

Unaudited First Quarter Financial Statements And Dividend Announcement for the Three Months / First Quarter Ended 31 March 2019

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 2019**

	Note	Three months / first quarter ended 31 March		
		2019 US\$'000	2018 US\$'000	% Increase/ (Decrease)
Revenue		20,949	18,350	14.2%
Cost of sales		(17,327)	(14,244)	21.6%
Gross profit		3,622	4,106	(11.8%)
Other income		498	299	66.6%
Distribution costs		(372)	(338)	10.1%
Administrative expenses		(4,513)	(4,847)	(6.9%)
Finance costs		(69)	(53)	30.2%
Share of loss of associates		(280)	(19)	1,373.7%
Loss before income tax	(1)	(1,114)	(852)	30.8%
Income tax expense		(34)	(100)	(66.0%)
Loss for the period		(1,148)	(952)	20.6%
Loss attributable to:				
Owners of the Company		(1,147)	(946)	21.2%
Non-controlling interests		(1)	(6)	(85.7%)
		(1,148)	(952)	20.6%

Note (1)

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

	Three months / first quarter ended 31 March	
	2019 US\$'000	2018 US\$'000
Depreciation of property, plant and equipment	344	344
Amortisation of right-of-use assets	279	-
Interest income	(136)	(164)
Net foreign exchange loss (Note a)	261	193
Increase / (Decrease) in allowance for inventories	59	(159)
Change in fair value of derivative financial instruments	-	(6)
Net gain on disposal of property, plant and equipment	(3)	(2)
Interest on borrowings	69	53

Note a: The foreign currency exchange loss for the three months ended 31 March 2019 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 2019

	Three months / first quarter ended 31 March		
	2019 US\$'000	2018 US\$'000	% Increase/ (Decrease)
Loss for the period	(1,148)	(952)	(20.6%)
Other comprehensive income / (expense):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign operations	300	1,334	(77.5%)
	300	1,334	(77.5%)
<i>Items that will not be reclassified to profit or loss</i>			
Equity investments designated at fair value through other comprehensive income:			
- Fair value gain / (loss) arising during the period	5	(34)	(114.7%)
- Income tax effect	(2)	12	(116.7%)
	3	(22)	(113.6%)
Other comprehensive income for the period, net of tax	303	1,312	(76.9%)
Total comprehensive (expense) / income for the period	(845)	360	(334.7%)
Total comprehensive income attributable to:			
Owners of the Company	(844)	366	(330.6%)
Non-controlling interests	(1)	(6)	(83.3%)
	(845)	360	(334.7%)

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 2019

	The Group		The Company	
	As at 31 March 2019 US\$'000	As at 31 December 2018 US\$'000	As at 31 March 2019 US\$'000	As at 31 December 2018 US\$'000
<u>ASSETS</u>				
Non-current assets				
Property, plant and equipment	5,821	5,897	-	-
Right-of-use assets	2,183	-	-	-
Prepayment for the acquisition of intangible assets	859	861	-	-
Investments in subsidiaries	-	-	11,334	11,334
Amount due from a subsidiary	-	-	16,510	16,678
Investments in associates	3,300	3,580	-	-
Equity investments designated at fair value through other comprehensive income	1,505	1,500	-	-
Other assets	315	273	-	-
Deferred tax assets	131	130	-	-
Total non-current assets	14,114	12,241	27,844	28,012
Current assets				
Inventories	9,188	10,247	-	-
Trade receivables	27,190	24,460	-	-
Other receivables and prepayments	3,860	3,896	27	59
Amounts due from associates	334	272	-	-
Loans and receivables, at amortised cost	-	2,200	-	-
Pledged bank deposits (Note b)	148	148	-	-
Cash and bank balances	26,220	35,465	177	119
Total current assets	66,940	76,688	204	178
Total assets	81,054	88,929	28,048	28,190
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Income tax payable	72	836	-	-
Bank borrowings	4,450	7,886	-	-
Current portion of obligation under finance leases	23	23	-	-
Current portion of lease liabilities	844	-	-	-
Trade payables	13,085	17,161	-	-
Other payables and accruals	3,358	3,986	120	132
Amounts due to an associate	24	39	-	-
Total current liabilities	21,856	29,931	120	132
Non-current liabilities				
Bank borrowings	250	500	-	-
Obligation under finance leases	65	71	-	-
Lease liabilities	1,398	-	-	-
Retirement benefit obligations	341	320	-	-
Deferred tax liabilities	642	626	-	-
Total non-current liabilities	2,696	1,517	-	-
Capital, reserves and non-controlling interests				
Share Capital	10,087	10,087	10,087	10,087
Treasury shares	(3,827)	(3,752)	(3,827)	(3,752)
Retained earnings	30,090	31,296	2,421	2,476
Reserves	20,144	19,841	19,247	19,247
Equity attributable to owners of the Company	56,494	57,472	27,928	28,058
Non-controlling interests	8	9	-	-
Total equity	56,502	57,481	27,928	28,058
Total liabilities and equity	81,054	88,929	28,048	28,190

Note b: As at 31 March 2019, the Group's bank deposit of approximately US\$148,000 (31 December 2018: US\$148,000) 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 2019		As at 31 December 2018	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Bank and other borrowings	-	4,450	-	7,886
Obligation under finance leases	23	-	23	-
Total	23	4,450	23	7,886

Amount repayable after one year

	As at 31 March 2019		As at 31 December 2018	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Bank and other borrowings	-	250	-	500
Obligation under finance leases	65	-	71	-
Total	65	250	71	500

Details of collateral

As at 31 March 2019, the Group's bank deposit of approximately US\$148,000 (31 December 2018: US\$148,000) 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\$86,000 (31 December 2018: US\$92,000) 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.

CONSOLIDATED STATEMENT OF CASH FLOWS For the period ended 31 March 2019		
	The Group	
	Three months / first quarter ended	
	2019 US\$'000	2018 US\$'000
OPERATING ACTIVITIES		
Loss before income tax	(1,114)	(852)
Adjustments for		
Interest income	(136)	(164)
Finance costs	69	53
Net gain on disposal of property, plant and equipment	(3)	(2)
Increase in allowance for inventories	59	(159)
Change in fair value of derivative financial instruments	-	(6)
Depreciation of property, plant and equipment	344	344
Amortisation of right-of-use assets	279	-
Share of loss of an associate	280	19
Retirement benefit obligations	20	30
Operating cash flows before movements in working capital	(202)	(737)
Change in working capital:		
Trade receivables, other receivables and prepayments	(2,694)	5,952
Amount due from associates	(77)	-
Inventories	1,001	727
Trade payables, other payables and accruals	(4,704)	(3,640)
Cash (used in)/from operations	(6,676)	2,302
Net income tax paid	(796)	(1,338)
Interest paid	(69)	(53)
Net cash (used in)/from operating activities	(7,541)	911
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3	9
Purchase of property, plant and equipment (Note c)	(189)	(936)
Increase in other assets	(42)	(109)
Decrease in loans and receivables	2,200	214
Additional investment in equity investment designated at fair value through other comprehensive income	(3)	(3)
Interest income received	136	164
Acquisition of a subsidiary (Note d)	-	199
Net cash from/(used in) investing activities	2,105	(462)
FINANCING ACTIVITIES		
Payment for the share buyback	(75)	-
Proceeds from bank borrowings	2,733	4,057
Repayment of bank borrowings	(6,419)	(4,657)
Repayment of obligation under finance leases	(10)	(12)
Repayment of lease liabilities	(251)	-
Net cash used in financing activities	(4,022)	(612)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,458)	(163)
NET EFFECT OF CURRENCY TRANSLATION DIFFERENCES	213	1,167
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	35,465	43,772
CASH AND CASH EQUIVALENTS AT END OF PERIOD	26,220	44,776

Note c: During the first quarter ended 31 March 2019, the Group acquired property, plant and equipment with aggregate cost of US\$193,000 of which US\$4,000 was acquired by means of finance lease (1Q18: the Group acquired property plant and equipment with aggregate cost of US\$980,000 of which US\$44,000 was acquired by means of finance lease.). Cash payment of US\$193,000 (1Q18: US\$936,000) was made to purchase property, plant and equipment.

Note d: Acquisition of a subsidiary, net of cash acquired

	The Group	
	Three months /	
	Frist quarter ended 31 March	
	2019	2018
	US\$'000	US\$'000
The assets and liabilities of a subsidiary acquired during the periods are as follows:		
Non-current assets	-	37
Current assets	-	325
Current liabilities	-	(351)
Net assets acquired:	-	11
Minority interests	-	(1)
Total cost of acquisition	-	10
Net cash inflow arising on acquisition		
Cash and cash equivalents acquired	-	325
Cash consideration paid	-	(126)
Cash flow on acquisition, net of cash and cash equivalents acquired	-	199

- 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 2019	10,087	18,994	(193)	(3,752)	446	(7,020)	3,806	318	1,187	101	2,202	31,296	57,472	9	57,481
Effect of adoption of Financial Reporting Standard 16	-	-	-	-	-	-	-	-	-	-	-	(59)	(59)	-	(59)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	3	300	(1,147)	(844)	(1)	(845)
Share purchased under share Purchase mandate and held in treasury shares	-	-	-	(75)	-	-	-	-	-	-	-	-	(75)	-	(75)
Balance as at 31 March 2019	10,087	18,994	(193)	(3,827)	446	(7,020)	3,806	318	1,187	104	2,502	30,090	56,494	8	56,502

	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 2018	10,087	18,994	(193)	(3,431)	481	(7,020)	6,015	330	1,199	69	4,682	29,695	60,908	9	60,917
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	(22)	1,334	(946)	366	(6)	360
Transfer on share options lapsed	-	-	-	-	(35)	-	-	-	-	-	-	35	-	-	-
Balance as at 31 March 2018	10,087	18,994	(193)	(3,431)	446	(7,020)	6,015	330	1,199	47	6,016	28,784	61,274	3	61,277

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 2019	10,087	18,994	(193)	(3,752)	446	2,476	28,058
Total comprehensive expense for the period	-	-	-	-	-	(55)	(55)
Shares purchased under Share Purchase Mandate and held in treasury shares	-	-	-	(75)	-	-	(75)
Balance as at 31 March 2019	10,087	18,994	(193)	(3,827)	446	2,421	27,928

	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 2018	10,087	18,994	(193)	(3,431)	481	2,157	28,095
Total comprehensive expense for the period	-	-	-	-	-	(83)	(83)
Transfer on share options lapsed	-	-	-	-	(35)	35	-
Balance as at 31 March 2018	10,087	18,994	(193)	(3,431)	446	2,109	28,012

- 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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2018 the Company's issued and fully paid up share capital was US\$10,087,084 represented by 227,814,308 ordinary shares (excluding treasury shares), and 24,362,802 ordinary shares held as treasury shares.

During the first quarter ended 31 March 2019, the Company did not purchase any ordinary share under the Shares Purchase Mandate and held them as treasury shares. As at 31 March 2019, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 227,242,908 ordinary shares (excluding treasury shares) and 24,934,202 ordinary shares held as treasury shares.

Treasury shares

	The Company			
	2019		2018	
	Number of shares	US\$'000	Number of shares	US\$'000
Balance as at 1 January	24,362,802	3,752	22,532,202	3,431
Ordinary Shares purchased during the first quarter	571,400	75	-	-
Balance as at 31 March	24,934,202	3,827	22,532,202	3,431

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 2019, no share option was exercised. The number of outstanding share options as at 31 March 2019 was 6,250,000. (31 December 2018: 6,250,000) 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 2019	As at 31 December 2018
Issued shares	252,177,110	252,177,110
Less: Treasury shares	(24,934,202)	(24,362,802)
Total number of issued shares excluding treasury shares	227,242,908	227,814,308

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

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

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

The Group did not have any subsidiary holdings for the current financial period reported on.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, 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 2018.

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.

The Group has adopted the new or revised International Financial Reporting Standards ("IFRS") which came into effect this financial year from 1 January 2019.

IFRS 16 Leases requires lessees to recognise most leases on statement of financial position. The standard includes two recognition exemptions for lessees – leases of "low value" assets and short-term leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The impact from adoption of IFRS 16 is mainly derived from the leases of factories and offices. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group has adopted IFRS 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained profits at the date of initial application, 1 January 2019.

On the adoption of IFRS 16, the Group chose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

On the adoption of IFRS 16, the Group recognized right-of-use assets of US\$1,843,000 and lease liabilities of US\$1,902,000 for its leases previously classified as operating leases, with a corresponding decrease in the operation retained profits of US\$59,000 and its related tax impact as at 1 January 2019.

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 per ordinary share for the period based on loss attributable to owners of the Company on 1(a) above

	Three months / first quarter ended 31 March	
	2019	2018
Based on weighted average number of ordinary shares in issue (US cents)		
- Basic	(0.50)	(0.41)
- Fully diluted (Note e)	-	(0.41)
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note f)	227,387,895	229,644,908
Effect of dilutive share options	-	699,372
Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share	227,387,895	230,344,280

Note e: 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 2019. There was no diluted effect on the earnings per share as the average market price of ordinary shares during the three months ended 31 March 2019 was below the exercise price for the granted options.

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

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

	31 March 2019	31 December 2018
Net asset value per ordinary share, excluding treasury shares (US cents)		
- The Group	24.86	25.23
- The Company	12.29	12.32

The calculation of the net asset value per ordinary share as at 31 March 2019 was based on total number of 227,242,908 (31 December 2018: 227,814,308) 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 ended 31 March 2019 ("1Q19"), the Group saw a rise in revenue by US\$2.6 million to US\$20.9 million as compared to the revenue of US\$18.3 million in the previous corresponding quarter ("1Q18"). The Group's gross profit for 1Q19 decreased by US\$0.5 million to US\$3.6 million from US\$4.1 million in 1Q18. As a result of low utilisation and higher material costs in larger sized LCD backlight units, gross profit margin of the Group decreased to 17.3% in 1Q19, as compared to 22.4% in 1Q18.

Other operating income for 1Q19 increased by US\$0.2 million to US\$0.5 million (1Q18: US\$0.3 million). This amount mainly comprised interest income earned. In the area of expenses in 1Q19, distribution expenses increased by US\$0.1 million to US\$0.4 million (1Q18: US\$0.3 million) while administrative expenses decreased by US\$0.3 million to US\$4.5 million (1Q18: US\$4.8 million). Finance costs remained low for the

quarter under review as the Group continues to strictly uphold its low gearing policy despite the current low interest environment.

The Group's associated company, which is still in its development phase, incurred a loss in 1Q19 and the Group shared an operating loss of US\$0.3 million accordingly.

Income tax expense for 1Q19 decreased by US\$0.07 million to US\$0.03 million as compared to US\$0.1 million for 1Q18. This was mainly due to tax credit from the loss-making subsidiaries not being able to fully mitigate the income tax payable from the profit-making subsidiaries even though the Group incurred an overall loss before income tax.

In 1Q19, the Group recorded a loss before income tax of US\$1.1 million (1Q18: US\$0.9 million) and registered a loss after income tax of US\$1.1 million (1Q18: US\$1.0 million).

LCD Backlight Units

In 1Q19, revenue from the LCD Backlight Units segment increased by US\$3.5 million to US\$10.8 million (1Q18: US\$7.3 million). The increase in revenue was due to the higher selling price of larger sized LCD backlight units that are being used in more premium vehicles and ultrathin notebook computers. The material costs for these larger sized LCD backlight units accounted for a higher percentage of the total costs, production volumes have not reached a level where this segment can make a profit, as such, there was an operating loss of US\$0.5 million in 1Q19 (1Q18: US\$0.2 million).

In terms of production volume, the total number of units sold for the segment amounted to 1.4 million units (1Q18: 1.6 million units). Approximately 0.1 million units were sold for handsets (1Q18: 0.1 million units) and another 1.3 million units were sold for gamesets and in-vehicle displays (1Q18: 1.5 million units). This was a 23.4% and 12.6% decrease respectively.

Office Automation

The revenue from this segment dropped by 9.5% to US\$5.0 million in 1Q19 as compared to US\$5.6 million in 1Q18. The segment recorded an operating profit of US\$0.04 million in 1Q19 as compared to operating profit of US\$0.1 million in 1Q18.

LCD Parts and Accessories

The sales for the LCD Parts and Accessories segment decreased by US\$0.6 million from US\$5.2 million in 1Q18 to US\$4.6 million in 1Q19. The segment booked an operating profit of US\$0.2 million for 1Q19 as compared to US\$0.4 million in the previous corresponding period. The operating margin decreased from 6.7% in 1Q18 to 1.5% for 1Q19.

Other Segment

The other segment mainly includes the food and beverage business as well as the life science business. A revenue of US\$0.4 million was generated in this segment for the quarter under review. As the Life Science division is on its initial development stage, there was operating loss of US\$0.04 million for 1Q19.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019, the Group's total assets and liabilities stood at US\$81.1 million and US\$24.6 million respectively, as compared to US\$88.9 million and US\$31.4 million as at 31 December 2018.

Current assets dropped to US\$66.9 million as at 31 March 2019 as compared to US\$76.7 million as at 31 December 2018. Cash and bank balances decreased by US\$9.3 million to US\$26.2 as at 31 March 2019 as compared to US\$35.5 million as at 31 December 2018. Apart from the settlement of bank borrowings as explained in the statement of cash flow below, the drop in cash level was mainly due to the financing of a longer credit term to our key customer and the purchase of raw materials for larger sized LCD backlight units. Associated with the rise in revenue, trade receivables increased from US\$24.5 million as at 31 December 2018 to US\$27.2 million as at 31 March 2019. Except for the longer credit term of 120 days offered to our key customer, there was no material change in the credit term of 60 days to 90 days offered to customers in general.

Other receivables and prepayments of US\$3.9 million (31 December 2018: US\$3.9 million) mainly represented utility deposits, prepaid expenses, value added tax recoverable, sales tax prepaid and other receivable of US\$2.1 million which is the remaining sales proceeds for the disposal of interest in a subsidiary

to be collected in May and October 2019.

The non-current assets of the Group stood at US\$14.1 million for 1Q19. Also included in property, plant and equipment amounting to US\$5.8 million as at 31 March 2019 (31 December 2018: US\$5.9 million) was leasehold improvement and newly purchased equipment of US\$0.2 million, which was netted off against the depreciation charge of US\$0.3 million. The equity investments designated at fair value through other comprehensive income 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. Upon the implementation of International Financial Reporting Standard 16 Leases as explained in paragraph 5 above, right-of-use assets of US\$1.8 million was recognised as at 1 January 2019. During the quarter under review, there was additional right-of-use assets of US\$0.3 million that was recognised. Investment in associates represented our investment in A Biotech Co., Limited, which is a company incorporated in Korea that has incurred losses as it is still in the development phase.

Total liabilities as at 31 March 2019 was down to US\$24.6 million, representing a decrease of US\$6.8 million over 1Q19 (31 December 2018: US\$31.4 million). As explained in the statement of cash flows, the Group redrew bank borrowings amounting to US\$2.7 million while settling bank borrowings amounting to US\$6.4 million with a net settlement of US\$3.7 million during 1Q19. Total outstanding bank borrowings was US\$4.7 million as at 31 March 2019 (31 December 2018: US\$8.4 million).

The trade payables were reduced by US\$4.1 million over 1Q19 to US\$13.1 million as at 31 March 2019 (31 December 2018: US\$17.2 million). There was no material change in the credit terms offered by the Group's suppliers and the settlement was done in accordance with the agreed credit terms.

The income tax on profit for 1Q19 was provided and adjusted under tax rules for different jurisdictions. The income tax charge net of payment for the period under review had reduced the income tax payable by US\$0.7 million to US\$0.1 million (31 December 2018: US\$0.8 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 had net cash used in operating activities amounting to US\$7.5 million for the current quarter under review as compared to net cash generated from operating activities amounting to US\$0.9 million in the corresponding quarter in the previous year. As explained above, the net cash used in operating activities were mainly due to an increase in the working capital for production of larger sized LCD backlight units, in which the Group faced costlier raw materials as well as a longer credit term demanded by the key customer. During 1Q19, the Group paid income tax amounting to US\$0.8 million (1Q18: US\$1.3 million).

For investing activities, there was a net cash inflow of US\$2.1 million (1Q18: net cash outflow of US\$0.5 million) over the quarter under review, mainly attributable to the settlement of a US\$2.2 million loan to a customer. In addition, there was purchase of property, plant and equipment amounting to US\$0.2 million (1Q18: US\$0.9 million).

For financing activities, there was a net cash outflow of US\$4.0 million over 1Q19 (1Q18: US\$0.6 million). The financing activities mainly included the net repayment of bank borrowings amounting to US\$3.7 million during 1Q19 (1Q18: US\$0.6 million) so as to reduce the Group's finance costs in the expectation of rising interest rate.

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 core business operates in a challenging business environment due to price competition and short product life cycles as well as the effects of US-China trade tensions. The Group's results are also affected by the performance of its key customer which is a well-known office equipment provider and a key industry player for office equipment and liquid crystal display panels for high-end smartphones, in-vehicle information displays and notebook computers. Despite these factors, the Group has continuously been working with its customers to develop new products and it will also look for alternative manufacturing locations to mitigate the ongoing US-China trade tensions.

Business Segment Outlook

During the period under review, we received orders for larger sized LCD backlight units. Co-developed with our key customer, these larger display panels adopt the new generation light guide film technology and are able to command a higher selling price per unit. They are to be used in more premium vehicles and ultrathin notebook computers. A higher selling price per unit also implies the need for more working capital to finance the purchases of the raw materials. As we anticipate more orders in the coming quarters coupled with the longer credit term offered to the Group's key customer, we foresee that the Group's cash levels will be reduced to finance the inventory and accounts receivable for the next quarters.

Both the Office Automation and LCD Parts and Accessories segments continue their upward trend and the Group is working on expanding its portfolio of products in these two segments. The Office Automation segment has progressed steadily with an increased number of orders for parts for new models of office automation and mobile phones through the period under review. The LCD Parts and Accessories segment is also seeing some progress, with increased orders for parts for ultrathin notebook computers and new orders for the OEM business. In addition, the Group will be keeping close tabs on the market demand for different types of mobile payment machines and realign its focus accordingly with the needs of the industry.

In its Life Sciences business, the Group is still exploring various options to market its synthetic antibodies library to relevant biotech and pharmaceutical companies to be used for research and development purposes with the aim of creating alternative treatments for diseases. The research and development efforts in this segment continue at a steady pace and work is already underway for the next generation of antibody library which may reach the patent application phase in the latter part of 2019.

Managing Risks and Looking Forward

Through the recent deployment of more efficient equipment and methods, the Group continues its efforts to improve its competitiveness and operating efficiency. Manufacturing processes in Southern China have been consolidated into one factory location to increase the utilisation rate as well as combining operating costs.

To mitigate the risk of tariffs imposed by the US government on importation of all products made in the PRC, which will adversely affect the Group's performance, the Group has decided to establish a new factory in the Philippines to benefit from the proximity to our customers who also have factories there. This new factory is expected to begin operations in late 2019 or early 2020.

The Group remains cautious for FY2019 due to the challenging operating environment it operates in and the tumultuous global economic environment.

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/recommendedd, a statement to that effect and the reason(s) for the decision.

There is no interim dividend recommended and declared by the Directors as the Group incurred a loss in the first quarter ended 31 March 2019.

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

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

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

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

	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 - Payment of advisory fee	65	-
A Biotech Co., Limited - Provision of services under Joint Research and Development and Assistance Agreement	82	-
Total	147	-

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 2019

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, food and beverage and life sciences

	LCD backlight units	Office automation	LCD parts and accessories	Others	Eliminations	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>Revenue</u>						
External sales	10,856	5,058	4,645	390	-	20,949
Inter-segment sales	-	116	-	-	(116)	-
Total revenue	10,856	5,174	4,645	390	(116)	20,949
<u>Results</u>						
Segment result	(496)	40	196	(36)		(296)
Unallocated corporate expense						(605)
Operating loss						(901)
Interest income						136
Finance costs						(69)
Share of loss of an associate						(280)
Loss before income tax						(1,114)
Income tax expense						(34)
Loss after income tax						(1,148)
<u>Assets</u>						
Segment assets	34,852	19,686	18,154	1,953	(144)	74,501
Unallocated assets						6,553
Consolidated total assets						81,054
<u>Liabilities</u>						
Segment liabilities	7,597	5,201	3,242	427	(144)	16,323
Bank borrowings and obligation under finance leases						7,030
Unallocated liabilities						1,199
Consolidated total liabilities						24,552
<u>Other information</u>						
Capital expenditure	56	26	111	-		193
Right-of-use assets	-	-	591	-		591
Depreciation of property, plant and equipment	161	86	93	4		344
Amortisation of right of use assets	94	60	106	19		279
Increase/(Decrease) in provision for inventories	22	24	14	(1)		59

Business segment for the three months / first quarter ended 31 March 2018

	LCD backlight units	Office automation	LCD parts and accessories	Others	Eliminations	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>Revenue</u>						
External sales	7,252	5,588	5,225	285		18,350
Inter-segment sales	-	78	-	-	(78)	
Total revenue	7,252	5,666	5,225	285	(78)	18,350
<u>Results</u>						
Segment result	(167)	118	392	(481)		(138)
Unallocated corporate expense						(812)
Operating loss						(944)
Interest income						164
Finance costs						(53)
Share of loss of an associate						(19)
Loss before income tax						(852)
Income tax expense						(100)
Loss after income tax						(952)
<u>Assets</u>						
Segment assets	29,108	21,495	24,651	4,871	(64)	80,061
Unallocated assets						3,855
Consolidated total assets						83,916
<u>Liabilities</u>						
Segment liabilities	4,069	4,158	3,684	658	(64)	12,505
Bank borrowings and obligation under finance leases						9,228
Unallocated liabilities						905
Consolidated total liabilities						22,638
<u>Other information</u>						
Capital expenditure	180	216	349	235		980
Depreciation of property, plant and equipment	126	99	112	7		344

Geographical Segment for the three months / first quarter ended 31 March 2019 and 2018

	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	
	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000	2019 US\$'000	2018 US\$'000
Hong Kong	3,708	3,850	455	608	14	389
PRC	14,019	11,234	3,510	4,859	134	305
Japan	3,103	3,144	2,140	2,381	45	136
Others	119	122	-	235	-	150
Total	20,949	18,350	6,105	8,083	193	980

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 48.5% of the total revenue for 1Q19 (1Q18: 46.9%).

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 17.7%, 66.9% and 14.8% of the total revenue respectively. Total revenue increased by 14.2% to US\$20,949 million for the current quarter as compared to the corresponding period in the previous year.

As at 31 March 2019, non-current assets located in Hong Kong, the PRC and Japan accounted for 7.5%, 57.4% and 35.1% of the total non-current assets of the Group respectively. During this quarter, the Group invested a total capital expenditure of US\$0.2 million for the purchase of equipment in Hong Kong, the PRC and Japan, and it was mainly for replacement purposes.

17. A breakdown of sales

	Three months / first quarter ended 31 March		
	2019 US\$'000	2018 US\$'000	% Increase/ (Decrease)
Sales reported for the first quarter	20,949	18,350	14.2%
Operating loss after income tax for the first quarter	(1,148)	(952)	20.6%

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 2018	Year ended 31 December 2017
Ordinary dividend		
- Interim	911	1,149
- Final	1,591	1,608
Total	2,502	2,757

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

We, Yoshikawa Makoto 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 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

YOSHIKAWA Makoto
Executive Director
15 May 2019

DY MO Hua Cheung, Philip
Executive Director