

**Unaudited First Half Financial Statements And Dividend Announcement for the Six Months / Second Quarter Ended 30 June 2016**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) **An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
**For the period ended 30 June 2016**

	Note	Three months / second quarter ended 30 June			Six months / half-year ended 30 June		
		2016 US\$'000	2015 US\$'000	% Increase/ (Decrease)	2016 US\$'000	2015 US\$'000	% Increase/ (Decrease)
Revenue		23,335	26,358	(11.5%)	49,034	64,575	(24.1%)
Cost of sales		(17,567)	(19,867)	(11.6%)	(37,695)	(49,827)	(24.3%)
Gross profit		5,768	6,491	(11.1%)	11,339	14,748	(23.1%)
Other operating income		207	5,345	(96.1%)	466	5,745	(91.9%)
Distribution expenses		(351)	(408)	(14.0%)	(720)	(1,124)	(35.9%)
Administrative expenses		(5,188)	(5,077)	2.2%	(10,224)	(10,122)	1.0%
Finance costs		(19)	(43)	(55.8%)	(42)	(94)	(55.3%)
Share of loss of an associate		(64)	(32)	100.0%	(99)	(13)	661.5%
Profit before income tax	(1)	353	6,276	(94.4%)	720	9,140	(92.1%)
Income tax expense		(318)	(372)	(14.5%)	(645)	(1,659)	(61.1%)
Profit after income tax		35	5,904	(99.4%)	75	7,481	(99.0%)
Profit attributable to:							
Owners of the Company		35	5,904	(99.4%)	75	7,482	(99.0%)
Non-controlling interests		-	-	-	-	(1)	N.M.*
		35	5,904	(99.4%)	75	7,481	(99.0%)

\* N.M.: Not meaningful.

**Note (1)**

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

	Three months / second quarter ended 30 June		Six months / half-year ended 30 June	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Depreciation of property, plant and equipment	455	504	924	994
Interest income	(155)	(370)	(395)	(719)
Net foreign exchange loss/(gain) (Note a)	161	(175)	320	(451)
(Decrease)/Increase in allowance for inventories	(485)	(96)	(311)	22
Change in fair value of derivative financial instruments	32	(62)	32	(124)
Net (gain)/loss on disposal of property, plant and equipment	(3)	-	14	-
Interest on borrowings	19	43	42	94
Change in fair value of held for trading investments	-	69	83	77

Note a: The foreign currency exchange loss for the six months ended 30 June 2016 comprised mainly unrealised loss net of unrealised gain on translating monetary assets less monetary liabilities in foreign currencies, mainly United States dollars, Renminbi and Japanese yen, to functional currency at each Group entity, and realised loss net of realised gain on payments denominated in foreign currencies other than the functional currency in each Group entity.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the period ended 30 June 2016**

	Three months / second quarter ended 30 June			Six months / half-year ended 30 June		
	2016 US\$'000	2015 US\$'000	% Increase/ (Decrease)	2016 US\$'000	2015 US\$'000	% Increase/ (Decrease)
Profit after income tax	35	5,904	(99.4%)	75	7,481	(99.0%)
Other comprehensive income:						
Available-for-sale investment:						
- Fair value loss arising during the periods	(7)	(25)	(72.0%)	(6)	(34)	(82.4%)
- Reversal of deferred tax liability on revaluation of available-for-sale investment	2	9	(77.8%)	2	12	(83.3%)
Exchange difference on translation of foreign operations	(11)	(1)	1,000.0%	758	(226)	(435.4%)
Reclassification adjustment arising from the liquidation of a subsidiary included in profit or loss	-	(4,937)	N.M.*	-	(4,937)	N.M.*
Other comprehensive (expense)/income for the periods, net of tax	(16)	(4,954)	(99.7%)	754	(5,185)	(114.5%)
Total comprehensive income for the periods, net of tax	19	950	(98.0%)	829	2,296	(63.9%)
Total comprehensive income attributable to:						
Owners of the Company	19	950	(98.0%)	829	2,297	(63.9%)
Non-controlling interests	-	-	-	-	(1)	N.M.*
	19	950	(98.0%)	829	2,296	(63.9%)

\* N.M.: Not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

**STATEMENTS OF FINANCIAL POSITION**  
As at 30 June 2016

	The Group		The Company	
	As at 30 June 2016 US\$'000	As at 31 December 2015 US\$'000	As at 30 June 2016 US\$'000	As at 31 December 2015 US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and bank balances	50,694	50,383	109	70
Trade receivables	12,298	14,906	-	-
Other receivables and prepayments	2,441	2,379	19	36
Inventories	7,387	7,289	-	-
Loans and receivables	1,216	1,216	-	-
Held for trading investments	215	262	-	-
Pledged bank deposit (Note b)	146	146	-	-
<b>Total current assets</b>	<b>74,397</b>	<b>76,581</b>	<b>128</b>	<b>106</b>
<b>Non-current assets</b>				
Available-for-sale investment	47	41	-	-
Held-to-maturity investment	-	980	-	-
Other assets	655	568	-	-
Amount due from a subsidiary	-	-	17,456	16,932
Property, plant and equipment	7,856	8,337	-	-
Investments in subsidiaries	-	-	11,334	11,334
Investment in an associate	2,018	2,161	-	-
<b>Total non-current assets</b>	<b>10,576</b>	<b>12,087</b>	<b>28,790</b>	<b>28,266</b>
<b>Total assets</b>	<b>84,973</b>	<b>88,668</b>	<b>28,918</b>	<b>28,372</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Bank borrowings	4,715	3,613	-	-
Trade payables	10,866	12,441	-	-
Other payables and accruals	3,595	4,336	78	94
Derivate financial instruments	35	-	-	-
Current portion of obligation under finance leases	117	115	-	-
Income tax payable	247	175	-	-
<b>Total current liabilities</b>	<b>19,575</b>	<b>20,680</b>	<b>78</b>	<b>94</b>
<b>Non-current liabilities</b>				
Bank borrowings	1,479	1,282	-	-
Obligation under finance leases	27	80	-	-
Retirement benefit obligations	361	411	-	-
Deferred tax liabilities	62	352	-	-
<b>Total non-current liabilities</b>	<b>1,929</b>	<b>2,125</b>	<b>-</b>	<b>-</b>
<b>Capital, reserves and non-controlling interests</b>				
Issued capital	10,087	10,087	10,087	10,087
Reserves	53,373	55,767	18,753	18,191
Equity attributable to owners of the Company	63,460	65,854	28,840	28,278
Non-controlling interests	9	9	-	-
<b>Total equity</b>	<b>63,469</b>	<b>65,863</b>	<b>28,840</b>	<b>28,278</b>
<b>Total liabilities and equity</b>	<b>84,973</b>	<b>88,668</b>	<b>28,918</b>	<b>28,372</b>

Note b: As at 30 June 2016, the Group's bank deposit of approximately US\$146,000 (31 December 2015: US\$146,000) was pledged to financial institutions to secure banking facilities granted to the Group.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

	<b>As at 30 June 2016</b>		<b>As at 31 December 2015</b>	
	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
<b>Bank and other borrowings</b>	-	4,715	-	3,613
<b>Obligation under finance leases</b>	117	-	115	-
<b>Total</b>	117	4,715	115	3,613

**Amount repayable after one year**

	<b>As at 30 June 2016</b>		<b>As at 31 December 2015</b>	
	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
<b>Bank and other borrowings</b>	-	1,479	-	1,282
<b>Obligation under finance leases</b>	27	-	80	-
<b>Total</b>	27	1,479	80	1,282

**Details of collateral**

As at 30 June 2016, the Group's bank deposit of approximately US\$146,000 (31 December 2015: US\$146,000) was pledged to financial institutions to secure banking facilities granted to the Group. The carrying amount of the Group's property, plant and equipment includes an amount of US\$119,000 (31 December 2015: US\$171,000) in respect of assets held under finance leases which are secured by the lessor's title to the leased assets.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>				
<b>For the period ended 30 June 2016</b>				
	<b>The Group</b>			
	<b>Three months / second quarter ended 30 June</b>		<b>Six months / half-year ended 30 June</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>OPERATING ACTIVITIES</b>				
<b>Profit before income tax</b>	353	6,276	720	9,140
Adjustments for				
(Decrease)/Increase in allowance for inventories	(485)	(96)	(311)	22
Depreciation of property, plant and equipment	455	504	924	994
Interest income	(155)	(370)	(395)	(719)
Finance costs	19	43	42	94
Net (gain)/loss on disposal of property, plant and equipment	(3)	-	14	-
Retirement benefit obligations	15	21	27	42
Change in fair value of derivative financial instruments	32	(62)	32	(124)
Reclassification adjustment arising from the liquidation of a subsidiary	-	(4,937)	-	(4,937)
Share-based payment expense	21	85	101	169
Change in fair value of held for trading investments	-	69	83	77
Loss on redemption of held-to-maturity investment	214	-	214	-
Share of loss of an associate	64	32	99	13
<b>Operating cash flows before movements in working capital</b>	530	1,565	1,550	4,771
<b>Change in working capital:</b>				
Trade receivables, other receivables and prepayments	2,778	5,670	2,546	11,336
Inventories	(1,091)	56	213	2,558
Trade payables, other payables and accruals	(6)	(2,831)	(2,317)	(14,213)
<b>Cash generated from operations</b>	2,211	4,460	1,992	4,452
<b>Net income tax paid</b>	(495)	(2,577)	(785)	(4,200)
<b>Interest paid</b>	(19)	(43)	(42)	(94)
<b>Retirement benefit obligations paid</b>	(137)	-	(137)	-
<b>Net cash from operating activities</b>	1,560	1,840	1,028	158
<b>INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	5	-	13	-
Decrease/(Increase) in other assets	72	(5)	(31)	39
Additional investment in available-for-sale investment	(2)	(2)	(5)	(5)
Purchase of property, plant and equipment (Note c)	(43)	(648)	(234)	(861)
Decrease/(Increase) in loans and receivables	-	6	-	(51)
Interest income received	155	370	395	719
Investment in an associate	-	-	-	(2,442)
Proceeds from redemption of held-to-maturity investment	766	-	766	-
Purchase of held for trading investments	-	(29)	(36)	(29)
<b>Net cash from/(used in) investing activities</b>	953	(308)	868	(2,630)
<b>FINANCING ACTIVITIES</b>				
Proceeds from bank borrowings	1,280	45,130	4,394	117,540
Repayment of obligation under finance leases	(29)	(47)	(58)	(93)
Repayment of bank borrowings	(1,301)	(45,527)	(3,446)	(119,396)
Dividend paid	(3,324)	(3,324)	(3,324)	(3,324)
<b>Net cash used in financing activities</b>	(3,374)	(3,768)	(2,434)	(5,273)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(861)	(2,236)	(538)	(7,745)
<b>NET EFFECT OF CURRENCY TRANSLATION DIFFERENCES</b>	160	48	849	(158)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	51,395	63,015	50,383	68,730
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	50,694	60,827	50,694	60,827

Note c: During the six months ended 30 June 2016, the Group acquired property, plant and equipment with aggregate cost of US\$234,000 (Six months ended 30 June 2015: US\$861,000) in cash and did not acquire any property, plant, and equipment by means of finance lease (Six months ended 30 June 2015: Nil).

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group's statement of changes in equity with a comparative statement for the corresponding period of immediately preceding financial year is as follows:

	Share capital US\$'000	Share premium of the Company US\$'000	Share capital reserve US\$'000	Treasury shares US\$'000	Employee share option reserve US\$'000	Merger reserve US\$'000	Statutory Reserve Fund US\$'000	Enterprise Expansion Fund US\$'000	Other Reserves US\$'000	Fair value adjustment reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2016	10,087	18,994	(202)	(2,061)	541	(7,020)	6,001	329	1,193	(4)	4,470	33,526	65,854	9	65,863
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	1	769	40	810	-	810
Share options expense for the period	-	-	-	-	80	-	-	-	-	-	-	-	80	-	80
Balance as at 31 March 2016	10,087	18,994	(202)	(2,061)	621	(7,020)	6,001	329	1,193	(3)	5,239	33,566	66,744	9	66,753
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	(5)	(11)	35	19	-	19
Transfer	-	-	-	-	-	-	12	-	-	-	-	(12)	-	-	-
Share options expense for the period	-	-	-	-	21	-	-	-	-	-	-	-	21	-	21
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(3,324)	(3,324)	-	(3,324)
Balance as at 30 June 2016	10,087	18,994	(202)	(2,061)	642	(7,020)	6,013	329	1,193	(8)	5,228	30,265	63,460	9	63,469

	Share capital US\$'000	Share premium of the Company US\$'000	Share capital reserve US\$'000	Treasury shares US\$'000	Employee share option reserve US\$'000	Merger reserve US\$'000	Statutory Reserve Fund US\$'000	Enterprise Expansion Fund US\$'000	Other Reserves US\$'000	Fair value adjustment reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2015	10,087	18,994	(202)	(2,061)	209	(7,020)	6,772	329	1,190	23	11,324	30,522	70,167	10	70,177
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	(6)	(225)	1,578	1,347	(1)	1,346
Share options expenses for the period	-	-	-	-	85	-	-	-	-	-	-	-	85	-	85
Balance as at 31 March 2015	10,087	18,994	(202)	(2,061)	294	(7,020)	6,772	329	1,190	17	11,099	32,100	71,599	9	71,608
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	(16)	(4,938)	5,904	950	-	950
Transfer	-	-	-	-	-	-	(825)	-	-	-	-	825	-	-	-
Share options expense for the period	-	-	-	-	84	-	-	-	-	-	-	-	84	-	84
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(3,324)	(3,324)	-	(3,324)
Balance as at 30 June 2015	10,087	18,994	(202)	(2,061)	378	(7,020)	5,947	329	1,190	1	6,161	35,505	69,309	9	69,318

**The issuer's statement of changes in equity with a comparative statement for the corresponding period of immediately preceding financial year is as follows:**

	Share capital US\$'000	Share premium of the Company US\$'000	Share capital reserve US\$'000	Treasury shares US\$'000	Employee share option reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as at 1 January 2016	10,087	18,994	(202)	(2,061)	541	919	28,278
Total comprehensive expense for the period	-	-	-	-	-	(91)	(91)
Share options expense for the period	-	-	-	-	80	-	80
Balance as at 31 March 2016	10,087	18,994	(202)	(2,061)	621	828	28,267
Total comprehensive income for the period	-	-	-	-	-	3,876	3,876
Share options expense for the period	-	-	-	-	21	-	21
Dividend paid	-	-	-	-	-	(3,324)	(3,324)
Balance as at 30 June 2016	10,087	18,994	(202)	(2,061)	642	1,380	28,840

	Share capital US\$'000	Share premium of the Company US\$'000	Share capital reserve US\$'000	Treasury shares US\$'000	Employee share option reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as at 1 January 2015	10,087	18,994	(202)	(2,061)	209	454	27,481
Total comprehensive expense for the period	-	-	-	-	-	(173)	(173)
Share options granted	-	-	-	-	85	-	85
Balance as at 31 March 2015	10,087	18,994	(202)	(2,061)	294	281	27,393
Total comprehensive income for the period	-	-	-	-	-	3,880	3,880
Share options granted	-	-	-	-	84	-	84
Dividend paid	-	-	-	-	-	(3,324)	(3,324)
Balance as at 30 June 2015	10,087	18,994	(202)	(2,061)	378	837	28,033

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

#### Share Capital

As at 31 December 2015, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 474,914,221 ordinary shares (excluding treasury shares) and 29,440,000 treasury shares.

During the six months ended 30 June 2016, the Company did not purchase any ordinary share under the share purchase mandate and held them as treasury shares. As at 30 June 2016, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 474,914,221 ordinary shares (excluding treasury shares), and 29,440,000 treasury shares.

#### Treasury shares

	The Company			
	2016		2015	
	Number of shares	US\$'000	Number of shares	US\$'000
Balance as at 1 January and 30 June	29,440,000	2,061	29,440,000	2,061
	<u>29,440,000</u>	<u>2,061</u>	<u>29,440,000</u>	<u>2,061</u>

#### Share Options

On 30 May 2014, the Chief Executive Officer of the Company proposed to grant options to eight directors and twelve senior executives (the "Participants") to subscribe for a total of 19,000,000 ordinary shares of US\$0.02 each in the capital of the Company, pursuant to CDW Employees Share Option Scheme 2013. This proposal was adopted and administrated by the Remuneration Committee. The options granted were accepted by the Participants in June 2014. The option will be exercisable at S\$0.108 per share with an exercise period commencing from 30 May 2016 to 29 May 2019 (both days inclusive).

During the second quarter ended 30 June 2016, a total of 1,000,000 unexercised share options lapsed on the ground that the employee left the Group. The number of outstanding share options as at 30 June 2016 was 18,000,000 (31 December 2015: 19,000,000).

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	The Company	
	As at 30 June 2016	As at 31 December 2015
Issued shares	504,354,221	504,354,221
Less: Treasury shares	(29,440,000)	(29,440,000)
Total number of issued shares excluding treasury shares	<u>474,914,221</u>	<u>474,914,221</u>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

**2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.**

The figures have not been audited or reviewed by any independent auditors.



**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the most recently audited annual financial statements for the year ended 31 December 2015 except for the adoption of the revised International Financial Reporting Standards which came into effect this financial year from 1 January 2016. The adoption of these revised accounting policies did not give rise to any significant change to the financial statements.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Profit per ordinary share for the periods based on profit attributable to owners of the Company on 1(a) above

	Three months / second quarter ended 30 June		Six months / half-year ended 30 June	
	2016	2015	2016	2015
Based on weighted average number of ordinary shares in issue (US cents)				
- Basic	0.01	1.24	0.02	1.58
- Fully diluted (Note d)	0.01	1.22	0.02	1.55
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note e)	474,914,221	474,914,221	474,914,221	474,914,221
Effect of dilutive share options	5,117,230	9,110,843	5,040,793	8,551,935
Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share	<u>480,031,451</u>	<u>484,025,064</u>	<u>479,955,014</u>	<u>483,466,156</u>

Note d: Diluted effect on earnings per share referred to share options granted to the participants under the Company's Employee Share Option Scheme remained outstanding as at 30 June 2016.

Note e: The weighted average number of ordinary shares was computed after adjusting for the effect of treasury shares held by the Company.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	30 June 2016	31 December 2015
Net asset value per ordinary share, excluding treasury shares (US cents)		
- The Group	13.36	13.87
- The Company	6.07	5.95

The calculation of the net asset value per ordinary share was based on total number of 474,914,221 (31 December 2015: 474,914,221) ordinary shares (excluding treasury shares).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors, and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **Statement of Profit or Loss**

In the first half of the current year under review ("1H16"), the Group registered a decrease of US\$15.6 million in revenue from US\$64.6 million to US\$49.0 million as compared to the corresponding period in the previous year ("1H15"). The drop in revenue was mainly due to the loss of orders from the Group's key customer as a result of slowing global demand for smartphones.

The Group's gross profit for 1H16 decreased by US\$3.4 million or 23.1% to US\$11.3 million from US\$14.7 million for 1H15. The Group managed to moderately increase the gross profit margin by 0.3% to 23.1% in 1H16 as compared to 22.8% in 1H15.

#### **LCD Backlight Units**

During 1H16, the LCD Backlight Units segment sold 2.1 million (1H15: 5.2 million) backlight units for handsets and 5.2 million (1H15: 7.6 million) backlight units for gamesets. The segment revenue significantly dropped by US\$16.4 million to US\$29.1 million in 1H16 (1H15: US\$45.5 million), as explained above. This segment recorded an operating profit of US\$2.1 million in 1H16 (1H15: US\$5.5 million) at operating margin of 7.4% (1H15: 12.0%).

#### **Office Automation**

Sales in the Office Automation segment was affected by weak demand in Japan and the People's Republic of China (the "PRC"). In 1H16, it recorded a decrease in revenue by US\$0.9 million to US\$8.3 million (1H15: US\$9.2 million) and a marginal operating loss of US\$0.1 million (1H15: operating profit US\$0.01 million) at a negative margin of 1.4% (1H15: a positive margin of 0.6%).

#### **LCD Parts and Accessories**

There was an increase in revenue of LCD Parts and Accessories segment by US\$1.7 million to US\$11.4 million in 1H16 (1H15: US\$9.7 million) as a result of orders for new models. The segment recorded an operating profit of US\$0.3 million (1H15: US\$0.1 million) at an operating margin of 2.5% (1H15: 1.1%).

In the absence of an exchange gain of US\$4.9 million arising from the disposal of subsidiary in 1H15, other operating income decreased by 91.9% from US\$5.7 million to US\$0.5 million for 1H16. The other operating income for the current period under review mainly comprised of interest income. In the area of expenses, the distribution expenses were down by US\$0.4 million from US\$1.1 million to US\$0.7 million, which was in line with the decline in revenue. The administrative expenses remained stable at US\$10.2 million and US\$10.1 million for 1H16 and 1H15 respectively. Inclusive in the administrative expenses is a loss arising from the maturity of held-to-maturity investment amounting to US\$0.2 million, which was offset by the reversal of the related deferred tax liabilities amounting to US\$0.3 million. Finance costs remained at a low level as the Group strictly adhered to a low gearing policy even though the Group is operating under a low interest rate environment.

The Group's associated company did not receive sufficient orders, and incurred a loss in 1H16, of which the Group shared 25% amounted to US\$0.1 million for the current period under review.

Income tax expenses for the 1H16 were US\$0.6 million, a decrease by US\$1.0 million over the corresponding period in the previous year. In addition, there was a reversal of deferred tax liabilities in relation to the maturity of the held-to-maturity investment amounting to US\$0.3 million. The sole purpose of having the held-to-maturity investment is to defer income tax liabilities of the Group's subsidiary in Japan. Under the prevailing tax rule in Japan, the Group's subsidiary in Japan shared the operating loss of the investment as tax deductible item and such tax benefit could be reversed upon its maturity.

In 1H16, the Group recorded a fall in both the profit before income tax and the profit after income tax by US\$8.4 million and US\$7.4 million to US\$0.7 million and US\$0.1 million respectively, as compared to US\$9.1 million and US\$7.5 million in the previous corresponding period.

### **Statement of Financial Position**

As at 30 June 2016, total assets and liabilities of the Group stood at US\$85.0 million (31 December 2015: US\$88.7 million) and US\$21.5 million (31 December 2015: US\$22.8 million) respectively.

Total current assets dropped by US\$2.2 million over 1H16 to US\$74.4 million as at 30 June 2016 (31 December 2015: US\$76.6 million). With no material change in the credit term to customers, trade receivables were reduced by US\$2.6 million to US\$12.3 million, mainly attributable to the lower sales during the first half of the current financial year under review. Other receivables and prepayment mainly represented utility deposits, prepaid expenses and value-added tax recoverable. Included in loan and receivable was the 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 investment represented listed equity investments in Hong Kong.

Total non-current assets as at 30 June 2016 stood at US\$10.6 million (31 December 2015: US\$12.1 million). The decrease was attributable to the settlement upon the maturity of held-to-maturity investment and newly purchased equipment amounting to US\$0.2 million, which was netted off against the depreciation charge of US\$0.9 million for 1H16.

Total current liabilities as at 30 June 2016 was US\$19.6 million, representing a decrease of US\$1.1 million, from US\$20.7 million as at 31 December 2015.

With a fall in sales volume, the trade payables were reduced by US\$1.5 million over 1H16 to US\$10.9 million as at 30 June 2016 (31 December 2015: US\$12.4 million). There was no material change in the credit term offered by the suppliers to the Group. Bank borrowing increased by US\$1.1 million to US\$4.7 million as at 30 June 2016 from US\$3.6 million as at 31 December 2015 as the Group entered into a fixed interest long-term loan in low interest environment. Other payables and accruals, comprising accruals for expense, wages payable and value added tax payable, decreased by US\$0.7 million to US\$3.6 million, as compared to US\$4.3 million as at 31 December 2015, which were in line with the reduction in production volume.

The income tax on profit 1H16 was provided and adjusted under tax rules of different jurisdiction. Income tax charge net of payment for 1H16 increased the income tax payable by US\$0.1 million to US\$0.2 million.

The non-current liabilities as at 30 June 2016 decreased by US\$0.2 million from US\$2.1 million to US\$1.9 million as at 31 December 2015. Apart from increase in long-term bank loan amounting to US\$0.2 million, the decrease is mainly due to the reversal of deferred tax liabilities arising from the maturity of held-to-maturity investment.

### **Statement of Cash Flows**

The Group generated net cash from operating activities amounting to US\$1.0 million for 1H16 (1H15: US\$0.2 million) after taking into account of the payment of income tax of US\$0.8 million, as compared to US\$4.2 million for the previous corresponding period. Cash and cash equivalents as at 30 June 2016 increased by 0.6% in 1H16 to US\$50.7 million from US\$50.4 million as at 31 December 2015.

For investing activities, there was a net cash inflow of US\$0.9 million over 1H16 (1H15: net cash outflow of US\$2.6 million). The net cash inflow included interest income of US\$0.4 million and the receipt of US\$0.8 million in relation to the maturity of held-to-maturity investment. During 1H16, the Group purchased property, plant and equipment amounting to US\$0.2 million (1H15: US\$0.9 million).

For financing activities, there was a net cash outflow of US\$2.4 million over 1H16 (1H15: US\$5.3 million). The financing activities mainly included the proceeds from bank borrowings net of repayment of bank borrowings amounting to US\$0.9 million during 1H16 (1H15: net repayment of bank borrowings of US\$1.9 million) and payment of FY2015 final dividend of US\$3.3 million (1H15: FY2014 final dividend of US\$3.3 million).

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**Business Environment and Managing Risks**

The Group operates as a component manufacturer in consumer electronic industry dominated by a handful of mega-sized players. The industry is highly competitive and volatile with rapid changes in technology and short product life cycles. The business environment on a global basis also remains challenging and skeptical with weak sentiments due to the ongoing global economic slowdown and low oil price.

The Group's key customer, who focuses on the high-end smartphone market, is experiencing very difficult times under this challenging macro-environment as well as the slowing global demand for smartphones. Such a situation in smartphone market has led to a drop in orders and cost down pressures for the Group, and does not look to recover any time soon. However, as the key customer and other market players recognize the superiority of new generation light guide which was co-developed by the Group and a Taiwanese company, the Group expects orders when the recovery of global economy and the demand picks up. As at the date of this report, the Group is still trying hard to procure orders for backlight units using the new generation light guide.

In order to compete with low cost Chinese companies, the Group restructured its operations and deployed more efficient production equipment and processes in order to enhance productivity and to mitigate the unfavorable effect arising from a relatively strong Renminbi and rising labour costs. The volatile Japanese Yen has also had a limited bearing on the Group even though it has operations, customers and suppliers in Japan, as its transactions are largely denominated in US dollars.

**Business Segment Outlook**

The LCD Backlight Units ("BLU") segment remains at low level as the demand in smartphone market is weak, which results in delays for the launch of new models, particularly for those that can use the new generation light guide. Nevertheless, in the second half of the current financial year, the segment has benefitted from replacement orders for old models of gamesets. In addition, the relatively stable demand for display devices for automobiles also bolsters the sales in this segment. Besides, the Group is exploring whether its new generation light guide can penetrate new markets like displays for tablets and notebook computers.

The LCD Parts segment and the Office Automation segment continue to stay weak and are expected to improve in tandem with market conditions.

**Planning Ahead**

The Group's co-developed new generation of light guide offers flexibility and ultra-thin thickness aiming at small to medium sized LCD panels found in smartphones, tablets, and notebook computers etc. This light guide requires different materials to produce and pioneering production techniques, which allows the Group to strategically approach not only its key customer but also other LCD module manufacturers as well. In the meantime, the Group will also continue to seek opportunities to enhance the product portfolio for its LCD Parts and Office Automation businesses.

In order to achieve a higher return on equity in long-term, the Group will continue to seek strategic investments which cover three broad areas. Firstly, the Group invests into similar businesses to have horizontal or vertical integration to add value to the core business. Secondly, the Group will also look at

strategic investments in new and separate businesses so as to ultimately diversify and develop a second growth engine as well as a new segment for the Group. Lastly, the Group may also engage in financial investments, which can deliver returns on a short-term basis.

The outlook for the current financial year remains cautious. The Group envisages that FY2016 will be a very challenging year and should the global economic environment and market situation worsen further, the Group's profitability will be adversely affected.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	0.1 US cents per ordinary share
Tax Rate	Tax not applicable

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	0.5 US cents per ordinary share
Tax Rate	Tax not applicable

**(c) Date payable**

To be determined later.

**(d) Books closure date**

To be determined later.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**13. Confirmation by the issuer in compliance with Rule 720(1)**

The Company has procured the undertakings in the format set out in Appendix 7.7 from all the Directors and Executive Officers.

14. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for IPTs. The IPTs for the period are as follows:

	<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>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 S\$100,000)</b>
<b>Name of interested person</b>	<b>US\$'000</b>	<b>US\$'000</b>
Mr YOSHIMI Kunikazu - Advisory fee	132	-
<b>Total</b>	132	-

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3, Q4 or Half Year Results)**

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**CDW Holding Limited**

**Business segment for the six months / half-year ended 30 June 2016**

The Group is organized into four reportable operating segments as follows:

- i) LCD backlight units – Manufacturing of LCD backlight units for LCD module
- ii) Office automation – Manufacturing and trading of parts and precision accessories for office equipment and electrical appliances
- iii) LCD parts and accessories – Manufacturing and trading of parts and precision accessories for LCD module
- iv) Others – Other businesses including general trading and food and beverage business

	<b>LCD backlight units</b>	<b>Office automation</b>	<b>LCD parts and accessories</b>	<b>Others</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b><u>Revenue</u></b>						
External sales	29,129	8,321	11,429	155	-	49,034
Inter-segment sales	-	189	60	-	(249)	-
Total revenue	29,129	8,510	11,489	155	(249)	49,034
<b><u>Results</u></b>						
Segment result	2,144	(114)	286	(12)		2,304
Unallocated corporate expense						(1,838)
Operating profit						466
Interest income						395
Finance costs						(42)
Share of loss of an associate						(99)
Profit before income tax						720
Income tax expense						(645)
Profit after income tax						75
<b><u>Assets</u></b>						
Segment assets	39,151	14,169	26,812	872	(155)	80,849
Unallocated assets						4,124
Consolidated total assets						84,973
<b><u>Liabilities</u></b>						
Segment liabilities	7,554	2,813	4,102	103	(155)	14,417
Bank borrowings and obligation under finance leases						6,338
Unallocated liabilities						749
Consolidated total liabilities						21,504
<b><u>Other information</u></b>						
Capital expenditure	67	24	143	-		234
Depreciation of property, plant and equipment	414	220	290	-		924

**Business segment for the six months / half-year ended 30 June 2015**

	LCD backlight units	Office automation	LCD parts and accessories	Others	Eliminations	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Revenue</b>						
External sales	45,546	9,195	9,698	136	-	64,575
Inter-segment sales	-	1,095	28	-	(1,123)	-
Total revenue	45,546	10,290	9,726	136	(1,123)	64,575
<b>Results</b>						
Segment result	5,478	53	105	(35)		5,601
Reclassification adjustment arising from the liquidation of a subsidiary						4,937
Unallocated corporate expense						(2,010)
Operating profit						8,528
Interest income						719
Finance costs						(94)
Share of loss of an associate						(13)
Profit before income tax						9,140
Income tax expense						(1,659)
Profit after income tax						7,481
<b>Assets</b>						
Segment assets	49,361	14,874	30,895	277	(175)	95,232
Unallocated assets						4,350
Consolidated total assets						99,582
<b>Liabilities</b>						
Segment liabilities	7,574	2,593	5,426	37	(175)	15,455
Bank borrowings and obligation under finance leases						13,356
Unallocated liabilities						1,453
Consolidated total liabilities						30,264
<b>Other information</b>						
Capital expenditure	713	73	66	9		861
Depreciation of property, plant and equipment	345	160	489	-		994

**Geographical Segment for the six months / half-year ended 30 June 2016 and 2015**

	Turnover		Non-Current Assets		Capital Expenditure	
	Six months / half-year ended 30 June		Six months / half-year ended 30 June		Six months / half-year ended 30 June	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
<b>Hong Kong</b>	13,957	15,022	387	223	8	54
<b>PRC</b>	30,561	45,011	5,456	6,697	209	715
<b>Japan</b>	4,427	4,151	2,532	2,130	17	92
<b>Others</b>	89	391	-	-	-	-
<b>Total</b>	49,034	64,575	8,375	9,050	234	861

Non-current assets are mainly comprised property, plant, equipment and deposits.



## Information about major customer

Revenue from one key customer which has transactions with all segments accounted for 70.9% of the total revenue for the six months ended 30 June 2016 (Six months ended 30 June 2015: 69.3%).

### 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 for the factors leading to any material changes in contribution to revenue and earnings by business segments. In terms of geographical segments, the Group was generating revenue mainly in Hong Kong, the PRC and Japan. Revenue in Hong Kong, the PRC and Japan accounted for 28.5%, 62.3% and 9.0% of the total revenue respectively. Total revenue decreased by 24.1% to US\$49.0 million for the six months ended 30 June 2016 as compared to the corresponding period in the previous year.

As at 30 June 2016, non-current assets located in Hong Kong, the PRC and Japan accounted for 4.6%, 65.1% and 30.3% of the total non-current assets of the Group respectively. During the six months ended 30 June 2016, the Group invested a total capital expenditure of US\$0.2 million for the purchase of equipment in Hong Kong, the PRC and Japan, and it is mainly for replacement purposes.

### 17. A breakdown of sales

	Six months / half-year ended 30 June		
	2016 US\$'000	2015 US\$'000	% Increase/ (Decrease)
Sales reported for the first quarter	25,699	38,217	(32.8%)
Sales reported for the second quarter	23,335	26,358	(11.5%)
Operating profit after income tax for the first quarter	40	1,577	(97.5%)
Operating profit after income tax for the second quarter	35	5,904	(99.4%)

### 18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Annual Dividend (in US\$'000)	Year ended 31 December 2015	Year ended 31 December 2014
Ordinary dividend		
- Interim	2,375	2,374
- Final	3,324	3,324
Total	5,699	5,698

### 19. Negative confirmation by the Board pursuant to Rule 705(5)

We, Urano Koichi and Dy Mo Hua Cheung, Philip, being two directors of CDW Holding Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of the directors of the Company which may render the financial statements for the six months / second quarter ended 30 June 2016 to be false or misleading in any material aspect.

## BY ORDER OF THE BOARD

URANO Koichi  
Executive Director  
13 August 2016

DY MO Hua Cheung, Philip  
Executive Director