

CDW HOLDING LIMITED
(Incorporated in Bermuda)
(Company Registration No. 35127)

**ADJUSTMENTS BETWEEN UNAUDITED FINANCIAL STATEMENTS RESULTS
ANNOUNCEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2018**

The Board of Directors (the “**Board**”) of CDW Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the unaudited financial results of the Group for the financial year ended 31 December 2018 announced by the Company on 1 March 2019 (the “**Unaudited Results**”). Pursuant to Rule 704(6) of the SGX-ST Listing Rules, the Board wishes to announce that subsequent to the release of the Unaudited Results, the Company has adopted certain adjustments between the Unaudited Results and the audited financial statements for the financial year ended 31 December 2018 (the “**Audited Results**”). The adjustments are mainly related to fair value adjustments arising from the valuation reports prepared by an independent firm of professional valuers.

The details of adjustments and variances between the Unaudited Results and the Audited Results with relevant explanatory notes are presented in Appendix A as attached to this announcement.

By Order of the Board

Leong Chee Meng, Kenneth
Company Secretary
6 April 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Unaudited (US\$'000)	Audited (US\$'000)	Variance (US\$'000)	Notes
Revenue	90,246	90,246	-	
Cost of sales	(70,863)	(70,863)	-	
Gross profit	19,383	19,383		
Gross profit margin	21.5%	21.5%		
Other Operating Income	3,368	5,245	1,877	1 and 2
Distribution costs	(1,650)	(1,650)	-	
Administrative expenses	(18,735)	(19,518)	(783)	3
Finance costs	(239)	(239)	-	
Share of losses of associates	(497)	(412)	85	4
Impairment of investment in an associate	(146)	(231)	(85)	4
Profit before tax	1,484	2,578		
Income tax expense	(1,379)	(1,794)	(415)	1
Profit after income tax	105	784		
Profit attributable to: Owners of the Company	278	898	620	5
Non-Controlling interests	(173)	(114)	59	1
Total	105	784		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited (US\$'000)	Audited (US\$'000)	Variance (US\$'000)	Notes
Profit after income tax	105	784	679	1 and 5
Other comprehensive income/(expenses):				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(1,413)	(1,328)	85	6
*Release of foreign translation reserve upon disposal of subsidiaries	(1,202)	(1,173)	29	6
	(2,615)	(2,501)		
Items that will not be reclassified to profit or loss				
Equity investments designated at fair value through other comprehensive income:				
Fair value loss arising during the year	(134)	(495)	(361)	7
Income tax effect	-	79	79	7
	(134)	(416)		
Other comprehensive income/(expenses) for the year, net of tax	(2,749)	(2,917)		
Total comprehensive income/(expenses) for the year	(2,644)	(2,133)		
Attributable to:				
Owners of the Company	(2,807)	(1,998)	809	8
Non-controlling interests	173	(135)	(308)	8
Total comprehensive income/(expenses) for the year	(2,634)	(2,133)		

* Amount reclassified from the Group's Statement of changes in equity to be consistent with the presentation in the Audited Results.

STATEMENT OF FINANCIAL POSITION (Group)

	Unaudited (US\$'000)	Audited (US\$'000)	Variance (US\$'000)	Notes
ASSETS				
Non-current assets				
Equity investments designated at fair value through other comprehensive income	863	-	(863)	7
Property, plant and equipment	6,652	5,897	(755)	3
Prepayment for the acquisition of intangible assets	861	861		
Investments in subsidiaries		-		
Amount due from a subsidiary		-		
Investments in associates	1,572	3,580	2,008	1
Investments	-	1,500	1,500	7
Other assets	273	273		
Deferred tax assets	130	130		
Total non-current assets	10,351	12,241		
Current assets				
Inventories	10,247	10,247		
Trade and other receivables	28,540	28,356	(184)	2
Amounts due from associates	272	272		
Investments	2,200	2,200		
Pledged bank deposits	148	148		
Cash and bank balances	35,465	35,465		
Total current assets	76,872	76,688		
TOTAL ASSETS	87,223	88,929		

STATEMENT OF FINANCIAL POSITION (Group) (continued)

	Unaudited (US\$'000)	Audited (US\$'000)	Variance (US\$'000)	Notes
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Income tax payable	837	836	(1)	Rounding difference
Bank borrowings	7,886	7,886		
Finance leases	23	23		
Trade and other payables	21,147	21,147		
Derivative financial instruments	-	-		
Amount due to an associate	39	39		
Total current liabilities	29,932	29,931		
NET CURRENT ASSETS	46,940	46,757		
Non-current liabilities				
Bank borrowings	500	500		
Finance leases	71	71		
Retirement benefit obligations	320	320		
Deferred tax liabilities	71	626	555	1 and 7
Total non-current liabilities	962	1,517		
TOTAL LIABILITIES	30,894	31,448		
NET ASSETS	56,329	57,481		
Equity attributable to owners of the Company				
Share capital	10,087	10,087		
Treasury shares	(3,752)	(3,752)		
Retained earnings	30,585	31,296	711	8
Reserves	19,400	19,841	441	8
	56,320	57,472		
Non-controlling interests	9	9		
TOTAL EQUITY	56,329	57,481		
TOTAL LIABILITIES AND EQUITY	87,223	88,929		

CONSOLIDATED STATEMENT OF CASH FLOWS (Group)

	Unaudited (US\$'000)	Audited (US\$'000)	Variance (US\$'000)	Notes
Profit before income tax	1,484	2,578		
Adjustments for				
Interest income	(748)	(748)	-	
Finance costs	239	239	-	
Net loss/(gain) on disposal of property, plant and equipment	(37)	(37)	-	
Impairment of property, plant and equipment	-	782	782	3
Decrease in provision for inventories	(161)	(159)	2	Rounding difference
Change in fair value of derivative financial instruments	(6)	(6)	-	
Change in fair value of held-for-trading investments	-	-	-	
Impairment of goodwill	116	116	-	
Depreciation of property, plant and equipment	1,382	1,382	-	
Share of loss of associates	497	412	(85)	4
Gain on disposal of subsidiaries	(2,086)	(4,154)	(2,068)	1
Retirement benefit obligations	76	76	-	
Impairment loss of investment in an associate	146	231	85	4
Prepayment for acquisition of intangible asset written off	100	-	(100)	6
Operating cash flows before movements in working capital	1,002	712		
Change in working capital:				
Trade and other receivables	298	489	191	2
Amount due to/from associates	35	35	-	
Inventories	(3,244)	(3,245)	(1)	Rounding difference
Trade and other payables	5,369	5,369	-	
Cash generated from/(used in) operations	3,460	3,360		
Net income tax paid	(2,115)	(2,115)	-	
Retirement benefit obligations paid	-	-		
Interest paid	(239)	(239)	-	
Net cash from/(used in) operating activities	1,106	1,006		

CONSOLIDATED STATEMENT OF CASH FLOWS (Group) (continued)

	Unaudited (US\$'000)	Audited (US\$'000)	Variance (US\$'000)	Notes
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	174	199	25	6
Purchase of property, plant and equipment	(2,233)	(2,203)	30	6
Decrease in other assets	67	73	6	6
Decrease/(Increase) in loans and receivables	(1,192)	(1,192)	-	
Additional investment in equity investment designated at fair value through OCI/available-for-sale investments	(12)	(12)	-	
Interest income received	748	748	-	
Acquisition of a subsidiary	199	199	-	
Disposal of subsidiaries	(3,277)	(3,277)	-	
Proceeds from disposal of a financial assets at fair value through profit or loss	14	15	1	Rounding difference
Net cash (used in)/from investing activities	(5,512)	(5,450)		
FINANCING ACTIVITIES				
Proceeds from shares issued to non-controlling shareholders	1,390	1,391	1	Rounding difference
Payment for the share buyback	(321)	(321)	-	
Proceeds from bank borrowings	21,867	21,867	-	
Repayment of bank borrowings	(23,019)	(23,019)	-	
Repayment of obligation under finance leases	(105)	(105)	-	
Dividend paid	(2,519)	(2,519)	-	
Net cash from/(used in) financing activities	(2,707)	(2,706)		
Net decrease in cash and cash equivalents	(7,113)	(7,150)	(37)	8
Net effect of currency translation differences	(1,194)	(1,157)	37	8
Cash and cash equivalents at 31 December	43,772	43,772		
	35,465	35,465		

Earnings per ordinary share of the Group

	Unaudited	Audited
Based on weighted average number of ordinary shares in issue (US cents)		
- Basic	0.10	0.39*
- Fully diluted (Note f)	0.10	0.39*
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note g)	228,894,621	228,894,621
Effect of dilutive share options (Note f)	439,443	439,443
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share	229,334,064	229,334,064
	<hr/>	<hr/>

Note f: Diluted effect on earnings per share referred to share options granted to the participants under the Company's Employee Share Option Scheme 2013 that remained outstanding as at 31 December 2018.

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

* The figures are restated due to the adoption of adjustments which increased the profit for the year.

Notes:

- 1 During the year, the Group established a wholly-owned subsidiary, namely A Biotech Co., Ltd. ("A Bio"). Subsequent to the establishment of A Bio, there were two new allotments of shares from A Bio to third parties, and the Group's shareholding in A Bio was diluted to 82.4% (the "**Allotment**"). Further to the Allotment, the Group further disposed of certain of its shares in A Bio (the "**Disposal**") to an associate of the controlling shareholder of the Group, and the Group's shareholding in A Bio became 49.4%. Following the completion of the Disposal, the Group ceased accounting for A Bio as a subsidiary, and accounted for A Bio as an associate of the Group upon the Disposal.

In order to determine the gain on disposal of A Bio, upon completion of the Disposal, Management has made reference to the valuation of the remaining interest of 49.4% at the date of the Disposal performed by an independent firm of external valuer. In accordance with the valuation report, there was a gain of US\$2,068,000 and its related income tax expense of US\$415,000 in the Consolidated Statement of Profit or Loss.

The corresponding effects in the Group's Statement of Financial Position were an increase in Investment in associate amounting to US\$2,008,000; and an increase in deferred tax liabilities amounting to US\$415,000. Apart from a rounding difference of US\$1,000, the difference of US\$59,000, being calculation discrepancy in the Unaudited Results, was accounted for in non-controlling interest.

- 2 Included in the Other Operating Income for the Unaudited Results was a compensation income of US\$191,000 for compensation received by a Group's subsidiary (the "**Compensation**") in FY2018. The corresponding receivable as at 31 December 2018 was US\$184,000 and the difference of US\$7,000 was attributable to exchange differences between the transaction exchange rate and closing exchange rate.

The auditor is of the opinion that the Compensation can only be recognized as income when it is received and recorded in the bank account. Accordingly, this Compensation income and the related other receivable were reversed in FY2018, and recognized in FY2019 when the Compensation amount was received in January 2019.

3. During the year, Management engaged an independent firm of professional valuers to conduct an impairment assessment over the Group's property, plant and equipment, including associated companies. In accordance with the impairment assessment, the Group provided an impairment write-off of US\$783,000.

The corresponding effect in the Group's Statement of Financial Position was US\$755,000 and the difference of US\$28,000 was the exchange differences between the historical exchange rate and the closing exchange rate as at 31 December 2018.

4. As mentioned in note 3 above, management conducted impairment assessment over the property, plant and equipment of Suzhou Photoelectric Technology Co., Limited ("Suzhou Pengfu"), an associate of the Group. Suzhou Pengfu provided an impairment write-off accordingly, and the Group shared additional losses of US\$85,000. As management had considered no recoverable amount for Suzhou Pengfu, such additional loss would reduce the impairment losses by the same amount.
5. It represented the aggregate financial effects on the Consolidated Statement of Profit or Loss as set out in Notes 1 to 4 above.

6. It represented calculation discrepancies in the Unaudited Results.
7. Under IFRS 9, available-for-sale investments of US\$863,000 are reclassified as equity investments designated at fair value through Other comprehensive income. Included in available-for-sale investments was an investment in a company known as LGM Co., Limited ("LGM"). During the reclassification, Management engaged an independent firm of professional valuers to conduct a revaluation. The investment was then revalued as at 1 January 2018 with a fair value gain of US\$995,000 while this gain less its related income tax effect of US\$219,000, with the net amount of US\$776,000, was charged to other comprehensive income.

As at year end, Management engaged an independent firm of professional valuers to conduct an impairment assessment over its investment in LGM. In accordance with the impairment assessment, the Group provided an impairment write-off of US\$361,000 while this impairment and its related income tax effect of US\$79,000, with the net amount of US\$282,000, which was charged to other comprehensive income. There was also an exchange difference of US\$3,000 between the historical exchange rate and the closing exchange rate as at 31 December 2018.

8. It represented the aggregate financial effects of Notes 1 to 7 above.