	–	26,266
Cash and short-term deposits	52,636	–	–	52,636	53,745	–	–	53,745
Loans and receivables	2,121	–	–	2,121	5,431	–	–	5,431
Held-to-maturity investment	–	980	–	980	–	983	–	983
Available-for-sale investments unquoted debt securities	–	–	870	870	–	–	616	616
Total undiscounted financial assets	84,885	980	870	86,735	85,442	983	616	87,041
Financial liabilities:								
Trade and other payables	29,976	–	–	29,976	38,155	–	–	38,155
Bank borrowings	3,380	3,311	–	6,691	5,315	5,451	–	10,766
Finance leases	230	366	–	596	433	486	–	919
Derivative financial instruments	88	–	–	88	37	–	–	37
Total undiscounted financial liabilities	33,674	3,677	–	37,351	43,940	5,937	–	49,877
Total net undiscounted financial assets/(liabilities)	51,211	(2,697)	870	49,384	41,502	(4,954)	616	37,164
COMPANY								
Financial assets:								
Cash and short-term deposits	630	–	–	630	58	–	–	58
Amount due from a subsidiary	–	16,279	–	16,279	–	16,194	–	16,194
Total undiscounted financial assets	630	16,279	–	16,909	58	16,194	–	16,252
Financial liabilities:								
Trade and other payables	455	–	–	455	272	–	–	272
Total undiscounted financial liabilities	455	–	–	455	272	–	–	272
Total net undiscounted financial assets/(liabilities)	175	16,279	–	16,454	(214)	16,194	–	15,980

32. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their bank balances and fixed deposits that are at variable rate and certain bank and other borrowings that is repayable by instalement over three to five years at fixed rates and short-term bank and other borrowings that are arranged at variable interest rates pegged to the inter bank rates in Hong Kong and Japan. The Group's policy is to borrow long-term bank and other borrowings with three to five years term at fixed rates to hedge against the increase in interest rates for short-term bank and other borrowings in a cost efficient manner. At the end of the reporting period, approximately 88% (2012: 93%) of the Group's bank borrowings are at fixed rate of interest.

Interest rate sensitivity

At the end of the reporting period, if interest rates had been 50 (2012: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been US$127,000 (2012: US$199,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the respective functional currencies of the group entities, primarily JPY, US$, SG$ and RMB, and therefore exposed to foreign exchange risk.

	Group			
	Liabilities		Assets	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
JPY	403	1,854	1,013	2,801
US$	17,546	25,280	31,033	31,887
SG$	–	–	626	20
RMB	373	–	365	33

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

The Group 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.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase/decrease in exchange rates of the relevant foreign currencies 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 following foreign currencies strengthen by 10% against the functional currency of each group entity, profit before tax would increase/(decrease) by:

	Group	
	2013	2012
	US$'000	US$'000
JPY	61	95
US$	1,349	661
SG$	63	2
RMB	(1)	3

If the following foreign currencies weaken by 10% against the functional currency of each group entity, profit before tax would increase/(decrease) by:

	Group	
	2013	2012
	US$'000	US$'000
JPY	(61)	(95)
US$	(1,349)	(661)
SG$	(63)	(2)
RMB	1	(3)

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

32. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on the stock exchange in Japan and are classified as available-for-sale financial assets.

The Group's policy is to hold the available-for-sale equity investment for strategic rather than trading purpose. The Group does not actively trade available-for-sale equity investment. In addition, any equity investment over US$0.5 million is required to be approved by the Board.

Equity price sensitivity

At the end of the reporting period, if equity prices were 10% (2012: 10%) higher/lower with all other variables held constant, there would have been no impact on the Group's profit before tax and the Group's fair value adjustment reserve in equity would have been US$9,000 higher/lower (2012: US$9,000 higher/lower), arising as a result of an increase/decrease in the fair value of equity securities classified as available-for-sale investments.

33. CAPITAL MANAGEMENT OBJECTIVES AND POLICIES

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of the Group's operation condition. To maintain or adjust the capital structure, the Group will balance its overall capital structure through payment of dividends, new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts. The Group also reviews the capital structure on a semi-annual basis and whenever necessary. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 31 December 2012.

As disclosed in note 26, certain subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain non-distributable SRF whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2013 and 2012.

The Group monitors capital using a gearing ratio, which is total bank borrowings and obligations under finance leases for the Group, divided by shareholders' equity. The gearing ratio as at 31 December 2013 is 10.4% (2012: 18.2%).

34. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

- LCD backlight units: manufacture of LCD backlight units for LCD modules
- Office automation: manufacture and trading of parts and precision accessories for office equipment and electrical appliances
- LCD parts and accessories: manufacture and trading of parts and precision accessories for LCD modules

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from profit before tax in the consolidated financial statements. Corporate expenses, finance costs, interest income and income tax expense are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets excluded income tax recoverable, available-for-sale investments, held-to-maturity investment, loans and receivables, other assets and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities excluded income tax payable, deferred tax liabilities, retirement benefit obligations, bank borrowings, obligations under finance leases and unallocated corporate liabilities as these liabilities are managed on a group basis.

34. SEGMENT INFORMATION (continued)

	LCD backlight units US$'000	Office automation US$'000	LCD parts and accessories US$'000	Eliminations US$'000	Total US$'000
2013					
REVENUE					
External sales	121,480	23,043	30,624	–	175,147
Inter-segment sales	–	1,240	2,236	(3,476)	–
Total revenue	121,480	24,283	32,860	(3,476)	175,147
RESULTS					
Segment results	15,133	(86)	596	–	15,643
Gain on bargain purchase					2,005
Unallocated corporate expenses					(2,769)
Operating profit					14,879
Finance costs					(189)
Interest income					852
Profit before tax					15,542
Income tax expense					(4,212)
Profit for the year					11,330
2012					
REVENUE					
External sales	125,362	22,072	48,982	–	196,416
Inter-segment sales	–	1,638	3,348	(4,986)	–
Total revenue	125,362	23,710	52,330	(4,986)	196,416
RESULTS					
Segment results	15,270	(1,591)	7,656	–	21,335
Unallocated corporate expenses					(3,410)
Operating profit					17,925
Finance costs					(259)
Interest income					554
Profit before tax					18,220
Income tax expense					(6,797)
Profit for the year					11,423

34. SEGMENT INFORMATION (continued)

	LCD backlight units US$'000	Office automation US$'000	LCD parts and accessories US$'000	Eliminations US$'000	Total US$'000
2013					
ASSETS					
Segment assets	46,381	17,383	41,754	(790)	104,728
Unallocated assets					5,032
Consolidated total assets					109,760
LIABILITIES					
Segment liabilities	14,755	4,652	11,103	(790)	29,720
Bank borrowings and finance leases					7,167
Unallocated liabilities					3,886
Consolidated total liabilities					40,773
OTHER INFORMATION					
Capital expenditure	409	182	617	–	1,208
Depreciation of property, plant and equipment	617	486	1,737	–	2,840
Increase/(Decrease) in allowance for inventories	8	(70)	41	–	(21)
Amortisation of prepaid lease payments	–	–	7	–	7
2012					
ASSETS					
Segment assets	51,530	17,719	43,499	(1,275)	111,473
Unallocated assets					7,352
Consolidated total assets					118,825
LIABILITIES					
Segment liabilities	17,531	4,524	17,279	(1,275)	38,059
Bank borrowings and finance leases					11,472
Unallocated liabilities					6,348
Consolidated total liabilities					55,879
OTHER INFORMATION					
Capital expenditure	404	220	1,609	–	2,233
Depreciation of property, plant and equipment	636	402	2,437	–	3,475
Increase in allowance for inventories	34	88	532	–	654
Amortisation of prepaid lease payments	–	–	11	–	11

34. SEGMENT INFORMATION (continued)

Geographical information

Revenue and non-current asset information based on the geographical locations of external customers and assets respectively are as follows:

	Revenue from external customers		Carrying amount of non-current assets*	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Hong Kong	48,244	44,116	253	221
PRC	110,550	128,826	7,780	16,411
Japan	12,377	17,228	2,669	3,637
Others	3,976	6,246	–	–
	175,147	196,416	10,702	20,269

* Non-current assets as at 31 December 2013 mainly comprise property, plant and equipment and rental deposits as presented in consolidated statement of financial position.

Non-current assets as at 31 December 2012 also included prepaid lease payments and property, plant and equipment of CD Suzhou which was disposed due to the closure of the metal stamping operations in September 2013.

Information about a major customer

Revenue from one major customer accounted for 78.3% (2012: 77.0%) of the total revenue, arising from sales with all segments.

35. DIVIDENDS

	Group and Company	
	2013	2012
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final exempt dividend for 2012: US 0.7 cents (2012: US 0.4 cents) per share	3,321	1,910
Interim exempt dividend for 2013: US 0.5 cents (2012: US 0.5 cents) per share	2,371	2,351
	5,692	4,261
Proposed but not recognised as a liability as at 31 December:		
Estimated dividends on ordinary shares as at 31 December 2013, subject to shareholders' approval at the AGM:		
Final exempt dividend for 2013: US 0.7 cents (2012: US 0.7 cents) per share	3,321	3,219

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 31 March 2014.

Statistics of Shareholdings

As at 12 March 2014

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	3	0.19	1,000	0.00
1,000 - 10,000	597	38.69	2,610,000	0.55
10,001 - 1,000,000	908	58.85	80,148,000	16.90
1,000,001 and above	35	2.27	391,603,221	82.55
Total	1,543	100.00	474,362,221	100.00

Twenty Largest Shareholders

(As recorded in the Register of members and Depository Register)

No.	Name	No. of Shares	%
1.	MIKUNI CO., LIMITED	239,680,000	50.53
2.	DMG & PARTNERS SECURITIES PTE LTD	30,554,221	6.44
3.	DBS NOMINEES (PRIVATE) LIMITED	24,693,000	5.21
4.	SBS NOMINEES PRIVATE LIMITED	9,869,000	2.08
5.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	9,574,000	2.02
6.	UOB KAY HIAN PRIVATE LIMITED	7,795,000	1.64
7.	OCBC SECURITIES PRIVATE LIMITED	6,727,000	1.42
8.	LIM & TAN SECURITIES PTE LTD	5,849,000	1.23
9.	NG HWEE KOON	5,000,000	1.05
10.	CITIBANK NOMINEES SINGAPORE PTE LTD	4,120,000	0.87
11.	LIM BUAN HUA	4,088,000	0.86
12.	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,003,000	0.84
13.	PHILLIP SECURITIES PTE LTD	3,371,000	0.71
14.	ONG PENG KOON GILBERT	2,841,000	0.60
15.	BANK OF SINGAPORE NOMINEES PTE. LTD.	2,715,000	0.57
16.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,330,000	0.49
17.	YUN SOO HAR	2,285,000	0.48
18.	THIAN YIM PHENG	2,146,000	0.45
19.	DY MO HUA CHEUNG PHILIP	1,952,000	0.41
20.	KOICHI URANO	1,952,000	0.41
	Total	371,544,221	78.31

Statistics of Shareholdings

As at 12 March 2014

Class of equity securities	:	Ordinary share
No. of equity securities (excluding treasury shares)	:	474,362,221
Voting rights	:	One vote per share

As at 12 March 2014, the total number of treasury shares held is 29,992,000. The treasury shares as a percentage of the total number of issued shares excluding treasury shares is 6.32%.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2014

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Mikuni Co., Limited	239,680,000	50.53	–	–
Yoshimi Kunikazu	7,104,221[(1)]	1.50[(2)]	239,680,000	50.53

Note:

1. 7,104,221 shares owned are held through a nominee account.

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

PUBLIC FLOAT

As at 12 March 2014, about 45.93% 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 Kallang Room, Holiday Inn Singapore Atrium, 317 Outram Road, Singapore 169075 on Monday, 28 April 2014 at 3.00 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 2013 together with the Independent Auditors' Report thereon. (Resolution 1)

2. To declare a final dividend of 0.7 US cents per ordinary share (tax not applicable) for the year ended 31 December 2013 (2012: Final dividend of 0.7 US cents per ordinary share (tax not applicable)) (Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to the Bye-Law 104 of the bye-laws of the Company:

   Mr. LAI Shi Hong, Edward (Resolution 3)
   Mr. DY MO Hua Cheung, Philip (Resolution 4)
   Mr. CHONG Pheng (Resolution 5)

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

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

4. To approve the payment of Directors' fees up to SG$264,000 for the year ending 31 December 2014 (2013: SG$255,000). (Resolution 6)

5. To re-appoint Ernst & Young in Hong Kong as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. (Resolution 7)

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

AS SPECIAL BUSINESS

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

7. Authority to 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:

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

(bb) 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

(cc) 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 8)

8. Authority to issue shares under the CDW Employees' Share Option Scheme 2013

That authority be and is hereby given for the Directors of the Company to offer and grant options under the CDW Employees' Share Option Scheme 2013 (the "ESOS 2013") and to allot and issue and/or deliver (including through the transfer of shares held in treasury by the Company) from time to time such number of fully paid-up ordinary shares as may be required to be allotted, issued and/or delivered pursuant to the exercise of options granted under the ESOS 2013, provided that the total number of ordinary shares over which an option granted or may be granted under the ESOS 2013, when added to the total number of ordinary shares issued and issuable or delivered and deliverable in respect of (a) all options granted under the ESOS 2013 and (b) all awards, shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the number of all issued ordinary shares (excluding treasury shares) of the Company on the day preceding such date, 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 9)

9. Authority to issue shares under the CDW Share Performance Scheme 2013

"That approval be and is hereby given to the Directors of the Company to offer and grant awards under the CDW Share Performance Scheme 2013 (the "Performance Scheme") and to allot and issue and/or deliver (including through the transfer of shares held in treasury by the Company) from time to time such number of fully paid-up ordinary shares as may be required to be allotted, issued and/or delivered pursuant to awards granted under the Performance Scheme, provided that the total number of ordinary shares over which an award granted or may be granted under the Performance Scheme, when added to the total number of ordinary shares issued and issuable or delivered and deliverable in respect of (a) all awards granted under the Performance Scheme and (b) all awards, shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the number of all issued ordinary shares (excluding treasury shares) of the Company on the day preceding such date, 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 (iii)] (Resolution 10)

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary

Singapore
4 April 2014

Notice of Annual General Meeting

Explanatory Notes:

(i) The Ordinary Resolution 8 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, fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (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 9 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 allot and issue and/or deliver (including through the transfer of shares held in treasury by the Company) fully paid-up ordinary shares in the Company pursuant to the exercise of options granted or may be granted under the ESOS 2013. The total number of ordinary shares to be allotted, issued and/or delivered over which an option granted or may be granted under the ESOS 2013, when added to the total number of ordinary shares issued and issuable or delivered and deliverable in respect of all other share-based incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the number of all issued ordinary shares (excluding treasury shares) of the Company on the day preceding such date.

(iii) The Ordinary Resolution 10 in item 9 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 allot and issue and/or deliver (including through the transfer of shares held in treasury by the Company) fully paid-up ordinary shares in the Company pursuant to the awards granted or may be granted under the Performance Scheme. The total number of ordinary shares to be allotted, issued and/or delivered over which an award granted or may be granted under the Performance Scheme, when added to the total number of ordinary shares issued and issuable or delivered and deliverable in respect of all other share-based incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the number of all issued ordinary shares (excluding treasury shares) of the Company on the day preceding such date.

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.

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Corporate Information

Board of Directors

Chairman and Chief Executive Officer

URANO Koichi

Executive Director

KIYOTA Akihiro

DY MO Hua Cheung, Philip

OCHI Shinichi

Non-Executive Director

LAI Shi Hong, Edward

Independent Director

CHONG Pheng

MITANI Masatoshi

NG Wai Kee

Key Executive Officers

CHAN Kam Wah

EGUCHI Yasunori

LEE Haeng Jo (also known as MORIYAMA Kozo)

MIZUGUCHI Tomokazu

SHINJO Kunihiko

Company Secretary

WAN Tiew Leng, Lynn, FCIS

Audit Committee

NG Wai Kee (Chairman)

CHONG Pheng

LAI Shi Hong, Edward

MITANI Masatoshi

Remuneration Committee

CHONG Pheng (Chairman)

LAI Shi Hong, Edward

MITANI Masatoshi

NG Wai Kee

Nominating Committee

MITANI Masatoshi (Chairman)

CHONG Pheng

LAI Shi Hong, Edward

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 Territories, 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

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Audit Partner: WONG Sau Pik
Date of appointment: 29 October 2012

CDW Holding Limited
香港 新界沙田火炭禾盛街11號中建電訊大廈11樓6–10室
Room 6-10, 11th Floor, CCT Telecom Building
11 Wo Shing Street, Fo Tan, Shatin, New Territories, Hong Kong
TEL: +852 2634 1511 FAX: +852 2690 3349
www.cdw-holding.com.hk