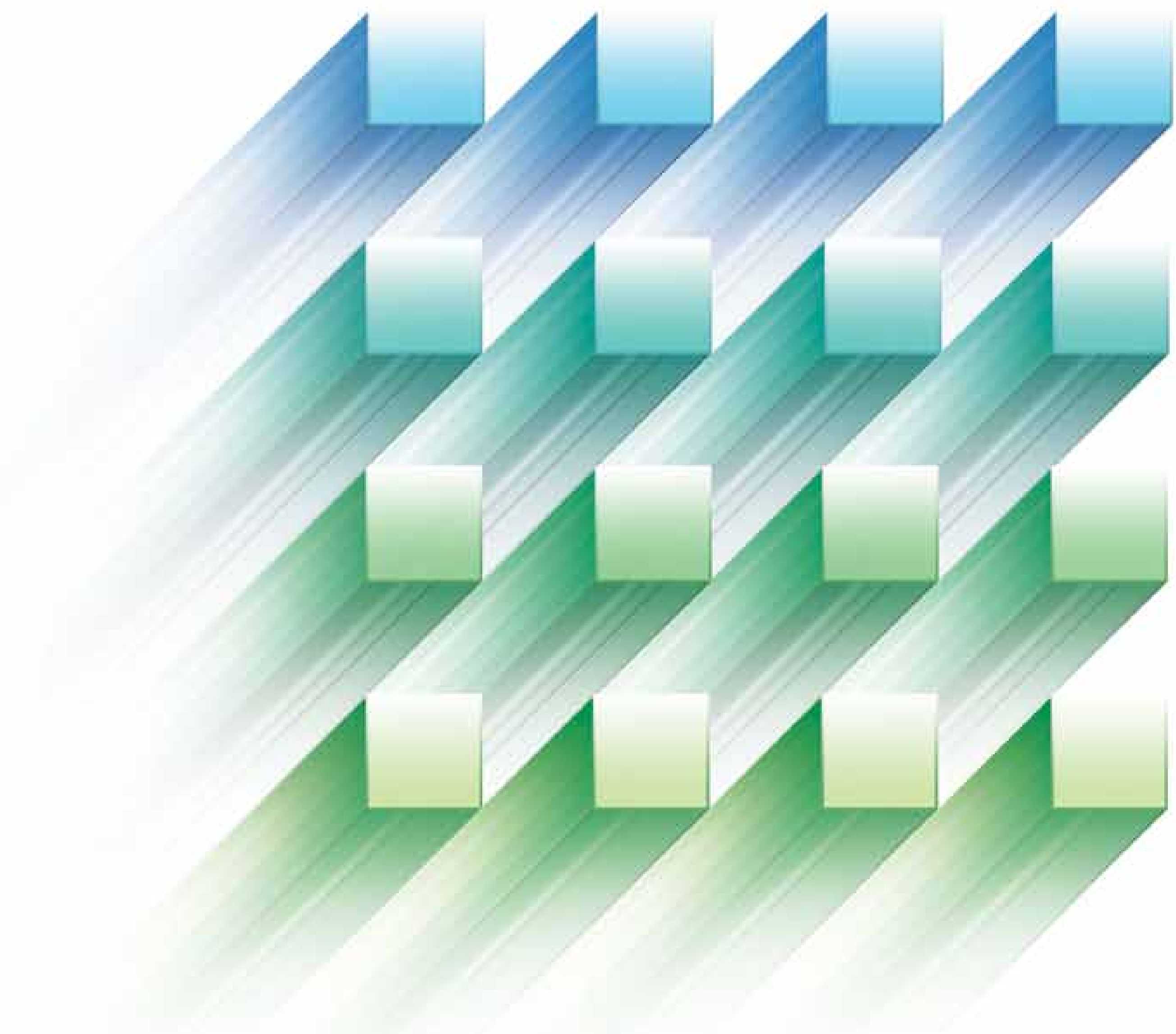
CDW Holding Limited

SUSTAINING OUR DIRECTION

ANNUAL REPORT 2015



A RELIABLE OUTSOURCING PARTNER WITH JAPANESE PRECISION

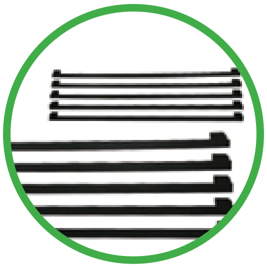
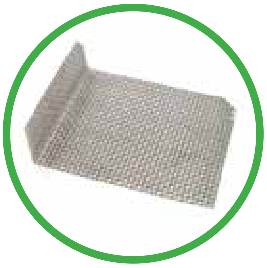
日本の技術力と信頼性を世界へ

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.

Contents

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.

LCD Backlight Units	LCD Parts and Accessories	Office Automation
		
		

Applications

Our Products

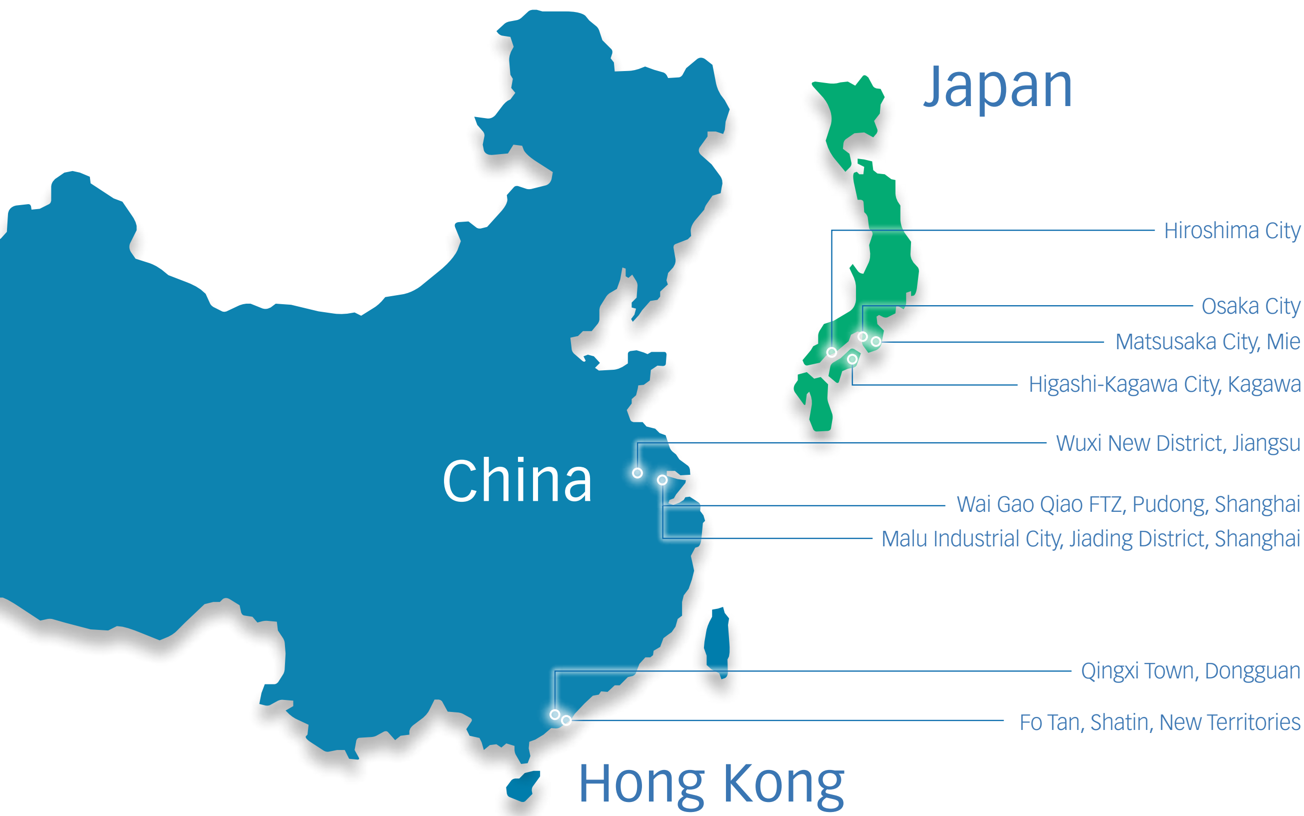
OUR PRODUCTION CENTRES AND OFFICES

Minami Tec (Wuxi) Co., Limited

Tomoike Precision Machinery (Shanghai) Co., Limited

Crystal Display Components (Shanghai) Co., Limited

Tomoike Electronics (Shanghai) Co., Limited



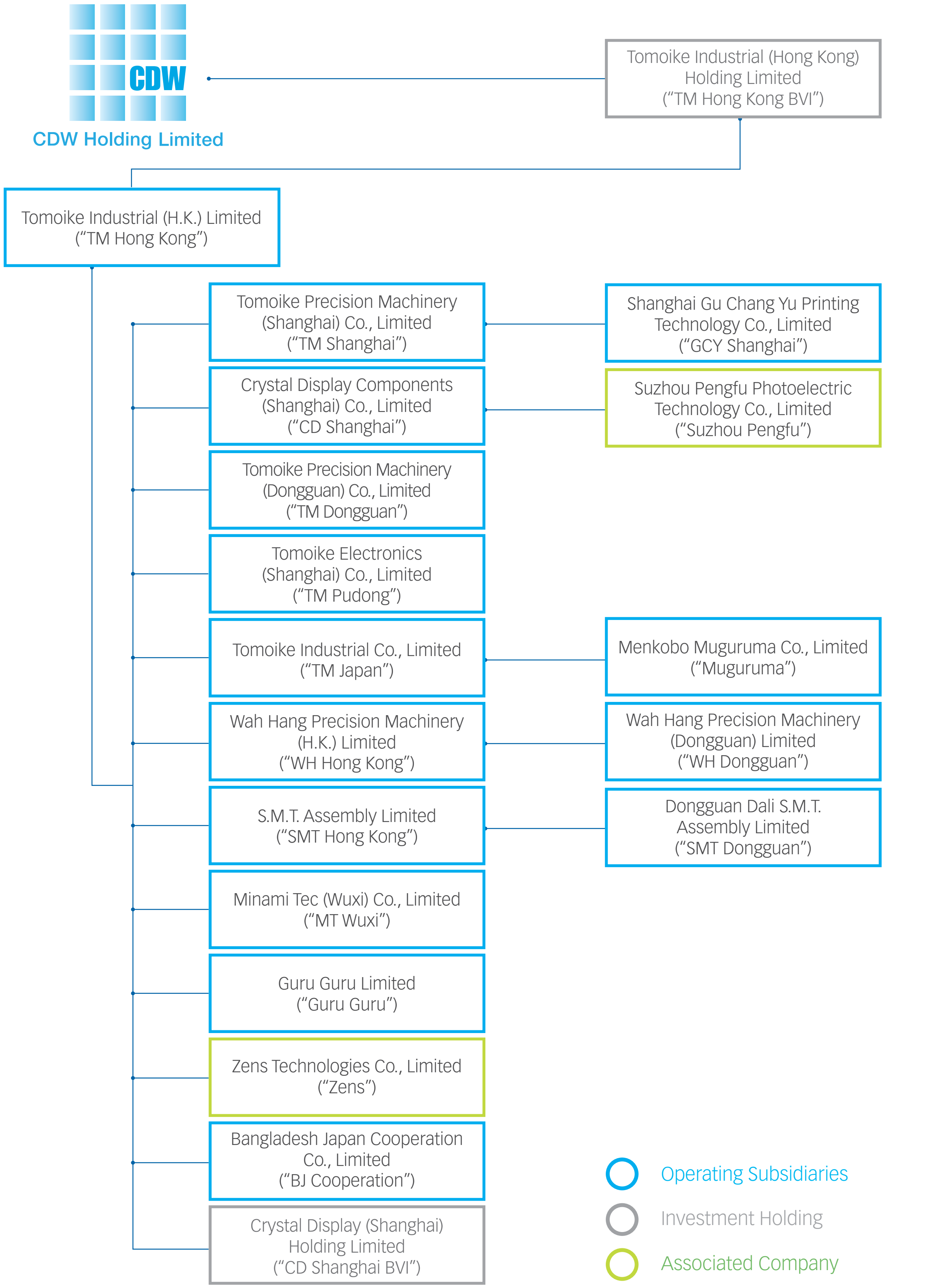
Tomoike Precision Machinery (Dongguan) Co., Limited

Wah Hang Precision Machinery (Dongguan) Limited

Dongguan Dali S.M.T. Assembly 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 Crystal Display Components (Suzhou) Co., Limited ("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.

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.

CORPORATE MILESTONES

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 for voluntary liquidation.

2014

The Group increased equity interest from 86% to 100% in SMT Hong Kong. SMT Hong Kong became a wholly-owned subsidiary of TM Hong Kong.

Guru Guru was established to perform general trading in Hong Kong.

2015

The Group incorporated Muguruma to enter food and beverage business in Japan.

The Group acquired 25% equity interest in Suzhou Pengfu to secure a continuous supply of light guide panels which are a key component of LCD Backlight Units, and set up Zens, a joint venture with 40% equity interest for developing consumer electronics products.

LETTER TO SHAREHOLDERS

" We will continue to develop in-house, leading technologies and work with market-leading partners in order to develop and introduce new products. In addition, we are also seeking opportunities to enhance the product portfolio of our LCD Parts and Accessories and Office Automation businesses. "

URANO Koichi

DEAR SHAREHOLDERS,

On behalf of the Board and management, I am pleased to present to you the annual report of CDW Holding Limited ("CDW" or the "Group") for the financial year ended 31 December 2015 ("FY2015"). It was a difficult year for the Group, as we sought to adapt to the ever-changing business environment while seeking out avenues to diversify. These included cost management strategies which were successfully executed, and new product development which has been making progress.

However, as you are aware, ongoing global economic uncertainties propelled by China's slowdown and low oil prices, continue to weigh down on the already weak global sentiment. The slowdown in the global economy is eroding the demand for computers and smartphones, as well as depressing component prices. In this difficult business environment, manufacturing companies remain uncertain about their business prospects, and when you operate in a highly competitive consumer electronics industry with competition from a handful of mega-sized players like we do, it becomes even more challenging.

Aside from the challenging macro-environment, our key customer, who is focused on the high-end smartphone market, is facing very difficult times. The slowing global demand for smartphones has led to a drop in orders for our key customer and cost down pressures for us over the past year. This situation for us does not look to improve any time soon and may even deteriorate, and this is dependent on how our key customer and other market players perceive our new generation light guide product and whenever they embark on mass production using it.

We started FY2015 with revenue growth in the first quarter, as we had stabilised our supply of ultra-thin light guide panels, which is a critical component in the production of LCD Backlight Units. This allowed us to catch up with our order backlog from the previous year, which was brought forward.

In the second and subsequent quarters however, the Group's key customer unfortunately suffered from inadequate product appeal and cost competition, and lost market share to other market players. This impacted the Group as we received fewer orders for LCD Backlight Units from the second quarter onwards. As a result, revenue from LCD Backlight Units segment fell from US$100.2 million in FY2014 to US$80.0 million in FY2015. Nevertheless, the LCD Backlight Units segment continue to remain as our main business in FY2015, contributing to about two-thirds of revenue. The operating profit for our LCD Backlight Units segment also naturally decreased to US$7.5 million in FY2015 from US$11.4 million in FY2014, together with a slight decrease of 2.1% operating margin to 9.3% in FY2015.

In order to deal with an increasingly difficult operating environment, we consolidated our production centers in order to achieve economies of scale. As we went through this exercise, interruptions were unavoidable and it affected the sales of the LCD Parts and Accessories segment which declined from US$26.4 million in FY2014 to US$21.1 million in FY2015. Operating profit for the segment also decreased to US$0.4 million in FY2015 compared to US$1.1 million in FY2014, with decrease in operating profit margin from 4.2% to 2.2%.

Our Office Automation segment on the other hand, was affected by weak demand in Japan and China in FY2015 and recorded a low level of sales of US$16.6 million with a marginal operating profit less than US$0.1 million with an operating margin of 0.3%.

On an overall basis, the Group's FY2015 revenue saw a 22.2% decrease from US$151.8 million in FY2014 to US$118.1 million. In tandem with the revenue decrease, gross profit also fell by 20.8% from US$33.7 million in FY2014 to US$26.7 million in FY2015. Our gross profit margin however, improved to 22.6% in FY2015 from 22.2% in FY2014. All in all, our net profit for FY2015 only had a slight decrease of 5.2% to US$7.9 million. This translates into a fully diluted earnings per share of 1.64 US cents while net asset value per ordinary share is 13.87 US cents, as at 31 December 2015.

In order to reward the continuous support of our shareholders, the Board is proposing a final dividend of 0.7 US cents per ordinary share that is subject to shareholders' approval at the upcoming Annual General Meeting. The total dividend for FY2015 will thus be 1.2 US cents, which includes the interim dividend of 0.5 US cents per ordinary share.

OUTLOOK AND STRATEGY

The Group is of the view that 2016 will be yet another challenging year as the Group's profitability may be adversely affected if the global economic environment and market situation worsens further. The Group will remain cautious as it continues its strategy to counter-balance the volatility of its current business.

We will continue to develop in-house, leading technologies and work with market-leading partners in order to develop and introduce new products. As we deal with the challenges arising from our key customer's loss of its market share, we have co-developed a new generation light guide together with a Taiwanese Company that offers flexibility and ultra-thin thickness, making it suitable for small to medium sized LCD panels in smartphones, tablets, notebook computers and more. This new generation light guide requires different materials to produce and pioneering production techniques, which enables us to strategically approach not only our key customer, but also other LCD module manufacturers for orders. In addition, we are also seeking opportunities to enhance the product portfolio of our LCD Parts and Accessories and Office Automation businesses.

In sum, despite facing a delay in production of LCD BLU for smartphones due to our customers' end-customer who delayed the launch of a new model, our LCD BLU Units segment was bolstered by the stability of our display devices with global positioning system function for automobile business.

In addition, samples of our new generation light guide were pitched to our key customer and potential customers for new orders, and we received positive feedback. Subject to market conditions, a pick-up in smartphone demand and the product roll-out plans of our customer's customer, we are hopeful that production can commence later this year.

As the restructuring of production facilities has been completed, we expect to see improvement in our LCD Parts and Accessories segment's performance due to higher production efficiency and minimalised costs after a period of adjustment in the production flow. Our Office Automation segment continues to remain stable and is expected to improve in tandem with market conditions.

DIVERSIFICATION & RISK MANAGEMENT

We are seeking out strategic investments that aim to achieve a higher return on equity in the long term. These strategic investments will be carefully assessed in terms of risk and ideally create avenues for us to diversify as our precision components business continues to weather a

LETTER TO SHAREHOLDERS

fast-changing and competitive environment. Our strategy for investments is three pronged. Firstly, we will continue to explore investments that can add value to our core business. Secondly, we will look at strategic investments in new businesses so as to ultimately diversify and develop a second growth engine for us. Lastly, we may also engage in financial investments, which are of a smaller quantum with the aim of delivering returns on a short term basis.

We have initially invested in a number of other businesses whose diversity and scalability are encouraging. We have made initial forays into the food & beverage business through a subsidiary, Menkobo Muguruma Co., Limited, and are looking to continue to make small investments to expand this segment. Guru Guru Limited, another subsidiary, has started to introduce Japanese premium food products and health products to markets such as China and Hong Kong.

Our other investments are still in their initial exploration stages. This includes Zens Technologies Co., Limited, a joint venture that is currently developing new consumer electronics products, and Bangladesh Japan Cooperation Co., Limited, a subsidiary engaged in trading, which will help us to look out for opportunities in Bangladesh. We hope to participate in the potential growth of these diverse businesses and look forward to sharing more details of these ventures once they gear up.

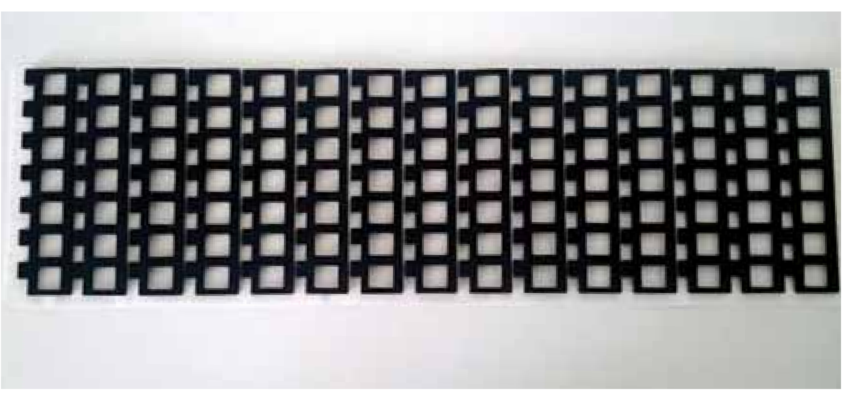
In the meantime, risk management continues to be a crucial part of our business. As we work hard on the customer end of things, we also regularly review our operating costs, production process re-engineering and active inventory management so as to better manage our operating expenses. However, our China operations have had to deal with a relatively strong Renminbi as compared to the currencies of other Asian manufacturing countries, and higher labour costs due to supply constraints. On the other hand, the weaker Japanese Yen has had a limited bearing on us, even though we have operations, customers and suppliers in Japan, as our transactions are largely denominated in US dollars.

CONCLUSION

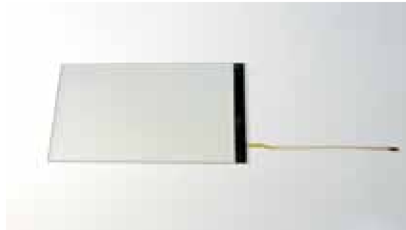
On behalf of the Board and management, we would like to extend our appreciation to the dedicated management team and staff for their efforts, hard work and commitment to CDW. Special mention should also be extended to Mr Ng Wai Kai, an Independent Director and the Chairman of the Audit Committee since August 2004. He is retiring from the Board after the Annual General Meeting to be held on 28 April 2016. We thank him for his contribution and wish him well in the future. Last but not least, we would like to take this opportunity to express our deepest gratitude to our shareholders, business partners, and professionals in Japan, Hong Kong, Singapore and China for your continuous support. Together, we look forward to the year ahead as we continue to work hand in hand for our future.

Yours Sincerely,

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



FINANCIAL AND OPERATIONS REVIEW



STATEMENT OF PROFIT OR LOSS

Amidst challenging business conditions in FY2015, the Group registered a revenue growth in the first quarter of FY2015, which was attributable to the stable supply of light guide panels, a critical component in its LCD Backlight Units segment that enabled the Group to catch up backlog orders that were carried forward from FY2014. Unfortunately, the Group received fewer orders in its LCD Backlight Units segment in the second and subsequent quarters of FY2015 as its key customer suffered from inadequate product appeal and cost competition, and lost market share to other market players. As a result, the Group's revenue decreased by 22.2% to US$118.1 million from US$151.8 million in FY2014.

On the back of decreased revenue, the Group's gross profit decreased by 20.8% from US$33.7 million in FY2014 to US$26.7 million in FY2015. Nevertheless, the Group's gross profit margin slightly improved to 22.6% in FY2015 from 22.2% in FY2014.

Other operating income registered a substantial increase of US$4.1 million to US$6.6 million from US$2.5 million in FY2014. This mainly comprised of interest income and a reclassification adjustment of exchange gain of US$4.9 million arising from the liquidation of a subsidiary during the year.

In the area of expenses, distribution costs dropped slightly by US$0.4 million to US$2.0 million in FY2015 from US$2.4 million in FY2014, mainly due to a decrease in packing material costs. Administrative expenses decreased by US$1.3 million to US$20.8 million in FY2015 from US$22.1 million in FY2014, mainly due to the translation of expenses from a weakening Japanese Yen to USD, and cost controls over headcount, travelling and entertainment etc. The administrative expenses also included a one-off exchange loss of US$0.7 million attributable to the depreciation of Renminbi in August 2015.

Finance costs remained at a low level during the year under review as the Group maintained a low gearing policy in a low interest rate environment. In FY2015, profit before tax and profit after tax stood at US$10.0 million and US$7.9 million respectively, as compared to US$11.5 million and US$8.4 million in FY2014.

In order to secure the stable supply of a critical component known as ultra-thin light guide panel, the Group invested into Suzhou Pengfu Photoelectric Technology Company Limited ("Suzhou Pengfu") for a 25% equity interest during the year. As the Group's key customer was losing market share as mentioned above, Suzhou Pengfu unfortunately did not receive sufficient orders to achieve a break-even level and incurred a loss for FY2015, of which the Group's share of this loss amounted to US$0.2 million for the year.

In line with the fall in revenue and profit, income tax expenses for FY2015 decreased by US$1.0 million to US$2.1 million, including a charge of US$0.5 million for capital gain tax on the liquidation of a subsidiary during the year.

LCD BACKLIGHT UNITS

Over FY2015, revenue from LCD Backlight Units segment was US$80.0 million, a decrease of US$20.2 million from US$100.2 million in the previous year. Revenue was badly affected by fewer orders from the Group's key customers who suffered from inadequate product appeal and cost competition. The Group securing of supply for ultra-thin light guide panel, which was in shortage in FY2013, did

FINANCIAL AND OPERATIONS REVIEW

not translate the Group's investment in Suzhou Pengfu into revenue and profit. Nonetheless, this segment contributed more than two-thirds to the Group's revenue in FY2015 and remained our largest business segment.

During the year, in terms of volume production, the Group manufactured 7.8 million backlight units for handsets (mainly smartphones) and 13.8 million backlight units for gamesets (including game handheld devices and display devices with global positioning system function for automobiles), as compared to 9.7 million and 17.8 million respectively in the previous year.

OFFICE AUTOMATION

The Group's office Automation segment Business continued to focus on products with reasonable margins. In FY2015, this segment suffered from weak demand in Japan and China, and recorded sales of US$16.6 million with an operating profit less than US$0.1 million at an operating margin of 0.3%, as compared to sales of US$25.2 million with an operating profit of US$0.7 million at an operating margin of 2.9% in the previous year.

LCD PARTS AND ACCESSORIES

During FY2015, the Group's LCD Parts and Accessories segment faced interruptions caused by consolidating production centers to achieve economies of scale. The segment, as a result, faced a decline in sales from US$26.4 million in FY2014 to US$21.1 million in FY2015. The segment booked an operating profit of US$0.4 million as compared to US$1.1 million in the previous year. Operating margin decreased by 2.2% from 4.2% for FY2014 to 2.0% for FY2015.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015, total assets and liabilities stood at US$88.7 million and US$22.8 million respectively as compared to US$118.9 million and US$48.8 million, as at 31 December 2014.

Current assets decreased by US$31.8 million over the year under review to US$76.6 million as at 31 December 2015 from US$108.4 million at the end of the previous financial year. The Group's cash and bank balances decreased by US$18.3 million as a result of repayment of bank borrowings, the settlement of trade payables, investment in associate, dividend paid in the year and the depreciation of Japanese yen and Renminbi.

In tandem with the sales decline in FY2015, trade receivables and inventories were reduced by US$8.4 million and US$3.7 million respectively. There was no material change in the credit terms offered to customers

in general. Other receivables and prepayment mainly represented utility deposits, prepaid expenses and value-added tax recoverable. Included in loan and receivables, was funding to a third party under a secured trade finance arrangement at an interest rate of 1% per month to generate additional interest income. Held for trading investments represented listed equity investment held for trading.

As at 31 December 2015, total non-current assets stood at US$12.1 million, an increase of US$1.6 million from US$10.5 million in the previous year. Property, plant and equipment included newly purchased equipment amounting to US$1.8 million, which was netted off against the depreciation charge of US$2.0 million for the same period. There was no material change in available-for-sales and held-to-maturity investments and other assets, and investment in an associate represented the Group's acquisition of a 25.0% equity interest in Suzhou Pengfu.

Total current liabilities as at 31 December 2015 were driven down to US$20.7 million from US$43.2 million as 31 December 2014, representing a substantial decrease of US$22.5 million over FY2015. As a result of repayment of borrowings, short-term bank and other borrowings were reduced from US$10.6 million to US$3.6 million as at year-end.

The balance in trade payables was substantially reduced by US$10.6 million to US$12.4 million for FY2015 from US$23.0 million at the end of FY2014, which was in line with reduced operations. There was no material change in the credit terms offered by our suppliers. Other payables and accruals, comprising accruals for expenses and wages payable, and value added tax payables, decreased from US$6.8 million as at 31 December 2014 to US$4.3 million as at 31 December 2015. The decrease was mainly attributable to the lower wages payable, which was in line with the reduced production volume due to a low level of sales.

The income tax on profit for the year was provided and adjusted under tax rules of different jurisdictions. During the year, income tax charge net of payment of US$4.3 million led to a reduction in income tax payable by US$2.3 million to US$0.2 million in FY2015. The payment of income tax included the capital gain tax and withholding tax for dividend amounting to US$0.6 million.

The non-current liabilities as at 31 December 2015 decreased by US$3.4 million to US$2.1 million in FY2015, mainly due to the repayment of long-term bank borrowings, the settlement of the obligation of finance leases and the adjustment to the retirement benefit obligation for directors in the Group's subsidiary in Japan.

STATEMENT OF CASH FLOWS

During the year under review, the Group generated net cash from operating activities amounting to US$1.3 million after taking into account the payment of income tax of US$4.3 million and a non-cash adjustment of US$4.9 million in relation to the liquidation of a subsidiary, as compared to US$11.5 million for the previous year. Cash and cash equivalents at year-end decreased by 26.6% to US$50.4 million from US$68.7 million at the FY2014 year-end for reasons highlighted below.

In FY2015, the Group invested US$2.4 million in Suzhou Pengfu and purchased property, plant and equipment amounting to US$1.8 million, mainly for the LCD Backlight and LCD Parts and Accessories segments. The Group registered the net cash used in investing activities amounting to US$2.2 million for FY2015 as compared to net cash from investing activities amounting to US$4.4 million for FY2014, after taking into account of receipt of the settlement from the secured trade finance arrangement amounting to US$0.7 million and interest income of US$1.3 million.

The Group recorded net cash used in financing activities in FY2015 amounting to US$15.9 million, as compared to net cash from financing activities amounting to US$2.6 million in FY2014. The Group paid a dividend of US$5.7 million in the year under review as well as in the previous year. In addition, the Group received the proceeds from bank borrowings amounting to US$159.5 million in FY2015, against the repayment of bank borrowings amounting to US$169.6 million, which resulted in a decrease of US$10.1 million in bank borrowings.

KEY FINANCIAL DATA

US$mn	FY2015	FY2014	FY2013	FY2012	FY2011
Total Assets	88.7	118.9	109.8	118.8	109.7
Total Liabilities	22.8	48.8	40.8	55.9	51.1
Current Assets	76.6	108.4	97.0	96.7	84.1
Current Liabilities	20.7	43.2	35.8	48.0	45.7
Shareholders' Equity	65.9	70.1	69.0	62.9	58.6
Revenue	118.1	151.8	175.1	196.4	173.1
Profit before tax	10.0	11.5	15.5	18.2	7.9
Profit after tax	7.9	8.4	11.3	11.4	4.7
Earnings per share (US cents)	1.67	1.76	2.41	2.41	0.94
Dividend per share (US cents)	1.2*	1.2	1.2	1.2	0.7

* including the proposed final dividend for FY2015

FINANCIAL AND OPERATIONS REVIEW

Key Operational Information / Data

LCD Backlight Units Operating Subsidiaries
(TM Hong Kong, CD Shanghai, TM Dongguan & TM Japan)

	FY2015	FY2014	FY2013	FY2012	FY2011
Revenue (US$mn)	80.0	100.2	121.5	125.3	111.5
Earnings before interest and taxes (EBIT) (US$mn)	7.5	11.5	15.1	15.3	8.1
Gross floor area (sqm)	19,731	19,731	19,731	19,731	19,731
Clean room area (sqm)	6,077	6,306	6,208	6,208	6,208
Number of staff	125	166	151	153	162
Number of workers	707	1,733	1,523	1,653	1,529
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
(TM Hong Kong, TM Pudong, TM Dongguan, TM Japan, SMT Hong Kong, SMT Dongguan & MT Wuxi)

	FY2015	FY2014	FY2013	FY2012	FY2011
Revenue (US$mn)	21.1	26.4	30.6	49.0	36.2
EBIT (US$mn)	0.4	1.1	0.6	7.6	3.2
Gross floor area (sqm)	15,601	16,210	16,210*	36,887	36,887
Clean room area (sqm)	3,400	2,107	2,107	4,373	4,373
Number of staff	107	129	144	180	191
Number of workers	210#	518	605	767	709

* MT Wuxi was acquired in January 2013 and CD Suzhou terminated the business operations in September 2013.
# TM Pudong stopped production in October 2015.

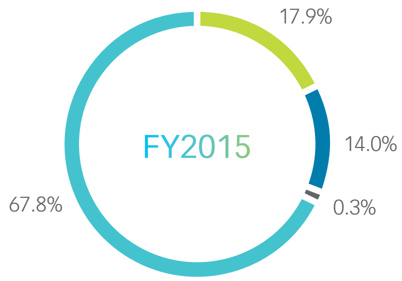
Office Automation Operating Subsidiaries
(TM Shanghai, TM Japan, WH Hong Kong, WH Dongguan & GCY Shanghai)

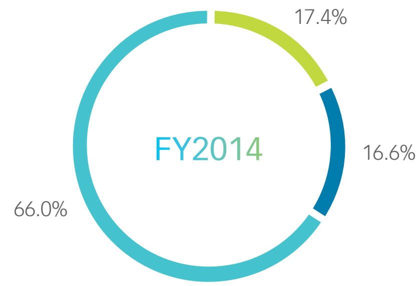
	FY2015	FY2014	FY2013	FY2012	FY2011
Revenue (US$mn)	16.6	25.2	23.0	22.1	25.4
EBIT (US$mn)	0.1	0.7	(0.1)	(1.6)	1.2
Gross floor area (sqm)	7,236	7,236	7,236	7,830	7,830
Clean room area (sqm)	1,091	1,163	1,163	569	569
Number of staff	139	145	156	158	173
Number of workers	333	329	360	389	491

(Figures are based on December of each year)

Segmental Financial Highlights

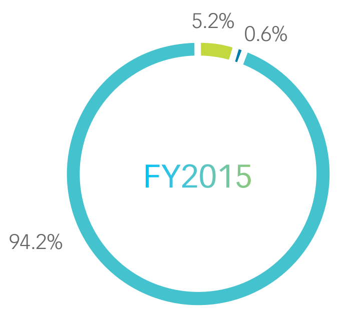
Revenue - by Business Segments

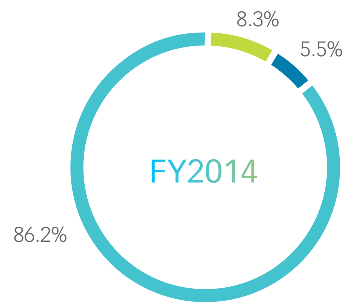




Revenue (US$mn)	FY2015	FY2014	%Change
LCD Backlight Units	80.03	100.15	(20.1)
LCD Parts and Accessories	21.08	26.42	(20.2)
Office Automation	16.64	25.24	(34.1)
Others	0.34	-	N.M.*

EBIT - by Business Segments





EBIT (US$mn)	FY2015	FY2014	%Change
LCD Backlight Units	7.46	11.45	(34.8)
LCD Parts and Accessories	0.41	1.10	(62.7)
Office Automation	0.05	0.73	(93.2)
Others	N.M.*	-	N.M.*

* N.M. = Not meaningful

LCD Backlight Units LCD Parts and Accessories Office Automation Others

BOARD OF DIRECTORS

Executive Directors

URANO Koichi

KIYOTA Akihiro

DY MO Hua Cheung, Philip

OCHI Shinichi

Independent Directors

CHONG Pheng

LAI Shi Hong, Edward

MITANI Masatoshi

NG Wai Kee

BOARD OF DIRECTORS

URANO Koichi Chairman and Chief Executive Officer

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

On 31 March 2012, Mr Urano succeeded from Mr Yoshimi Kunikazu who founded the Group. As the Chief Executive Officer, he is responsible for overseeing the overall operations and strategy, planning and development of the Group. He has more than 21 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 2015)

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 and Chief Financial Officer

(Appointment: 28 April 2008 Last re-election: 28 April 2014)

Mr Dy Mo was re-designated as the Chief Financial Officer on 26 February 2015, and 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: 29 April 2015)

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 21 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

CHONG Pheng Lead Independent Director
(Appointment: 31 May 2011 Last re-election: 28 April 2014)

Mr Chong was re-designated as the Lead Independent Director on 26 February 2015. He 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 Eurock Ltd (a Hong Kong company); and a director of Zhong Xing Venture Pte Ltd. He has also worked with several companies on contract basis to help with marketing, sales and business development. 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 the Organization Learning from the Civil Service College in Singapore.

LAI Shi Hong, Edward Independent Director
(Appointment: 5 August 2004 Last re-election: 28 April 2014)

Mr Lai was re-designated from Executive Director to Non-Executive Director in October 2011, and now served as an Independent Director with effect from 26 February 2015. He has more than 28 years of experience in finance, accounting and business management, and is currently the chief financial officer and the company secretary of Wuling Motors Holdings Limited, 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.

MITANI Masatoshi Independent Director
(Appointment: 31 May 2011 Last re-election: 29 April 2015)

Mr Mitani is a professional accountant by training and a certified public accountant. He has more than 20 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 28 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 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


LEE Haeng Jo


MIZUGUCHI Tomokazu


SHINJO Kunihiko


YOSHIKAWA Makoto

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 worked as a personal assistant to our founder prior to joining our Group. He has been the legal representative and General Manager of WH Dongguan since March 2008.

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 19 years of experience in sales and marketing in Japan. He is responsible for the corporate planning of the Group, and also addresses 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 of 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 29 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 he has been an executive director of TM Japan since May 2012.

YOSHIKAWA Makoto Head of Sales and Marketing and Business Development

Mr Yoshikawa is responsible for sales and marketing operations in Japan and Southeast Asia. He joined the LCD Division in TM Japan in 1999 and has been an executive officer of TM Japan since 2014. He has extensive sales experience in LCD and backlight business and has exposure in procurement, human resources development and business development.

CORPORATE INFORMATION

Board of Directors

Chairman and Chief Executive Officer
URANO Koichi

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

Lead Independent Director
CHONG Pheng

Independent Director
LAI Shi Hong, Edward
MITANI Masatoshi
NG Wai Kee

Key Executive Officers

CHAN Kam Wah
LEE Haeng Jo (also known as MORIYAMA Kozo)
MIZUGUCHI Tomokazu
SHINJO Kunihiko
YOSHIKAWA Makoto

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, HM 12
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

Investor Relations

Cogent Communications Pte Ltd
51 Goldhill Plaza #22-05
Sinagpore 308900
Tel: 67049288
Email: staff@cogentcomms.com

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 2015 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 and Chief Financial Officer)
OCHI Shinichi	(Executive Director)
CHONG Pheng	(Lead Independent Director)
LAI Shi Hong, Edward	(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 the approval of the annual budget, annual report, financial statements and financial results announcements which require public disclosures, proposals from management committee(s), among which, an Investment Committee.

The Investment Committee is a special task force formed by Management. The members are appointed by Executive Directors from amongst the members of the Board.

The members of the Investment Committee at the date of this report are as follows:

URANO Koichi (Chairman)
DY MO Hua Cheung, Philip
LAI Shi Hong, Edward

The primary function of the Investment Committee is to assist the Board in evaluating potential investment projects which create values to the Company.

Formal Board meetings will be held at least four (4) 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 2015 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	3	–	–	–	–	–	–
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 Director who has no prior experience as a director of a listed company, the Company will expect the Director to undergo training funded by the Company in areas such as accounting, legal and industry-specific knowledge, as and when appropriate. The Directors will also be updated on the business of the Group through regular meetings and informal discussions. 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 judgement 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 (4) Executive Directors (including the CEO) and four (4) Independent Directors. Independent Directors have made up half of the Board composition.

The Nominating Committee will review the independence of each Independent Director annually with reference to the Code's definition of what constitutes an Independent Director and any other salient factors. The Independent Directors, namely MITANI Masatoshi, CHONG Pheng, LAI Shi Hong, Edward and NG Wai Kee, 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 judgement with a view to the best interest of the Company. The Nominating Committee has reviewed and is satisfied that there are no relationships which would deem any of the Independent Directors not to be independent.

Although Mr Ng Wai Kee and Mr Lai Shi Hong, Edward have served on the Board for more than nine (9) years from the date of their first appointment on 5 August 2004, the Board concurred with the Nominating Committee's view that they are independent in character and judgement and there were no circumstances which would likely affect or appear to affect their judgement.

The Board, with the assistance of Nominating Committee, will review its board size annually and determine what it considers to be an appropriate composition to ensure that the Group remains competitive and competent. The Nominating Committee is of the view that the current Board size of eight (8) Directors is appropriate, taking into account the nature and scope of the Company's operations and the competencies of each Director.

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 to 16 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.

Mr URANO Koichi is the Group's Chairman and CEO.

As a Chairman, he plays an instrumental role in setting the strategic direction of the Group and provides the Group with strong leadership and vision. As a CEO, he is responsible for the day-to-day operations of the Group and ensuring that the organisational objectives are achieved.

The single leadership structure adopted by the Group, whereby the Chairman of the Board and the CEO is the same person, is a decision arrived at by the Board following a deliberated thought-out process so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Company recognises that in accordance with the Code, the two (2) roles should be kept separate. In this respect, Mr Chong Pheng has been appointed the Lead Independent Director of the Company with effect from 26 February 2015.

In addition, there are adequate checks and balances in the decision-making process of the Board, no individual or small group of individuals dominates the Board's decision making process.

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 Independent Directors, namely MITANI Masatoshi, CHONG Pheng, LAI Shi Hong, Edward and NG Wai Kee, 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 NC performs the following functions:

a) To review, assess, make recommendations to the Board on the appointment of directors including renominations and changes in the composition of Board Committees and making recommendations on the composition of the Board generally.

b) To regularly review and make recommendations to the Board on 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.

c) To review, assess and recommend nominee(s) or candidate(s) for re-appointment or re-election as Directors to the Board having regard to their competencies, commitment, contribution, performance and independence.

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

e) To determine annually if a Director is independent bearing in mind the circumstances set forth in the Code.

f) 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.

g) 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.

h) 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.

i) To recommend training and professional development programmes for the Board.

Every Director shall retire from office once (1) every three (3) years and is subject to the provisions of the Company's bye-laws whereby one-third (1/3) of the Directors are required to retire and subject themselves to re-election by shareholders at every annual general meeting ("AGM").

Mr Ng Wai Kee, an Independent Director who has served on the Board for more than 9 years, has notified the Company that he does not wish to seek re-election at the forthcoming Annual General Meeting and will retire from office following the conclusion of the Annual General Meeting.

Mr Ng's length of service has brought with him in-depth knowledge of the Group's businesses which is viewed by the Board as especially valuable. While recognising the benefits of the experience and stability brought by long-standing Directors, the Board remains committed to the progressive renewal of board membership.

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

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.

On multiple board representations and taking into consideration other principal commitments, the NC's guideline adopted by the Board is that the number of directorships in listed companies that a Board member holds should not be more than five (5). In this regard, 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 Independent Directors, namely CHONG Pheng, LAI Shi Hong, Edward, MITANI Masatoshi and NG Wai Kee, and is chaired by CHONG Pheng. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration package.

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

a) To function as the administrative committee referred to in the CDW Employees' Share Option Scheme 2013 and the CDW Share Performance Scheme 2013.

b) 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.

c) 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. 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

   (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.

For a competitive review of the remuneration packages of the Company's directors (including non-executive and independent directors) and senior executives, RC takes into account information on a report on the remuneration packages of comparable companies listed in Singapore and Hong Kong provided by a market surveyor.

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 2015 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$525,800)	79%	12%	–	–	9%
KIYOTA Akihiro (SG$288,900)	92%	–	–	–	8%
DY MO Hua Cheung, Philip (SG$367,000)	93%	–	–	–	7%
OCHI Shinichi (SG$270,700)	91%	–	–	–	9%
CHONG Pheng (SG$91,993)	–	–	87%	–	13%
LAI Shi Hong, Edward (SG$71,993)	–	–	83%	–	17%
MITANI Masatoshi (SG$71,993)	–	–	83%	–	17%
NG Wai Kee (SG$71,993)	–	–	83%	–	17%

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	69%	23%	–	–	8%
LEE Haeng Jo	67%	26%	–	–	7%
MIZUGUCHI Tomokazu	72%	19%	–	–	9%
Below SG$250,000					
SHINJO Kunihiko	89%	–	–	–	11%

The total remuneration paid to the above key management executives for the financial year ended 31 December 2015 was approximately SG$1,151,700.

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 (5) years each with review every year, unless otherwise terminated by either party giving not less than three (3) 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 had 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 Holding Share Option Scheme 2013 ("2013 Scheme") and CDW Holding Share Performance Scheme (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 the SGX-ST 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 committee comprising four (4) directors who are members of 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 2015. During the financial year 2014, 19,000,000 options had been granted pursuant to the 2013 Scheme. Further information on the 2013 Scheme and Performance Scheme are set out on pages 80 and 81 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 of the SGX-ST.

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. Given that 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 adequacy and 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 assurances on qauterly basis from the CEO and the CFO that for the financial year ended 31 December 2015: (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 adequate and 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 and effective to address financial, operational, compliance and information technology 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.

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.

Our AC comprises all Independent Directors, namely NG Wai Kee, CHONG Pheng, LAI Shi Hong, Edward and MITANI Masatoshi 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 judgement 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 AC performs the following functions:

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 judgements;

   (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.

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.

h) 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 programme 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 the whistle blowing policy of the Company.

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 (IPTs) falling within the scope of the Listing Manual.

s) To approve the hiring, removal, evaluation and compensation of the internal audit function.

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 (4) 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 auditor was also present at the relevant junctures. In its review of the audited financial statements for FY2015, 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 adequate 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 (1) a year. The Company is in compliance with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST whereby the Company appoints a suitable auditing firm to meet its audit obligations in respect of its own accounts and for its subsidiaries.

The AC has reviewed the volume of non-audit services to the Group by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of fees, broken down into audit and non-audit fees paid to auditors for the financial year ended 31 December 2015 can be referred to page 65 of the Annual Report. The AC is pleased to recommend their re-appointment.

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

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 (1) 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 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.

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. To enhance greater shareholder participation at general meetings, the Company has adopted poll voting for all resolutions proposed at all general meetings since 2012.

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 (as disclosed under "Interested Person Transactions"), there are no material contracts of the Company or its subsidiaries involving the interest of the CEO or any Directors or controlling shareholders subsisting at the end of the year ended 31 December 2015 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 (2) weeks before the announcement of each of the Group's first three (3) quarters' results and one (1) month before the full year results until the day of the release of the announcement or while in possession of unpublished price-sensitive information on the Group. The Company has also reminded its Directors and officers not to deal in the Company's securities on short-term consideration.

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

INTERESTED PERSON TRANSACTIONS

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

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	269	–
Total	269	–

STATEMENT OF DIRECTORS

The directors are pleased to present their statement 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 2015.

1. Opinion of the Directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) 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.

2. Directors

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

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

In accordance with Bye-law 104 of the bye-laws of the Company, Urano Koichi, Ng Wai Kee and Dy Mo Hua Cheung, Philip retire, and Urano Koichi and Dy Mo Hua Cheung, Philip, being eligible, offer themselves for re-election while Ng Wai Kee does not wish to seek re-election.

3. Arrangements to Enable Directors to Acquire Shares and Debentures

Except as described in paragraphs 4, 6 and 7 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.

4. 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:

Name of directors and companies in which interests are held	Direct interests At the beginning of financial year	Direct interests At the end of financial year	Deemed interests At the beginning of financial year	Deemed interests At the end of financial year
The Company				
Ordinary shares of US$0.02 each				
URANO Koichi	2,662,000	2,662,000	–	–
KIYOTA Akihiro	2,152,000	2,152,000	–	–
DY MO Hua Cheung, Philip	2,352,000	2,352,000	–	–
OCHI Shinichi	1,464,000	1,464,000	–	–
LAI Shi Hong, Edward	1,064,000	600,000	–	–

	Options to subscribe for ordinary shares At the beginning of financial year	Options to subscribe for ordinary shares At the end of financial year
The Company		
URANO Koichi	2,000,000	2,000,000
KIYOTA Akihiro	1,000,000	1,000,000
DY MO Hua Cheung, Philip	1,000,000	1,000,000
OCHI Shinichi	1,000,000	1,000,000
CHONG Pheng	500,000	500,000
LAI Shi Hong, Edward	500,000	500,000
MITANI Masatoshi	500,000	500,000
NG Wai Kee	500,000	500,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

Except as disclosed in this statement, 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.

5. Directors' Contractual Benefits

Except as disclosed in the financial statements, since the end of the previous financial years, 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 memeber, or with a company in which the director has a substantial financail interest.

6. Share Options

Options to take up unissued shares

The Company adopted the 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 2013 Scheme provides an opportunity for the Group's employees and directors to participate in the equity of the Company.

The rules of the 2013 Scheme are set out in the Company's Circular dated 12 April 2013 and summarised in note 24(b) to the financial statements. Qualified persons who are also the Company's controlling shareholders or their associates may not participate in the 2013 Scheme. The options grant the right to the holder to subscribe for new ordinary shares of the Company at a discount to the market price of the share, subject to a maximum limit of 20%, or at a price equal to the average of the closing prices of the shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") on the five days immediately preceding the date of the grant of the option.

The committee administering the 2013 Scheme comprises four directors, who are the members of the Remuneration Committee ("RC"), CHONG Pheng, LAI Shi Hong, Edward, MITANI Masatoshi and NG Wai Kee.

Unissued shares under options exercised

The number of shares available under 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 2013 Scheme are as follows:

Date of grant	Balance at 1 January 2015	Granted	Exercised	Cancelled/ Lapsed	Balance at 31 December 2015	Exercise price per share	Exercisable period
30 May 2014	19,000,000	–	–	–	19,000,000	SG$0.108	30 May 2016 to 29 May 2019

All the options were granted to the Group's employee and directors, making it a total of 19,000,000 options granted from the commencement of the 2013 Scheme to the end of the financial year.

Holders of the above share options have no right to participate in any share issue of any other company. No employee of the Group has received 5% or more of the total options available under the 2013 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).

6. 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 2013 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	–	2,000,000	–	–	2,000,000
KIYOTA Akihiro	–	1,000,000	–	–	1,000,000
DY MO Hua Cheung, Philip	–	1,000,000	–	–	1,000,000
OCHI Shinichi	–	1,000,000	–	–	1,000,000
CHONG Pheng	–	500,000	–	–	500,000
LAI Shi Hong, Edward	–	500,000	–	–	500,000
MITANI Masatoshi	–	500,000	–	–	500,000
NG Wai Kee	–	500,000	–	–	500,000

7. 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 24(c) to the financial statements. The number of shares available under the Performance 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 committee administering the Performance Scheme comprises four directors, who are the members of the RC, CHONG Pheng, LAI Shi Hong, Edward, MITANI Masatoshi and NG Wai Kee.

During the year ended 31 December 2015, no Award was granted and no share was issued under the Performance Scheme.

8. 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. The AC has met four times since the last Annual General Meeting ("AGM") up to the date of this statement 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.

9. 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 and Chief Financial Officer

31 March 2016

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 99, which comprise the consolidated and company statements of financial position as at 31 December 2015, 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 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 of the Group and the statement of financial position and statement of changes in equity of the Company present fairly, in all material respects, the financial position of the Group and of the Company as at 31 December 2015, and the Group's financial performance, changes in equity and cash flows and the Company's changes in equity 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 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	Group 2015 US$'000	Group 2014 US$'000
Revenue	4	118,097	151,817
Cost of sales		(91,443)	(118,136)
Gross profit		26,654	33,681
Other income	5	6,585	2,461
Distribution costs		(2,047)	(2,393)
Administrative expenses	6	(20,848)	(22,088)
Finance costs	7	(161)	(183)
Share of loss of an associate		(156)	–
Profit before tax	8	10,027	11,478
Income tax expense	9	(2,093)	(3,108)
Profit for the year		7,934	8,370
Profit attributable to:			
Owners of the Company		7,935	8,371
Non-controlling interests		(1)	(1)
		7,934	8,370
Earnings per share (US cents)			
Basic	10	1.67	1.76
Diluted	10	1.64	1.75

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Notes	Group 2015 US$'000	Group 2014 US$'000
Profit for the year		7,934	8,370
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(1,917)	(1,357)
Available-for-sale investment:			
Fair value (loss)/gain arising during the year	15(a)	(42)	61
Reversal of deferred tax liability/(Deferred tax liability arising) on revaluation of available-for-sale investment		15	(22)
Reclassification adjustment for gain on disposal included in profit or loss	15(a)	–	(393)
Reclassification adjustment arising from the liquidation of a subsidiary included in profit or loss		(4,937)	–
Other comprehensive expense for the year, net of tax		(6,881)	(1,711)
Total comprehensive income for the year		1,053	6,659
Attributable to:			
Owners of the Company		1,054	6,660
Non-controlling interests		(1)	(1)
Total comprehensive income for the year		1,053	6,659

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Notes	Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	8,337	8,954	–	–
Investment in subsidiaries	13(a)	–	–	11,334	11,002
Amount due from a subsidiary	13(b)	–	–	16,932	15,857
Investment in an associate	14	2,161	–	–	–
Investments	15	1,021	1,053	–	–
Other assets	16	568	538	–	–
Total non-current assets		12,087	10,545	28,266	26,859
Current assets					
Inventories	17	7,289	11,013	–	–
Trade and other receivables	18	17,285	26,162	36	20
Investments	15	1,478	2,340	–	–
Pledged bank deposit	19	146	145	–	–
Cash and bank balances	19	50,383	68,730	70	831
Total current assets		76,581	108,390	106	851
TOTAL ASSETS		88,668	118,935	28,372	27,710
LIABILITIES AND EQUITY					
Current liabilities					
Income tax payable		175	2,506	–	–
Current portion of bank borrowings	20	3,613	10,595	–	–
Current portion of finance leases	21	115	173	–	–
Trade and other payables	22	16,777	29,876	94	229
Derivative financial instruments	23	–	75	–	–
Total current liabilities		20,680	43,225	94	229
NET CURRENT ASSETS		55,901	65,165	12	622
Non-current liabilities					
Bank borrowings	20	1,282	4,365	–	–
Finance leases	21	80	182	–	–
Retirement benefit obligations	24(a)	411	634	–	–
Deferred tax liabilities	25	352	352	–	–
Total non-current liabilities		2,125	5,533	–	–
TOTAL LIABILITIES		22,805	48,758	94	229
NET ASSETS		65,863	70,177	28,278	27,481
Equity attributable to owners of the Company					
Share capital	26(a)	10,087	10,087	10,087	10,087
Treasury shares	26(b)	(2,061)	(2,061)	(2,061)	(2,061)
Retained earnings		33,526	30,522	919	454
Reserves	27	24,302	31,619	19,333	19,001
		65,854	70,167	28,278	27,481
Non-controlling interests		9	10	–	–
TOTAL EQUITY		65,863	70,177	28,278	27,481
TOTAL LIABILITIES AND EQUITY		88,668	118,935	28,372	27,710

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2015

	Share capital US$'000	Share premium of the Company US$'000	Share capital reserve US$'000	Treasury shares Note 26(b) US$'000	Employee share option reserve Note 24(b) US$'000
GROUP					
Balance at 1 January 2014	10,087	18,994	(221)	(2,100)	–
Profit for the year	–	–	–	–	–
Other comprehensive income/(expense) for the year:					
Exchange differences on translation of foreign operations	–	–	–	–	–
Change in fair value of available-for-sale investment, net of tax	–	–	–	–	–
Reclassification adjustment for gain on disposal of available-for-sale investment included in the profit or loss	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–
Share options granted (Note 24(b))	–	–	–	–	209
Treasury shares transferred out to satisfy the acquisition of non-controlling interests	–	–	19	39	–
Transfer out on acquisition of non-controlling interests	–	–	–	–	–
Transfer	–	–	–	–	–
Dividends paid (Note 34)	–	–	–	–	–
Balance at 31 December 2014 and 1 January 2015	10,087	18,994	(202)	(2,061)	209
Profit for the year	–	–	–	–	–
Other comprehensive expense for the year:					
Exchange differences on translation of foreign operations	–	–	–	–	–
Change in fair value of available-for-sale investment, net of tax	–	–	–	–	–
Reclassification adjustment arising from the liquidation of a subsidiary included in profit or loss	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–
Share options granted (Note 24(b))	–	–	–	–	332
Transfer	–	–	–	–	–
Dividends paid (Note 34)	–	–	–	–	–
Balance at 31 December 2015	10,087	18,994	(202)	(2,061)	541

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

	Merger reserve	Statutory Reserve Fund	Enterprise Expansion Fund	Other reserves	Fair value adjustment reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27				
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
	(7,020)	6,656	327	1,187	377	12,681	27,967	68,935	52	68,987
	–	–	–	–	–	–	8,371	8,371	(1)	8,370
	–	–	–	–	–	(1,357)	–	(1,357)	–	(1,357)
	–	–	–	–	39	–	–	39	–	39
	–	–	–	–	(393)	–	–	(393)	–	(393)
	–	–	–	–	(354)	(1,357)	8,371	6,660	(1)	6,659
	–	–	–	–	–	–	–	209	–	209
	–	–	–	–	–	–	–	58	–	58
	–	–	–	–	–	–	–	–	(41)	(41)
	–	116	2	3	–	–	(121)	–	–	–
	–	–	–	–	–	–	(5,695)	(5,695)	–	(5,695)
	(7,020)	6,772	329	1,190	23	11,324	30,522	70,167	10	70,177
	–	–	–	–	–	–	7,935	7,935	(1)	7,934
	–	–	–	–	–	(1,917)	–	(1,917)	–	(1,917)
	–	–	–	–	(27)	–	–	(27)	–	(27)
	–	–	–	–	–	(4,937)	–	(4,937)	–	(4,937)
	–	–	–	–	(27)	(6,854)	7,935	1,054	(1)	1,053
	–	–	–	–	–	–	–	332	–	332
	–	(771)	–	3	–	–	768	–	–	–
	–	–	–	–	–	–	(5,699)	(5,699)	–	(5,699)
	(7,020)	6,001	329	1,193	(4)	4,470	33,526	65,854	9	65,863

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2015

	Share capital	Share premium	Share capital reserve	Treasury shares	Employee share option reserve	Retained earnings	Total equity
				Note 26(b)	Note 24(b)		
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
COMPANY							
Balance at 1 January 2014	10,087	18,994	(221)	(2,100)	–	134	26,894
Profit for the year and total comprehensive income for the year	–	–	–	–	–	6,015	6,015
Treasury shares transferred out to satisfy the acquisition of non-controlling interests	–	–	19	39	–	–	58
Share options granted (Note 24(b))	–	–	–	–	209	–	209
Dividends paid (Note 34)	–	–	–	–	–	(5,695)	(5,695)
Balance at 31 December 2014 and 1 January 2015	10,087	18,994	(202)	(2,061)	209	454	27,481
Profit for the year and total comprehensive income for the year	–	–	–	–	–	6,164	6,164
Share options granted (Note 24(b))	–	–	–	–	332	–	332
Dividends paid (Note 34)	–	–	–	–	–	(5,699)	(5,699)
Balance at 31 December 2015	10,087	18,994	(202)	(2,061)	541	919	28,278

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	Group 2015 US$'000	Group 2014 US$'000
Operating Activities			
Profit before tax		10,027	11,478
Adjustments for:			
Interest income	5	(1,323)	(1,695)
Finance costs	7	161	183
Net (gain)/loss on disposal of property, plant and equipment	8	(16)	2
Increase in allowance for inventories	8	641	32
Gain on redemption of available-for-sale investment	8	–	(393)
Changes in fair value of derivative financial instruments	8	(75)	(13)
Changes in fair value of held for trading investments	8	108	31
Net loss/(gain) on disposal of held for trading investments	8	23	(96)
Depreciation of property, plant and equipment	11	2,014	1,892
Reclassification adjustment arising from the liquidation of a subsidiary	13	(4,937)	–
Share of loss of an associate	14	156	–
Retirement benefit obligations	24(a)	(215)	109
Share-based payment expense	24(b)	332	209
Operating cash flows before movements in working capital		6,896	11,739
Changes in working capital:			
Trade and other receivables		8,877	2,395
Inventories		3,083	794
Trade and other payables		(13,098)	(210)
Cash generated from operations		5,758	14,718
Net income tax paid		(4,347)	(2,971)
Retirement benefit obligations paid		–	(41)
Interest paid		(161)	(183)
Net cash from operating activities		1,250	11,523
Investing Activities			
Proceeds on disposal of property, plant and equipment		45	3,012
Purchase of property, plant and equipment *		(1,759)	(1,074)
(Increase)/Decrease in other assets		(38)	157
Proceeds from repayment of loans and receivables		4,593	4,418
Advance of loans and receivables		(3,911)	(4,422)
Additional investment in available-for-sale investment		(10)	(11)
Proceeds from redemption of available-for-sale investment		–	979
Interest income received		1,323	1,695
Purchase of held for trading investments		(29)	(855)
Proceeds from disposal of held for trading investments		78	478
Investment in an associate		(2,442)	–
Net cash (used in)/from investing activities		(2,150)	4,377
Financing Activities			
Proceeds from bank borrowings		159,541	58,599
Repayment of bank borrowings		(169,588)	(50,048)
Repayment of obligations under finance leases		(173)	(221)
Dividends paid		(5,699)	(5,695)
Net cash (used in)/from financing activities		(15,919)	2,635
Net (decrease)/increase in cash and cash equivalents		(16,819)	18,535
Net effect of currency translation differences		(1,528)	(1,351)
Cash and cash equivalents at 1 January	19	68,730	51,546
Cash and cash equivalents at 31 December	19	50,383	68,730

* The Group acquired property, plant and equipment with an aggregate cost of approximately US$1,773,000 (2014: US$1,086,000), of which US$14,000 (2014: US$12,000) was acquired by means of finance leases, and approximately US$1,759,000 (2014: US$1,074,000) was paid by cash.

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

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 13 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), except when otherwise indicated.

CHANGES IN ACCOUNTING POLICIES - The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendment to IAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010 - 2012 Cycle	*Amendments to a number of IFRSs*
Annual Improvements 2011 - 2013 Cycle	*Amendments to a number of IFRSs*

The adoption of these revised standards has had no material effect on 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* [2]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [1]
Amendments to IFRS 10, IFRS 12 and IAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception* [1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests In Joint Operations* [1]
IFRS 14	*Regulatory Deferral Accounts* [3]
IFRS 15	*Revenue from Contracts with Customers* [2]
Amendments to IAS 1	*Disclosure Initiative* [1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants* [1]
Amendments to IAS 27 (2011)	*Equity Method in Separate Financial Statements* [1]
Annual Improvements 2012 - 2014 Cycle	*Amendments to a number of IFRSs* [1]

[1] Effective for annual periods beginning on or after 1 January 2016

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board ("IASB") issued the final version of IFRS 9, bringing all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption and expects to adopt the new standard on the required effective date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In September 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

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;
- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUSINESS COMBINATION AND GOODWILL - 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.

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 profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle 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. 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.

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 units to which goodwill have 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.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS - Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FOREIGN CURRENCY (continued)

Consolidated financial statements

For consolidation purpose, 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 profit or loss 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 are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

	Depreciation rate	Residual value
Buildings	5%	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 value, useful live 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 de-recognised.

INTANGIBLE ASSETS - Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS (continued)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis.

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.

Impairment losses of continuing operations 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.

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 investee that is controlled by the Group. The Group controls an investee when it 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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENT IN ASSOCIATE - An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate is eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associate is included as part of the Group's investment in an associate.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

FINANCIAL ASSETS

Initial recognition and measurement

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. Derivatives, including separated embedded derivatives are also classified as held for trading.

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 de-recognised 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 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 purchases or sales

All regular way purchases and sales of financial assets are recognised or de-recognised 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

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 amounts charged to the allowance account are 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.

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.

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; increase in their fair value after impairment is recognised directly in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

Available-for-sale financial assets (continued)

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 also include bank overdrafts that form an integral part of the Group's cash management.

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.

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

Initial recognition and measurement

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES (continued)

Subsequent measurement

The subsequent 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 and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in 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 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.

OFFSETTING OF FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if 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 defined contribution plans operating in Hong Kong, the People's Republic of China ("PRC") and Japan, a defined retirement benefit plan operating in Japan for its directors, annual leave and share-based payments to employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

EMPLOYMENT BENEFITS (continued)

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 are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

Share-based payments

The Group issues equity-settled share-based payments to the Group's employee and directors. 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 24(b) and 24(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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

LEASES (continued)

As lessee (continued)

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.

Sale of goods

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, 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.

Interest income

Interest income is recognised using the effective interest method.

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

Current tax

Current 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAXES (continued)

Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward 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 carry forward 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.

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.

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.

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 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

TREASURY SHARES - Own equity instruments, which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RELATED PARTIES - A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

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

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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 Group or an entity related to the Group;

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

(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); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

FINANCIAL INSTRUMENTS - The Group enters into a variety of financial instruments to manage its exposure to foreign currency 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.

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 currency 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Derivative financial instruments (continued)

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.

Judgements made in applying the Group's accounting policies

Management is of the view that apart from those involving estimates as set out below in the note of key sources of estimation uncertainty, 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 2015 amounted to US$1,683,000 (2014: US$1,091,000). The carrying amount of inventories is disclosed in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

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 13 to the financial statements. No impairment loss was recognised for the years ended 31 December 2015 and 2014.

Impairment of investment in an associate

Where there are indicators of potential impairment of investment in an associate, management projects the cash flows of this associate 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 investment in an associate of the Group is disclosed in note 14 to the financial statements. No impairment loss was recognised for the year ended 31 December 2015.

Impairment of property, plant and equipment

The Group assesses impairment on the property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of the 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 years ended 31 December 2015 and 2014.

4. REVENUE

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

5. OTHER INCOME

	Group	
	2015	2014
	US$'000	US$'000
Changes in fair value of held for trading investments	–	(31)
Net gain on disposal of held for trading investments	–	96
	–	65
Reclassification adjustment arising from the liquidation of a subsidiary	4,937	–
Interest income	1,323	1,695
Gain on disposal of scrap materials	141	183
Net gain on disposal of property, plant and equipment	16	–
Gain on redemption of available-for-sale investment	–	393
Sundry income	168	125
	6,585	2,461

6. ADMINISTRATIVE EXPENSES

	Group 2015 US$'000	Group 2014 US$'000
Employee-related expenses	14,837	15,229
Travelling and entertainment expenses	1,664	2,090
Professional fees	1,341	1,467
Utilities and office expenses	1,091	1,165
Rental expenses	1,048	1,155
Depreciation of property, plant and equipment	427	431
Change in fair value of held for trading investments	108	–
Net loss on disposal of held for trading investments	23	–
Net loss on disposal of property, plant and equipment	–	2
Miscellaneous	309	549
	20,848	22,088

7. FINANCE COSTS

	Group 2015 US$'000	Group 2014 US$'000
Interest expenses on:		
Bank borrowings	153	171
Obligations under finance leases	8	12
	161	183

8. PROFIT BEFORE TAX

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

	Group 2015 US$'000	Group 2014 US$'000
Audit fees paid to:		
Auditors of the Company	184	189
Other auditors	272	280
Non-audit fees paid to:		
Auditors of the Company	–	–
Other auditors	8	8
Employee benefit expenses (Note 24)	30,288	36,110
Depreciation of property, plant and equipment (Note 11)	2,014	1,892
Increase in allowance for inventories (Note 17)	641	32
Inventories recognised as an expense in cost of sales (Note 17)	91,443	118,136
Net (gain)/loss on disposal of property, plant and equipment	(16)	2
Net foreign currency exchange loss/(gain)	222	(51)
Changes in fair value of derivative financial instruments (Note 23)	(75)	(13)
Changes in fair value of held for trading investments (Note 15(d))	108	31
Net loss/(gain) on disposal of held for trading investments (Note 15(d))	23	(96)
Gain on redemption of available-for-sale investment (Note 15(a))	–	(393)
Reclassification adjustment arising from the liquidation of a subsidiary (Note 13)	(4,937)	–

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group 2015 US$'000	Group 2014 US$'000
Current income tax	2,078	2,823
Deferred tax (Note 25)	15	285
	2,093	3,108

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 2015 and 2014 are as follows:

	Group	
	2015	2014
	US$'000	US$'000
Profit before tax	10,027	11,478
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,692	2,982
Adjustments:		
Non-deductible expenses	755	993
Income not subject to taxation	(1,455)	(1,137)
Tax effect from previously unrecognised tax losses	–	(94)
Tax losses not recognised	415	–
Effect of capital gain tax on the liquidation of a subsidiary	493	–
Effect of withholding tax at 5% on the undistributed earnings of the PRC subsidiaries (Note 25)	193	364
Income tax expense recognised in profit or loss	2,093	3,108

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	
	2015 US$'000	2014 US$'000
Profit attributable to owners of the Company	7,935	8,371
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the basic earnings per share computation*	474,914	474,677
Effect of dilutive share options	7,835	2,896
Weighted average number of ordinary shares for the diluted earnings per share computation*	482,749	477,573

* 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 26(b)).

11. PROPERTY, PLANT AND EQUIPMENT

	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 2014	2,305	12,728	4,015	8,352	1,083	28,483
Additions	–	643	228	110	105	1,086
Disposals	–	(122)	(214)	(46)	(147)	(529)
Exchange differences	(235)	(75)	(103)	(146)	(15)	(574)
At 31 December 2014 and 1 January 2015	2,070	13,174	3,926	8,270	1,026	28,466
Additions	79	447	108	1,042	97	1,773
Disposals	–	(26)	(442)	–	(160)	(628)
Exchange differences	(37)	(550)	(104)	(420)	(38)	(1,149)
At 31 December 2015	2,112	13,045	3,488	8,892	925	28,462
Accumulated depreciation and impairment loss						
At 1 January 2014	437	7,941	3,274	6,147	586	18,385
Depreciation	45	1,158	214	315	160	1,892
Disposals	–	(87)	(208)	(40)	(136)	(471)
Exchange differences	(42)	(54)	(87)	(106)	(5)	(294)
At 31 December 2014 and 1 January 2015	440	8,958	3,193	6,316	605	19,512
Depreciation	43	1,203	224	383	161	2,014
Disposals	–	(24)	(426)	–	(149)	(599)
Exchange differences	(11)	(372)	(88)	(306)	(25)	(802)
At 31 December 2015	472	9,765	2,903	6,393	592	20,125
Net carrying amount						
At 31 December 2014	1,630	4,216	733	1,954	421	8,954
At 31 December 2015	1,640	3,280	585	2,499	333	8,337

Assets held under finance leases

The carrying amount of the Group's plant and equipment held under finance leases at the end of the year was US$171,000 (2014: US$332,000).

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

12. GOODWILL

	Group US$'000
Cost	
At 1 January 2014, 31 December 2014 and 31 December 2015	1,516
Accumulated impairment	
At 1 January 2014, 31 December 2014 and 31 December 2015	(1,516)
Net carrying amount	
31 December 2014 and 31 December 2015	–

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.

13. INVESTMENT IN SUBSIDIARIES

(a)

	Company	
	2015 US$'000	2014 US$'000
Unquoted equity shares, at cost	9,700	9,700
Recognition of share-based payments	1,634	1,302
	11,334	11,002

(b) The amount due from a subsidiary included in the Company's non-current assets of US$16,932,000 (2014: US$15,857,000) is unsecured, bears interest at 2% (2014: 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$16,932,000.

13. INVESTMENT IN SUBSIDIARIES (continued)

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

Name	Place of incorporation/ establishment	Principal activities	Proportion of ownership interest 2015 %	2014 %
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), (iii) ("CD Suzhou")	Suzhou, PRC	Manufacture and trading of parts and precision accessories for LCD modules	–	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	99.9
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
S.M.T. Assembly Limited (ii) ("SMT Hong Kong")	Hong Kong	Provision of surface mounting technique services in electronic product assembly	100	100

13. INVESTMENT IN SUBSIDIARIES (continued)

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

Name	Place of incorporation/ establishment	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
Held by TM Hong Kong (continued)				
Minami Tec (Wuxi) Co., Limited [ii] ("MT Wuxi")	Wuxi, PRC	Provision of plastic injection for electronic consumer products and automobiles	100	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
Guru Guru Limited [ii] ("Guru Guru")	Hong Kong	General trading	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
Held by TM Japan				
Menkobo Muguruma Co., Limited [i], [iv] ("Muguruma")	Kagawa, Japan	Provision of food and beverage	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

(iii) Liquidated during the financial year. The liquidation has been completed in May 2015. And, it has resulted in a reclassification adjustment of exchange gain of US$4.9 million

(iv) Incorporated during the financial year

14. INVESTMENT IN AN ASSOCIATE

The Group's investment in an associate is summarised below:

	Group 2015 US$'000	Group 2014 US$'000
Share of net assets	675	–
Goodwill on acquisition	1,486	–
	2,161	–

Particulars of the associate are as follows:

Name	Registered share capital held	Place of incorporation/ establishment	Principal activities	Proportion of ownership interest
Suzhou Pengfu Photoelectric Technology Co., Limited [(i)] ("Suzhou Pengfu")	RMB 1,080,000	Suzhou, PRC	Manufacture of light guide panels	25%

The Group's shareholding in the associate comprises equity shares held by a wholly-owned subsidiary of the Company.

The following table illustrates the aggregate financial information of the Group's associate that is not individually material.

	2015 US$'000	2014 US$'000
Share of the associate's loss for the year	156	–
Share of the associate's total comprehensive expense	156	–
Aggregate carrying amount of the Group's investment in an associate	2,161	–

(i) Audited for the purpose of incorporation in consolidated financial statements of the Group by member firm of Ernst & Young in PRC

15. INVESTMENTS

	Notes	Group 2015 US$'000	Group 2014 US$'000
Non-current:			
Available-for-sale investment	(a)	41	73
Held-to-maturity investment:			
Funds in a leveraged lease arrangement (unquoted), at amortised cost	(b)	980	980
		1,021	1,053
Current:			
Loans and receivables, at amortised cost	(c)	1,216	1,898
Held for trading investments:			
Equity securities (quoted), at fair value	(d)	262	442
		1,478	2,340

Notes:

(a) Available-for-sale investment represents investments in equity securities (quoted) and debt securities (unquoted).

Equity securities (quoted), at fair value

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 year.

During the year ended 31 December 2015, a loss in fair value of US$42,000 (2014: US$19,000) was recorded in other comprehensive income.

Debt securities (unquoted), at fair value

During the year ended 31 December 2015, the Group did not invest in unquoted debt securities. During the year ended 31 December 2014, all unquoted debt securities were redeemed. A gain in fair value of US$80,000 was recognised in other comprehensive income and a gain on redemption of US$393,000 was reclassified from other comprehensive income to profit or loss in 2014.

(b) As at 31 December 2015 and 2014, 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.

(c) During the years ended 31 December 2015 and 2014, 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 three residential properties located in Hong Kong. As at 31 December 2015, TM Hong Kong advanced US$1,216,000 (2014: US$1,898,000) to a third party for a period not more than 6 months. Management considered the fair value of this advance is US$1,216,000.

(d) The held for trading investments represented the quoted equity securities acquired for the purpose of selling or repurchasing in the near term. During the year ended 31 December 2015, a loss in fair value of US$108,000 (2014: US$31,000) and loss on disposal of US$23,000 (2014: gain on disposal of US$96,000) were recorded in profit or loss.

15. INVESTMENTS (continued)

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

	Group	
	2015	2014
	US$'000	US$'000
US$	1,216	1,898

16. OTHER ASSETS

	Group	
	2015	2014
	US$'000	US$'000
Directors' insurance	182	146
Rental deposits	386	392
	568	538

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	
	2015	2014
	US$'000	US$'000
Statement of financial position:		
Raw materials	2,572	5,167
Work-in-progress	508	742
Finished goods	4,209	5,104
	7,289	11,013
Consolidated statement of profit or loss:		
Inventories recognised as an expense in cost of sales	91,443	118,136
Inclusive of the increase in allowances for inventories	641	32

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

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Trade receivables	14,906	23,295	–	–
Other receivables	965	870	–	–
Prepayments	916	988	36	20
Value-added tax recoverable	327	729	–	–
Deposits	171	280	–	–
	17,285	26,162	36	20

Trade receivables

Trade receivables are non-interest-bearing and are generally on terms of 60 days (2014: 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	
	2015	2014
	US$'000	US$'000
Japanese Yen ("JPY")	936	652
US$	11,444	19,968
Renminbi ("RMB")	74	683
Singapore Dollars ("SG$")	8	7

The Group has trade receivables amounting to US$1,370,000 (2014: US$1,237,000) 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 are as follows:

	Group	
	2015	2014
	US$'000	US$'000
Trade receivables past due but not impaired:		
Less than 30 days overdue	619	460
30 to 60 days overdue	80	42
Over 60 days overdue	671	735
	1,370	1,237

19. CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Cash at banks and on hand	27,804	32,244	70	831
Short-term deposits	22,725	36,631	–	–
	50,529	68,875	70	831
Less: pledged bank deposit	(146)	(145)	–	–
	50,383	68,730	70	831

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 2015 for the Group was 2.45% (2014: 2.87%) per annum.

A fixed deposit of US$146,000 (2014: US$145,000) was placed as security for banking facilities. This fixed deposit earns an average interest rate of 0.40% (2014: 0.55%) per annum and will mature in 9 months (2014: 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	
	2015	2014
	US$'000	US$'000
JPY	273	2,876
US$	18,224	16,451
RMB	15,328	118
SG$	56	682

20. BANK BORROWINGS

	Maturity	Group 2015 US$'000	Group 2014 US$'000
Current:			
Bank borrowings, unsecured	2016	3,613	10,595
Non-current:			
Bank borrowings, unsecured	2017	1,282	4,365
Total bank borrowings		4,895	14,960

The bank borrowings are unsecured and bear interest at rates ranging from 0.67% to 2.20% (2014: 0.67% to 2.20%) per annum.

Bank borrowings amounting to US$540,000 (2014: US$7,380,000) are unsecured and carry variable interest rates quoted by the banks with reference to their cost of fund.

Bank borrowings amounting to US$4,355,000 (2014: US$7,580,000) are unsecured and carry fixed interest rates.

Management considered the fair values of the Group's fixed rate bank borrowings are US$4,507,000.

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

	Group 2015 US$'000	Group 2014 US$'000
US$	3,800	12,950

21. 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	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Amounts payable:				
Within one year	118	180	115	173
In the second to fifth years, inclusive	81	186	80	182
	199	366	195	355
Less: Future finance charges	(4)	(11)		
Present value of lease obligations	195	355		
Portion classified as current liabilities	(115)	(173)		
Non-current portion	80	182		

The borrowing rates ranged from 1.50% to 2.60% (2014: 1.50% to 3.78%) 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 value of the Group's obligations under finance leases is US$194,000.

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 currency of the respective entities at 31 December are as follows:

	Group	
	2015	2014
	US$'000	US$'000
US$	144	236

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Trade payables	12,441	23,040	–	–
Other payables	2,653	4,381	94	229
Accruals	1,683	2,455	–	–
	16,777	29,876	94	229

Trade payables

Trade payables are non-interest-bearing and are generally settled on terms of 30 to 120 days (2014: 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	
	2015	2014
	US$'000	US$'000
JPY	856	776
US$	6,330	14,168
RMB	99	273

23. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2015			2014		
	Contract amount	Assets	Liabilities	Contract amount	Assets	Liabilities
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Foreign currency options contracts	–	–	–	1,001	–	75

In 2014, 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 RMB with US$ at a fixed rate and similarly, the banks have the option to buy US$ using RMB at the same rate. The foreign currency options contracts have maturity dates from October 2014 to September 2015. The contracts have matured within the financial year of 2015.

Change in fair value of the foreign currency options contracts amounting to US$75,000 (2014: US$12,000) had been credited to profit or loss.

24. EMPLOYEE BENEFITS

	Note	Group 2015 US$'000	Group 2014 US$'000
Employee benefit expenses, including directors:			
Salaries and bonuses		26,769	31,918
Defined contribution plans		3,734	4,083
Defined retirement benefit plan	(a)	(215)	109
		30,288	36,110

(a) Retirement benefit obligations

TM Japan maintains an unfunded defined retirement benefit plan for its directors. The amount for the year amounting to approximately US$215,000 (2014: US$109,000 charged to profit or loss) has been credited to profit or loss. The retirement benefit obligations with a carrying amount of US$411,000 (2014: US$634,000) at year end represents the present value of the defined retirement benefit plan.

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

(b) Share-based payments – Share options

The Company has a share option scheme, CDW Employees' Share Option Scheme 2013 (the "2013 Scheme"), for all employees and directors of the Group. This option scheme is administrated by the committee comprising four directors who are the members of 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 "Market Price") with a vesting period of one year from the date of grant. The committee may at its discretion fix the exercise price at a discount not exceeding 20% of the Market Price with a vesting period of two years from the date of grant. If the options remain unexercised after a period of five 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
<u>2013 Scheme</u>					
Issued on 30 May 2014	19,000,000	30 May 2014	29 May 2019	SG$0.108	US$0.04

24. EMPLOYEE BENEFITS (continued)

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

The following reconciles the outstanding share options granted under the 2013 Scheme at the beginning and end of the financial year:

	Group and Company						
Date of grant	Balance at beginning of financial year	Granted	Exercised	Cancelled/ lapsed	Balance at the end of financial year	Exercise price per share	Exercisable period
2013 Scheme							
30 May 2014	19,000,000	-	-	-	19,000,000	SG$0.108	30 May 2016 to 29 May 2019

As at 31 December 2015 and 2014, the number of share options amounted to 19,000,000 which had a weighted average remaining contractual life of approximately 3.4 and 4.4 years respectively.

The fair value of the share options granted under the 2013 Scheme is estimated at the grant date using the Binomial 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:

	2013 Scheme
Dividend yield (%)	10.45
Expected volatility (%)	62.66
Risk-free interest rate (%)	1.30
Expected life of option (year)	5
Weighted average exercise price (Singapore cents)	10.8
Weighted average share price on date of grant (Singapore cents)	13.4
Early Exercise Behavior	208% or 187% of the exercise price

For 2013 Scheme, the expected volatility was determined by calculating the historical volatility of the Company's share price from 1 June 2009 to 30 May 2014. 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 year ended 31 December 2015 the Group recognised an equity-settled share-based payment expense of US$332,000 (2014: US$209,000).

(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 committee comprising four directors who are the members of 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 committee at its absolute discretion. Awards are forfeited if the employee leaves the Group before the reward vests. During the years ended 31 December 2015 and 2014, no Awards were granted to any employees and directors under the Performance Scheme.

25. DEFERRED TAX

	Group			
	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Deferred tax liabilities				
Difference in depreciation for tax purposes	(27)	(40)	12	23
Temporary difference relating to held-to-maturity investment	(308)	(390)	77	44
Directors' insurance	(30)	(22)	(8)	(4)
Retirement benefit obligations	172	253	(78)	25
Withholding tax on undistributed earnings of the PRC subsidiaries (Note 9)	(521)	(328)	(193)	(364)
Unutilised tax losses	175	–	175	–
Others	187	175	–	(9)
	(352)	(352)		
Deferred tax expense (Note 9)			(15)	(285)

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 was 5% during the year ended 31 December 2015 (2014: 5%).

Unrecognised tax losses

At the end of the reporting period, the Group had tax losses of approximately US$1,633,000 (2014: US$170,000) 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 for these losses 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 (2014: Nil) attached to the dividends to the shareholders proposed by the Company that are recognised as liabilities in the financial statements (Note 34).

26. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2015		2014	
	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 2015 and 2014, 29,440,000 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 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			
	2015		2014	
	Number of shares '000	US$'000	Number of shares '000	US$'000
At 1 January	29,440	2,061	29,992	2,100
Treasury shares transferred out to satisfy the acquisition of non-controlling interests	–	–	(552)	(39)
At 31 December	29,440	2,061	29,440	2,061

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

27. 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 investment 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.

28. RELATED PARTY TRANSACTIONS

Compensation of directors and key management personnel

	Group 2015 US$'000	Group 2014 US$'000
Salaries, allowances and benefits in kind	1,902	2,139
Defined contribution plans	28	30
Share-based payments – share options	192	121
	2,122	2,290
Comprise amounts paid to:		
Directors of the Company	1,283	1,342
Other key management personnel	839	948
	2,122	2,290

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. COMMITMENTS

Operating lease commitments – as lessee

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, recognised as an expense in profit or loss for the year ended 31 December 2015, amounted to US$2,727,000 (2014: US$2,884,000).

Future minimum rental payables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group 2015 US$'000	Group 2014 US$'000
Not later than one year	1,546	1,681
Later than one year but not later than five years	1,883	329
	3,429	2,010

30. FAIR VALUES OF ASSETS AND LIABILITIES

Fair value hierarchy

The Group categorises 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.

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:

	2015			
	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				
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 15)				
Equity securities (quoted)	41	–	–	41
Held for trading financial assets (Note 15)				
Equity securities (quoted)	262	–	–	262
Financial assets as at 31 December 2015	303	–	–	303
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial instruments (Note 23)				
Foreign currency options contracts	–	–	–	–
Financial liabilities as at 31 December 2015	–	–	–	–

30. FAIR VALUES OF ASSETS AND LIABILITIES (continued)

Assets and liabilities measured at fair value (continued)

	2014			
	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				
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 15)				
Equity securities (quoted)	73	–	–	73
Held for trading financial assets (Note 15)				
Equity securities (quoted)	442	–	–	442
Financial assets as at 31 December 2014	515	–	–	515
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial instruments (Note 23)				
Foreign currency options contracts	–	75	–	75
Financial liabilities as at 31 December 2014	–	75	–	75

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:

Derivative financial instruments

Foreign currency options contracts is 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.

30. FAIR VALUES OF ASSETS AND LIABILITIES (continued)

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 2015 and 2014 but for which fair value is disclosed:

	2015 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	Carrying amount US$'000
Group					
Assets					
Held-to-maturity investment	–	–	980	980	980
Loans and receivables	–	–	1,216	1,216	1,216
Liabilities					
Fixed rate bank borrowings	–	4,507	–	4,507	4,355
Obligations under finance leases	–	194	–	194	195

	2014 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	Carrying amount US$'000
Group					
Assets					
Held-to-maturity investment	–	–	980	980	980
Loans and receivables	–	–	1,898	1,898	1,898
Liabilities					
Fixed rate bank borrowings	–	7,752	–	7,752	7,580
Obligations under finance leases	–	356	–	356	355

30. FAIR VALUES OF ASSETS AND LIABILITIES (continued)

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

	2015 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	Carrying amount US$'000
Company					
Assets					
Amount due from a subsidiary	–	16,932	–	16,932	16,932

	2014 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	Carrying amount US$'000
Company					
Assets					
Amount due from a subsidiary	–	15,857	–	15,857	15,857

Determination of fair value

Held-to-maturity investment

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.

Loans and receivables

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

Bank borrowings and obligations under finance leases and an 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 incremental lending rate for similar types of borrowings 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 2015 and 2014 was assessed to be insignificant. The credit risk of the amount due from a subsidiary was considered insignificant.

31. 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	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Financial assets:				
Available-for-sale investment	41	73	–	–
Held-to-maturity investment	980	980	–	–
Held for trading investments	262	442	–	–
Loans and receivables (including cash and cash equivalents)	67,626	95,048	17,002	16,688
Financial liabilities:				
Amortised cost	21,789	44,955	94	229
At fair value through profit or loss derivative financial instruments	–	75	–	–

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 market 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.

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 and other receivables. For other financial assets (including investments, cash and short-term deposits), 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 76% (2014: 72%) 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.

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

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 74% (2014: 71%) 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.

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 2015				31 December 2014			
	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	15,881	–	–	15,881	24,274	–	–	24,274
Cash and short-term deposits	51,386	–	–	51,386	70,525	–	–	70,525
Loans and receivables	1,362	–	–	1,362	2,125	–	–	2,125
Held-to-maturity investment	–	980	–	980	–	980	–	980
Total undiscounted financial assets	68,629	980	–	69,609	96,924	980	–	97,904
Financial liabilities:								
Trade and other payables	16,699	–	–	16,699	29,639	–	–	29,639
Bank borrowings	3,667	1,303	–	4,970	10,704	4,435	–	15,139
Finance leases	118	81	–	199	180	186	–	366
Derivative financial instruments	–	–	–	–	75	–	–	75
Total undiscounted financial liabilities	20,484	1,384	–	21,868	40,598	4,621	–	45,219
Total net undiscounted financial assets/(liabilities)	48,145	(404)	–	47,741	56,326	(3,641)	–	52,685

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

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturity (continued)

	31 December 2015				31 December 2014			
	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
COMPANY								
Financial assets:								
Other receivables	7	–	–	7	7	–	–	7
Cash and short-term deposits	70	–	–	70	831	–	–	831
Amount due from a subsidiary	–	17,271	–	17,271	–	16,174	–	16,174
Total undiscounted financial assets	77	17,271	–	17,348	838	16,174	–	17,012
Financial liabilities:								
Other payables	94	–	–	94	229	–	–	229
Total undiscounted financial liabilities	94	–	–	94	229	–	–	229
Total net undiscounted financial (liabilities)/assets	(17)	17,271	–	17,254	609	16,174	–	16,783

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 instalment 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 89% (2014: 51%) of the Group's bank borrowings were at fixed rate of interest.

Interest rate sensitivity

At the end of the reporting period, if interest rates had been 50 (2014: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been US$135,000 (2014: US$124,000) 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.

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

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	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
JPY	856	776	1,209	3,528
US$	10,274	27,354	30,884	38,317
SG$	–	–	64	689
RMB	99	273	15,402	801

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.

Foreign currency sensitivity

The following table details the sensitivity to a 10% (2014: 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% (2014: 10%) against the functional currency of each group entity, profit before tax would increase by:

	Group	
	2015	2014
	US$'000	US$'000
JPY	35	275
US$	2,061	1,096
SG$	6	69
RMB	1,530	53

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

Foreign currency risk (continued)

Foreign currency sensitivity (continued)

If the following foreign currencies weaken by 10% (2014: 10%) against the functional currency of each group entity, profit before tax would decrease by:

	Group	
	2015 US$'000	2014 US$'000
JPY	(35)	(275)
US$	(2,061)	(1,096)
SG$	(6)	(69)
RMB	(1,530)	(53)

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.

Market price risk

Market 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 market price risk arising from its investments in quoted equity securities. These securities are quoted on the stock exchange in Japan and Hong Kong and are classified as available-for-sale investment and held for trading investments, respectively.

The Group is exposed to market price risk arising from its investments in securities. The management of the Group monitors its market risk on a regular basis in accordance with the Group's investment objective and policies.

Market price sensitivity

At the end of the reporting period, if market price had been 10% (2014: 10%) higher/lower with all other variables held constant, the Group's other comprehensive income would have been US$4,000 (2014: US$7,000) higher/lower, arising as a result of higher/lower in the fair value of equity securities classified as available-for-sale investments. And, the Group's profit before tax would have been US$26,000 (2014: US$44,000) higher/lower, arising as a result of an higher/lower in fair value of equity securities classified as held for trading investments.

32. 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 2015 and 2014.

As disclosed in note 27, 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 2015 and 2014.

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 2015 was 7.7% (2014: 21.8%).

33. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four 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
- Others performing other business including general trading and food and beverage business

Management monitors the operating results of the Group's 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. Reclassification adjustment arising from the liquidation of a subsidiary, corporate expenses, finance costs, interest income, share of loss of an associate 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 available-for-sale investment, held-to-maturity investment, loans and receivables, held for trading investments, 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.

33. SEGMENT INFORMATION (continued)

	LCD backlight units US$'000	Office automation US$'000	LCD parts and accessories US$'000	Others US$'000	Eliminations US$'000	Total US$'000
2015						
REVENUE						
External sales	80,032	16,644	21,082	339	–	118,097
Inter-segment sales *	–	1,493	90	–	(1,583)	–
Total revenue	80,032	18,137	21,172	339	(1,583)	118,097
RESULTS						
Segment results	7,455	52	414	(4)	–	7,917
Reclassification adjustment arising from the liquidation of a subsidiary						4,937
Unallocated corporate expenses						(3,833)
Operating profit						9,021
Finance costs						(161)
Interest income						1,323
Share of loss of an associate						(156)
Profit before tax						10,027
Income tax expense						(2,093)
Profit for the year						7,934
2014						
REVENUE						
External sales	100,150	25,245	26,422	–	–	151,817
Inter-segment sales *	–	1,518	193	–	(1,711)	–
Total revenue	100,150	26,763	26,615	–	(1,711)	151,817
RESULTS						
Segment results	11,449	728	1,107	–	–	13,284
Unallocated corporate expenses						(3,318)
Operating profit						9,966
Finance costs						(183)
Interest income						1,695
Profit before tax						11,478
Income tax expense						(3,108)
Profit for the year						8,370

* Inter-segment sales are eliminated on consolidation.

33. SEGMENT INFORMATION (continued)

	LCD backlight units US$'000	Office automation US$'000	LCD parts and accessories US$'000	Others US$'000	Eliminations US$'000	Total US$'000
2015						
ASSETS						
Segment assets	44,088	12,619	26,488	380	(170)	83,405
Unallocated assets						5,263
Consolidated total assets						88,668
LIABILITIES						
Segment liabilities	9,259	2,648	4,851	119	(170)	16,707
Bank borrowings and finance leases						5,090
Unallocated liabilities						1,008
Consolidated total liabilities						22,805
OTHER INFORMATION						
Capital expenditure	1,209	357	122	85	–	1,773
Depreciation of property, plant and equipment	852	393	761	8	–	2,014
Increase/(Decrease) in allowance for inventories	506	(51)	186	–	–	641
2014						
ASSETS						
Segment assets	54,203	19,961	41,597	–	(1,412)	114,349
Unallocated assets						4,586
Consolidated total assets						118,935
LIABILITIES						
Segment liabilities	16,694	4,139	10,301	–	(1,412)	29,722
Bank borrowings and finance leases						15,315
Unallocated liabilities						3,721
Consolidated total liabilities						48,758
OTHER INFORMATION						
Capital expenditure	601	113	372	–	–	1,086
Depreciation of property, plant and equipment	559	341	992	–	–	1,892
Increase/(Decrease) in allowance for inventories	331	15	(314)	–	–	32

33. 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*	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Hong Kong	27,574	38,868	354	214
PRC	81,374	100,726	6,145	6,950
Japan	8,660	10,912	2,224	2,181
Others	489	1,311	–	–
	118,097	151,817	8,723	9,345

* Non-current assets as at 31 December 2015 and 2014 mainly comprise property, plant and equipment and rental deposits as presented in consolidated statement of financial position.

Information about a major customer

Revenue from one major customer accounted for 68.9% (2014: 73.2%) of the total revenue, arising from sales with all segments.

34. DIVIDENDS

	Group and Company	
	2015	2014
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final exempt dividend for 2014: US 0.7 cents (2014: US 0.7 cents) per share	3,324	3,321
Interim exempt dividend for 2015: US 0.5 cents (2014: US 0.5 cents) per share	2,375	2,374
	5,699	5,695
Proposed but not recognised as a liability as at 31 December:		
Estimated dividends on ordinary shares as at 31 December 2015, subject to shareholders' approval at the AGM:		
Final exempt dividend for 2015: US 0.7 cents (2014: US 0.7 cents) per share	3,324	3,324

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 31 March 2016.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2016

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2	0.12	109	0.00
100 - 1,000	160	9.67	154,412	0.03
1,001 - 10,000	462	27.93	2,721,600	0.57
10,001 - 1,000,000	997	60.28	84,907,900	17.88
1,000,001 AND ABOVE	33	2.00	387,130,200	81.52
TOTAL	1,654	100.00	474,914,221	100.00

TWENTY ONE LARGEST SHAREHOLDERS

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

NO.	NAME	NO. OF SHARES	%
1	MIKUNI CO., LIMITED	191,000,000	40.22
2	RHB SECURITIES SINGAPORE PTE. LTD.	69,615,300	14.66
3	DBS NOMINEES (PRIVATE) LIMITED	27,463,600	5.78
4	SBS NOMINEES PRIVATE LIMITED	15,871,000	3.34
5	OCBC SECURITIES PRIVATE LIMITED	10,948,900	2.31
6	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	7,772,000	1.64
7	DB NOMINEES (SINGAPORE) PTE LTD	7,106,100	1.50
8	UOB KAY HIAN PRIVATE LIMITED	5,681,200	1.20
9	NG HWEE KOON	5,000,000	1.05
10	LIM BUAN HUA	4,168,800	0.88
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,379,941	0.71
12	PHILLIP SECURITIES PTE LTD	2,958,200	0.62
13	CHAN TECK FONG	2,801,000	0.59
14	RAFFLES NOMINEES (PTE) LIMITED	2,435,600	0.51
15	KHOR KIAN BENG	2,360,000	0.50
16	LIM & TAN SECURITIES PTE LTD	2,308,100	0.49
17	ABN AMRO CLEARING BANK N.V.	2,165,700	0.46
18	NG CHOR MENG	2,010,000	0.42
19	AKIHIRO KIYOTA	1,952,000	0.41
20	DY MO HUA CHEUNG PHILIP	1,952,000	0.41
21	KOICHI URANO	1,952,000	0.41
	TOTAL	370,901,441	78.11

STATISTICS OF SHAREHOLDINGS

As at 18 March 2016

Class of equity securities	:	Ordinary share
No. of equity securities (excluding treasury shares)	:	474,914,221
Voting rights	:	One vote per share

As at 18 March 2016, the total number of treasury shares held is 29,440,000. The treasury shares as a percentage of the total number of issued shares excluding treasury shares is 6.20%.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2016

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Mikuni Co., Limited	238,118,300[1]	50.14	–	–
YOSHIMI Kunikazu	–	–	238,118,300[2]	50.14

Notes:

1. 47,118,300 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 100% shareholdings in Mikuni.

PUBLIC FLOAT

As at 18 March 2016, about 47.92% 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 Thursday, 28 April 2016 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 2015 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 2015 (2014: Final dividend of 0.7 US cents per ordinary share (tax not applicable)). (Resolution 2)

3. (a) To re-elect the following Directors of the Company retiring pursuant to the Bye-law 104 of the bye-laws of the Company:

   Mr. URANO Koichi (Resolution 3)
   Mr. DY MO Hua Cheung, Philip (Resolution 4)

   (b) To note the retirement of Mr. NG Wai Kee pursuant to Bye-law 104 of the Company's bye-laws. Mr. Ng Wai Kee has indicated that he does not wish to seek re-election at this Annual General Meeting.

4. To approve the payment of Directors' fees up to SG$242,000 for the year ending 31 December 2016 (2015: SG$286,000). (Resolution 5)

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 6)

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;

(ab) 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

(ac) 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 7)

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 "2013 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 the exercise of options granted under the 2013 Scheme, provided that the total number of ordinary shares over which an option granted or may be granted under the 2013 Scheme, 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 2013 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 (ii)] (Resolution 8)

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 9)

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary

Singapore
5 April 2016

Explanatory Notes:

(i) The Ordinary Resolution 7 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 8 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 2013 Scheme. The total number of ordinary shares to be allotted, issued and/or delivered over which an option granted or may be granted under the 2013 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.

(iii) The Ordinary Resolution 9 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 81SF of the Securities and Futures Act, Chapter 289 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(ies) 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.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting (the "Meeting") and/or any adjournment thereof, a Member of the Company or a Depositor, as the case may be (a) consents to the collection, use and disclosure of the Member or Depositor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (b) warrants that where the Member or a Depositor discloses the personal data of the Member or Depositor's proxy(ies) and/or representative(s) to the Company (or its agents), the Member or Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the Member or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member or Depositor's breach of warranty.

CDW Holding Limited

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