

CDW HOLDING LIMITED

Condensed Interim Consolidated Financial Statements
For the Six Months Ended 30 June 2021

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2021

	Note	Six months ended 30 June		
		2021 US\$'000	2020 US\$'000	% Increase/ (Decrease)
Revenue	4	63,536	49,513	28.3%
Cost of sales		(53,102)	(39,646)	33.9%
Gross profit		10,434	9,867	5.7%
Other income	7	261	349	(25.2%)
Distribution costs		(1,955)	(1,555)	25.7%
Administrative expenses		(8,776)	(7,775)	12.9%
Finance costs	8	(160)	(126)	27.0%
Share of loss of associates		(169)	(302)	(44.0%)
Profit / (Loss) before tax	9	(365)	458	(179.7%)
Income tax expense	10	(715)	(810)	(11.7%)
Loss after income tax		(1,080)	(352)	(206.8%)
Loss attributable to:				
Owners of the Company		(1,080)	(351)	207.7%
Non-controlling interests		-	(1)	N.M.*
		(1,080)	(352)	206.8%
Earnings / (loss) per share (US cent)				
Basic	11	(0.49)	(0.16)	206.3%
Diluted		-	-	-

* N.M.: Not meaningful.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2021

	Note	Six months ended 30 June		
		2021 US\$'000	2020 US\$'000	% Increase / (Decrease)
Loss for the periods		(1,080)	(352)	206.8%
Other comprehensive income / (expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange difference on translation of foreign operations		(653)	(276)	136.6%
<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		29	(50)	(158.0%)
- Income tax effect		(10)	17	(158.8%)
		19	(33)	(157.6%)
Other comprehensive expense for the periods, net of tax		(634)	(309)	105.2%
Total comprehensive expense for the periods		(1,714)	(661)	159.3%
Total comprehensive expense attributable to:				
Owners of the Company		(1,714)	(660)	159.7%
Non-controlling interests		-	(1)	N.M.*
		(1,714)	(661)	159.3%

* N.M.: Not meaningful.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
For the six months ended 30 June 2021

	Note	The Group		The Company	
		As at 30 June 2021 US\$'000	As at 31 December 2020 US\$'000	As at 30 June 2021 US\$'000	As at 31 December 2020 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	6,378	6,818	-	-
Right-of-use assets		3,411	3,906	-	-
Investment in subsidiaries		-	-	11,334	11,334
Amount due from a subsidiary		-	-	13,211	14,808
Investment in associates		1,372	1,598	-	-
Investments	5	1,122	1,106	-	-
Other assets		465	432	-	-
Deferred tax assets		175	187	-	-
Total non-current assets		12,923	14,047	24,545	26,142
Current assets					
Inventories	15	17,612	13,469	-	-
Trade receivables		30,606	35,667	-	-
Other receivables and prepayment		2,549	3,319	16	65
Amounts due from associates		1,569	1,342	-	-
Investments	5	1,503	1,506	-	-
Cash and bank balances	16	28,664	32,996	112	169
Total current assets		82,503	88,299	128	234
Total assets		95,426	102,346	24,673	26,376
LIABILITIES AND EQUITY					
Current liabilities					
Income tax payable		676	588	-	-
Bank borrowings	17	8,200	10,500	-	-
Current portion of lease liabilities		1,696	1,721	-	-
Trade payables		25,942	27,809	-	-
Other payables and Accruals		5,144	3,837	107	191
Amounts due to an associate		31	-	-	-
Total current liabilities		41,689	44,455	107	191
NET CURRENT ASSETS		40,814	43,844	21	43
Non-current liabilities					
Bank borrowings	17	2,250	2,750	-	-
Lease liabilities		1,819	2,277	-	-
Retirement benefit obligations		560	553	-	-
Deferred tax liabilities		717	711	-	-
Total non-current liabilities		5,346	6,291	-	-
NET ASSETS		48,391	51,600	24,566	26,185
Capital, reserves and non-controlling interests					
Share Capital		10,087	10,087	10,087	10,087
Treasury shares		(4,542)	(4,542)	(4,542)	(4,542)
Retained earnings		22,198	24,841	6	1,684
Reserves		20,637	21,203	19,015	18,956
Equity attributable to owners of the Company		48,380	51,589	24,566	26,185
Non-controlling interests		11	11	-	-
Total equity		48,391	51,600	24,566	26,185
Total liabilities and equity		95,426	102,346	24,673	26,376

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the six months ended 30 June 2021

The Group

	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-controlli ng interests US\$'000	Total equity US\$'000
Balance as at 1 January 2021	10,087	18,994	(193)	(4,542)	155	(7,020)	3,971	318	1,193	(223)	4,008	24,841	51,589	11	51,600
Total comprehensive expense for the period	-	-	-	-	-	-	-	-	-	19	(653)	(1,080)	(1,714)	-	(1,714)
Share-based payment expense	-	-	-	-	59	-	-	-	-	-	-	-	59	-	59
Transfer to statutory reserve fund	-	-	-	-	-	-	9	-	-	-	-	(9)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(1,554)	(1,554)	-	(1,554)
Balance as at 30 June 2021	10,087	18,994	(193)	(4,542)	214	(7,020)	3,980	318	1,193	(204)	3,355	22,198	48,380	11	48,391

	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-controlli ng 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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the six months ended 30 June 2021

The Company

	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 2021	10,087	18,994	(193)	(4,542)	155	1,684	26,185
Total comprehensive income for the period	-	-	-	-	-	(124)	(124)
Share-based payment expense	-	-	-	-	59	-	59
Dividend paid	-	-	-	-	-	(1,554)	(1,554)
Balance as at 30 June 2021	10,087	18,994	(193)	(4,542)	214	6	24,566

	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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2021

	The Group	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
OPERATING ACTIVITIES		
Profit/(Loss) before tax	(365)	458
Adjustments for		
Increase / (Decrease) in allowance for inventories	302	(121)
Depreciation of property, plant and equipment	696	617
Depreciation of right-of-use assets	905	820
Interest income	(64)	(97)
Interest expenses	160	126
Net (gain) / loss on disposal of property, plant and equipment	(6)	19
Gain on termination of leased contract	(2)	(1)
Retirement benefit obligations	44	74
Share of loss of associates	169	302
Share-based payment expense	59	56
Operating cash flows before movements in working capital	1,898	2,253
Change in working capital:		
Trade receivables, other receivables and prepayments	5,506	(2,062)
Inventories	(4,403)	(1,969)
Amount due from associates	(198)	(901)
Trade payables, other payables and accruals	(87)	(326)
Cash generated from / (used in) operations	2,716	(3,005)
Net income tax paid	(610)	(608)
Interest paid	(86)	(65)
Net cash from / (used in) operating activities	2,020	(3,678)
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	50	81
(Increase) / decrease in other assets	(48)	7
Additional investment in equity investment designated at fair value through other comprehensive income	(6)	(6)
Purchase of property, plant and equipment	(407)	(286)
(Increase) / Decrease in loans and receivables	-	(7)
Interest income received	64	97
Net cash (used in) / generated from investing activities	(347)	(114)
FINANCING ACTIVITIES		
Payment for the share buyback	-	(157)
Proceeds from bank borrowings	5,200	8,174
Repayment of interest element on lease liabilities	(74)	(61)
Repayment of principal portion of lease liabilities	(895)	(806)
Repayment of bank borrowings	(8,000)	(11,641)
Dividend paid	(1,554)	(1,554)
Net cash used in financing activities	(5,323)	(6,045)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,650)	(9,837)
NET EFFECT OF CURRENCY TRANSLATION DIFFERENCES	(682)	25
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	32,996	28,466
CASH AND CASH EQUIVALENTS AT END OF PERIOD	28,664	18,654

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

CDW Holding Limited (the “Company”) (Registration number 35127) is a limited company incorporated in Bermuda and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office of the Company was located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and the principal place of business of the Company is located at Rooms 06 to 10, 11th Floor, CCT Telecom Building, 11 Wo Shing Street, Fo Tan, Shatin, New Territories, Hong Kong.

The condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “Group”). The primary activity of the Company is investment holding.

The principal activities of the Group are the provision of LCD backlight units for LCD modules; parts and precision accessories for office equipment, electrical appliances and LCD modules; payment devices; food and beverage; Bio-Tech related research and development, healthcare and beauty products and the holding of Bio-related intellectual properties.

2 BASIS OF PREPARATION

The condensed interim consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”), the applicable disclosure requirements of Rule 705 of the Listing Manual (the “SGX Listing Manual”) of the SGX-ST. These condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards (“IFRSs”), except for the adoption of new and amended standards as set out in Note 2.1.

The consolidated financial statements are presented in United States Dollars (“US\$”) and all values in the tables are rounded to the nearest thousand (US\$’000), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

There are no accounting pronouncements which have become effective from 1 January 2021 that have a significant impact on the Group’s interim condensed consolidated financial statements.

Other Standards and amendments that are effective for the first time in 2021 (for entities with a 31 December 2021 year-end) and could be applicable to the Group are:

- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

These amendments do not have a significant impact on these Interim Financial Statements and therefore the disclosures have not been made.

2.2 Use of judgements and estimates

The preparation of the Group’s condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

3 SEASONAL OPERATIONS

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 REVENUE AND SEGMENT INFORMATION

The Group is organized into four reportable operating segments as follows:

- i) LCD Backlight Units - Manufacturing of LCD backlight units for LCD modules
- 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 modules, and of payment devices in the business of original equipment manufacturer
- iv) Others - Other businesses including general trading, food and beverage, Bio-Tech related research and development, health care and beauty products and the holding of Bio-related intellectual properties.

Timing of revenue recognition

All the revenue of the Group is recognized when the goods are transferred at a point in time

Business segment for the six months ended 30 June 2021

	LCD Backlight Units US\$'000	Office Automation US\$'000	LCD Parts and Accessories US\$'000	Others US\$'000	Eliminations US\$'000	Consolidated US\$'000
Revenue from contracts with customers						
External sales of goods by geographical markets						
Mainland China	31,332	1,989	5,200	-	-	38,521
Hong Kong	6,677	1,827	5,839	-	-	14,343
Japan	6,050	2,799	960	415	-	10,224
Other	-	98	350	-	-	448
	44,059	6,713	12,349	415	-	63,536
Inter-segment sales	-	45	743	-	(788)	-
Total revenue	44,059	6,758	13,092	415	(788)	63,536
Results						
Segment result	1,857	(510)	295	(817)	-	825
Unallocated corporate expense						(925)
Operating profit						(100)
Interest income						64
Finance costs						(160)
Share of loss of an associate						(169)
Profit before income tax						(365)
Income tax expense						(715)
Loss after income tax						(1,080)
Assets						
Segment assets	59,924	10,053	20,177	1,156	(339)	90,971
Unallocated assets						4,455
Consolidated total assets						95,426
Liabilities						
Segment liabilities	21,861	3,708	5,565	185	(339)	30,980
Bank borrowings and lease liabilities						13,965
Unallocated liabilities						2,090
Consolidated total liabilities						47,035
Other information						
Capital expenditure	392	5	6	4	-	407
Right-of-use assets	338	64	141	10	-	553
Depreciation of property, plant and equipment	385	128	179	4	-	696
Depreciation of right-of-use assets	479	131	284	11	-	905
Increase in allowance for inventories	109	133	60	-	-	302

Business segment for the six months ended 30 June 2020

	LCD Backlight Units US\$'000	Office Automation US\$'000	LCD parts and Accessories US\$'000	Others US\$'000	Eliminations US\$'000	Consolidated US\$'000
Revenue from contracts with customers						
External sales of goods by geographical markets						
Mainland China	32,007	1,908	3,842	-	-	37,757
Hong Kong	316	1,715	496	-	-	2,527
Japan	4,501	2,605	1,481	488	-	9,075
Other	-	111	43	-	-	154
	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
Results						
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)
Assets						
Segment assets	51,941	10,162	14,514	1,306	(511)	77,412
Unallocated assets						3,883
Consolidated total assets						81,295
Liabilities						
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
Other information						
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
Decrease in allowance for inventories	(106)	(21)	6	-		(121)

Other Geographical Segment information for the six months ended 30 June 2021 and 2020

	Non-Current Assets		Capital Expenditure	
	Six months ended 30 June		Six months ended 30 June	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Hong Kong	886	1,142	5	3
PRC	5,697	4,514	377	118
Japan	2,226	1,983	24	4
Others	1,390	1,327	1	161
Total	10,199	8,966	407	286

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 63.6% of the total revenue for the six months ended 30 June 2021 (Six months ended 30 June 2020: 46.8%).

5 FAIR VALUES OF ASSETS AND LIABILITIES

Financial assets and financial liabilities

The following table shows an analysis of assets and liabilities measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
Group				
Financial assets:				
30 June 2021				
Non-current assets measured at fair value				
Equity investments designated at fair value through other comprehensive income:				
Listed equity investment at fair value (Sharp Corporation)	133	-	-	133
Unlisted equity investment at fair value (LGM Co., Limited)	-	-	989	989
Total non-current assets measured at fair value	<u>133</u>	<u>-</u>	<u>989</u>	<u>1,122</u>
Current assets measured at amortized cost				
Loan and receivables, at amortized cost	-	-	-	1,503
31 December 2020				
Non-current assets measured at fair value				
Equity investments designated at fair value through other comprehensive income:				
Listed equity investment at fair value (Sharp Corporation)	116	-	-	116
Unlisted equity investment at fair value (LGM Co., Limited)	-	-	990	990
Total non-current assets measured at fair value	<u>116</u>	<u>-</u>	<u>990</u>	<u>1,106</u>
Current assets measured at amortised cost				
Loan and receivables, at amortized cost	-	-	-	1,506

Level 3 fair value measurements

The movements in fair value measurements within Level 3 during the periods are as follows:

	2021 US\$'000
Equity investment designated at fair value through other comprehensive income	
At 1 January 2020	726
Total gain recognised in other comprehensive income	212
Exchange difference	52
At 31 December 2020	990
Total (gain)/loss recognised in other comprehensive income	-
Exchange difference	(1)
At 30 June 2021	989

During the period ended 30 June 2021 and 31 December 2020, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of financial assets under Level 3 fair value measurement as at 30 June 2021 and 31 December 2020.

Valuation techniques	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	
30 June 2021				
Unlisted equity investment at fair value	Recent transaction method under market approach and equity allocation model	Equity volatility	35% to 55%	5% increase in volatility would result in increase in fair value by US\$15,098
		Discount for lack of marketability	8% to 20%	5% increase in discount rate would result in increase in fair value by US\$22,082
31 December 2020				
Unlisted equity investment at fair value	Recent transaction method under market approach and equity allocation model	Equity volatility	50% to 65%	5% increase in volatility would result in increase in fair value by US\$16,344
		Discount for lack of marketability	8% to 20%	5% increase in discount rate would result in increase in fair value by US\$23,327

Financial assets and financial liabilities not carried at fair value but for which fair value is disclosed

There is no significant change in the Group's and the Company's assets and liabilities not measured at fair value but for which fair value is disclosed at 30 June 2021 and 31 December 2020.

6 FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	30 June 2021 US\$'000	31 December 2020 US\$'000	30 June 2021 US\$'000	31 December 2020 US\$'000
Financial assets:				
Equity investments designated at fair value through other comprehensive income	1,122	1,106	-	-
At amortised cost (including cash and cash equivalents)	<u>63,229</u>	<u>72,216</u>	<u>13,211</u>	<u>14,808</u>
Financial liabilities:				
At amortised cost	<u>44,992</u>	<u>48,717</u>	<u>107</u>	<u>191</u>

Analysis of financial instruments by remaining contractual maturity

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	30 June 2021				31 December 2020			
	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
GROUP								
Financial assets:								
Trade and other receivables	33,063	-	-	33,063	37,714	-	-	37,714
Cash and short-term deposits	28,700	-	-	28,700	33,033	-	-	33,033
Loans and receivables	1,556	-	-	1,556	1,558	-	-	1,558
Total undiscounted financial assets	<u>63,319</u>	<u>-</u>	<u>-</u>	<u>63,319</u>	<u>72,305</u>	<u>-</u>	<u>-</u>	<u>72,305</u>
Financial liabilities:								
Trade and other payables	31,027	-	-	31,027	31,469	-	-	31,469
Lease liabilities, unsecured								
Principal	1,696	1,819	-	3,515	1,721	2,277	-	3,998
Interest	68	90	-	158	68	114	-	182
Bank borrowing, unsecured								
Principal	8,200	2,250	-	10,450	10,500	2,750	-	13,250
Interest	131	62	-	193	218	76	-	294
Total undiscounted financial liabilities	<u>41,122</u>	<u>4,221</u>	<u>-</u>	<u>45,343</u>	<u>43,976</u>	<u>5,217</u>	<u>-</u>	<u>49,193</u>
Total net undiscounted financial assets/(liabilities)	<u>22,197</u>	<u>(4,221)</u>	<u>-</u>	<u>17,976</u>	<u>28,329</u>	<u>(5,217)</u>	<u>-</u>	<u>23,112</u>
COMPANY								
Financial assets:								
Other receivables	-	-	-	-	34	-	-	34
Cash and short-term deposits	112	-	-	112	169	-	-	169
Amount due from a subsidiary	-	13,475	-	13,475	-	15,104	-	15,104
Total undiscounted financial assets	<u>112</u>	<u>13,475</u>	<u>-</u>	<u>13,587</u>	<u>203</u>	<u>15,104</u>	<u>-</u>	<u>15,307</u>
Financial liabilities:								
Other payables	107	-	-	107	191	-	-	191
Total undiscounted financial liabilities	<u>107</u>	<u>-</u>	<u>-</u>	<u>107</u>	<u>191</u>	<u>-</u>	<u>-</u>	<u>191</u>
Total net undiscounted financial assets	<u>5</u>	<u>13,475</u>	<u>-</u>	<u>13,480</u>	<u>12</u>	<u>15,104</u>	<u>-</u>	<u>15,116</u>

7 OTHER INCOME

	The Group	
	Six months ended 30 June 2021 US\$'000	2020 US\$'000
Interest income	64	97
Gain on disposal of property, plant and equipment	6	-
Gain on termination of leased contract	2	1
Compensation from government	51	92
Net foreign exchange gain	77	131
Sundry income	61	28
	<u>261</u>	<u>349</u>

8 FINANCE COSTS

	The Group	
	Six months ended 30 June 2021 US\$'000	2020 US\$'000
Interest expenses on:		
Bank borrowings	86	65
Lease liabilities	74	61
	<u>160</u>	<u>126</u>

9 PROFIT/(LOSS) BEFORE TAX

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

	The Group	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
Audit fees paid to:		
Auditor of the Company	154	119
Other auditors	106	114
Non-audit fees paid to:		
Auditor of the Company	3	2
Other auditors	7	7
Employee benefit expenses	12,684	10,704
Depreciation of property, plant and equipment	696	617
Depreciation of right-of-use assets	905	820
Increase/(decrease) in provision for inventories	302	(121)
Inventories unrealised as an expense in cost of sales	53,102	39,646
Net loss/(gain) on disposal of property, plant and equipment	(6)	19
Gain on termination of lease contracts	(2)	(1)
Net foreign exchange loss/(gain) (Note)	268	(26)
	<u>268</u>	<u>(26)</u>

Note: The foreign currency exchange loss for the six months ended 30 June 2021 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.

10 INCOME TAX EXPENSE

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

The major components of income tax expense for the period ended 30 June 2021 and 2020 are:

	The Group	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
Current income tax	706	799
Deferred tax	9	11
	<u>715</u>	<u>810</u>

11 EARNINGS PER SHARE

Loss per ordinary share for the period based on loss attributable to owners of the Company:

	Six months end 30 June	
	2021	2020
Based on weighted average number of ordinary shares in issue (US cents)		
- Basic	(0.49)	(0.16)
- Fully diluted (Note a, b)	-	-
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note c)	<u>221,987,408</u>	<u>222,244,228</u>

Note a: Diluted effect on earnings per share referred to share options granted to the participants under the Company's Share Option Scheme remained outstanding as at the end of the period under review.

Note b: No adjustment had been made the basic loss per share amounts presented for the six months ended 30 June 2021 and 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 c: The weighted average number of ordinary shares was computed after adjusting for the effect of treasury shares held by the Company.

12 **DIVIDENDS**

	The Group and Company Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
Declared and paid during the period:		
Dividend on ordinary shares:		
Final exempt dividend for 2020: US\$0.7 cent per share		
(Second interim exempt dividend for 2019: US\$0.7 cent per share)	<u>1,554</u>	<u>1,554</u>

	The Group and Company	
	30 June 2021	30 June 2020
	US\$'000	US\$'000
Declared but not recognized as a liability:		
Estimated dividends on ordinary shares as at 30 June:		
Interim exempt dividend for 2021: US\$0.5 cent per share		
(Interim exempt dividend for 2020: US\$0.4 cent per share)	<u>1,110</u>	<u>888</u>

Date payable

The Company declared an interim dividend of 0.5 US cents per ordinary shares and will be payable on 17 September 2021.

Books closure date

The Share Transfer books and Register of Members of the Company will be closed on 23 August 2021 at 5:00 pm, after which no share transfer will be effected until 5:00 pm on 24 August 2021. Duly completed transfers received by the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Limited of 50 Raffles Place #32-01, Singapore Land Tower Singapore 048623, up to the close of business at 5:00pm on 23 August 2021 will be registered to determine shareholders' entitlement to the dividend.

13 **PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2021, the Group acquired assets with a cost of US\$407,000 (30 June 2020: US\$286,000).

Assets with a net book value of US\$44,000 were disposed by the Group during the six months ended 30 June 2021 (30 June 2020: US\$100,000), resulting in a net gain on disposal of US\$6,000 (30 June 2020: net loss of US\$19,000).

14 **INVESTMENT IN ASSOCIATES**

(a) The Group's investment in the associates are summarized below:

The following table illustrates the aggregate financial information of the Group's associates.

	The Group	
	30 June 2021	31 December 2020
	US\$'000	US\$'000
Share of the associates' loss for the period	169	219
Share of the associates' total comprehensive expense	169	219
Aggregate carrying amount of the Group's investments in the associates	<u>1,372</u>	<u>1,598</u>

(b)

	The Group	
	30 June 2021	31 December 2020
	US\$'000	US\$'000
Amount due from an associate	1,590	1,363
Allowance for expected credit loss	(21)	(21)
	<u>1,569</u>	<u>1,342</u>

The amounts due from/to associates are unsecured, bearing interest at a rate of the US dollar best lending rate plus 1% and are repayable within 12 months from the end of the reporting period.

During the period ended 30 June 2021, the expected credit loss on the amount due from an associate, A Bio, was assessed with reference to the probability of default rate in the biotechnology industry and the average corporate debt recovery rates in the market. The allowance for the loss is adjusted to reflect the current conditions and forecasts of future economic conditions. As such, the Group provided an allowance for ECLs of US\$21,000 (31 December 2020: US\$21,000) as at 30 June 2021.

15 INVENTORIES

	The Group	
	30 June 2021 US\$'000	31 December 2020 US\$'000
<hr/>		
Consolidated statement of financial position:		
Raw materials	9,083	7,602
Work-in-progress	380	378
Finished goods	8,149	5,489
	<u>17,612</u>	<u>13,469</u>
<hr/>		
	The Group	
	Six months ended 30 June 2021 US\$'000	2020 US\$'000
<hr/>		
Consolidated statement of profit or loss:		
Inventories recognized as an expense in cost of sales	53,102	39,646
Increase / (decrease) in provision for inventories included in cost of sales	<u>302</u>	<u>(121)</u>

Provision for inventories has been made in full for the inventories with poor sales prospects.

16 CASH AND BANK BALANCES

	The Group		The Company	
	30 June 2021 US\$'000	31 December 2020 US\$'000	30 June 2021 US\$'000	31 December 2020 US\$'000
<hr/>				
Cash at banks and on hand	26,357	30,550	112	169
Short-term deposits	2,307	2,277	-	-
Time deposit with original maturity of over three months	-	169	-	-
	<u>28,664</u>	<u>32,996</u>	<u>112</u>	<u>169</u>

Cash and bank balances comprise cash held by the Group and the Company, short-term bank deposits with an original maturity of three months or less, and time deposit with original maturity of over three months.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 30 days to 180 days (2020: 30 days and 180 days), depending on the immediate cash requirements of the Group and the Company, and earns interest at the respective short-term deposit rates. The weighted average effective interest rate as at 30 June 2021 for the Group was 0.2% per annum (31 December 2020: 0.2%).

The Group's cash and bank balances denominated in foreign currencies of the respective entities are as follows:

	The Group	
	30 June 2021 US\$'000	31 December 2020 US\$'000
<hr/>		
JPY	2,012	179
US\$	9,415	15,694
HK\$	713	-
RMB	12	15
SG\$	<u>108</u>	<u>166</u>

17 BANK BORROWINGS

	Maturity	The Group	
		30 June 2021 US\$'000	31 December 2020 US\$'000
Current:			
Bank borrowings, unsecured	2021 (31 Dec 2020: 2021)	3,000	2,650
Bank borrowings, unsecured	On demand	<u>5,200</u>	<u>7,850</u>
		<u>8,200</u>	<u>10,500</u>
Non-current:			
Bank borrowings, unsecured	2024 (2020: 2024)	<u>2,250</u>	<u>2,750</u>
Total bank borrowings		<u><u>10,450</u></u>	<u><u>13,250</u></u>

The bank borrowings on demand have maturity of less than one year.

The bank borrowings are unsecured and bear interest at rates ranging from 0.95% to 2.75% per annum (31 Dec 2020: 0.65% to 2.75%).

Bank borrowings amounting to US\$7,200,000 (31 Dec 2020: US\$9,500,000) are unsecured and carry variable interest rates quoted by the banks with reference to their cost of fund.

Bank borrowings amounting to US\$3,250,000 (31 Dec 2020: US\$3,750,000) are unsecured and carry fixed interest rates.

Management considered the fair value of the Group's fixed rate bank borrowings is US\$3,326,000 (31 Dec 2020: US\$3,842,000).

Details of collateral

As at 30 June 2021, the Group did not pledge any bank deposits (31 December 2020: Nil) to financial institutions to secure banking facilities granted to the Group.

18 RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the period.

	Notes	The Group	
		Six months ended 30 June 2021 US\$'000	2020 US\$'000
Associates:			
Provision of financial assistance	(i)	1,290	1,350
Interest income	(ii)	25	15
Purchase of products	(iii)	252	399
Sales of products	(iv)	-	2
Associated person of a controlling shareholder:			
Interest income	(v)	<u>26</u>	<u>34</u>

Notes:

- (i) The Group provide financial assistance at mutually agreed terms.
- (ii) The Group received interest from A Bio for the amount due from A Bio at mutually agreed terms.
- (iii) The Group was sold goods to Suzhou Pengfu at mutually agreed terms.
- (iv) The Group has purchased goods from Suzhou Pengfu according to the conditions offered by the associate to major customers.
- (v) The Group received interest from the relevant party for the loan due from the relevant party at mutually agreed terms.

Compensation of directors and key management personnel

	The Group	
	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
Salaries, allowances and benefits in kind	886	882
Defined contribution plans	16	18
Share-based payment	<u>59</u>	<u>57</u>
	<u>961</u>	<u>957</u>
Comprise amounts paid to:		
Directors of the Company	505	479
Other key management personnel	<u>456</u>	<u>477</u>
	<u>961</u>	<u>957</u>

The remuneration of directors and key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

19 SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Share Capital, Treasury Shares, Share Option and Subsidiary Holdings

Share Capital

As at 30 June 2021, 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 as treasury shares.

During the first half year ended 30 June 2021 the Company did not purchase any ordinary shares under the Share Purchase Mandate and held them as treasury shares. As at 30 June 2021, 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 as treasury shares.

Treasury shares

	The Company			
	2021		2020	
	Number of shares	US\$'000	Number of shares	US\$'000
Balance as at 1 January	30,189,702	4,542	28,987,102	4,385
Ordinary Shares purchased during the first half year	-	-	1,202,600	157
Balance as at 30 June	<u>30,189,702</u>	<u>4,542</u>	<u>30,189,702</u>	<u>4,542</u>

	As at 30 June 2021	As at 31 December 2020
Issued shares	252,177,110	252,177,110
Less: Treasury shares	<u>(30,189,702)</u>	<u>(30,189,702)</u>
Total number of issued shares excluding treasury shares	<u>221,987,408</u>	<u>221,987,408</u>

During the first half year ended 30 June 2021, there were no sales, transfers, disposal and / or use of treasury shares. As at 30 June 2021, there were 30,189,702 (31 December 2020: 30,189,702) ordinary shares held as treasury shares.

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 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 first half year ended 30 June 2021, no option was allowed to be exercised and no option was neither lapsed nor cancelled. The number of outstanding options as at 30 June 2021 was 7,250,000 (31 December 2020: 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.

2. Review

The condensed interim statement of financial position of the Group and its subsidiaries as at 30 June 2021 and the related condensed interim consolidated statement of profit or loss and condensed interim consolidated statement of comprehensive income, condensed interim statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

3. Review of performance of the Group

STATEMENT OF PROFIT AND LOSS

In the half year ended 30 June 2021 (“1H21”), the Group saw an increase in revenue by US\$14.0 million to US\$63.5 million as compared to the revenue of US\$49.5 million in the previous corresponding period of previous year (“1H20”). The increase in revenue was mainly due to the growth in the LCD Backlight Units segment, particularly for orders of larger-sized LCD backlight units used in ultrathin notebook computers and the digital instrument panels of premium automobiles. In addition, the Group managed to receive substantial orders of mobile payment devices for its original equipment manufacturer (“OEM”) business under the LCD Parts and Accessories segment. However, due to the various reasons stated below and the impact of the COVID-19 pandemic on the other business segments, the increase in revenue could not translate the Group’s operation into profit for 1H21. The Group’s gross profit improved by US\$0.6 million from US\$9.9 million in 1H20 to US\$10.4 million in 1H21 with gross profit margin decreasing to 16.4% in 1H21, as compared to 19.9% in 1H20.

Other operating income for 1H21 remained at US\$0.3 million (1H20: US\$0.3 million). This amount mainly comprised interest income earned, compensation from government and an exchange gain. In the area of expenses for 1H21, distribution expenses increased by US\$0.4 million to US\$2.0 million (1H20: US\$1.6 million), and administrative expenses also increased by US\$1.0 million to US\$8.8 million (1H20: US\$7.8 million). The higher distribution expenses were mainly attributable to the increase in packing materials used for larger sized LCD backlight units and their transportation cost. The increase in administrative expenses was attributable to the increase in salary related expenses and the life sciences business related legal fees and research and development expenses. Finance costs increased by US\$0.1 million to US\$0.2 million (1H20: US\$0.1 million), and remained at low level 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 1H21 and the Group shared an operating loss of US\$0.2 million (1H20: US\$0.3 million) accordingly.

Income tax expense for 1H21 reduced by US\$0.1 million to US\$0.7 million as compared to US\$0.8 million for 1H20. 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 1H21, the Group recorded a loss before income tax of US\$0.4 million (1H20: a profit of US\$0.5 million) and registered a loss after income tax of US\$1.1 million (1H20: US\$0.4 million).

LCD Backlight Units (“LCD BLUs”)

In 1H21, revenue from the LCD Backlight Units segment increased by US\$7.3 million to US\$44.1 million (1H20: US\$36.8 million). The increase in revenue was due to the combination of higher volume and higher selling prices of larger sized LCD backlight units which are being used in digital instrument panels of premium automobile and ultrathin notebook computers. This segment generated an operating profit of US\$1.9 million in 1H21 as compared to US\$2.2 million in 1H20.

With a strong forecast provided by our key customer, the Group increased its scale of production and hired sufficient labour early this year for the Group’s LCD backlight units plant in Shanghai to meet this demand. Unfortunately, the global shortage of semiconductors in automobile industry, which started in the beginning of 2021, caused automobile makers to adjust their demand and orders, and this has led to the Group’s key customer to correspondingly request that the Group reschedule the delivery of LCD Backlight Units (“BLUs”)

in 1H2021 to second half of the financial period ending 31 December 2021 (“2H2021”) or later. This down scale in production caused the production to operate below breakeven point and led to higher operating costs being incurred as reflected in a high level of idle labour time and a low utilisation rate, whilst the Group waited for the postponed orders to be reinstated. With the forecasted orders which were rescheduled in late 1H2021, the Group’s labour force was subsequently re-adjusted to be in line with the key customer’s latest revised forecast to improve the utilisation rate. The LCD BLU segment did not operate at an optimal production scale in 1H21 and, hence, did not generate more profit as the Group expected.

In terms of quantity, the total number of units sold for the period under review was 4.1 million units (1H20: 3.9 million units) with details of the various sizes as below:

Unit in million	1H21	1H20
Below 5 inches	0.6	0.8
5 to 8 inches	0.8	1.5
Over 8 inches	2.6	1.6
Total	4.1	3.9

For LCD BLUs below 5 inches, 96.3% (1H20: 97.7%) of units sold in 1H21 was related to LCD BLUs for premium automobile information displays while 3.7% (1H20: 2.3%) related to smartphones, entertainment gamebox and others. For LCD BLUs between 5 to 8 inches, 75.2% (1H20: 95.1%) of units sold in 1H21 was related to smartphones and 24.8% (1H20: 4.9%) of units sold was related to digital instrument panels of premium automobiles. For LCD BLUs over 8 inches, 74.4% (1H20: 49.3%) of units sold in 1H21 was related to digital instrument panels of premium automobile while 25.6% (1H20: 50.7%) related to ultrathin notebook computers.

Office Automation (“OA”)

The revenue from the OA segment slightly increase by US\$0.4 million to US\$6.7 million in 1H21 as compared to US\$6.3 million in 1H20. However, the OA segment recorded a substantial operating loss of US\$0.5 million in 1H21 as compared to a marginal operating loss of US\$0.1 million in 1H20. This segment is suffering from the lack of new products being developed with the segment’s customers during this period affected by disruptions caused by the COVID-19 pandemic. The segment is currently only producing parts for old models, which has a lower margin and experiences rising material costs. As a result of the increase in material costs, the segment suffered from a substantial loss. The Group is negotiating with customers to absorb the increase in material costs to enhance the segment’s performance in 2H21.

LCD Parts and Accessories

The sales for the LCD Parts and Accessories segment increased by US\$6.4 million from US\$5.9 million in 1H20 to US\$12.3 million in 1H21, in which its OEM business substantially increased by US\$5.7 million from US\$0.7 million in 1H20 to US\$6.4 million in 1H21. Under the expectation of a strong economic recovery from the COVID-19 pandemic in the United State of America, the Group has received substantial orders for mobile payment devices and expects this trend to continue to next year. The segment booked an operating profit of US\$0.3 million for 1H21 as compared to an operating loss of US\$0.1 million in 1H20.

Others

The Others segment mainly includes the Group’s food and beverage business as well as its life science business. A revenue of US\$0.4 million was generated in this segment for the period under review (1H20: US\$0.5 million). As the Life Science division is still in its initial development stage, the Group incurred expenses related to legal matters and research and development, leading to operating loss of US\$0.8 million (1H19: US\$0.1 million).

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021, the Group’s total assets and liabilities stood at US\$95.4 million and US\$47.0 million respectively, as compared to US\$102.3 million and US\$50.7 million as at 31 December 2020.

Current assets dropped to US\$82.5 million as at 30 June 2021 as compared to US\$88.3 million as at 31 December 2020. Cash and bank balances decreased by US\$4.3 million to US\$28.7 as at 30 June 2021 as compared to US\$33.0 million as at 31 December 2020. Trade receivables decreased by US\$5.1 million from US\$35.7 million as at 31 December 2020 to US\$30.6 million as at 30 June 2021. 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. Inventory increased from US\$13.5 million as at 31 December 2020 to US\$17.6 million as at 30 June 2021, which are ready to fulfill the confirmed orders in coming months.

Other receivables and prepayments of US\$2.5 million (31 December 2020: US\$3.3 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 in other debtors. Included in the amounts due from associates under the current assets was the financial support of US\$1.5 million (31 December 2020: US\$1.3 million), being 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. Increased in 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 second half of this year.

The non-current assets of the Group stood at US\$12.9 million as at 30 June 2021 (31 December 2020: US\$14.0 million). Included in property, plant and equipment amounting to US\$6.4 million as at 30 June 2021 (31 December 2019: US\$6.8 million) was newly purchased equipment of US\$0.4 million, which was netted off against the depreciation charge of US\$0.7 million and disposal of assets with net book value of US\$0.1 million). During the period under review, there was amortisation of right-of-use assets amounting to US\$0.9 million net of modification of right-of-use assets amounting to US\$0.4 million, which reduced the right-of-use assets from US\$3.9 million as at 31 December 2020 to US\$2.4 million as at 30 June 2021. 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 2021 was down to US\$47.0 million, representing a decrease of US\$3.7 million over 1H20 (31 December 2019: US\$50.7 million). In relation to the right-of-use assets as mentioned above, there were lease liabilities of US\$3.5 million as at 30 June 2021 (31 December 2020: US\$4.0 million), of which US\$1.7 million was payable within one year and was classified under current liabilities (31 December 2020: US\$1.7 million). The reduction in lease liabilities represented the repayment of leased liabilities amounting to US\$0.9 million (1H20: US\$0.8 million) net of modification of right-of-use assets amounting to US\$0.4 million.

As explained in the statement of cash flows, the Group redrew bank borrowings amounting to US\$5.2 million while settling bank borrowings amounting to US\$8.0 million with a net settlement of US\$2.8 million during 1H21. Total outstanding bank borrowings was US\$10.5 million as at 30 June 2021 (31 December 2020: US\$13.3 million) in which US\$8.2 million is payable within one year (31 December 2020: US\$10.5 million).

The trade payables were reduced by US\$1.9 million to US\$25.9 million as at 30 June 2021 (31 December 2020: US\$27.8 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, increased by US\$1.3 million from US\$3.8 million as at 31 December 2020 to US\$5.1 million as at 30 June 2021. The increase mainly represented by deposits received for the orders of mobile payment devices to be delivered in the second half of 2021.

The income tax for 1H21 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\$0.1 million to US\$0.7 million (31 December 2020: US\$0.6 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 from operating activities amounting to US\$1.9 million for the period under review as compared to net cash used in operating activities amounting to US\$3.7 million in the corresponding period in the previous year. The net cash from operating activities were mainly attributable to the settlement from account receivables after deducting the funding for the increase in inventory level. During 1H21, the Group paid income tax amounting to US\$0.6 million (1H20: US\$0.6 million).

For investing activities, there was a net cash outflow of US\$0.3 million (1H20: US\$0.1 million) over the period under review, mainly attributable to purchase of property, plant and equipment amounting to US\$0.4 million (1H20: US\$0.3 million) less sales proceeds from the disposal of property, plant and equipment amounting to US\$0.1 million (1H20: US\$0.1 million), and interest income of US\$0.1 million (1H20: US\$0.1 million).

For financing activities, there was a net cash outflow of US\$5.3 million over the period under review (1H20: US\$6.0 million). The financing activities mainly comprised the net repayment of bank borrowings amounting to US\$2.8 million during 1H21 (1H20: US\$3.5 million). During the period under review, the Group did not purchase its shares under Shares Purchase Mandate (1H19: the Group purchased its shares under Shares Pruchase Mandate amounting to US\$0.2 million), and repaid lease liabilities amounting to US\$1.0 million (1H20: US\$0.9 million). In addition, the Group paid dividends to shareholders of US\$1.6 million for 1H21 (1H20: US\$1.6 million).

4. 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 2021	31 December 2020
Net asset value per ordinary share, excluding treasury shares (US cents)		
- The Group	21.80	23.24
- The Company	11.07	11.80

The calculation of the net asset value per ordinary share was based on total number of 221,987,408 (31 December 2020: 221,987,408) ordinary shares (excluding treasury shares).

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

Not applicable.

6. 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

For the first half of financial year 2021 (“1H2021”), the Group continues to face an uncertain and challenging business environment. The Group is already operating in an industry with intense price competition and shortening product life cycles, but is also affected by the ongoing US-China trade tensions, the economic impacts of COVID-19 pandemic, and most recently, the global shortage of semiconductors in the automobile industry.

The Group’s OEM operations in the Philippines continue to be halted due to COVID-19-related travel restrictions and in mitigation, the Group has subcontracted the work to temporary production facilities in Thailand. Once COVID-19 lockdown and travel restrictions are lifted in the Philippines, the Group can start its preparation for mass production with the hiring and training of workers, and acquire the necessary ISO certifications.

Even in this uncertain and challenging business environment, the Group will continue to work with its customers to develop new products and grow its other businesses, like Life Sciences in order to diversify its revenue streams. At the same time, the Group will also continue to explore alternative manufacturing locations to diversify risks, as well as potential new business opportunities.

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 its counterparties have 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.

Business Segment Outlook

In 1H2021, the Group has continued to receive orders for larger-sized LCD backlight units used in digital instrument panels of premium automobiles and ultrathin notebook computers. As the global semiconductor shortage has caused automobile makers to adjust their demand and orders, the Group’s key customer rescheduled the delivery of LCD Backlight Units in 1H2021 to the second half of the financial period ending

31 December 2021 (“2H2021”) or later. As such, the Group expects to see a recovery in the LCD Backlight Units segment with the availability of semiconductors improving and stabilising in 2H2021, which will allow the Group to optimize its production and enhance its profitability. The Group believes that it is well positioned to serve the growing market for larger-sized LCD backlight units used in digital instrument panels of premium automobiles as these displays become increasingly commonplace in mainstream automobiles. In 1H2021, the supply of semiconductors was not stable, and the increase in labour costs was due to overstaffing in production. All these factors put pressure on the segment’s profitability. Therefore, the Group also will semi-automate certain production processes and promote outsourcing measures. The Group also plans to reduce production headcount by outsourcing some processes, review the lead time for other purchased materials so as to optimise inventory levels and to eliminate unnecessary materials and production losses to improve quality.

The Group’s OA and LCD Parts and Accessories segments continue to face the challenges of intense price competition and model obsolescence. Both segments have been taking measures to maintain profitability by controlling costs, and will continue to receive a stable inflow of orders for parts for existing models of office automation, mobile phones and ultrathin notebook computers. The OEM business for mobile payment devices, which is a subset of the LCD Parts and Accessories segment, continues to face price competition from PRC suppliers. The Group has mitigated this situation by outsourcing production to a partner in Thailand while its own Philippines plant is not operational yet.

While the profitability of the OEM business was low in 1H2021, the profitability is improving as the nature of its business is shifting from OEM to ODM, with the Group contributing design inputs for new models to the customers and orders have been increasing substantially. However, the Group will continue to cautiously manage production volatility, as the Group’s performance may be affected by the shortage of semiconductors and other factors. Despite the uncertainty, the OEM business will be able to contribute largely to profit for the LCD Parts and Accessories segment for 2H2021.

For the life sciences business, the joint research efforts of a team, which includes the Group’s subsidiaries, namely Tomoike Bio Limited and GSP Enterprise Inc. (“GSP”), and the Group’s affiliated Company, A Biotech Company Limited (“ABio”), in association with Okayama University, has successfully obtained a patent in Japan for an antibody that targets cancer stem cells. The Group believes this antibody can be used to develop anticancer drugs that could be far more effective than current treatments in combatting the spread and relapse of new tumours. ABio is actively seeking to license out the rights to interested pharmaceutical partners who can undertake further drug development activities in clinical trials.

As COVID-19 vaccination programs gain pace around the world, the Company’s subsidiary Tomoike Industrial Co. Ltd. has signed a sales distribution agreement with Tocad Energy Co. Ltd., a leading energy storage systems manufacturer in Japan, to distribute a range of portable, lithium-ion battery packs which can help to power vaccine freezers in mobile vaccination centres.

Managing Risks and Looking Forward

The Group will continue to right-size and optimise its operations with the aim of managing costs and increasing economies of scale, even in this uncertain and challenging business environment. In order to mitigate US-China trade tensions, the Group has established its new 21,500 square foot production facility in the Philippines, and once COVID-19 related travel restrictions are lifted, the facility can be operational within two to three months.

The Group will continue to nurture and grow its Life Sciences business as part of its long-term diversification strategy. At the same time, the Group continues to explore and have discussions with potential customers of its OA and LCD Parts and Accessories segments in order to diversify into new products. These initiatives would safeguard the utilization 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. These initiatives would safeguard the utilization 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.

As a result of the above and barring any unforeseen circumstances, the Group is cautiously optimistic that its profitability will improve in FY2021 as compared to FY2020.

7. 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.

8. Interested Person Transitions

The Group does not have a general mandate from shareholders for IPTs. The IPTs for the period 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	26	-
A Biotech Co., Limited - Provision of financial assistance - Interest on financial assistance	Associate of controlling shareholder	1,290 25	- -
Total		1,341	-

9. 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 3 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 22.6%, 60.6% and 16.1% of the total revenue respectively. Total revenue increased by 28.3% to US\$63.5 million for the six months ended 30 June 2021 as compared to the corresponding period in the previous year.

As at 30 June 2021, non-current assets located in Hong Kong, the PRC and Japan accounted for 8.7%, 55.9% and 21.8% of the total non-current assets of the Group respectively. During the six months ended 30 June 2021, the Group invested a total capital expenditure of US\$0.4 million for the purchase of equipment in Hong Kong, the PRC, Japan and the Philippines, and it was mainly for the purposes of replacement and new business.

10. 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 2021 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

13 August 2021