

**Unaudited First Quarter Financial Statements And Dividend Announcement for the Three Months / First Quarter Ended 31 March 2017**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS**

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
For the period ended 31 March 2017**

	Note	Three months / first quarter ended 31 March		
		2017 US\$'000	2016 US\$'000	% Increase/ (Decrease)
Revenue		20,415	25,699	(20.6%)
Cost of sales		(15,212)	(20,128)	(24.4%)
Gross profit		5,203	5,571	(6.6%)
Other operating income		277	259	6.9%
Distribution expenses		(380)	(369)	3.0%
Administrative expenses		(4,850)	(5,036)	(3.7%)
Finance costs		(20)	(23)	(13.0%)
Share of loss of an associate		(25)	(35)	(28.6%)
Profit before income tax	(1)	205	367	(44.1%)
Income tax expense		(397)	(327)	21.4%
(Loss)/Profit after income tax		(192)	40	(580.0%)
Profit attributable to:				
Owners of the Company		(192)	40	(580.0%)
Non-controlling interests		-	-	-
		(192)	40	(580.0%)

**Note (1)**

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

	Three months / first quarter ended 31 March	
	2017 US\$'000	2016 US\$'000
Depreciation of property, plant and equipment	375	469
Interest income	(218)	(240)
Net foreign exchange loss (Note a)	51	159
Increase in allowance for inventories	88	174
Change in fair value of derivative financial instruments	24	-
Net loss on disposal of property, plant and equipment	4	17
Interest on borrowings	20	23
Change in fair value of held for trading investments	-	83

Note a: The foreign currency exchange loss for the three months ended 31 March 2017 comprised mainly unrealised loss net of unrealised gain on translating monetary assets less monetary liabilities in foreign currencies, mainly United States dollars, Renminbi and Japanese yen, to functional currency at each Group entity, and realised loss net of realised gain on payments denominated in foreign currencies other than the functional currency in each Group entity.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the period ended 31 March 2017**

	Three months / first quarter ended 31 March		
	2017 US\$'000	2016 US\$'000	% Increase/ (Decrease)
Profit after income tax	(192)	40	(580.0%)
Other comprehensive income:			
Available-for-sale investments:			
- Fair value gain arising during the period	85	1	8,400.0%
- Deferred tax liabilities arising on revaluation of available-for-sale investments	(30)	-	N.M.
Exchange difference on translation of foreign operations	452	769	(41.2%)
Other comprehensive income for the period, net of tax	507	770	(34.2%)
Total comprehensive income for period, net of tax	315	810	(61.1%)
Total comprehensive income attributable to:			
Owners of the Company	315	810	(61.1%)
Non-controlling interests	-	-	-
	315	810	(61.1%)

\* 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 March 2017

	The Group		The Company	
	As at 31 March 2017 US\$'000	As at 31 December 2016 US\$'000	As at 31 March 2017 US\$'000	As at 31 December 2016 US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and bank balances	42,893	45,026	265	272
Trade receivables	15,829	17,400	-	-
Other receivables and prepayments	2,476	2,333	215	97
Inventories	6,303	6,231	-	-
Loans and receivables	1,216	1,216	-	-
Held for trading investments	216	216	-	-
Pledged bank deposit (Note b)	146	146	-	-
Derivative financial instruments	-	38	-	-
<b>Total current assets</b>	<b>69,079</b>	<b>72,606</b>	<b>480</b>	<b>369</b>
<b>Non-current assets</b>				
Available-for-sale investments	1,019	926	-	-
Other assets	394	523	-	-
Prepayment for the acquisition of intangible asset	968	970	-	-
Amount due from a subsidiary	-	-	16,041	16,653
Property, plant and equipment	6,828	7,088	-	-
Investment in subsidiaries	-	-	11,334	11,334
Investment in an associate	1,396	1,413	-	-
<b>Total non-current assets</b>	<b>10,605</b>	<b>10,920</b>	<b>27,375</b>	<b>27,987</b>
<b>Total assets</b>	<b>79,684</b>	<b>83,526</b>	<b>27,855</b>	<b>28,356</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Bank borrowings	4,531	5,298	-	-
Trade payables	9,749	11,494	-	-
Other payables and accruals	3,520	4,054	203	282
Current portion of obligation under finance leases	74	65	-	-
Income tax payable	419	1,047	-	-
Derivative financial investments	23	-	-	-
<b>Total current liabilities</b>	<b>18,316</b>	<b>21,958</b>	<b>203</b>	<b>282</b>
<b>Non-current liabilities</b>				
Bank borrowings	597	716	-	-
Obligation under finance leases	86	16	-	-
Retirement benefit obligations	205	347	-	-
Deferred tax liabilities	164	177	-	-
<b>Total non-current liabilities</b>	<b>1,052</b>	<b>1,256</b>	<b>-</b>	<b>-</b>
<b>Capital, reserves and non-controlling interests</b>				
Issued capital	10,087	10,087	10,087	10,087
Reserves	50,220	50,216	17,565	17,987
Equity attributable to owners of the Company	60,307	60,303	27,652	28,074
Non-controlling interests	9	9	-	-
<b>Total equity</b>	<b>60,316</b>	<b>60,312</b>	<b>27,652</b>	<b>28,074</b>
<b>Total liabilities and equity</b>	<b>79,684</b>	<b>83,526</b>	<b>27,855</b>	<b>28,356</b>

Note b: As at 31 March 2017, the Group's bank deposit of approximately US\$146,000 (31 December 2016: 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 March 2017		As at 31 December 2016	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
<b>Bank and other borrowings</b>	-	4,531	-	5,298
<b>Obligation under finance leases</b>	74	-	65	-
<b>Total</b>	74	4,531	65	5,298

**Amount repayable after one year**

	As at 31 March 2017		As at 31 December 2016	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
<b>Bank and other borrowings</b>	-	597	-	716
<b>Obligation under finance leases</b>	86	-	16	-
<b>Total</b>	86	597	16	716

**Details of collateral**

As at 31 March 2017, the Group's bank deposit of approximately US\$146,000 (31 December 2016: 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\$122,740 (31 December 2016: US\$56,000) in respect of assets held under finance leases which are secured by the lessor's title to the leased assets.

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

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
<b>For the period ended 31 March 2017</b>		
	<b>The Group</b>	
	<b>Three months / first quarter ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>OPERATING ACTIVITIES</b>		
<b>Profit before income tax</b>	205	367
Adjustments for		
Increase in allowance for inventories	88	174
Depreciation of property, plant and equipment	375	469
Interest income	(218)	(240)
Finance costs	20	23
Net loss on disposal of property, plant and equipment	4	17
Retirement benefit obligations	40	12
Change in fair value of derivative financial instruments	24	-
Share-based payment expense	-	80
Change in fair value of held for trading investments	-	83
Share of loss of an associate	25	35
<b>Operating cash flows before movements in working capital</b>	563	1,020
<b>Change in working capital:</b>		
Trade receivables, other receivables and prepayments	1,466	(232)
Inventories	(161)	1,304
Trade payables, other payables and accruals	(2,279)	(2,311)
<b>Cash used in operations</b>	(411)	(219)
<b>Net income tax paid</b>	(1,070)	(290)
<b>Interest paid</b>	(20)	(23)
<b>Retirement benefit obligations paid</b>	(194)	-
<b>Net cash used in operating activities</b>	(1,695)	(532)
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	107	8
Decrease/(Increase) in other assets	141	(103)
Additional investment in available-for-sale investments	(3)	(3)
Purchase of property, plant and equipment (Note c)	(14)	(191)
Interest income received	218	240
Purchase of held for trading investments	-	(36)
<b>Net cash from/(used in) investing activities</b>	449	(85)
<b>FINANCING ACTIVITIES</b>		
Payment for the share buyback	(311)	-
Proceeds from bank borrowings	16,288	3,114
Repayment of obligation under finance leases	(29)	(29)
Repayment of bank borrowings	(17,237)	(2,145)
<b>Net cash (used in)/from financing activities</b>	(1,289)	940
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	(2,535)	323
<b>NET EFFECT OF CURRENCY TRANSLATION DIFFERENCES</b>	402	689
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	45,026	50,383
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	42,893	51,395

Note c: During the first quarter ended 31 March 2017, the Group acquired property, plant and equipment with aggregate cost of US\$121,000 of which US\$107,000 was acquired by means of finance lease (1Q2016: the Group acquired property plant and equipment with aggregate cost of US\$191,000 in cash and did not acquire any property, plant and equipment by means of finance lease.). Cash payment of US\$14,000 (31 December 2016: Nil) 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 US\$'000	Share premium of the Company US\$'000	Share capital reserve US\$'000	Treasury shares US\$'000	Employee share option reserve US\$'000	Merger reserve US\$'000	Statutory Reserve Fund US\$'000	Enterprise Expansion Fund US\$'000	Other Reserves US\$'000	Fair value adjustment reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2017	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
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	55	452	(192)	315	-	315
Share purchased under Share Purchase Mandate and held in treasury shares	-	-	-	(311)	-	-	-	-	-	-	-	-	(311)	-	(311)
Balance as at 31 March 2017	10,087	18,994	(193)	(3,291)	608	(7,020)	6,015	330	1,196	92	3,535	29,954	60,307	9	60,316

	Share capital US\$'000	Share premium of the Company US\$'000	Share capital reserve US\$'000	Treasury shares US\$'000	Employee share option reserve US\$'000	Merger reserve US\$'000	Statutory Reserve Fund US\$'000	Enterprise Expansion Fund US\$'000	Other Reserves US\$'000	Fair value adjustment reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2016	10,087	18,994	(202)	(2,061)	541	(7,020)	6,001	329	1,193	(4)	4,470	33,526	65,854	9	65,863
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	1	769	40	810	-	810
Share-based payment 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

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	Share premium of the Company	Share capital reserve	Treasury shares	Employee share option reserve	Retained Earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2017	10,087	18,994	(193)	(2,980)	608	1,558	28,074
Total comprehensive expense for the period	-	-	-	-	-	(111)	(111)
Share purchased under Share Purchase Mandate and held in treasury shares	-	-	-	(311)	-	-	(311)
Balance as at 31 March 2017	10,087	18,994	(193)	(3,291)	608	1,447	27,652

	Share Capital	Share premium of the Company	Share capital reserve	Treasury shares	Employee share option reserve	Retained Earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	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-based payment expense for the period	-	-	-	-	80	-	80
Balance as at 31 March 2016	10,087	18,994	(202)	(2,061)	621	828	28,267

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

During the first quarter ended 31 March 2017, the Company purchased 2,438,000 ordinary shares under the Share Purchase Mandate and held them in treasury shares. As at 31 March 2017, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 229,792,008 ordinary shares (excluding treasury shares), and 22,385,102 treasury shares.

### Treasury shares

	The Company			
	2017		2016	
	Number of shares	US\$'000	Number of shares	US\$'000
Balance as at 1 January	19,947,102	2,980	29,440,000	2,061
Ordinary Shares purchased during the first quarter	2,438,000	311	-	-
Balance as at 31 March	<u>22,385,102</u>	<u>3,291</u>	<u>29,440,000</u>	<u>2,061</u>

### Share Options

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

On 26 August 2016, the Company consolidated 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) ordinary share of par value of US\$ 0.04 each in the authorised and issued capital of the Company.

During the first quarter ended 31 March 2017, no shares option was exercised. The number of outstanding share options as at 31 March 2017 was 8,500,000 (31 December 2016: 8,500,000) with exercise price at S\$0.216.

**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 31 March 2017	As at 31 December 2016
Issued shares	252,177,110	252,177,110
Less: Treasury shares	(22,385,102)	(19,947,102)
Total number of issued shares excluding treasury shares	<u>229,792,008</u>	<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 first quarter ended 31 March 2017, there were no sales, transfers, disposal, and/or use of treasury share except for the purchase of 2,438,000 ordinary shares under the Share Purchase Mandate and held in treasury shares. As at 31 March 2017, there were 22,385,102 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 2016 except for the adoption of the revised International Financial Reporting Standards which came into effect this financial year from 1 January 2017. 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.**

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

	Three months / first quarter ended 31 March	
	2017	2016 (Restated) (Note f)
Based on weighted average number of ordinary shares in issue (US cents)		
- Basic	(0.08)	0.02
- Fully diluted (Note d)	(0.08)	0.02
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note e)	230,856,675	237,457,111
Effect of dilutive share options	1,279,761	2,472,602
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Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share	<u>232,136,436</u>	<u>239,929,713</u>

- Note d: Diluted effect on earnings per share referred to share options granted to the participants under the Company's Employee Share Option Scheme 2013 remained outstanding as at 31 March 2017.
- 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 of par value of US\$0.02 each for one (1) ordinary share of par value of US\$0.04 each 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 period 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 / First quarter ended 31 March 2016
Based on weighted average number of ordinary shares in issue (US cents)	
- Basic	0.01
- Fully diluted (Note d)	0.01
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note e)	474,914,221
Effect of dilutive share options	4,945,205
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Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share	479,859,426
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**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 March 2017	31 December 2016
Net asset value per ordinary share, excluding treasury shares (US cents)		
- The Group	26.25	25.97
- The Company	12.03	12.09

The calculation of the net asset value per ordinary share as at 31 March 2017 was based on total number of 229,792,008 (31 December 2016: 232,230,008) ordinary shares (excluding treasury shares).

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

**STATEMENT OF PROFIT AND LOSS**

In the first quarter of the financial year 2017 ("1Q2017"), the Group saw a drop in revenue by US\$5.3 million to US\$20.4 million as compared to the revenue of US\$25.7 million in 1Q2016. The drop was mainly due to fewer orders in the LCD Backlight Units segment. The Group's key customer continued place fewer orders as a result of slowing global demand for smartphones. The Group's gross profit for 1Q2017 decreased by

US\$0.4 million to US\$5.2 million from US\$5.6 million in 1Q2016. With more higher margin sale orders, the Group achieved a gross profit margin of 25.5% in 1Q2017, as compared to 21.7% in 1Q2016.

Other operating income registered an amount of US\$0.3 million in 1Q2017 as compared to US\$0.2 million in 1Q2016. This mainly comprised of interest income. In the area of expenses, distribution expenses remained at US\$0.4 million in 1Q2017 (1Q2016: US\$0.4 million). Administrative expenses was moderately decreased by US\$0.1 million and recorded at US\$4.9 million in 1Q2017, as compared to 5.0 million in 1Q2016. Finance costs remained at a lower level during the quarter under review as the Group continues to strictly uphold a low gearing policy despite in the current low interest environment.

The Group's associated company incurred operating loss in 1Q2017 of which the Group has to share 25% of the loss amounting to US\$ 0.03 million (1Q2016: US\$ 0.04 million).

Income tax expenses of 1Q2017 were US\$0.4 million (1Q2016: US\$0.3 million). The high effective tax rate was mainly due to the income tax of profit-making subsidiaries were not being offset by the tax credit of loss-making subsidiaries.

In 1Q2017, the Group recorded a decrease in profit before income tax by US\$0.2 million to US\$0.2 million (1Q2016: US\$0.4 million) and registered a loss after income tax amounting to US\$0.2 million (1Q2016: Profit after income tax amounting to US\$0.04 million).

### **LCD Backlight Units**

In 1Q2017, revenue from the LCD Backlight Units segment was US\$ 11.1 million, a US\$4.7 million decrease as compared with US\$15.8 million in the previous corresponding period. Revenue was affected by few orders from the Group's key customer as explained above. Operating profit increased from US\$0.8 million in 1Q2016 to US\$1.0 million in 1Q2017. The operating margin increased by 3.8% from 5.0% for 1Q2016 to 8.8% for 1Q2017.

In term of volume production, the total number of units sold for the segment amounted to 4.0 million units (1Q2016: 3.8 million units). Approximately, 0.7 million units were sold for handsets (1Q2016: 1.7 million units) and another 3.3 million units were sold for gamesets and in-vehicle displays (1Q2016: 2.1 million units). This is a 58.8% decrease and 57.1% increase respectively.

### **Office Automation**

The revenue from this segment slightly rose by 4.7% to US\$4.5 million in 1Q2017 as compared to US\$4.3 million in 1Q2016. The segment recorded a moderate operating loss of US\$0.02 million in 1Q2017 as compared to operating profit of US\$0.03 in 1Q2016.

### **LCD Parts and Accessories**

The sales for the LCD Parts and Accessories segment dropped by US\$1.1 million from US\$5.5 million in 1Q2016 to US\$4.4 million in 1Q2017. The segment booked an operating profit US\$0.06 for the period under review, as compared to US\$0.1 million in the previous corresponding period. The operating margin decreased by 1.1% from 2.5% for 1Q2016 to 1.4% for 1Q2017.

## **STATEMENT OF FINANCIAL POSITION**

As at 31 March 2017, the Group's total assets and liabilities stood at US\$79.7 million and US\$19.4 million respectively, as compared to US\$83.5 million and US\$23.2 million as at 31 December 2016.

Current assets remained at US\$69.1 million as at 31 March 2017 as compared to US\$72.6 million as at 31 December 2016. Cash and bank balances decreased by US\$2.1 million due to the reasons explained in the following paragraphs under Statement of Cash Flows. Associated with fall in sales, trade receivables decreased. There was no material change in the credit term offered to customer in general.

Other receivables and prepayments mainly represented 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.

The non-current assets of the Group stood at US\$10.6 million for 1Q2017. Also included in property, plant and equipment was newly purchased equipment amounting to US\$0.1 million, which was netted off against

the depreciation charge of US\$0.4 million. The available-for-sale investments included the equity investment in a Korean company, which offered the Group the manufacturing and distribution rights for its products, and listed shares in Japan. Prepayment for the acquisition of the intangible asset represented an advance payment for the application of research results related to biotech products and their related patents.

Total liabilities as at 31 March 2017 was down to US\$19.4 million, representing a decrease of US\$3.8 million over 1Q2017, (31 December 2016: US\$23.2 million). During 1Q2017, the Group redrew bank borrowings amounting to US\$16.3 million while settled bank borrowings amounting to US\$17.2 million with a net of US\$0.9 million. The total amount of bank borrowings was decreased by US\$0.9 million to US\$ 5.1 million as at 31 March 2017.

The trade payables were reduced by US\$1.8 million over 1Q2017 to US\$9.7 million at at 31 March 2017 (31 December 2016: US\$11.5 million). It was consistent with the reduction in revenue as explained above. There was no material change in the credit terms offered by the Group's suppliers.

The income tax on profit for 1Q2017 was provided and adjusted under tax rules for different jurisdiction. The income tax charge net of payment for the year under review had reduced the income tax payable by US\$0.6 million to US\$ 0.4 million (31 December 2016: US\$1.0 million)

Included in the non-current liabilities were retirement benefit obligations for directors in the Group's subsidiaries in Japan and deferred tax liabilities.

## **STATEMENT OF CASH FLOWS**

The Group has net cash used in operating activities amounting to US\$1.7 million for the current quarter as compared to US\$0.5 million in the corresponding quarter in the previous year. The increase in net cash used in operating activities were due to the settlement of trade and other payables and the payment of income tax during the quarter under review.

For investing activities, there was a net cash inflow of US\$0.4 million (1Q2016: net cash outflow in investing activities amounting to US\$0.1 million) from investing activities over the period under review, mainly attributable to the receipt of interest income and other assets.

For financing activities, there was a net cash outflow of US\$1.3 million over 1Q2017 (1Q2016: net cash inflow used in financing activities amounting to US\$0.9 million). The financing activities mainly included the net repayment of banking borrowings amounting to US\$0.9 million during 1Q2017 (1Q2016: net proceeds of bank borrowings amounting to US\$1.0 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 Group's results continue to be affected by the performance of its key customer which focuses on the markets of high-end smartphones, in-vehicle display and gameset display. Even though the continued loss of smartphone market share by the Group's key customer has worsened the Group's position in terms of lower order volumes with little signs of recovery in the near future, the Group has secured new mass production orders. Despite the Group suffering a moderate loss in the first quarter, the mass production orders detailed below may strengthen the Group's chance of having a better performance for FY2017.

### **Business Segment Outlook**

With the Group's LCD Backlight Units segment affected by the weaker demand for LCD backlight units for smartphones, the Group has recently secured mass production orders related to a new model of handheld

gameset device. This new development, in addition to the stable demand for LCD backlight units for in-vehicle displays, the segment's performance would likely improve.

The potential of the Group's new generation light guide film which is suitable for smartphones, tablets and notebooks despite showing promise, is dependent on the Group's key and potential customers who are as yet not investing in new models due to strong price competition. Nevertheless, the Group continues to look out for opportunities to promote its new generation light guide film product to potential customers.

The Group's LCD Parts segment also faces challenges, and the Group's response has been to explore the procurement of lower cost alternative materials. Separately, the Group's Office Automation segment is seeing a slight recovery, with orders for new products and for display parts for ultrathin notebook computers. Both these segments will fare better as market conditions improve, and the Group strategy is work on expanding the product portfolio for both segments.

### **Managing Risks**

The Group continues to work on improving the cost competitiveness of its operations, especially in the People's Republic of China. This has included the restructuring and consolidation of operations and the deployment of more efficient equipment and methods to mitigate rising operating costs. The Group's new OEM business of mobile payment devices also generates contribution margins for its under-utilised Dongguan plant, so as to enhance the Group's profitability.

### **Moving Forward**

Given the challenges of its current core business, the Group needs to diversify and will continue to explore avenues along this strategy. The Group's investment into the Life Science business is one such example and will include the distribution of existing biotech products, and working with selected nutra-ceutical, cosmetic and food manufacturers on improving their products. The Group is also progressively ramping up its Life Science R&D team with a view to develop new preventative healthcare products. Although this initial Life Science investment will not yield immediate returns, the Group believes that it is a necessary step in the right direction. Going forward, the Group will continue to explore other opportunities to diversify on a prudent basis.

Overall, the Group's outlook for FY2017 remains cautious but there is a sign of recovery in the following quarters. FY2017 looks to be a very challenging for the Group and should the global economic environment and market conditions worsen, its profitability will be adversely affected.

## **11. Dividend**

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

Any dividend declared for the current financial period reported on? No

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

Any dividend declared for the corresponding period of the immediately preceding financial year? No

### **(c) Date payable**

Not applicable.

### **(d) Books closure date**

Not applicable.

## **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 year are as follows:

	<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b>
<b>Name of interested person</b>	<b>US\$'000</b>	<b>US\$'000</b>
Mr YOSHIMI Kunikazu - Advisory fee	66	-
<b>Total</b>	66	-

**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 three months / first quarter ended 31 March 2017**

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 – Performing other business including general trading and food and beverage business

	<b>LCD backlight units</b>	<b>Office automation</b>	<b>LCD parts and accessories</b>	<b>Others</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b><u>Revenue</u></b>						
External sales	11,102	4,450	4,404	459	-	20,415
Inter-segment sales	-	52	3	-	(55)	-
Total revenue	11,102	4,502	4,407	459	(55)	20,415
<b><u>Results</u></b>						
Segment result	973	(24)	63	(103)		909
Unallocated corporate expense						(877)
Operating profit						32
Interest income						218
Finance costs						(20)
Share of loss of an associate						(25)
Profit before income tax						205
Income tax expense						(397)
Loss after income tax						(192)
<b><u>Assets</u></b>						
Segment assets	36,662	12,483	24,000	1,030	(40)	74,135
Unallocated assets						5,549
Consolidated total assets						79,684
<b><u>Liabilities</u></b>						
Segment liabilities	6,779	3,122	3,142	121	(40)	13,124
Bank borrowings and obligation under finance leases						5,288
Unallocated liabilities						956
Consolidated total liabilities						19,368
<b><u>Other information</u></b>						
Capital expenditure	10	107	4	-		121
Depreciation of property, plant and equipment	120	79	170	6		375

**Business segment for the three months / first quarter ended 31 March 2016**

	LCD backlight units	Office automation	LCD parts and accessories	Others	Eliminations	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Revenue</b>						
External sales	15,817	4,276	5,535	71	-	25,699
Inter-segment sales	-	90	20	-	(110)	-
Total revenue	15,817	4,366	5,555	71	(110)	25,699
<b>Results</b>						
Segment result	785	35	138	12		970
Unallocated corporate expense						(785)
Operating profit						185
Interest income						240
Finance costs						(23)
Share of loss of an associate						(35)
Profit before income tax						367
Income tax expense						(327)
Profit after income tax						40
<b>Assets</b>						
Segment assets	40,840	12,489	29,461	372	(145)	83,017
Unallocated assets						5,354
Consolidated total assets						88,371
<b>Liabilities</b>						
Segment liabilities	7,707	2,418	4,120	88	(145)	14,188
Bank borrowings and obligation under finance leases						6,149
Unallocated liabilities						1,281
Consolidated total liabilities						21,618
<b>Other information</b>						
Capital expenditure	49	17	125	-		191
Depreciation of property, plant and equipment	218	104	147	-		469

**Geographical Segment for the three months / first quarter ended 31 March 2017 and 2016**

	Turnover		Non-Current Assets		Capital Expenditure	
	Three months / first quarter ended 31 March		Three months / first quarter ended 31 March		Three months / first quarter ended 31 March	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
<b>Hong Kong</b>	3,627	6,981	180	344	-	3
<b>PRC</b>	14,903	16,288	4,829	5,996	121	172
<b>Japan</b>	1,870	2,382	2,212	2,360	-	16
<b>Others</b>	15	48	-	-	-	-
<b>Total</b>	20,415	25,699	7,221	8,700	121	191

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



### Information about major customer

Revenue from one key customer which has transactions with all segments accounted for 70.5% of the total revenue for 1Q2017 (1Q2016: 74.2%).

**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 17.8%, 73.0% and 9.2% of the total revenue respectively. Total revenue decreased by 20.6% to US\$20.4 million for the current quarter as compared to the corresponding period in the previous year.

As at 31 March 2017, non-current assets located in Hong Kong, the PRC and Japan accounted for 2.5%, 66.9% and 30.6% of the total non-current assets of the Group respectively. During this quarter, the Group invested a total capital expenditure of US\$0.1 million for the purchase of equipment in Hong Kong, the PRC and Japan, and it is mainly for renovation and replacement purposes.

**17. A breakdown of sales**

	Three months / first quarter ended 31 March		
	2017 US\$'000	2016 US\$'000	% Increase/ (Decrease)
Sales reported for the first quarter	20,415	25,699	(20.6%)
Operating (loss)/profit after income tax for the first quarter	(192)	40	(580.0%)

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

Annual Dividend (in US\$'000)	Year ended 31 December 2016	Year ended 31 December 2015
Ordinary dividend		
- Interim	475	2,375
- Final	3,324	3,324
Total	3,799	5,699

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

We, Urano Koichi and Dy Mo Hua Cheung, Philip, being two directors of CDW Holding Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of the directors of the Company which may render the financial statements for the three months / first quarter ended 31 March 2017 to be false or misleading in any material aspect.

### BY ORDER OF THE BOARD

URANO Koichi  
Executive Director  
15 May 2017

DY MO Hua Cheung, Philip  
Executive Director