

**Unaudited Full year Financial Statements And Dividend Announcement for the Year / Fourth Quarter Ended 31 December 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 year ended 31 December 2016

|   | Note | Three months / Fourth quarter ended 31 December |                  |                           | Year ended 31 December |                  |                           |
|---|------|---|------------------|---------------------------|------------------------|------------------|---------------------------|
|   |      | 2016<br>US\$'000                                | 2015<br>US\$'000 | % Increase/<br>(Decrease) | 2016<br>US\$'000       | 2015<br>US\$'000 | % Increase/<br>(Decrease) |
| Revenue   |      | 25,171  | 26,000           | (3.2%)                    | 103,221                | 118,097          | (12.6%)                   |
| Cost of sales                                     |      | (18,384)  | (20,430)         | (10.0%)                   | (78,499)               | (91,443)         | (14.2%)                   |
| Gross profit                                      |      | 6,787   | 5,570            | 21.8%                     | 24,722                 | 26,654           | (7.2%)                    |
| Other operating income                            |      | 287   | 582              | (50.7%)                   | 984                    | 6,585            | (85.1%)                   |
| Distribution expenses                             |      | (449)   | (474)            | (5.3%)                    | (1,575)                | (2,047)          | (23.1%)                   |
| Administrative expenses                           |      | (4,913)   | (5,063)          | (3.0%)                    | (20,283)               | (20,848)         | (2.7%)                    |
| Finance costs                                     |      | (24)  | (26)             | (7.7%)                    | (89)                   | (161)            | (44.7%)                   |
| Share of loss of an associate                     |      | (125)   | (110)            | 13.6%                     | (278)                  | (156)            | 78.2%                     |
| Impairment loss of investment in an associate     |      | (360)   | -                | N.M.*                     | (360)                  | -                | N.M.*                     |
| Impairment loss of available-for-sale investments |      | (83)  | -                | N.M.*                     | (83)                   | -                | N.M.*                     |
| Profit before income tax                          | (1)  | 1,120   | 479              | 133.8%                    | 3,038                  | 10,027           | (69.7%)                   |
| Income tax expense                                |      | (1,113)   | (230)            | 383.9%                    | (2,635)                | (2,093)          | 25.9%                     |
| Profit after income tax                           |      | 7   | 249              | (97.2%)                   | 403                    | 7,934            | (94.9%)                   |
| Profit attributable to:                           |      |   |                  |                           |                        |                  |                           |
| Owners of the Company                             |      | 7   | 249              | (97.2%)                   | 403                    | 7,935            | (94.9%)                   |
| Non-controlling interests                         |      | -   | -                | -                         | -                      | (1)              | N.M.*                     |
|   |      | 7   | 249              | (97.2%)                   | 403                    | 7,934            | (94.9%)                   |

\* N.M.: Not meaningful.

**Note (1)**

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

|  | Three months / Fourth quarter ended 31 December |                  | Year ended 31 December |                  |
|--|---|------------------|------------------------|------------------|
|  | 2016<br>US\$'000                                | 2015<br>US\$'000 | 2016<br>US\$'000       | 2015<br>US\$'000 |
| Depreciation of property, plant and equipment                            | 426   | 524              | 1,790                  | 2,014            |
| Interest income  | (210)   | (263)            | (758)                  | (1,323)          |
| Net foreign exchange loss (Note a)                                       | 189   | 81               | 526                    | 222              |
| (Decrease)/Increase in allowance for inventories                         | (265)   | 468              | (517)                  | 641              |
| Change in fair value of derivative financial instruments                 | (62)  | 13               | (40)                   | (75)             |
| Net loss/(gain) on disposal of property, plant and equipment             | 8   | (22)             | 23                     | (16)             |
| Interest on borrowings   | 24  | 26               | 89                     | 161              |
| Change in fair value of held for trading investments                     | 3   | (91)             | 82                     | 108              |
| Net loss on disposal of held for trading investments                     | -   | 23               | -                      | 23               |
| Reclassification adjustment arising from the liquidation of a subsidiary | -   | -                | -                      | (4,937)          |

Note a: The foreign currency exchange loss for the year ended 31 December 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 year ended 31 December 2016**

|  | Three months / Fourth quarter<br>ended 31 December |                  |                              | Year ended 31 December |                  |                              |
|--|--|------------------|------------------------------|------------------------|------------------|------------------------------|
|  | 2016<br>US\$'000                                   | 2015<br>US\$'000 | %<br>Increase/<br>(Decrease) | 2016<br>US\$'000       | 2015<br>US\$'000 | %<br>Increase/<br>(Decrease) |
| Profit after income tax  | 7  | 249              | (97.2%)                      | 403                    | 7,934            | (94.9%)                      |
| Other comprehensive income:  |  |                  |                              |                        |                  |                              |
| Available-for-sale investments:  |  |                  |                              |                        |                  |                              |
| - Fair value gain/(loss) arising during the periods  | 59   | (4)              | (1,575.0%)                   | 63                     | (42)             | (250.0%)                     |
| - (Deferred tax liability arising)/Reversal of deferred tax liability on revaluation of available-for-sale investments | (21)   | 1                | (2,200.0%)                   | (22)                   | 15               | (246.7%)                     |
| Exchange differences on translation of foreign operations  | (2,172)  | (634)            | 242.6%                       | (1,387)                | (1,917)          | (27.6%)                      |
| Reclassification adjustment arising from the liquidation of a subsidiary included in profit or loss                    | -  | -                | -                            | -                      | (4,937)          | N.M.*                        |
| Other comprehensive expense for the periods, net of tax  | (2,134)  | (637)            | 235.0%                       | (1,346)                | (6,881)          | (80.4%)                      |
| Total comprehensive (expense)/income for the periods, net of tax   | (2,127)  | (388)            | 448.2%                       | (943)                  | 1,053            | (189.6%)                     |
| Total comprehensive (expense)/income attributable to:  |  |                  |                              |                        |                  |                              |
| Owners of the Company  | (2,127)  | (388)            | 448.2%                       | (943)                  | 1,054            | (189.5%)                     |
| Non-controlling interests  | -  | -                | -                            | -                      | (1)              | N.M.*                        |
|  | (2,127)  | (388)            | 448.2%                       | (943)                  | 1,053            | (189.6%)                     |

\* 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 31 December 2016

|  | The Group                                |  | The Company                              |  |
|--|--|--|--|--|
|  | As at<br>31 December<br>2016<br>US\$'000 | As at<br>31 December<br>2015<br>US\$'000 | As at<br>31 December<br>2016<br>US\$'000 | As at<br>31 December<br>2015<br>US\$'000 |
| <b>ASSETS</b>  |  |  |  |  |
| <b>Current assets</b>                                  |  |  |  |  |
| Cash and bank balances                                 | 45,026                                   | 50,383                                   | 272                                      | 70                                       |
| Trade receivables                                      | 17,400                                   | 14,906                                   | -  | -  |
| Other receivables and prepayments                      | 2,333                                    | 2,379                                    | 97                                       | 36                                       |
| Inventories  | 6,231                                    | 7,289                                    | -  | -  |
| Loans and receivables                                  | 1,216                                    | 1,216                                    | -  | -  |
| Held for trading investments                           | 216                                      | 262                                      | -  | -  |
| Pledged bank deposit (Note b)                          | 146                                      | 146                                      | -  | -  |
| Derivative financial instruments                       | 38                                       | -  | -  | -  |
| <b>Total current assets</b>                            | <b>72,606</b>                            | <b>76,581</b>                            | <b>369</b>                               | <b>106</b>                               |
| <b>Non-current assets</b>                              |  |  |  |  |
| Available-for-sale investments                         | 926                                      | 41                                       | -  | -  |
| Held-to-maturity investment                            | -  | 980                                      | -  | -  |
| Other assets   | 523                                      | 568                                      | -  | -  |
| Prepayment for the acquisition of intangible asset     | 970                                      | -  | -  | -  |
| Amount due from a subsidiary                           | -  | -  | 16,653                                   | 16,932                                   |
| Property, plant and equipment                          | 7,088                                    | 8,337                                    | -  | -  |
| Investment in subsidiaries                             | -  | -  | 11,334                                   | 11,334                                   |
| Investment in an associate                             | 1,413                                    | 2,161                                    | -  | -  |
| <b>Total non-current assets</b>                        | <b>10,920</b>                            | <b>12,087</b>                            | <b>27,987</b>                            | <b>28,266</b>                            |
| <b>Total assets</b>                                    | <b>83,526</b>                            | <b>88,668</b>                            | <b>28,356</b>                            | <b>28,372</b>                            |
| <b>LIABILITIES AND EQUITY</b>                          |  |  |  |  |
| <b>Current liabilities</b>                             |  |  |  |  |
| Bank borrowings  | 5,298                                    | 3,613                                    | -  | -  |
| Trade payables   | 11,494                                   | 12,441                                   | -  | -  |
| Other payables and accruals                            | 4,054                                    | 4,336                                    | 282                                      | 94                                       |
| Current portion of obligation under finance leases     | 65                                       | 115                                      | -  | -  |
| Income tax payable                                     | 1,047                                    | 175                                      | -  | -  |
| <b>Total current liabilities</b>                       | <b>21,958</b>                            | <b>20,680</b>                            | <b>282</b>                               | <b>94</b>                                |
| <b>Non-current liabilities</b>                         |  |  |  |  |
| Bank borrowings  | 716                                      | 1,282                                    | -  | -  |
| Obligation under finance leases                        | 16                                       | 80                                       | -  | -  |
| Retirement benefit obligations                         | 347                                      | 411                                      | -  | -  |
| Deferred tax liabilities                               | 177                                      | 352                                      | -  | -  |
| <b>Total non-current liabilities</b>                   | <b>1,256</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   | 50,216                                   | 55,767                                   | 17,987                                   | 18,191                                   |
| Equity attributable to owners of the Company           | 60,303                                   | 65,854                                   | 28,074                                   | 28,278                                   |
| Non-controlling interests                              | 9  | 9  | -  | -  |
| <b>Total equity</b>                                    | <b>60,312</b>                            | <b>65,863</b>                            | <b>28,074</b>                            | <b>28,278</b>                            |
| <b>Total liabilities and equity</b>                    | <b>83,526</b>                            | <b>88,668</b>                            | <b>28,356</b>                            | <b>28,372</b>                            |

Note b: As at 31 December 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**

|  | As at 31 December 2016 |                       | As at 31 December 2015 |                       |
|--|------------------------|-----------------------|------------------------|-----------------------|
|  | Secured<br>US\$'000    | Unsecured<br>US\$'000 | Secured<br>US\$'000    | Unsecured<br>US\$'000 |
| <b>Bank and other borrowings</b>       | -                      | 5,298                 | -                      | 3,613                 |
| <b>Obligation under finance leases</b> | 65                     | -                     | 115                    | -                     |
| <b>Total</b>                           | 65                     | 5,298                 | 115                    | 3,613                 |

**Amount repayable after one year**

|  | As at 31 December 2016 |                       | As at 31 December 2015 |                       |
|--|------------------------|-----------------------|------------------------|-----------------------|
|  | Secured<br>US\$'000    | Unsecured<br>US\$'000 | Secured<br>US\$'000    | Unsecured<br>US\$'000 |
| <b>Bank and other borrowings</b>       | -                      | 716                   | -                      | 1,282                 |
| <b>Obligation under finance leases</b> | 16                     | -                     | 80                     | -                     |
| <b>Total</b>                           | 16                     | 716                   | 80                     | 1,282                 |

**Details of collateral**

As at 31 December 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\$56,000 (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 year ended 31 December 2016</b>                               |  |                          |                                   |                          |
|  | <b>The Group</b>   |                          |                                   |                          |
|  | <b>Three months /<br/>Fourth quarter<br/>ended 31 December</b> |                          | <b>Year ended<br/>31 December</b> |                          |
|  | <b>2016<br/>US\$'000</b>                                       | <b>2015<br/>US\$'000</b> | <b>2016<br/>US\$'000</b>          | <b>2015<br/>US\$'000</b> |
| <b>OPERATING ACTIVITIES</b>  |  |                          |                                   |                          |
| <b>Profit before income tax</b>  | 1,120  | 479                      | 3,038                             | 10,027                   |
| Adjustments for  |  |                          |                                   |                          |
| (Decrease)/Increase in allowance for inventories                         | (265)  | 468                      | (517)                             | 641                      |
| Depreciation of property, plant and equipment                            | 426  | 524                      | 1,790                             | 2,014                    |
| Interest income  | (210)  | (263)                    | (758)                             | (1,323)                  |
| Finance costs  | 24   | 26                       | 89                                | 161                      |
| Net loss/(gain) on disposal of property, plant and equipment             | 8  | (22)                     | 23                                | (16)                     |
| Retirement benefit obligations   | 15   | (278)                    | 57                                | (215)                    |
| Change in fair value of derivative financial instruments                 | (62)   | 13                       | (40)                              | (75)                     |
| Reclassification adjustment arising from the liquidation of a subsidiary | -  | -                        | -                                 | (4,937)                  |
| Share-based payment expense  | -  | 81                       | 101                               | 332                      |
| Change in fair value of held for trading investments                     | 3  | (91)                     | 82                                | 108                      |
| Net loss on disposal of held for trading investment                      | -  | 23                       | -                                 | 23                       |
| Loss on redemption of held-to-maturity investment                        | -  | -                        | 206                               | -                        |
| Share of loss of an associate  | 125  | 110                      | 278                               | 156                      |
| Impairment loss of investment in an associate                            | 360  | -                        | 360                               | -                        |
| Impairment loss of available-for-sale investments                        | 83   | -                        | 83                                | -                        |
| <b>Operating cash flows before movements in working capital</b>          | <b>1,627</b>   | <b>1,070</b>             | <b>4,792</b>                      | <b>6,896</b>             |
| <b>Change in working capital:</b>  |  |                          |                                   |                          |
| Trade receivables, other receivables and prepayments                     | (980)  | (1,828)                  | (2,448)                           | 8,877                    |
| Inventories  | 1,016  | (717)                    | 1,575                             | 3,083                    |
| Trade payables, other payables and accruals                              | (2,527)  | 554                      | (1,229)                           | (13,098)                 |
| <b>Cash (used in)/generated from operations</b>                          | <b>(864)</b>   | <b>(921)</b>             | <b>2,690</b>                      | <b>5,758</b>             |
| <b>Net income tax (paid)/refunded</b>                                    | <b>(87)</b>  | <b>47</b>                | <b>(1,873)</b>                    | <b>(4,347)</b>           |
| <b>Interest paid</b>   | <b>(24)</b>  | <b>(26)</b>              | <b>(89)</b>                       | <b>(161)</b>             |
| <b>Retirement benefit obligations paid</b>                               | <b>-</b>   | <b>-</b>                 | <b>(137)</b>                      | <b>-</b>                 |
| <b>Net cash (used in)/from operating activities</b>                      | <b>(975)</b>   | <b>(900)</b>             | <b>591</b>                        | <b>1,250</b>             |
| <b>INVESTING ACTIVITIES</b>  |  |                          |                                   |                          |
| Proceeds from disposal of property, plant and equipment                  | (7)  | 36                       | 6                                 | 45                       |
| (Increase)/Decrease in other assets                                      | (18)   | (109)                    | 56                                | (38)                     |
| Prepayment for the acquisition of intangible asset                       | -  | -                        | (969)                             | -                        |
| Additional investment in available-for-sale investments                  | (4)  | (3)                      | (909)                             | (10)                     |
| Purchase of property, plant and equipment (Note c)                       | (513)  | (114)                    | (832)                             | (1,759)                  |
| Decrease in loans and receivables  | -  | 747                      | -                                 | 682                      |
| Interest income received   | 210  | 263                      | 758                               | 1,323                    |
| Investment in an associate   | -  | -                        | -                                 | (2,442)                  |
| Proceeds from disposal of held for trading investments                   | -  | 78                       | -                                 | 78                       |
| Proceeds from redemption of held-to-maturity investment                  | -  | -                        | 776                               | -                        |
| Purchase of held for trading investments                                 | -  | -                        | (36)                              | (29)                     |
| <b>Net cash (used in)/from investing activities</b>                      | <b>(332)</b>   | <b>898</b>               | <b>(1,150)</b>                    | <b>(2,150)</b>           |
| <b>FINANCING ACTIVITIES</b>  |  |                          |                                   |                          |
| Proceeds from share options exercised                                    | 79   | -                        | 79                                | -                        |
| Payment for share buyback  | (989)  | -                        | (989)                             | -                        |
| Proceeds from bank borrowings  | 26,168   | 2,950                    | 42,645                            | 159,541                  |
| Repayment of obligation under finance leases                             | (30)   | (34)                     | (117)                             | (173)                    |
| Repayment of bank borrowings   | (28,533)   | (9,510)                  | (41,503)                          | (169,588)                |
| Dividend paid  | -  | -                        | (3,799)                           | (5,699)                  |
| <b>Net cash used in financing activities</b>                             | <b>(3,305)</b>   | <b>(6,594)</b>           | <b>(3,684)</b>                    | <b>(15,919)</b>          |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                         | <b>(4,612)</b>   | <b>(6,596)</b>           | <b>(4,243)</b>                    | <b>(16,819)</b>          |
| <b>NET EFFECT OF CURRENCY TRANSLATION DIFFERENCES</b>                    | <b>(1,884)</b>   | <b>(520)</b>             | <b>(1,114)</b>                    | <b>(1,528)</b>           |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                  | <b>51,522</b>  | <b>57,499</b>            | <b>50,383</b>                     | <b>68,730</b>            |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                        | <b>45,026</b>  | <b>50,383</b>            | <b>45,026</b>                     | <b>50,383</b>            |

Note c: During the year ended 31 December 2016, the Group acquired property, plant and equipment with aggregate cost of US\$832,000, and did not acquire any property, plant and equipment by means of finance lease (31 December 2015: the Group acquired property, plant and equipment with aggregate cost of US\$1,773,000, of which US\$14,000 was acquired by means of finance lease). Cash payment of US\$832,000 (31 December 2015: US\$1,759,000) was made to purchase property, plant and equipment.

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<br>US\$'000 | Share premium of<br>the Company<br>US\$'000 | Share capital<br>reserve<br>US\$'000 | Treasury<br>shares<br>US\$'000 | Employee<br>share option<br>reserve<br>US\$'000 | Merger<br>reserve<br>US\$'000 | Statutory<br>Reserve<br>Fund<br>US\$'000 | Enterprise<br>Expansion<br>Fund<br>US\$'000 | Other<br>Reserves<br>US\$'000 | Fair value<br>adjustment<br>reserve<br>US\$'000 | Foreign<br>currency<br>translation<br>reserve<br>US\$'000 | Retained<br>earnings<br>US\$'000 | Total<br>US\$'000 | Non-controlling<br>interests<br>US\$'000 | Total<br>equity<br>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                      |
| Total comprehensive income for the period                                  | -                         | -   | -                                    | -                              | -   | -                             | -  | -   | -                             | 7   | 27  | 321                              | 355               | -  | 355                         |
| Transfer   | -                         | -   | -                                    | -                              | -   | -                             | 1  | 1   | 3                             | -   | -   | (5)                              | -                 | -  | -                           |
| Dividend paid  | -                         | -   | -                                    | -                              | -   | -                             | -  | -   | -                             | -   | -   | (475)                            | (475)             | -  | (475)                       |
| Balance as at 30 September 2016  | 10,087                    | 18,994                                      | (202)                                | (2,061)                        | 642   | (7,020)                       | 6,014                                    | 330   | 1,196                         | (1)   | 5,255   | 30,106                           | 63,340            | 9  | 63,349                      |
| Total comprehensive income for the period                                  | -                         | -   | -                                    | -                              | -   | -                             | -  | -   | -                             | 38  | (2,172)   | 7                                | (2,127)           | -  | (2,127)                     |
| Transfer   | -                         | -   | -                                    | -                              | -   | -                             | 1  | -   | -                             | -   | -   | (1)                              | -                 | -  | -                           |
| Transfer on share options exercised  | -                         | -   | -                                    | -                              | (34)  | -                             | -  | -   | -                             | -   | -   | 34                               | -                 | -  | -                           |
| Treasury shares transferred out to satisfy share options exercised         | -                         | -   | 9                                    | 70                             | -   | -                             | -  | -   | -                             | -   | -   | -                                | 79                | -  | 79                          |
| Shares purchased under Shares Purchase Mandate and held in treasury shares | -                         | -   | -                                    | (989)                          | -   | -                             | -  | -   | -                             | -   | -   | -                                | (989)             | -  | (989)                       |
| Balance as at 31 December 2016   | 10,087                    | 18,994                                      | (193)                                | (2,980)                        | 608   | (7,020)                       | 6,015                                    | 330   | 1,196                         | 37  | 3,083   | 30,146                           | 60,303            | 9  | 60,312                      |

**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 (continued).**

|  | Share capital<br>US\$'000 | Share premium of<br>the Company<br>US\$'000 | Share capital<br>reserve<br>US\$'000 | Treasury<br>shares<br>US\$'000 | Employee<br>share option<br>reserve<br>US\$'000 | Merger<br>reserve<br>US\$'000 | Statutory<br>Reserve<br>Fund<br>US\$'000 | Enterprise<br>Expansion<br>Fund<br>US\$'000 | Other<br>Reserves<br>US\$'000 | Fair value<br>adjustment<br>reserve<br>US\$'000 | Foreign<br>currency<br>translation<br>reserve<br>US\$'000 | Retained<br>earnings<br>US\$'000 | Total<br>US\$'000 | Non-controlling<br>interests<br>US\$'000 | Total<br>equity<br>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 expense 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                      |
| Total comprehensive income for the period  | -                         | -   | -                                    | -                              | -   | -                             | -  | -   | -                             | (2)   | (1,057)   | 204                              | (855)             | -  | (855)                       |
| Transfer                                   | -                         | -   | -                                    | -                              | -   | -                             | -  | -   | 3                             | -   | -   | (3)                              | -                 | -  | -                           |
| Share options expense for the period       | -                         | -   | -                                    | -                              | 82  | -                             | -  | -   | -                             | -   | -   | -                                | 82                | -  | 82                          |
| Dividend paid                              | -                         | -   | -                                    | -                              | -   | -                             | -  | -   | -                             | -   | -   | (2,375)                          | (2,375)           | -  | (2,375)                     |
| Balance as at 30 September 2015            | 10,087                    | 18,994                                      | (202)                                | (2,061)                        | 460   | (7,020)                       | 5,947                                    | 329   | 1,193                         | (1)   | 5,104   | 33,331                           | 66,161            | 9  | 66,170                      |
| Total comprehensive expense for the period | -                         | -   | -                                    | -                              | -   | -                             | -  | -   | -                             | (3)   | (634)   | 249                              | (388)             | -  | (388)                       |
| Transfer                                   | -                         | -   | -                                    | -                              | -   | -                             | 54                                       | -   | -                             | -   | -   | (54)                             | -                 | -  | -                           |
| Share options expense for the period       | -                         | -   | -                                    | -                              | 81  | -                             | -  | -   | -                             | -   | -   | -                                | 81                | -  | 81                          |
| Balance as at 31 December 2015             | 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                      |

**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<br>US\$'000 | Share premium of the Company<br>US\$'000 | Share capital reserve<br>US\$'000 | Treasury shares<br>US\$'000 | Employee share option reserve<br>US\$'000 | Retained earnings<br>US\$'000 | Total<br>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            |
| Total comprehensive income for the period                                  | -                         | -  | -                                 | -                           | -   | 714                           | 714               |
| Dividend paid  | -                         | -  | -                                 | -                           | -   | (475)                         | (475)             |
| Balance as at 30 September 2016  | 10,087                    | 18,994                                   | (202)                             | (2,061)                     | 642                                       | 1,619                         | 29,079            |
| Total comprehensive income for the period                                  | -                         | -  | -                                 | -                           | -   | (95)                          | (95)              |
| Transfer on share options exercised  | -                         | -  | -                                 | -                           | (34)                                      | 34                            | -                 |
| Treasury shares transferred out to satisfy share options exercised         | -                         | -  | 9                                 | 70                          | -   | -                             | 79                |
| Shares purchased under Shares Purchase Mandate and held in treasury shares | -                         | -  | -                                 | (989)                       | -   | -                             | (989)             |
| Balance as at 31 December 2016   | 10,087                    | 18,994                                   | (193)                             | (2,980)                     | 608                                       | 1,558                         | 28,074            |

|  | Share capital<br>US\$'000 | Share premium of the Company<br>US\$'000 | Share capital reserve<br>US\$'000 | Treasury shares<br>US\$'000 | Employee share option reserve<br>US\$'000 | Retained earnings<br>US\$'000 | Total<br>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 expense for the period       | -                         | -  | -                                 | -                           | 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 expense for the period       | -                         | -  | -                                 | -                           | 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            |
| Total comprehensive income for the period  | -                         | -  | -                                 | -                           | -   | 2,563                         | 2,563             |
| Share options expense for the period       | -                         | -  | -                                 | -                           | 82  | -                             | 82                |
| Dividend paid                              | -                         | -  | -                                 | -                           | -   | (2,375)                       | (2,375)           |
| Balance as at 30 September 2015            | 10,087                    | 18,994                                   | (202)                             | (2,061)                     | 460                                       | 1,025                         | 28,303            |
| Total comprehensive expense for the period | -                         | -  | -                                 | -                           | -   | (106)                         | (106)             |
| Share options expense for the period       | -                         | -  | -                                 | -                           | 81  | -                             | 81                |
| Balance as at 31 December 2015             | 10,087                    | 18,994                                   | (202)                             | (2,061)                     | 541                                       | 919                           | 28,278            |



**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 first quarter ended 31 March 2016 and second quarter 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 31 March 2016 and 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.

During the third quarter ended 30 September 2016, the Company cancelled one ordinary share which was held in treasury share. In addition, the board of directors of the Company proposed a share consolidation of every two (2) existing ordinary shares of par value of US\$0.02 each in the authorised and issued capital of the Company into one (1) consolidated share of par value of US\$0.04 in the authorised and issued capital of the Company (the "Consolidated Ordinary Shares"), fractional entitlements to be disregarded (the "Share Consolidation"). The Share Consolidation was approved by shareholders at the Special General Meeting held on 29 April 2015. Following the completion of the Share Consolidation which became effective on 26 August 2016 and as at 30 September 2016, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 237,457,108 Consolidated Ordinary Shares (excluding treasury shares), and 14,720,002 Consolidated Ordinary Shares held in treasury shares.

During the fourth quarter ended 31 December 2016, 500,000 treasury shares were transferred out to satisfy share options exercised under the CDW Employees' Share Option Scheme 2013. In addition, the Company purchased 5,727,100 ordinary shares of US\$0.04 each under the Share Purchase Mandate and held in treasury shares.

As at 31 December 2016, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 232,230,008 Consolidated Ordinary Shares (excluding treasury shares), and 19,947,102 Consolidated Ordinary Shares held in treasury shares.

### Treasury shares

|  | The Company      |          |                  |          |
|--|------------------|----------|------------------|----------|
|  | 2016             |          | 2015             |          |
|  | Number of shares | US\$'000 | Number of shares | US\$'000 |
| Balance as at 1 January  | 29,440,000       | 2,061    | 29,440,000       | 2,061    |
| Cancelled during third quarter ended 30 September  | (1)              | -        | -                | -        |
| Ordinary share held in treasury share being disregarded due to fractional entitlements   | (1)              | -        | -                | -        |
| Consolidation of ordinary shares held in treasury shares following the completion of the Share Consolidation on 26 August 2016 | (14,719,999)     | -        | -                | -        |
| Consolidated Ordinary Shares arising from ordinary shares being disregarded due to fractional entitlements                     | 3                | -        | -                | -        |
| Transferred during the fourth quarter ended  | (500,000)        | (70)     | -                | -        |
| Purchased during the fourth quarter ended  | 5,727,100        | 989      | -                | -        |
| Balance as at 31 December  | 19,947,102       | 2,980    | 29,440,000       | 2,061    |

## 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 first quarter ended 31 March 2016, the number of outstanding share options as at 31 March 2016 was 19,000,000. During 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.

Following the completion of the Share Consolidation which became effective on 26 August 2016 and as at 30 September 2016, the number of outstanding share options was 9,000,000 with exercise price at S\$0.216.

During the fourth quarter ended 31 December 2016, 500,000 shares options were exercised under the CDW Employees' Share Option Scheme 2013. The number of outstanding share options as at 31 December 2016 was 8,500,000 with exercise price at S\$0.216 (31 December 2015: 19,000,000 with exercise price at S\$0.108).

### 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<br>31 December 2016 | As at<br>31 December 2015 |
| Issued shares   | 252,177,110               | 504,354,221               |
| Less: Treasury shares                                   | (19,947,102)              | (29,440,000)              |
| Total number of issued shares excluding treasury shares | <u>232,230,008*</u>       | <u>474,914,221</u>        |

\* Share Consolidation, effective from 26 August 2016:

|  |                    |
|--|--------------------|
| Total number of ordinary shares before Share Consolidation       | 474,914,221        |
| Ordinary shares being disregarded due to fractional entitlements | (5)                |
| Consolidation of ordinary shares (2:1)                           | (237,457,108)      |
| Number of Ordinary Shares after Share Consolidation              | <u>237,457,108</u> |
| Transferred out to satisfy share options exercised               | 500,000            |
| Purchased under Shares Purchase Mandate                          | (5,727,100)        |
| Total number of Ordinary Shares excluding treasury shares        | <u>232,230,008</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.

During the year ended 31 December 2016, there were no sales, transfers, disposal, and/or use of treasury shares except for the cancellation of one (1) ordinary share held in treasury share, the transfer-out of one (1) ordinary share held in treasury share being disregarded and the transfer-in of three (3) Consolidated Ordinary Shares being disregarded ordinary shares due to fractional entitlements arising from the Share Consolidation. Also, 500,000 treasury shares were transferred out to satisfy share options exercised under CDW Employees' Share Option Scheme 2013 and 5,727,100 shares were purchased under the Share Purchase Mandate and held in treasury shares. As at 31 December 2016, there were 19,947,102 Consolidated Ordinary Shares held in treasury shares.

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 / Fourth quarter ended 31 December |                                | Year ended 31 December |                                |
|--|---|--------------------------------|------------------------|--------------------------------|
|  | 2016  | 2015<br>(Restated)<br>(Note f) | 2016                   | 2015<br>(Restated)<br>(Note f) |
| Based on weighted average number of ordinary shares in issue (US cents)                                  |   |                                |                        |                                |
| - Basic  | 0.003   | 0.10                           | 0.17                   | 3.34                           |
| - Fully diluted (Note d)   | 0.003   | 0.10                           | 0.17                   | 3.29                           |
| Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note e) | 236,694,747                                     | 237,457,108                    | 237,265,476            | 237,457,108                    |
| Effect of dilutive share options   | 722,521   | 3,243,306                      | 1,891,338              | 3,917,551                      |
| Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share        | <u>237,417,268</u>                              | <u>240,700,414</u>             | <u>239,156,814</u>     | <u>241,374,659</u>             |

Note d: Diluted effect on earnings per share referred to share options granted to the participants under CDW Employees' Share Option Scheme 2013 remained outstanding as at 31 December 2016.

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

Note f: On 26 August 2016, Share Consolidation (refer to 1(d)(ii) for details) of two (2) ordinary shares for one (1) Consolidated Ordinary Share was completed thereby reducing the number of share in issue. For a meaningful comparison, the comparative earnings per share were restated as though that Share Consolidation had taken place at the beginning of the periods for which earnings per share is presented. Earnings per share and number of share of the Group without Share Consolidation were as follows:

|   | Three months / Fourth<br>quarter ended 31<br>December 2015 | Year ended 31 December<br>2015 |
|---|--|--------------------------------|
| Based on weighted average<br>number of ordinary shares in<br>issue (US cents)                                     |  |                                |
| - Basic   | 0.05   | 1.67                           |
| - Fully diluted (Note d)  | 0.05   | 1.64                           |
| Weighted average number of<br>ordinary shares for the<br>purpose of basic earnings<br>per ordinary share (Note e) | 474,914,221  | 474,914,221                    |
| Effect of dilutive share<br>options   | 6,486,613  | 7,835,103                      |
| Weighted average number of<br>ordinary shares for the<br>purpose of diluted earnings<br>per ordinary share        | <u>481,400,834</u>   | <u>482,749,324</u>             |

**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.**

|   | 31 December 2016 | 31 December 2015<br>(Restated)<br>(Note g) |
|---|------------------|--|
| Net asset value per ordinary share, excluding treasury<br>shares (US cents) |                  |  |
| - The Group   | 25.97            | 27.74                                      |
| - The Company   | 12.09            | 11.91                                      |

The calculation of the net asset value per ordinary share as at 31 December 2016 was based on total number of 232,230,008 (31 December 2015: 237,457,108 (restated)) Consolidated Ordinary Shares (excluding treasury shares).

Note g: On 26 August 2016, Share Consolidation (refer to 1(d)(ii) for details) of two (2) ordinary shares for one (1) Consolidated Ordinary Share was completed thereby reducing the number of share in issue. For a meaningful comparison, the comparative net asset value per ordinary share was restated as though that Share Consolidation had taken place at the beginning of the periods for which the net asset value per ordinary share is presented. The net asset value per ordinary share of the Group, the Company and number of share in issue without Share consolidation as reported at 31 December 2015 was US cents 13.87, US cents 5.95 and 474,914,221 ordinary shares respectively.

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**

The Group faced yet another challenging period for the year ended 31 December 2016. The global price competition for smartphones continues to impact the Group's performance. The Group's main customer continued to place fewer orders in response to its losing market share in the segment, which lowered the Group's revenue by 12.6% to US\$103.2 million for the year under review. This represents a US\$14.9 million fall from the US\$118.1 million reported for FY2015.

Despite the lower revenue, the Group's vigilant efforts in managing costs and other variables have softened the impact of shrinking demand and achieved a gross profit margin of 24.0%. In this challenging operating environment, the gross profit decreased by 7.5% to US\$24.7 million for the year under review as compared to US\$26.7 million in FY2015.

For the year under review, the Group's other operating income, which was mainly comprised of interest income, was 84.8% lower at US\$1.0 million as compared to US\$6.6 million registered in FY2015. This was due to the absence of an exchange gain from the disposal of a subsidiary in FY2015 that contributed approximately US\$4.9 million.

On the subject of operating expenses, distribution expenses were lower this year by US\$0.5 million, amounting to a total of US\$1.6 million as a result of a decrease in packing material and freight costs in line with the decrease in revenue.

Meanwhile, cost saving from a decrease in headcount and salary-related expenses, offset by net foreign exchange losses and a loss on redemption of held-to-maturity investment allowed administrative expenses to remain stable at US\$20.3 million as compared to US\$20.8 million in FY2015. The loss arising from the redemption of held-to-maturity investment amounting to US\$0.2 million, was offset by the reversal of the related deferred tax liabilities amounting to US\$0.3 million. The primary purpose for having the held-to-maturity investment is to defer the income tax liability of the Group's subsidiary in Japan. Under the prevailing tax rule in Japan, the Group shared the operating losses of the investment as a tax deductible expense which will be reversed upon its maturity.

The Group continues to strictly uphold a low gearing policy despite the low interest rate environment and this has translated to a firm control over finance costs that are kept low at US\$0.1 million.

The effects of the global economic slowdown are far reaching and the Group's associated company was no exception. It incurred a loss in FY2016 of which the Group had to share 25% of the loss amounting to US\$0.3 million. In addition, an impairment loss of investment in an associate amounting to US\$0.4 million was provided for with reference to the net present value of the expected future cash flows.

The Group also reassessed the value-in-use of the investment in a Korean company which was classified under available-for-sale investments. Base on the information provided by the Korean company, at the ended of FY2016. The Group considered to be fair to make an impairment of US\$0.1 million against this investment.

Income tax expenses for FY2016 dipped slightly by US\$0.5 million to US\$2.6 million. The high effective tax rate was mainly due to the income tax of profit-making subsidiaries not being offset by the tax credit of loss-making subsidiaries. Furthermore, included in income tax expense was a reversal of deferred tax liabilities in relation to the redemption of the held-to-maturity investment amounting to US\$0.3 million and the withholding tax for dividend paid amounting to US\$0.2 million which was netted off against the deferred tax assets written off of US\$0.3 million for the year.

Taking into account the factors above, profit before income tax fell by 70.0% to US\$3.0 million as compared to US\$10.0 million reported for FY2015. Profit after income tax similarly fell, shrinking by 94.9% to US\$0.4 million for the year under review from US\$7.9 million for FY2015.

#### **LCD Backlight Units**

For the year under review, the LCD Backlight Units segment bore the brunt of the fewer orders with revenue contribution from the segment falling from US\$80.0 million in FY2015 to US\$59.1 million in FY2016. This 26.1% fall was slightly alleviated by a one-off replacement order for gamesets received in the third quarter of

2016. Due to fewer orders of backlight units for smartphones, the revenue contribution for this segment was mainly from the backlight units for gamesets and in-vehicle displays.

The total number of units sold for the sector amounted to 17.5 million units (2015: 21.6 million units). Approximately 3.0 million units were sold for handsets (2015: 7.8 million units) and another 14.5 million units were sold for gamesets and in-vehicle displays (2015: 13.8 million units). This is a 61.5% decrease and 5.1% increase respectively.

#### Office Automation

The revenue contribution from this segment rose by 27.1% to US\$21.1 million as compared to US\$16.6 million last year. The growth was mainly due to a recovery from weak demand and more sales orders of new models as well as orders from new customers in Japan. Operating profit margin for the segment slightly improved from 0.6% in FY2015 to 1.9% in FY2016 and this yielded an operating profit of US\$0.4 million in FY2016 as compared to US\$0.1 million in FY2015.

#### LCD Parts and Accessories

The LCD parts and accessories segment saw a moderately increase in sales attributable to sales orders of new models which drove sales up by 4.7% to US\$22.1 million from US\$21.1 million for FY2015. Revenue contribution from the segment in the year was US\$1.0 million higher as compared to US\$21.1 million last year. Operating profit for the segment was US\$0.7 million (2015: US\$0.4 million) and operating profit margin was 3.2% (2015: 1.9%).

### **STATEMENT OF FINANCIAL POSITION**

As at 31 December 2016, the Group's total assets and liabilities stood at US\$83.5 million and US\$23.2 million respectively. This is in comparison with total assets and liabilities of FY2015 which were US\$88.7 million and US\$22.8 million respectively.

Total current assets decreased by US\$4.0 million to US\$72.6 million as compared to total current assets for FY2015 which was US\$76.6 million. Cash and bank balances decreased by US\$5.4 million due to the reasons explained in the preceding paragraph under Statement of Cash Flows. Even though trade receivables increased by US\$2.5 million from US\$14.9 million to US\$17.4 million, there was no material change in the credit terms offered to customers in general.

Other receivables and prepayments mainly represents utility deposits, prepaid expenses and value-added tax recoverable. It also included loan and receivables funding to a third party under a secured trade finance arrangement at an interest rate of 1% per month to generate additional interest income. Meanwhile, the held for trading investments represented listed equity investments in Hong Kong.

Total non-current assets of the Group stood at US\$10.9 million for FY2016. Also included in property, plant and equipment was newly purchased equipment amounting to US\$0.8 million, which was netted off against the depreciation charge of US\$1.8 million. The increase in the available-for-sale investment was mainly related to an equity investment in a Korean company which offers the Group the manufacturing and distribution rights for its products. Prepayment for the acquisition of the intangible asset represents an advance payment for the application of research results related to biotech products and their related patents.

Total current liabilities as at 31 December 2016 was US\$22.0 million, representing an increase of US\$1.3 million, from US\$20.7 million as at 31 December 2015.

The Group's trade payables decreased by US\$0.9 million to US\$11.5 million for FY2016 due to less sales in the fourth quarter. In comparison, trade payables for FY2015 was US\$12.4 million. There was no material change in the credit terms offered by the suppliers to the Group. In terms of short-term financing bank borrowings increased by US\$1.7 million to US\$5.3 million as at 31 December 2016, from US\$3.6 million as at 31 December 2015. Other payables and accruals, comprising accruals for expenses, wages payable and value added tax payables, were kept at US\$4.0 million.

The Group's income tax on profit for FY2016 was provided and adjusted under the tax rules of different jurisdictions. The income tax charge net of payment for the year under review had increased the income tax payable by US\$0.9 million to US\$1.0 million.

For the year under review, the Group's non-current liabilities decreased by US\$0.8 million from US\$2.1 million for FY2015 to US\$1.3 million for FY2016. The drop was mainly due to the decrease in long-term bank borrowings, reversal of deferred tax liabilities arising from the redemption of held-to-maturity investment and of the withholding tax for dividends paid.

## STATEMENT OF CASH FLOWS

The Group's operating activities generated net cash amounting to US\$0.6 million for the year under review. The reduction in net cash from operating activities was attributed to the decrease in profit before income tax and the payment of income tax over FY2016.

As for investing activities, there was a net cash outflow of US\$1.2 million for the year under review. Cash inflows from investing activities include the receipt from the redemption of held-to-maturity investment of US\$0.8 million and interest income of US\$0.8 million. During the year under review, total amount of US\$0.8 million was invested in property, plant and equipment which was lower than the US\$1.8 million spent in FY2015. Moreover, the Group acquired a minority equity interest in an unquoted entity in a Korean Company amounting to US\$0.9 million and set aside a prepaid amount of US\$1.0 million for the acquisition of intangible assets in relation to the biotech business and its related patents.

For financing activities, there was a net cash outflow of US\$3.7 million for the year under review. The financing activities mainly include the net proceeds of bank borrowings amounting to US\$1.1 million for FY2016, the payment of the FY2015 final dividend of US\$3.3 million and the FY2016 interim dividend of US\$0.5 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**

The industry the Group operates in continues to be highly competitive, prone to rapid changes in technology, and subject to short product life cycles. A handful of mega-sized players remain dominant participants and the Group's results are closely tied to the performance of the Group's key customer which focuses on the high-end smartphone market. The Group's situation is exacerbated by an ongoing loss of market share in smartphones by the Group's customers which has negatively impacted the volume of orders with minimal sign of recovery in the near future.

The upcoming financial year is expected to offer little respite with the abovementioned challenges continuing to persist. Various unprecedented globe-spanning events such as Brexit and the US's more inward-looking protectionist stance are still unfolding with the eventual outcome and impact unclear.

### **Business Segment Outlook**

The Group's LCD Backlight Units segment faces cloudy prospects due to a weaker demand for LCD backlight units for smartphones. However, that may be offset by the stable demand for LCD backlight units for in-vehicle displays and gamesets. The Group's new generation light guide film which is suitable for smartphones, tablets and notebooks shows promise, however it may be currently limited by the strong competition faced by the Group's key and potential customers, which hinders their willingness to invest in new models. Nonetheless, the Group will be on the lookout for suitable opportunities to promote the Group's new generation light guide film product.

The Group's LCD Parts segment is also expected to face a challenging FY2017 and the Group is exploring different means to procure alternative materials at lower cost. The Group's Office Automation segment shows more promise with a recovery of orders for new products and for parts used in the display of ultrathin notebook computers. The Group anticipates that both these segments will be better alongside improved market conditions and the Group will continue exploring the means to expand the product portfolio of both segments.

### **Managing Risks**

The Group continues to pursue greater operational efficiency in order to improve cost competitiveness. Building upon an initiative started a year ago, the Group is restructuring operations, consolidating similar processes and deploying more efficient equipment and methods to mitigate rising operating costs, particularly in the People's Republic of China. The Group consolidated its operations at the Dongguan plant to the Shanghai plant and the idle capacity of the Dongguan plants is being utilised for its new venture into the OEM business of mobile payment devices, which will generate contribution margins to enhance the Group's profitability.

### **Moving Forward**

As announced on 27 January 2017, the Group has incorporated a subsidiary in Japan, namely CDW Life Science Co., Limited, to engage in the life science industry. The Group's initial plans for this segment include distributing existing biotech products, working with selected manufacturers on improving their products, and ramping up the R&D team so as to develop new preventative healthcare products. These investments are expected to require a gestation period and the Group does not foresee immediate returns at this early phase.

The outlook for the next 12 months remains cautious. The Group envisages that FY2017 will be a very challenging year and should the global economic environment and market situation worsen further, its 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  | Final   |
|---------------------------|--|---|
| Dividend Type             | Cash   | Cash  |
| Dividend Amount per Share | 0.2 US cents per ordinary share @ US\$0.04 each (Note h) | 0.5 US cents per ordinary share @ US\$0.04 each |
| Tax Rate                  | Tax not applicable                                       | Tax not applicable                              |

Note h: The interim dividend of 0.1 US cent per ordinary share @ US\$0.02 each stated in the Company's Unaudited First Half Financial Statements and Dividend Announcement for the Six Months/Second Quarter Ended 30 June 2016 announced on 13 August 2016 increased proportionately to 0.2 US cents per ordinary share @ US\$0.04 each.

### **(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   | Final   |
|---------------------------|---|---|
| Dividend Type             | Cash  | Cash  |
| Dividend Amount per Share | 0.5 US cents per ordinary share @ US\$0.02 each | 0.7 US cents per ordinary share @ US\$0.02 each |
| Tax Rate                  | Tax not applicable                              | 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 year are as follows:

|                                       | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|---------------------------------------|--|---|
| Name of interested person             | US\$'000   | US\$'000  |
| Mr YOSHIMI Kunikazu<br>- Advisory fee | 263  | -   |
| <b>Total</b>                          | 263  | -   |

**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 year ended 31 December 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<br/>backlight<br/>units</b> | <b>Office<br/>automation</b> | <b>LCD parts<br/>and<br/>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   | 59,104                             | 21,090                       | 22,060                                   | 967             | -                   | 103,221              |
| Inter-segment sales                                    | -                                  | 402                          | 76                                       | -               | (478)               | -                    |
| Total revenue  | <u>59,104</u>                      | <u>21,492</u>                | <u>22,136</u>                            | <u>967</u>      | <u>(478)</u>        | <u>103,221</u>       |
| <b><u>Results</u></b>                                  |                                    |                              |  |                 |                     |                      |
| Segment result   | 5,831                              | 447                          | 667                                      | (99)            |                     | 6,846                |
| Unallocated corporate expense                          |                                    |                              |  |                 |                     | (3,756)              |
| Operating profit                                       |                                    |                              |  |                 |                     | <u>3,090</u>         |
| Interest income  |                                    |                              |  |                 |                     | 758                  |
| Finance costs  |                                    |                              |  |                 |                     | (89)                 |
| Share of loss of an associate                          |                                    |                              |  |                 |                     | (278)                |
| Impairment loss of investment<br>in an associate       |                                    |                              |  |                 |                     | (360)                |
| Impairment loss of<br>available-for-sale investments   |                                    |                              |  |                 |                     | (83)                 |
| Profit before income tax                               |                                    |                              |  |                 |                     | <u>3,038</u>         |
| Income tax expense                                     |                                    |                              |  |                 |                     | (2,635)              |
| Profit after income tax                                |                                    |                              |  |                 |                     | <u><u>403</u></u>    |
| <b><u>Assets</u></b>                                   |                                    |                              |  |                 |                     |                      |
| Segment assets   | 37,756                             | 14,107                       | 24,849                                   | 1,382           | (63)                | 78,031               |
| Unallocated assets                                     |                                    |                              |  |                 |                     | 5,495                |
| Consolidated total assets                              |                                    |                              |  |                 |                     | <u><u>83,526</u></u> |
| <b><u>Liabilities</u></b>                              |                                    |                              |  |                 |                     |                      |
| Segment liabilities                                    | 8,272                              | 3,372                        | 3,500                                    | 240             | (63)                | 15,321               |
| Bank borrowings and obligation<br>under finance leases |                                    |                              |  |                 |                     | 6,095                |
| Unallocated liabilities                                |                                    |                              |  |                 |                     | 1,798                |
| Consolidated total liabilities                         |                                    |                              |  |                 |                     | <u><u>23,214</u></u> |
| <b><u>Other information</u></b>                        |                                    |                              |  |                 |                     |                      |
| Capital expenditure                                    | 363                                | 47                           | 298                                      | 124             |                     | 832                  |
| Depreciation of property, plant and<br>equipment       | 764                                | 353                          | 668                                      | 5               |                     | 1,790                |

## Business segment for the year ended 31 December 2015

|   | LCD<br>backlight<br>units | Office<br>automation | LCD parts<br>and<br>accessories | Others   | Eliminations | Consolidated |
|---|---------------------------|----------------------|---------------------------------|----------|--------------|--------------|
|   | US\$'000                  | US\$'000             | US\$'000                        | US\$'000 | US\$'000     | US\$'000     |
| <b>Revenue</b>  |                           |                      |                                 |          |              |              |
| 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      |
| <b>Results</b>  |                           |                      |                                 |          |              |              |
| Segment result  | 7,455                     | 52                   | 414                             | (4)      |              | 7,917        |
| Reclassification adjustment arising<br>from the liquidation of a subsidiary |                           |                      |                                 |          |              | 4,937        |
| Unallocated corporate expense   |                           |                      |                                 |          |              | (3,833)      |
| Operating profit  |                           |                      |                                 |          |              | 9,021        |
| Interest income   |                           |                      |                                 |          |              | 1,323        |
| Finance costs   |                           |                      |                                 |          |              | (161)        |
| Share of loss of an associate   |                           |                      |                                 |          |              | (156)        |
| Profit before income tax  |                           |                      |                                 |          |              | 10,027       |
| Income tax expense  |                           |                      |                                 |          |              | (2,093)      |
| Profit after income tax   |                           |                      |                                 |          |              | 7,934        |
| <b>Assets</b>   |                           |                      |                                 |          |              |              |
| Segment assets  | 44,088                    | 12,619               | 26,488                          | 380      | (170)        | 83,405       |
| Unallocated assets  |                           |                      |                                 |          |              | 5,263        |
| Consolidated total assets   |                           |                      |                                 |          |              | 88,668       |
| <b>Liabilities</b>  |                           |                      |                                 |          |              |              |
| Segment liabilities   | 9,259                     | 2,648                | 4,851                           | 119      | (170)        | 16,707       |
| Bank borrowings and obligation<br>under finance leases                      |                           |                      |                                 |          |              | 5,090        |
| Unallocated liabilities   |                           |                      |                                 |          |              | 1,008        |
| Consolidated total liabilities  |                           |                      |                                 |          |              | 22,805       |
| <b>Other information</b>  |                           |                      |                                 |          |              |              |
| Capital expenditure   | 1,209                     | 357                  | 122                             | 85       |              | 1,773        |
| Depreciation of property, plant and<br>equipment                            | 852                       | 393                  | 761                             | 8        |              | 2,014        |

## Geographical Segment for the year ended 31 December 2016 and 2015

|                  | Turnover                  |                  | Non-Current Assets        |                  | Capital Expenditure       |                  |
|------------------|---------------------------|------------------|---------------------------|------------------|---------------------------|------------------|
|                  | Year ended<br>31 December |                  | Year ended<br>31 December |                  | Year ended<br>31 December |                  |
|                  | 2016<br>US\$'000          | 2015<br>US\$'000 | 2016<br>US\$'000          | 2015<br>US\$'000 | 2016<br>US\$'000          | 2015<br>US\$'000 |
| <b>Hong Kong</b> | 21,000                    | 27,574           | 202                       | 354              | 14                        | 151              |
| <b>PRC</b>       | 70,140                    | 81,374           | 5,115                     | 6,145            | 800                       | 1,370            |
| <b>Japan</b>     | 11,969                    | 8,660            | 2,157                     | 2,224            | 18                        | 252              |
| <b>Others</b>    | 112                       | 489              | -                         | -                | -                         | -                |
| <b>Total</b>     | 103,221                   | 118,097          | 7,474                     | 8,723            | 832                       | 1,773            |

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

## Information about major customer

Revenue from one key customer which has transactions with all segments accounted for 71.8% of the total revenue for the year ended 31 December 2016 (year ended 31 December 2015: 68.9%).

### 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 20.3%, 68.0% and 11.6% of the total revenue respectively. Total revenue decreased by 12.6% to US\$103.2 million for the year ended 31 December 2016 as compared to the corresponding period in the previous year.

As at 31 December 2016, non-current assets located in Hong Kong, the PRC and Japan accounted for 2.7%, 68.4% and 28.9% of the total non-current assets of the Group respectively. During the FY2016, the Group invested a total capital expenditure of US\$0.8 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

|  | Year ended 31 December |                  |                           |
|--|------------------------|------------------|---------------------------|
|  | 2016<br>US\$'000       | 2015<br>US\$'000 | % Increase/<br>(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%)                   |
| Sales reported for the third quarter                     | 29,016                 | 27,522           | 5.4%                      |
| Sales reported for the fourth quarter                    | 25,171                 | 26,000           | (3.2%)                    |
| 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%)                   |
| Operating profit after income tax for the third quarter  | 321                    | 204              | 57.4%                     |
| Operating profit after income tax for the fourth quarter | 7                      | 249              | (97.2%)                   |

### 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<br>31 December 2015 | Year ended<br>31 December 2014 |
|-------------------------------|--------------------------------|--------------------------------|
| Ordinary dividend             |                                |                                |
| - Interim                     | 2,375                          | 2,374                          |
| - Final                       | 3,324                          | 3,324                          |
| Total                         | 5,699                          | 5,698                          |

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement**

| Name              | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was first held                            | Details of changes in duties and position held, if any, during the year |
|-------------------|-----|--|--|---|
| Mr SAKAI Akira    | 61  | Brother-in-law of Mr YOSHIMI Kunikazu                                | Corporate Auditor of Tomoike Industrial Co., Limited (2010)                                      | No change during the year   |
| Mr YOSHIMI Koichi | 35  | Son of Mr YOSHIMI Kunikazu   | Legal representative and managing director of Tomoike Electronics (Shanghai) Co., Limited (2013) | No change during the year   |

**BY ORDER OF THE BOARD**

URANO Koichi  
Executive Director  
1 March 2017

DY MO Hua Cheung, Philip  
Executive Director