

## Unaudited Half Year Financial Statements And Dividend Announcement for the Six Months Ended 30 June 2020

### 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 periods ended 30 June 2020

	Note	Six months ended 30 June		
		2020 US\$'000	2019 US\$'000	% Increase/ (Decrease)
Revenue		49,513	45,117	9.7%
Cost of sales		(39,646)	(37,093)	6.9%
Gross profit		9,867	8,024	23.0%
Other income		349	592	(41.0%)
Distribution costs		(1,555)	(897)	73.4%
Administrative expenses		(7,775)	(8,928)	(12.9%)
Finance costs		(126)	(127)	(0.8%)
Share of loss of associates		(302)	(544)	(44.5%)
Profit / (Loss) before income tax	(1)	458	(1,880)	(124.4%)
Income tax expense		(810)	(88)	820.5%
Loss after income tax		(352)	(1,968)	(82.1%)
Loss attributable to:				
Owners of the Company		(351)	(1,965)	(82.1%)
Non-controlling interests		(1)	(3)	(66.7%)
		(352)	(1,968)	(82.1%)

#### Note (1)

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

	Six months ended 30 June	
	2020 US\$'000	2019 US\$'000
Depreciation of property, plant and equipment	617	696
Depreciation of right-of-use assets	820	558
Interest income	(97)	(229)
Net foreign exchange (gain) / loss (Note a)	(26)	192
(Decrease) / Increase in allowance for inventories	(121)	78
Net loss / (gain) on disposal of property, plant and equipment	19	(8)
Gain on termination of leased contract	(1)	-
Interest on borrowings	126	127

Note a: The foreign currency exchange loss for the six months ended 30 June 2020 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 periods ended 30 June 2020**

	Six months ended 30 June		
	2020 US\$'000	2019 US\$'000	% Increase / (Decrease)
Loss for the periods	(352)	(1,968)	(82.1%)
Other comprehensive income / (expense):			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign operations	(276)	300	(192.0%)
<i>Items that will not be reclassified to profit or loss</i>			
Equity investments designated at fair value through other comprehensive income:			
- Fair value (loss) / gain arising during the periods	(50)	4	(1,350.0%)
- Income tax effect	17	(2)	(950.0%)
	(33)	2	(1,750.0%)
Other comprehensive (expense) / income for the periods, net of tax	(309)	302	(202.3%)
Total comprehensive expense for the periods	(661)	(1,666)	(60.3%)
Total comprehensive expense attributable to:			
Owners of the Company	(660)	(1,663)	(60.3%)
Non-controlling interests	(1)	(3)	(66.7%)
	(661)	(1,666)	(60.3%)

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

# STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	The Group		The Company	
	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6,104	6,538	-	-
Right-of-use assets	2,621	3,447	-	-
Investment in subsidiaries	-	-	11,334	11,334
Amount due from a subsidiary	-	-	16,266	16,043
Investment in associates	1,369	1,881	-	-
Equity investments designated at fair value through other comprehensive income	806	829	-	-
Other assets	305	311	-	-
Deferred tax assets	201	176	-	-
<b>Total non-current assets</b>	<b>11,406</b>	<b>13,182</b>	<b>27,600</b>	<b>27,377</b>
<b>Current assets</b>				
Inventories	11,873	9,890	-	-
Trade receivables	34,197	31,937	-	-
Other receivables and prepayments	2,160	2,352	44	131
Amounts due from associates	1,350	541	-	-
Loans and receivables, at amortised cost	1,506	1,499	-	-
Pledged bank deposit (Note b)	149	149	-	-
Cash and bank balances	18,654	28,466	205	170
<b>Total current assets</b>	<b>69,889</b>	<b>74,834</b>	<b>249</b>	<b>301</b>
<b>Total assets</b>	<b>81,295</b>	<b>88,016</b>	<b>27,849</b>	<b>27,678</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Income tax payable	746	545	-	-
Bank borrowings	5,935	9,384	-	-
Current portion of lease liabilities	1,213	1,499	-	-
Trade payables	18,891	19,385	-	-
Other payables and accruals	3,531	3,348	148	176
Amount due to an associate	40	138	-	-
<b>Total current liabilities</b>	<b>30,356</b>	<b>34,299</b>	<b>148</b>	<b>176</b>
<b>Non-current liabilities</b>				
Bank borrowings	85	102	-	-
Lease liabilities	1,470	2,013	-	-
Retirement benefit obligations	486	407	-	-
Deferred tax liabilities	571	552	-	-
<b>Total non-current liabilities</b>	<b>2,612</b>	<b>3,074</b>	<b>-</b>	<b>-</b>
<b>Capital, reserves and non-controlling interests</b>				
Share Capital	10,087	10,087	10,087	10,087
Treasury shares	(4,542)	(4,385)	(4,542)	(4,385)
Retained earnings	23,907	25,837	3,258	2,958
Reserves	18,865	19,093	18,898	18,842
<b>Equity attributable to owners of the Company</b>	<b>48,317</b>	<b>50,632</b>	<b>27,701</b>	<b>27,502</b>
<b>Non-controlling interests</b>	<b>10</b>	<b>11</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>48,327</b>	<b>50,643</b>	<b>27,701</b>	<b>27,502</b>
<b>Total liabilities and equity</b>	<b>81,295</b>	<b>88,016</b>	<b>27,849</b>	<b>27,678</b>

Note b: As at 30 June 2020, the Group's bank deposit of approximately US\$149,000 (31 December 2019: US\$149,000) 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 30 June 2020		As at 31 December 2019	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
<b>Bank and other borrowings</b>	-	5,935	-	9,384
<b>Lease Liabilities</b>	-	1,213	-	1,499
<b>Total</b>	-	7,148	-	10,883

**Amount repayable after one year**

	As at 30 June 2020		As at 31 December 2019	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
<b>Bank and other borrowings</b>	-	85	-	102
<b>Lease Liabilities</b>	-	1,470	-	2,013
<b>Total</b>	-	1,555	-	2,115

**Details of collateral**

As at 30 June 2020, the Group's bank deposit of approximately US\$149,000 (31 December 2019: US\$149,000) was pledged to financial institutions to secure banking facilities granted to the Group.

- 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 periods ended 30 June 2020</b>		
	<b>The Group</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) before income tax</b>	458	(1,880)
Adjustments for		
(Decrease) / Increase in allowance for inventories	(121)	78
Depreciation of property, plant and equipment	617	696
Depreciation of right-of-use assets	820	558
Interest income	(97)	(229)
Interest expenses	126	127
Net loss / (gain) on disposal of property, plant and equipment	19	(8)
Gain on termination of leased contract	(1)	-
Retirement benefit obligations	74	40
Gain on disposal of a subsidiary	-	(11)
Share of loss of associates	302	544
Share-based payment expense	56	-
<b>Operating cash flows before movements in working capital</b>	2,253	(85)
<b>Change in working capital:</b>		
Trade receivables, other receivables and prepayments	(2,062)	(3,402)
Inventories	(1,969)	385
Amounts due from associates	(901)	(191)
Trade payables, other payables and accruals	(326)	(2,022)
<b>Cash used in operations</b>	(3,005)	(5,315)
<b>Net income tax paid</b>	(608)	(833)
<b>Interest paid</b>	(65)	(75)
<b>Net cash used in operating activities</b>	(3,678)	(6,223)
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	81	21
Decrease in other assets	7	26
Additional investment in equity investment designated at fair value through other comprehensive income	(6)	(6)
Purchase of property, plant and equipment (Note c)	(286)	(648)
(Increase) / Decrease in loans and receivables	(7)	2,200
Interest income received	97	229
<b>Net cash (used in) / generated from investing activities</b>	(114)	1,822
<b>FINANCING ACTIVITIES</b>		
Payment for the share buyback	(157)	(160)
Proceeds from bank borrowings	8,174	8,714
Repayment of obligation under finance leases	-	(18)
Repayment of interest element on lease liabilities	(61)	(52)
Repayment of principal portion of lease liabilities	(806)	(556)
Repayment of bank borrowings	(11,641)	(10,951)
Dividend paid	(1,554)	(1,591)
<b>Net cash used in financing activities</b>	(6,045)	(4,614)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(9,837)	(9,015)
<b>NET EFFECT OF CURRENCY TRANSLATION DIFFERENCES</b>	25	317
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	28,466	35,465
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	18,654	26,767

Note c: During the six months ended 30 June 2020, the Group acquired property, plant and equipment with aggregate cost of US\$286,000 (six months ended 30 June 2019: US\$684,000 of which US\$36,000 was acquired by means of finance lease). Cash payment of US\$286,000 (six months ended 30 June 2019: US\$648,000) was made to purchase property, plant and equipment. In addition, for the six months ended 30 June 2019, certain property, plant and equipment were refinanced by finance leases amounting to US\$4,000.

- 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 2020	10,087	18,994	(193)	(4,385)	41	(7,020)	3,946	318	1,190	(421)	2,238	25,837	50,632	11	50,643
Total comprehensive expense for the period	-	-	-	-	-	-	-	-	-	(33)	(276)	(351)	(660)	(1)	(661)
Share-based payment expense	-	-	-	-	56	-	-	-	-	-	-	-	56	-	56
Share purchased under Share Purchase Mandate and held in treasury shares	-	-	-	(157)	-	-	-	-	-	-	-	-	(157)	-	(157)
Transfer to Statutory Reserve Fund	-	-	-	-	-	-	25	-	-	-	-	(25)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(1,554)	(1,554)	-	(1,554)
Balance as at 30 June 2020	10,087	18,994	(193)	(4,542)	97	(7,020)	3,971	318	1,190	(454)	1,962	23,907	48,317	10	48,327

	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 International Financial Reporting Standard 16	-	-	-	-	-	-	-	-	-	-	-	(1,404)	(1,404)	-	(1,404)
Balance as at 1 January 2019 (restated)	10,087	18,994	(193)	(3,752)	446	(7,020)	3,806	318	1,187	101	2,202	29,892	56,068	9	56,077
Total comprehensive income / (expense) for the period	-	-	-	-	-	-	-	-	-	2	300	(1,965)	(1,663)	(3)	(1,666)
Shares purchased under Share Purchase Mandate and held in treasury shares	-	-	-	(160)	-	-	-	-	-	-	-	-	(160)	-	(160)
Transfer upon lapse of share options	-	-	-	-	(446)	-	-	-	-	-	-	446	-	-	-
Transfer to Statutory Reserve Fund	-	-	-	-	-	-	145	-	-	-	-	(145)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(1,591)	(1,591)	-	(1,591)
Balance as at 30 June 2019	10,087	18,994	(193)	(3,912)	-	(7,020)	3,951	318	1,187	103	2,502	26,637	52,654	6	52,660

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 2020	10,087	18,994	(193)	(4,385)	41	2,958	27,502
Total comprehensive income for the period	-	-	-	-	-	1,854	1,854
Shares purchased under Share Purchase Mandate and held in treasury shares	-	-	-	(157)	-	-	(157)
Share-based payment expense	-	-	-	-	56	-	56
Dividend paid	-	-	-	-	-	(1,554)	(1,554)
Balance as at 30 June 2020	10,087	18,994	(193)	(4,542)	97	3,258	27,701

	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 income for the period	-	-	-	-	-	1,655	1,655
Shares purchased under Share Purchase Mandate and held in treasury shares	-	-	-	(160)	-	-	(160)
Transfer upon lapse of share options	-	-	-	-	(446)	446	-
Dividend paid	-	-	-	-	-	(1,591)	(1,591)
Balance as at 30 June 2019	10,087	18,994	(193)	(3,912)	-	2,986	27,962

- 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 2019, the Company's issued and fully paid-up share capital was US\$10,087,084 represented by 223,190,008 ordinary shares (excluding treasury shares) and 28,987,102 ordinary shares held in treasury shares.

During the half year ended 30 June 2020, the Company purchased a total of 1,202,600 ordinary shares under the Share Purchase Mandate and held them in treasury shares. As at 30 June 2020, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 221,987,408 ordinary shares (excluding treasury shares) and 30,189,702 ordinary shares held in treasury shares.

### Treasury shares

	The Company			
	2020		2019	
	Number of shares	US\$'000	Number of shares	US\$'000
Balance as at 1 January	28,987,102	4,385	24,362,802	3,752
Ordinary Shares purchased during the first half year	1,202,600	157	1,213,200	160
Balance as at 30 June	30,189,702	4,542	25,576,002	3,912

### 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 was 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. On the same day, the Company consolidated every two (2) existing options into one (1) option which can be exercised at S\$0.216 to subscribe one (1) ordinary share of par value of US\$0.04 each in the authorised and issued capital of the Company

On 29 May 2019, 6,250,000 unexercised share options were lapsed and cancelled at the expiry of the share options granted under CDW Employees Share Option Scheme 2013.

On 21 August 2019, the Chief Executive Officer of the Company proposed to grant options to six directors and three senior executives (the "Participants") to subscribe for a total of 7,250,000 ordinary shares of US\$0.04 each in the capital of the Company, pursuant to CDW Employees Share Options Scheme 2018. This proposal was adopted and administrated by the Remuneration Committee. The options granted were accepted by the Participants in August 2019. The options were exercisable at S\$0.14 per share with an exercise period commencing from 21 August 2021 to 20 August 2024 (both days inclusive).

During the half year ended 30 June 2020, no option was allowed to be exercised and no option was neither lapsed nor cancelled. The number of outstanding options as at 30 June 2020 was 7,250,000 (30 June 2019: Nil / 31 December 2019: 7,250,000) with exercise price at S\$0.14.

### Subsidiary Holdings

The Group did not have any subsidiary holdings for the current financial period reported on and its corresponding period of the immediately preceding financial year.



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

	The Company	
	As at 30 June 2020	As at 31 December 2019
Issued shares	252,177,110	252,177,110
Less: Treasury shares	(30,189,702)	(28,987,102)
Total number of issued shares excluding treasury shares	<u>221,987,408</u>	<u>223,190,008</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 half year ended 30 June 2020, there were no sales, transfers, disposal and / or use of treasury shares except for the purchase of 1,202,600 ordinary shares under the Share Purchase Mandate and held in treasury shares. As at 30 June 2020, there were 30,189,702 (31 December 2019: 28,987,102) ordinary shares held in treasury shares.

**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.**

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 2019 except for the adoption of the revised International Financial Reporting Standards which came into effect this financial year from 1 January 2020. 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.**

The Group has adopted the new or revised International Financial Reporting Standards ("IFRS") which came into effect this financial year from 1 January 2020. The adoption of these revised accounting policies did not give rise to any significant change to financial statements.

**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

	Six months end 30 June 2020	2019
Based on weighted average number of ordinary shares in issue (US cents)		
- Basic	(0.2)	(0.86)
- Fully diluted (Note d)	-	-
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note e)	<u>222,244,228</u>	<u>227,265,255</u>

Note d: No adjustment had been made the basic loss per share amounts presented for the six months ended 30 June 2020 in respect of a dilution as the impact of the share options outstanding during the period had an anti-dilutive effect on the basic loss per share amounts presented.

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

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

	30 June 2020	31 December 2019
Net asset value per ordinary share, excluding treasury shares (US cents)		
- The Group	21.77	22.69
- The Company	12.48	12.32

The calculation of the net asset value per ordinary share was based on total number of 221,987,408 (31 December 2019: 223,190,008) 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 half year ended 30 June 2020 ("1H20"), the Group saw an increase in revenue by US\$4.4 million to US\$49.5 million as compared to the revenue of US\$45.1 million in the corresponding period of previous year ("1H19"). The increase in revenue was mainly due to a recovery in the LCD Backlight Units segment, particularly, the orders for larger-sized LCD backlight units used in ultrathin notebook computers and automobile information displays of premium vehicles.

This recovery in the LCD Backlight Units segment has compensated for the other segments' loss in revenue caused by the outbreak of the Novel Coronavirus ("COVID-19") which halted work at the Group's plants in China due to a blanket requirement for selected provinces to cease production. COVID-19 also disrupted supply chains and affected the Group with locally manufactured accessory materials being in short supply. It also prohibited the workers in the affected areas from reporting for duty to the Group's factories. All of these factors had affected production and hence the revenue for the period under review. However, through the increase in the utilisation rate and the deployment of more efficient equipment and methods, the Group's gross profit improved by US\$1.9 million from US\$8.0 million in 1H19 to US\$9.9 million in 1H20. The gross profit margin of the Group increased to 19.9% in 1H20, as compared to 17.8% in 1H19.

Other operating income for 1H20 decreased by US\$0.3 million to US\$0.3 million (1H19: US\$0.6 million). This amount mainly comprised interest income earned and exchange gain. In the area of expenses in 1H20, distribution expenses increased by US\$0.7 million to US\$1.6 million (1H19: US\$0.9 million) while administrative expenses decreased by US\$1.1 million to US\$7.8 million (1H19: US\$8.9 million). The higher distribution expenses were mainly attributable to the increase in packing materials used for larger sized LCD backlight units and their transportation costs. The decrease in administrative expenses was caused by the implementation of cost control measures over salary related expenses and a reduction in other operating expenses. Finance costs remained low for the period 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 1H20 and the Group shared an operating loss of US\$0.3 million (1H19: US\$0.5 million) accordingly.

Income tax expense for 1H20 increased by US\$0.7 million to US\$0.8 million as compared to US\$0.1 million for 1H19. The income tax expense was more than the profit before income tax, mainly attributable to tax credits from the loss-making subsidiaries not being able to fully mitigate the income tax payable from the profit-making subsidiaries.

In 1H20, the Group recorded a profit before income tax of US\$0.5 million (1H19: Loss before income tax of US\$1.9 million) and registered a loss after income tax of US\$0.4 million (1H19: US\$2.0 million).

### **LCD Backlight Units**

In 1H20, revenue from the LCD Backlight Units segment increased by US\$12.3 million to US\$36.8 million (1H19: US\$24.5 million). The increase in revenue was due to a combination of higher volume and a higher selling price for larger sized LCD backlight units which are used in more premium automobile information displays and ultrathin notebook computers. COVID-19 affected the segment's production schedule and backlog orders were pushed from the first quarter to the second quarter of the period under review. As such, there was an operating profit of US\$2.2 million in 1H20 (1H19: Operating loss of US\$0.3 million).

In terms of quantity, the total number of units sold for the period under review was 1.5 million units (1H19: 1.4 million units) with details in various size as below:

<b>Unit in million</b>	<b>1H20</b>	<b>1H19</b>
Below 5 inches	0.8	1.7
5 to 8 inches	1.5	0.3
Over 8 inches	1.6	1.0
<b>Total</b>	<b>3.9</b>	<b>3.0</b>

For LCD BLUs below 5 inches, 69% of the units sold was related to LCD BLUs for premium automobile information displays (1H19: 94%) while 31% was related to smartphones, handheld entertainment devices and others (1H19: 6%). For LCD BLUs between 5 to 8 inches, 95% of units sold in 1H20 was related to smartphones which was the continuing orders of one-off allocation that commenced from the second half of FY2019 (1H19: 53% of units sold was related to premium automobile information displays). Such orders were phased out at the end of the second quarter of FY2020. For LCD BLUs over 8 inches, 49% of units sold was related to premium automobile information displays (1H19: 68%) while 51% was related to ultrathin notebook computers (1H19: 32%).

### **Office Automation**

The revenue from the Office Automation segment dropped by 43.2% to US\$6.3 million in 1H20 as compared to US\$11.1 million in 1H19. The segment recorded an operating loss of US\$0.1 million in 1H20 as compared to an operating profit of US\$0.3 million in 1H19. The decrease in both revenue and operating profit was a result of the outbreak of COVID-19 as mentioned above.

### **LCD Parts and Accessories**

The sales for the LCD Parts and Accessories segment decreased by US\$2.9 million from US\$8.8 million in 1H19 to US\$5.9 million in 1H20. The reduction in revenue was mainly due to the ongoing US-China trade tensions, in which the OEM business volume was reduced by US\$4.3 million from US\$5.0 million in 1H19 to US\$0.7 million in 1H20. The segment booked an operating loss of US\$0.1 million for 1H20 as compared to an operating profit of US\$0.2 million in the previous corresponding period.

### **Other Segment**

The other segment mainly includes the food and beverage business as well as the life science business. A revenue of US\$0.5 million was generated in this segment for the period under review (1H19: US\$0.7 million).

As the Life Science division is in its initial development stage, there was operating loss of US\$0.1 million (1H19: US\$0.2 million).

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2020, the Group's total assets and liabilities stood at US\$81.3 million and US\$33.0 million respectively, as compared to US\$88.0 million and US\$37.4 million as at 31 December 2019.

Current assets dropped to US\$69.9 million as at 30 June 2020 as compared to US\$74.8 million as at 31 December 2019. Cash and bank balances decreased by US\$9.8 million to US\$18.7 as at 30 June 2020 as compared to US\$28.5 million as at 31 December 2019.

Associated with the rise in revenue for the period under review, particularly the recovery in orders of LCD backlight units in the second quarter, trade receivables increased by US\$2.3 million from US\$31.9 million as at 31 December 2019 to US\$34.2 million as at 30 June 2020. Except for the longer credit term of 150 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. Inventory increased from US\$9.9 million as at 31 December 2019 to US\$11.9 million as at 30 June 2020, in order to fulfill the orders in coming months.

Other receivables and prepayments of US\$2.2 million (31 December 2019: US\$2.4 million) mainly represented other debtors, utility deposits, prepaid expenses, value added tax recoverable and sales tax prepaid. The decrease was mainly due to the receipt of settlement from other debtors. During the period under review, the Group has provided financial support in terms of an interest-bearing loan to A Biotech Co., Limited, an associated company of the Group, for its research and development of the application of antibody library. Loans and other receivables of US\$1.5 million represented the sales proceeds for the disposal of interest in a subsidiary, of which the payment was rescheduled until the end of this year.

The non-current assets of the Group stood at US\$11.4 million as at 30 June 2020 (31 December 2019: US\$13.2 million). Also included in property, plant and equipment amounting to US\$6.1 million as at 30 June 2020 (31 December 2019: US\$6.5 million) was leasehold improvement and newly purchased equipment of US\$0.3 million, which was netted off against the depreciation charge of US\$0.6 million and the foreign currency translation effect of US\$0.1 million. During the period under review, there was an amortisation of right-of-use assets amounting to US\$0.8 million, which reduced the right-of-use assets from US\$3.4 million as at 31 December 2019 to US\$2.6 million as at 30 June 2020. 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. 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 30 June 2020 was down to US\$33.0 million, representing a decrease of US\$4.4 million over 1H20 (31 December 2019: US\$37.4 million). In relation to the right-of-use assets as mentioned above, there were lease liabilities of US\$2.7 million as at 30 June 2020 (31 December 2019: US\$3.5 million), of which US\$1.2 million was payable within one year and classified under current liabilities (31 December 2019: US\$1.5 million). During the period under review, there was a repayment of leased liabilities amounting to US\$0.8 million (1H19: US\$0.6 million).

As explained in the statement of cash flows, the Group redrew bank borrowings amounting to US\$8.1 million while settling bank borrowings amounting to US\$11.6 million with a net settlement of US\$3.5 million during 1H20. Total outstanding bank borrowings was US\$6.0 million as at 30 June 2020 (31 December 2019: US\$9.5 million).

The trade payables were moderately reduced by US\$0.5 million to US\$18.9 million as at 30 June 2020 (31 December 2019: US\$19.4 million) for the period under review. 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. Other payables and accruals, mainly representing wages payable and other payables for operating expenses, slightly increased by US\$0.2 million from US\$3.3 million as at 31 December 2019 to US\$3.5 million as at 30 June 2020.

The income tax for 1H20 was provided and adjusted under tax rules of various jurisdictions. The income tax charge net of payment for the period under review had increased the income tax payable by US\$0.2 million to US\$0.7 million (31 December 2019: US\$0.5 million).

Included in the non-current liabilities were retirement benefit obligations for directors in the Group's subsidiaries in Japan and deferred tax liabilities related to the withholding tax on dividends from the profit making subsidiaries in China and the tax effects of temporary differences between the carrying amounts of assets or liabilities and their tax base.

## STATEMENT OF CASH FLOWS

The Group had net cash used in operating activities amounting to US\$3.7 million for the period under review as compared to US\$6.2 million in the previous corresponding period. As explained above, the net cash used in operating activities were partly due to financing the working capital in terms of the increase in inventory level and trade receivables for higher sales in the second quarter, and the settlement of trade payables over 1H20. During 1H20, the Group paid income tax amounting to US\$0.6 million (1H19: US\$0.8 million).

For investing activities, there was a net cash outflow of US\$0.1 million (1H19: net cash inflow of US\$1.8 million) over the period under review, mainly attributable to purchase of property, plant and equipment amounting to US\$0.3 million (1H19: US\$0.6 million) less sales proceeds from the disposal of property, plant and equipment amounting to US\$0.1 million and interest income of US\$0.1 million (1H19: US\$0.2 million).

For financing activities, there was a net cash outflow of US\$6.0 million over the period under review (1H19: US\$4.6 million). The financing activities mainly included the net repayment of bank borrowings amounting to US\$3.5 million during 1H20 (1H19: US\$2.2 million). During the period under review, the Group purchased its shares under Share Purchase Mandate amounting to US\$0.2 million (1H19: US\$0.2 million), and repaid lease liabilities amounting to US\$0.8 million (1H19: US\$0.6 million). In addition, the Group paid dividends of US\$1.5 million in 1H20 (1H19: US\$1.6 million).

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

Not applicable.

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

### **Business Environment and impact of COVID-19 pandemic**

For the period under review, the Group continues to face external headwinds, creating an uncertain and challenging business environment. Even as the Group's industry has already affected by intense price competition and shorter product life cycles, the Group is also further subject to escalating US-China trade tensions and the global economic and supply chain effects of the COVID-19 pandemic.

With the COVID-19 pandemic not having an end in sight, measures taken by governments to curtail its spread will also have an unfavourable impact on the Group's sales and profitability in the coming months. Such measures, including restrictions and guidelines imposed by respective government, have been strictly followed by the Group. So far, the Group is not aware of any breach of COVID-19 restrictions.

Save as disclosed below, the Group does not anticipate any significant changes to the business plans. The Group's OEM operations in the Philippines continue to be delayed due to lockdowns and travel restrictions. To avoid further production delays, the Group has had to subcontract the OEM work originally scheduled for Philippines to temporary production facilities in Thailand. As soon as the lockdown and travel restrictions are lifted, the Group can prepare for mass production in the Philippines with the hiring and training of workers and quality certifications for its factory, which will take approximately two to three months.

Despite the challenging business environment, the Group will continue working with its customers to develop new products, growing its other businesses to diversify, seek new business opportunities, and explore alternative manufacturing locations for risk diversification.

### **Business Segment Outlook**

The Group has continued to receive more orders for larger-sized LCD backlight units used in ultrathin notebook computers and the automobile information displays of premium vehicles when compared to the previous corresponding period but overall demand has been affected due to the global slowdown. There will be some stock adjustments for larger-sized LCD backlight units for automobile information displays in the third quarter in 2020, but it will pick up again in the fourth quarter. Orders for the larger-sized LCD backlight units used in automobile information displays in more premium vehicles, has remained relatively stable. The Group however, expects overall demand to pick-up when these displays become commonplace in mainstream automobiles.

The Office Automation and LCD Parts and Accessories segments for the period under review have been affected by COVID-19. Travel restrictions have caused delays to product development activities and this will affect the timeline for the mass production of new products in these segments in the financial year ended 31 December 2021 (“FY2021”).

The Group had planned for its OEM business for mobile payment machines, a subset of the LCD Parts and Accessories segment, to be relocated to the Group’s new facility in the Philippines. However, with the operational delays at the Philippines facility as mentioned above, the relocation of this business has been affected as well as opportunities to approach new customers with established operations in the Philippines. Nevertheless, discussions still continue with other customers for new OEM business.

Efforts to develop the Group’s life sciences business are ongoing. The Group continues to market its synthetic antibodies library to relevant biotech and pharmaceutical companies for research and development purposes, with the aim of helping to create alternative treatments for diseases. The Group has been working with Okayama University on the application of antibody library and a patent application has been submitted for a particular antigen within the antibody library that has applications for the treatment of breast cancer. Following which, in-vivo trials and pre-clinical toxicology studies are expected to begin. Once the patent application is successful, the Group working with A Biotech Company Limited, an associated company of the Group, aims to licence out the IP rights to a suitable pharmaceutical company for new drug development and commercialisation. Working with Meisterbio Co., Limited (“Meisterbio”), the Group also continues to explore opportunities to leverage on intellectual property (“IP”) rights which were acquired from Meisterbio together with the sales and distribution rights in Japan, Korea, and other Asian markets. The Group continues to market Meisterbio’s products which contain the IP, to different customers to be tested to see if they are applicable to their product line-up.

In the midst of COVID-19’s impact, the Group does not see any going concern issue and continues to maintain a healthy financial position and liquidity. So far, neither the Group nor any of the Group’s counter-parties has exercised temporary relief, force majeure clauses or termination of contractual obligations for material contracts. In addition, the Group does not see any threats to contractual rights or its ability to fulfil its obligations of any material contracts.

### **Managing Risks and Looking Forward**

The Group continues to consolidate its operations with the aim of reducing overheads and increasing economies of scale. At the same time, the Group has also had to also mitigate external challenges and risks such as escalating US-China trade war, in the form of establishing a new 21,500 square foot production facility in the Philippines. The facility has already been outfitted with production equipment such as SMT machines, cutting machines and testing machines. Once COVID-19 related travel restrictions are lifted, the hiring and training of workers can commence and the facility can be operational within a short time frame.

The Group continues to explore and to have discussions with potential customers of the Office Automation and LCD Parts and Accessories segments to diversify into new products. These initiatives would safeguard the utilisation of the Group’s key manufacturing assets and would reserve its value drivers, in order to avoid any material assets impairment at the year-end reporting.

In order to mitigate any direct impact of the COVID-19 pandemic, the Group has been diligently following the Chinese government’s directives to contain the outbreak, and has established the necessary safety and hygiene precautions for workers at its factories in China. Even as all of its factories have resumed production, the Group is facing an extremely challenging outlook for the current financial year.

## **11. Dividend**

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

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	0.4 US cents per ordinary share
Tax Rate	Tax not applicable

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

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

Name of Dividend	Second Interim
Dividend Type	Cash
Dividend Amount per Share	0.7 US cents per ordinary share
Tax Rate	Tax not applicable

**(c) Date payable**

To be determined later.

**(d) Books closure date**

To be determined later.

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

Not applicable.

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

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

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

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

Name of interested person	Nature of relationship	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)
		US\$'000	US\$'000
Mr. YOSHIMI Koichi - Interest on outstanding consideration of disposal of 280,000 shares of A Biotech Co., Limited	Associate of controlling shareholder	34	-
A Biotech Co., Limited - Provision of financial assistance - Interest on financial assistance	Associate of controlling shareholder	1,350 15	- -
<b>Total</b>		1,399	-

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

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

**CDW Holding Limited**

**Business segment for the six months ended 30 June 2020**

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 and of payment devices
- iv) Others – Other businesses including general trading and food and beverage business and life sciences

	<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	36,824	6,339	5,862	488	-	49,513
Inter-segment sales	-	353	575	-	(928)	-
Total revenue	36,824	6,692	6,437	488	(928)	49,513
<b><u>Results</u></b>						
Segment result	2,201	(88)	(75)	(52)	-	1,986
Unallocated corporate expense						(1,197)
Operating profit						789
Interest income						97
Finance costs						(126)
Share of loss of an associate						(302)
Profit before income tax						458
Income tax expense						(810)
Loss after income tax						(352)
<b><u>Assets</u></b>						
Segment assets	51,941	10,162	14,514	1,306	(511)	77,412
Unallocated assets						3,883
Consolidated total assets						81,295
<b><u>Liabilities</u></b>						
Segment liabilities	16,770	3,360	2,485	170	(511)	22,274
Bank borrowings and lease liabilities						8,703
Unallocated liabilities						1,991
Consolidated total liabilities						32,968
<b><u>Other information</u></b>						
Capital expenditure	59	11	216	-		286
Right-of-use assets	46	16	5	-		67
Depreciation of property, plant and equipment	383	82	147	5		617
Depreciation of right-of-use assets	402	158	233	27		820
(Increase) / decrease in allowance for inventories	(106)	(21)	6	-		(121)



### Business segment for the six months ended 30 June 2019

	LCD backlight units US\$'000	Office automation US\$'000	LCD parts and accessories US\$'000	Others US\$'000	Eliminations US\$'000	Consolidated US\$'000
<b>Revenue</b>						
External sales	24,484	11,172	8,768	693	-	45,117
Inter-segment sales	-	130	-	-	(130)	-
Total revenue	24,484	11,302	8,768	693	(130)	45,117
<b>Results</b>						
Segment result	(308)	298	201	(212)	-	(21)
Unallocated corporate expense						(1,428)
Operating loss						(1,449)
Interest income						229
Finance costs						(127)
Share of loss of an associate						(544)
Gain on disposal of a subsidiary						11
Loss before income tax						(1,880)
Income tax expense						(88)
Loss after income tax						(1,968)
<b>Assets</b>						
Segment assets	38,318	19,154	17,967	1,729	(62)	77,106
Unallocated assets						6,259
Consolidated total assets						83,365
<b>Liabilities</b>						
Segment liabilities	10,611	5,054	3,259	253	(62)	19,115
Bank borrowings, obligation under finance leases and lease liabilities						8,953
Unallocated liabilities						1,292
Consolidated total liabilities						29,360
<b>Other information</b>						
Capital expenditure	88	443	124	29		684
Right-of-use assets	32	343	909	54		1,338
Depreciation of property, plant and equipment	326	181	182	7		696
Depreciation of right-of-use assets	190	141	186	41		558
Increase/(Decrease) in allowance for inventories	35	50	37	(44)		78

### Geographical Segment for the six months ended 30 June 2020 and 2019

	Turnover		Non-Current Assets		Capital Expenditure	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Hong Kong	2,527	7,385	1,142	451	3	13
PRC	37,757	31,060	4,514	5,822	118	565
Japan	9,075	6,454	1,983	2,494	4	106
Others	154	218	1,327	-	161	-
Total	49,513	45,117	8,966	8,767	286	684

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

### Information about major customer

Revenue from one key customer which has transactions with all segments accounted for 46.8% of the total revenue for the six months ended 30 June 2020 (Six months ended 30 June 2019: 45.4%).

**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 5.1%, 76.3% and 18.3% of the total revenue respectively. Total revenue increased by 9.7% to US\$49.5 million for the six months ended 30 June 2020 as compared to the corresponding period in the previous year.

As at 30 June 2020, non-current assets located in Hong Kong, the PRC and Japan accounted for 12.7%, 50.3% and 22.1% of the total non-current assets of the Group respectively. During the six months ended 30 June 2020, the Group invested a total capital expenditure of US\$0.3 million for the purchase of equipment in Hong Kong, the PRC and Japan, and it was mainly for the purposes of replacement and new manufacturing facilities in the Philippines.

**17. A breakdown of sales**

	Six months ended 30 June		
	2020 US\$'000	2019 US\$'000	% Increase / (Decrease)
Sales reported for the first half year	49,513	45,117	9.7%
Operating loss after income tax for the first half year	(352)	(1,968)	(82.1%)

**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 2019	Year ended 31 December 2018
Ordinary dividend		
- Interim	896	911
- Second Interim / Final	1,554	1,591
Total	2,450	2,502

**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 six months ended 30 June 2020 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

YOSHIKAWA Makoto  
Chairman and Chief Executive Officer

DY MO Hua Cheung, Philip  
Executive Director

14 August 2020