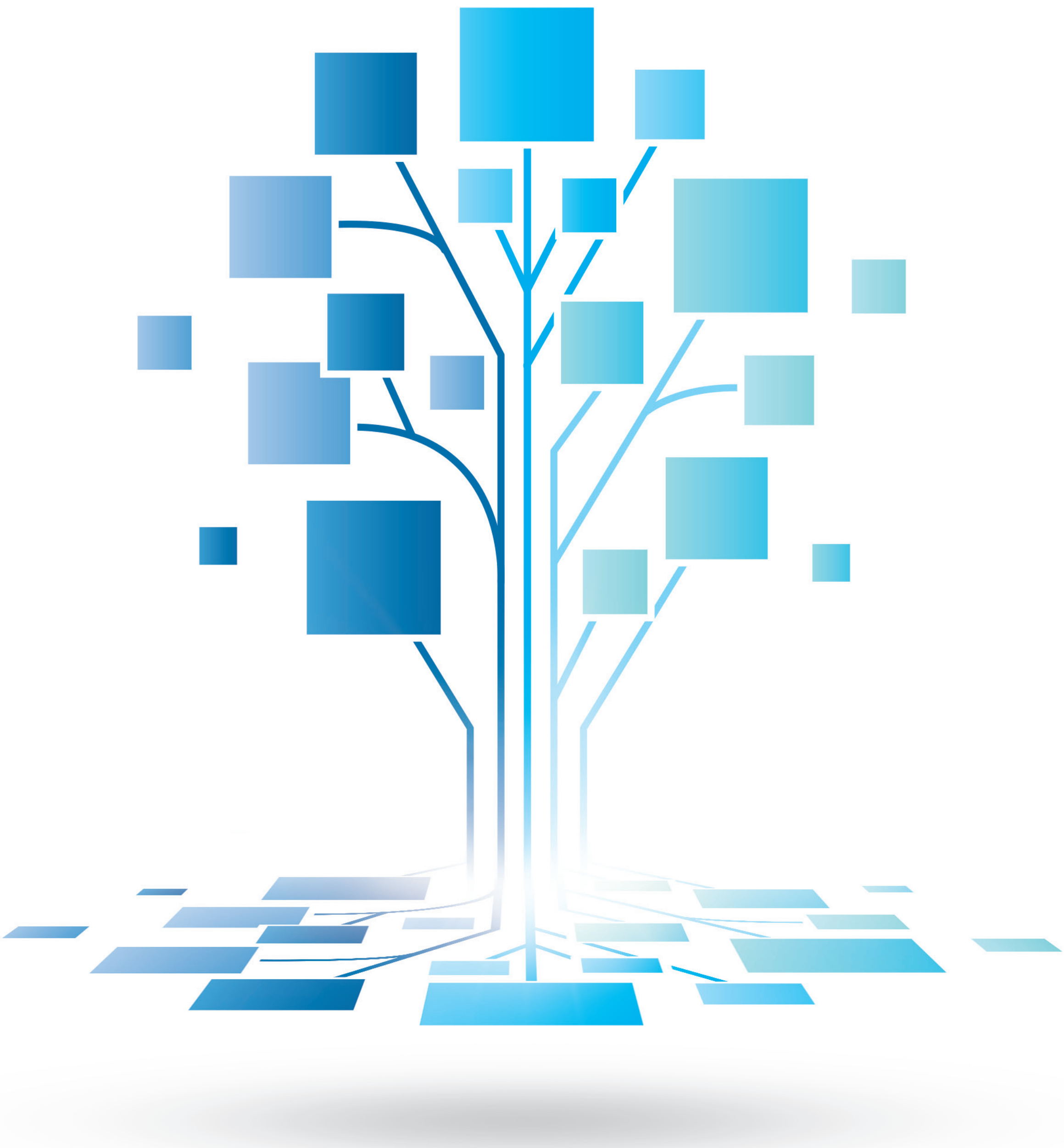
CDW Holding Limited

EXPANDING OUR GROWTH AVENUES

Annual Report **2021**



日本の技術力と信頼性を世界へ

A Reliable Outsourcing Partner with Japanese Precision

With an eagle-eyed focus on producing higher margin, popular consumer electronics, while expanding prudently and managing costs, we are on the right course for long-term sustainable growth. That's Sound Strategy.

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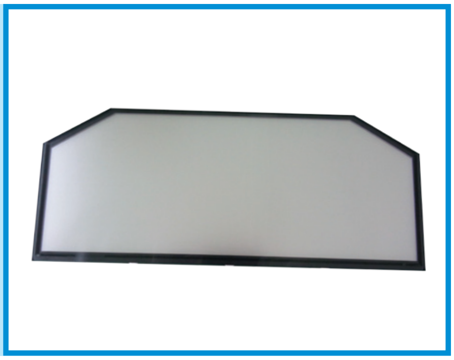
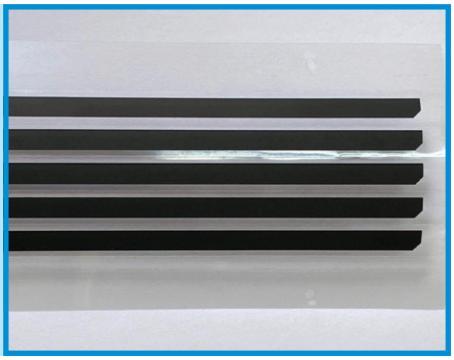
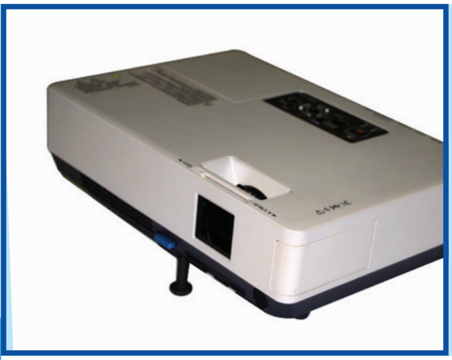
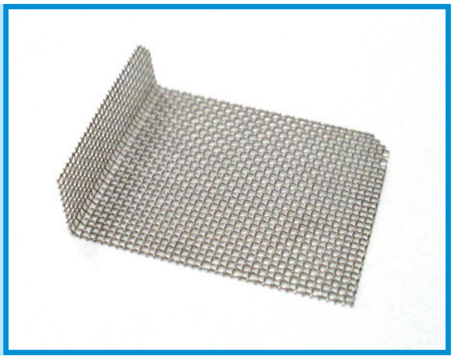
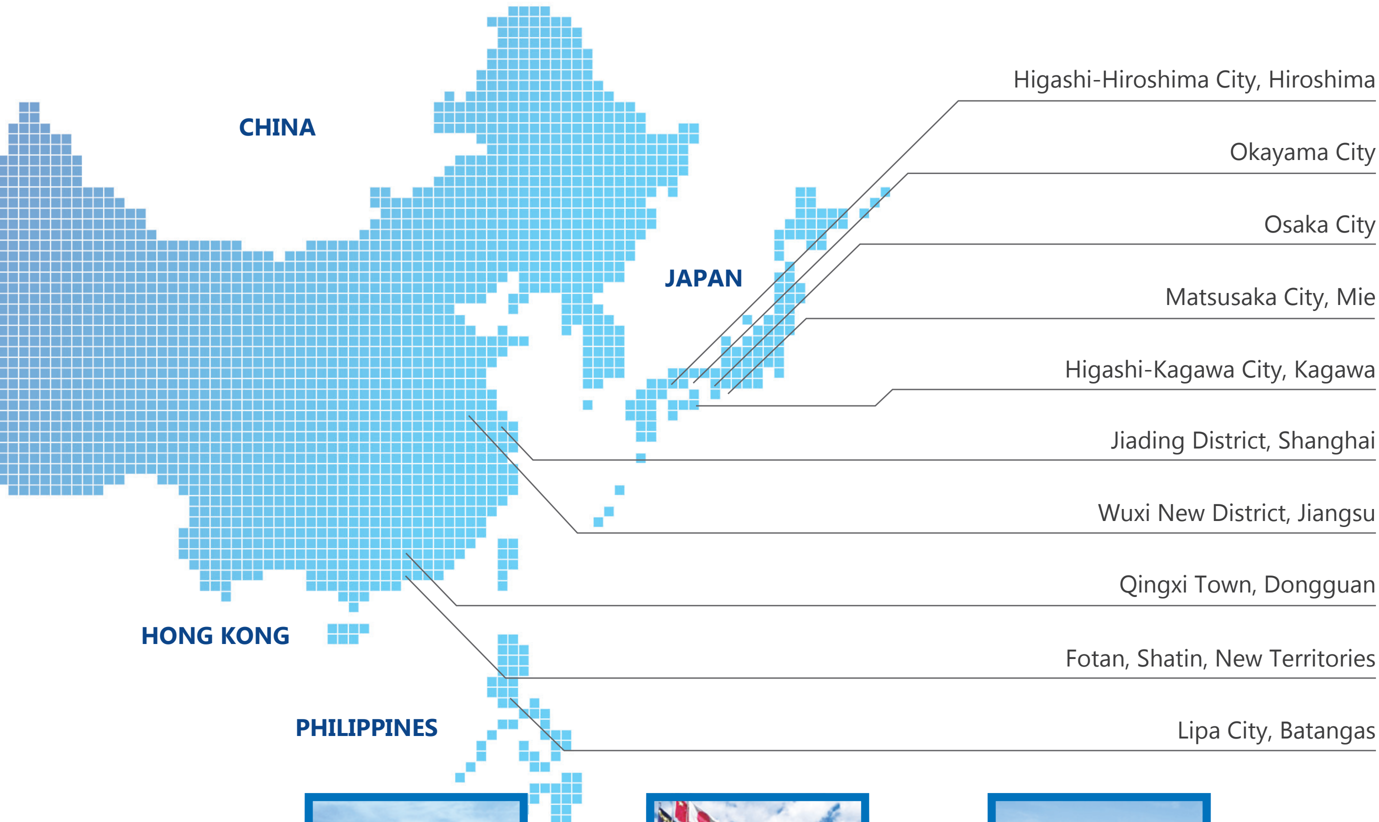
LCD Backlight Units		
LCD Parts and Accessories		
Office Automation		

Locations of Operations




CDW Life Science Limited in Okayama Research Park Incubation Center


Crystal Display Components (Shanghai) Co., Limited


Menkobo Muguruma Co., Limited


Minami Tec (Wuxi) Co., Limited


Tomoike Industrial Co., Limited


Tomoike Industrial (Philippines) Incorporated


Tomoike Precision Machinery (Dongguan) Co., Limited


Tomoike Precision Machinery (Shanghai) Co., Limited


Wah Hang Precision Machinery (Dongguan) Limited

Corporate Milestones

1991
Our founder, Mr. Yoshimi Kunikazu ("Mr. Yoshimi"), set up TM Hong Kong as a private trading company in Hong Kong engaging in the trading of precision accessories for electrical and electronic appliances.

1993
The Group identified the trend of large Japanese corporations shifting their production facilities to China and started supplying them with cost efficient precision accessories sourced from manufacturers in Hong Kong and China.

1996
The Group established TM Shanghai in Jiading, Shanghai, China to manufacture precision accessories for customers involved in the production of office equipment.

2001
CD Shanghai commenced production of LCD Backlight Units for colour mobile phones.

2003
The Group established Tomoike Electronics (Shanghai) Co., Limited ("TM Pudong") to perform the processing functions of precision components for our LCD Parts and Accessories business.

2005
Shares of the Company were listed on the main board of the Singapore Stock Exchange in January. TM Dongguan was established and commenced production of LCD Backlight Units for colour mobile phones and entertainment equipment in December.

2006
The Group acquired the controlling stake in TM Japan in July. TM Japan joined the Group to extend the Group's sales and marketing network in Japan, supplying precision components for LCD Backlight Units and related products and supplying and manufacturing precision accessories for office equipment and electrical and electronic appliances.

2007
The Group completed the acquisition of TM Japan by issuing 18,405,221 new shares as consideration in September. As a result of the completion, TM Japan became a wholly-owned subsidiary of the Group.

2008
The Group expanded capacity for Office Automation segment and WH Dongguan started production in September. This Dongguan factory aims to serve customers in Southern China.

2010
The Group acquired 72% equity interest in S.M.T. Assembly Limited ("SMT Hong Kong"), a company specialising in the provision of surface mounting technique services in electronics production assembly.

2011
Dongguan Dali S.M.T. Limited (SMT Dongguan) and Shanghai Gu Chang Yu Printing Technology Co., Limited ("GCY Shanghai") were established in order to secure and enhance the business of the Group. The Group increased equity interest from 72% to 86% in SMT Hong Kong.

2012
Mr Urano Koichi succeeded as Chairman and CEO from our founder, Mr Yoshimi, and formed a new board.

Corporate Milestones

2016
BJ Cooperation was incorporated in Bangladesh in March to look for business opportunities.

The Group set up TWB in Japan in April to expand food and beverage business.

2016
The Group acquired intellectual property rights in August to explore and develop a new biotech business.

2021
The Group launched anti-aging skin care brand under YOSHIMI JAPAN in Asia in September.

The Group commenced pre-clinical trials at the Korean Cancer Center aim to evaluate the efficacy of anti-Cripto-1 antibody with mice at inhibiting brain tumour growth in November.

2015
The Group incorporated Muguruma in Japan to enter food and beverage business.

The Group acquired 25% equity interest in Suzhou Pengfu to secure a continuous supply of light guide panels which are a key component of LCD Backlight Units.

2017
CLS was incorporated in Japan in January to provide Bio-tech related research and marketing of healthcare and beauty products.

After the incorporation of A Bio in 2018, CLS focused on marketing of healthcare and beauty products.

2020
CDW experienced growing demand from leading car makers with the shift towards digital instrument panels in mass market car models.

The patent filed by CDW and ABio was awarded in September for the use of Cripto-1 to suppress the progression of cancer stem cells.

2014
The Group increased equity interest from 86% to 100% in SMT Hong Kong and it became a wholly-owned subsidiary of TM Hong Kong. Guru Guru was established to perform general trading in Hong Kong.

2018
The Group acquired 95% equity interest in GSP for research and development of an antibodies library in January.

TM Pudong transferred its business to TM Shanghai and was sold in August.

2019
TM Philippines was incoporated in Philippines in June for manufacturing, processing and assembly of printed circuit board, mobile payment device, niche precision components and insulating materials.

2013
The Group acquired 100% equity interest in MT Wuxi.

2018
A Biotech Co., Limited ("A Bio") was incorporated in Korea in January for application of biotechnology to research and develop antibodies-related products. After the disposal of 32.9% interest in A Bio, it became an associated company of the Group.

Letter to Shareholders

Dear Shareholders,

On behalf of the Board and the Management of CDW Holding Limited, I am pleased to present our annual report for the financial year ended 31 December 2021 ("FY2021").

FY2021 was yet another momentous year for the Group, with the occurrence of many events that have affected the Group's business segments and operations. Our LCD Backlight Units segment recorded an increase in orders by automakers namely for larger-sized automobile digital instrument panels used in premium cars as well as high-end personal computers. The sustained trend of robust growth in this segment reflects the Group's successful efforts in focusing on and growing the LCD Backlight Units segment, as well as tapping on market sentiments in securing a greater foothold.

The other business segment that experienced growth despite multiple challenges in FY2021 would be our LCD Parts and Accessories segment, which saw a recovery and expansion. This was in particular, led by the strong demand in OEM products under this segment, coupled with the introduction of new models and boosted with a new contract win. The Group secured a contract from a new customer, Loupedeck Ltd., a fast-growing Nordic tech start-up backed by the venture arm of a major Singapore gaming device brand, to produce the latest digital input video-editing console.

For the Life Sciences business, progress was made in our venture on our pterostilbene glycoside compound, which reached an important development milestone with the launch of the YOSHIMI Night Cream X, an anti-aging skincare based on the patent for pterostilbene glycosides in October 2021. The global anti-aging market is expected to grow at a compounded annual growth rate of 6.1% to reach a revenue of US$64.0 billion in 2026. As the first company to harness the tremendous potential of pterostilbene glycoside in the skincare and cosmetic industry, the Group is looking to addressing opportunities in the anti-aging market, especially in the Asia Pacific, which leads in its growth.

The year in review was also one filled with external headwinds, from the Sino-US trade tensions to the COVID-19 pandemic, to the global semiconductor chip shortage. Thus, the achievements and steady improvement of CDW's performance is creditable given this challenging operating environment.

"THE GROUP HAS BEEN ACTIVELY WORKING WITH CUSTOMERS IN ALL BUSINESS SEGMENTS TO BUILD GREATER RAPPORT AND WORKING RELATIONSHIPS, WHILE PUSHING FOR HIGHER-END AND HIGHER MARGIN MODELS AND PRODUCTS."

In contrast, the Group's Office Automation business segment did not fare as well, with tough business conditions caused by ongoing COVID-19 related disruptions persisting into FY2021. Continued low demand and an increase in material costs have been suppressing the performance of this segment. The Group has however, negotiated with our clients to absorb materials cost increases, which have enabled us to bring up our margins slightly.

For FY2021, the Group's total revenue amounted to US$143.2 million, marking an increase of US$31.4 million or 28.1% higher than the US$111.8 million recorded for the financial year ended 31 December 2020 ("FY2020"). This improvement was largely due to the increase in orders in both our LCD Backlight Units segment and the LCD Parts and Accessories segment for OEM products as mentioned above in spite of a challenging macro-environment.

On the back of the increase in orders, and with the global shortage for semiconductor chips abating in the second half of FY2021, the Group's gross profit rose 16.0% from US$22.5 million in FY2020 to US$26.1 million in FY2021. Gross profit margin on the other hand, reduced mainly due to the lower margins in the OEM division.

Taking into account all of the above, the Group recorded a profit before income tax of US$4.0 million in FY2021 compared to the US$3.4 million recorded in FY2020. Profit after income tax registered at US$2.4 million, an increase from FY2020's US$1.5 million.

OUTLOOK & STRATEGY

The US-China trade tensions, global economic effects of the COVID-19 pandemic, as well as operating in an industry with intense price competition and shortening product life cycles, are challenges that the Group faced well into FY2021. Additionally, the Group was also under pressure from soaring labour costs in China as well as the global shortage of semiconductors which caused the postponement of orders by customers. These in turn, drove up the Group's labour and manufacturing costs, depressing its profits and profit margins.

In the second half of FY2021, the business environment improved slightly as the global shortage on semiconductors eased a little and customer orders started to stabilise. The Group also managed to win new contracts for OEM products, while the LCD Backlight Units segment also showed improvements in its order book as well as revenue and profits.

While the Group's OEM operations in the Philippines were further delayed by COVID-19 related travel restrictions, the Group had successfully set up its OEM business in Thailand as an outsourced production base. The Group has also since managed to overcome the difficulty in obtaining semiconductors for Thailand production and the Group's outsourcing partner will steadily increase their production capacity as more OEM orders roll in.

In recent years we have observed a trend for digital instrument panels particularly in the automobile industry, where leading car makers in Germany and the United States of America move toward full-panel digital instrument panels for their higher-end car models. Automobiles today have digital instrument panels with integrated instrumental displays with tachometer, speedometer, odometer, fuel gauge and temperature readings combined with added functions such as GPS navigation, rear-view cameras, and in-car entertainment. This has increased the demand for our larger-sized LCD Backlight Units. According to a report by market intelligence firm Future Market Insights, the global automotive display units market is predicted to grow at a CAGR of around 8.0% per year in the next decade until 2029. This development bodes well for the Group, with larger automotive backlight units shaping up to be the key growth driver in our LCD Backlight Units segment. The Group is well-positioned to tap on the growing market in this segment and its LCD Backlight Units will also be used in one of the largest Japanese car brands from October 2022.

As a testament to our superior product quality, our key customer continues to value the Group as its key supply chain partner, with our product quality ranking the highest amongst their suppliers for LCD backlight units. With the Group's Japan and China offices in close proximity to the key customer's head offices and factories, we are also able to provide superior service support, allowing for quick response times to provide technical support, facilitate production planning, and address quality issues, if any. This superior service level also enables the Group to perform higher value-added activities with its key customer such as product development and design for their light guide panels and LCD backlight units for automobile digital instrument panels. Furthermore, the Group has readily available production capacity to scale up in accordance with the customer's demand and has a good track record for competitiveness.

The Office Automation segment and LCD Parts and Accessories segment, however, will continue to be weighed down by challenges such as intense price competition and model obsolescence, which led to less models manufactured during FY2021. These look to be issues that will carry over to the coming financial year, but the Group is looking into making higher-end models with higher margins as well as costs control measures to sustain profitability for the two segments.

Letter to Shareholders

With the steady growth of its OEM business which is a subdivision within the LCD Parts and Accessories segment, the Group will be setting up an R&D department, aiming to move up the value chain to provide value-added activities and a wider range of product and service offerings from OEM contract manufacturing to participating in the product development and design process of its customers. These efforts are aimed to improve the profitability of the OEM business. The production in Thailand is also well on track as we receive more orders from customers, boosting the expansion of this business division with increasing demand.

In the Life Sciences business, with the launch of the YOSHIMI Night Cream X in October 2021, the Group is looking to expand the sales of this skincare product. Besides this, the Group's subsidiary Tomoike Bio Limited has also started pre-clinical efficacy testing at the Korean National Cancer Center to evaluate the efficacy of anti-Crypto 1 antibody at inhibiting brain tumour growth together with our associated company, A Biotech Co., Limited. The Group will also be concurrently conducting pre-clinical research using mouse efficacy studies for other cancer types and plan to explore and expand the possibilities for its anti-Crypto 1 antibody.

Another boost to the Life Sciences business would be the successful acceptance of the Group's anti-cancer research co-authored by GSP Enterprise Inc ("GSP"), a subsidiary of CDW, and Okayama University, for publication in Cancers, a peer-reviewed scientific journal. The journal is ranked First Quartile or Q1 in Oncology[1] by the Scimago Journal & Country Rank, placing it in the top 25% of journals in its field by scientific impact. These achievements highlight the work our research team has put in to develop novel anticancer therapies. The Group continues to push ahead with basic research on drug development efforts to unlock value from the Group's intellectual property assets, and capturing counter-cyclical opportunities in healthcare.

In a bid to further increase and grow our other businesses, we will share any updates along the way.

With the COVID-19 pandemic still far from over and with rising geo-political tensions in Europe with the Russian Federation's attack on Ukraine and its possible impact on the global economy; combined with US-China trade tensions as well as global supply chain risks such as the global shortage of semiconductors, the Group anticipates the financial year ending 31 December 2022 ("FY2022") to be still potentially filled with uncertainties and challenges in the macroeconomic environment.

Nevertheless, the Group has been actively working with customers in all business segments to build greater rapport and working relationships, while pushing for higher-end and higher margin models and products for its various businesses in tandem with market trends to augment its profitability and margins. We will continue to develop new products and keep a lookout for any new business opportunities to actively grow and diversify our revenue streams.

CONCLUSION

We have navigated through uncharted waters in FY2021, and on behalf of the Board, I would like to extend my sincere gratitude to my fellow board members for their advice and guidance in navigating a challenging environment, and to management and staff for their hard work and dedication. I would also like to thank our shareholders for their unwavering support and patience as we steadily transform the Company and establish diversified revenue streams. As the macroeconomic environment is shaping up to be further filled with challenges and uncertainties in the near- to mid-future, we ask for your continued support and understanding in this upcoming year.

In closing, we would like to show our appreciation to our shareholders with a proposed final dividend of 0.7 US cents per ordinary share, subject to shareholder approval at the upcoming Annual General Meeting. In addition to the 0.5 US cents per ordinary share interim dividend, the total dividend amount is 1.2 US cents per ordinary share for FY2021.

Yours Sincerely,
YOSHIKAWA Makoto
Chairman and Chief Executive Officer

[1] Scimagojr.com. 2021. Cancers. [online] Available at: https://www.scimagojr.com/journalsearch.php?q=19700188419&tip=sid&clean=0 [Accessed 2 November 2021].

STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 December 2021 ("FY2021"), the Group recorded a total revenue amounting to US$143.2 million, an increase of 28.1% from the US$111.8 million achieved for the financial year ended 31 December 2020 ("FY2020"). The increase in revenue was largely due to the increase in orders in both the Group's LCD Backlight Units segment, particularly for automobile digital instrument panels of sizes over 8 inches; and the LCD Parts and Accessories segment for OEM products. This was achieved in spite of the multiple challenges in the macroeconomic environment such as the impacts from the ongoing COVID-19 pandemic, the Sino-US trade tensions as well as the global shortage of semiconductor chips. The COVID-19 pandemic continued to wreak havoc on the international scale in FY2021, with new mutant strains emerging and disrupting production and supply chains for companies worldwide. This in turn, placed further pressure on already soaring labour, production and logistics costs.

During the second half of FY2021, the Group saw an increase in orders from customers for larger-sized digital instrument panels; and the subsequent alleviation of the global shortage for semiconductor chips which helped turnaround the Group's our overall performance for FY2021, offsetting the lacklustre performance for some of our other segments. Gross profit rose 16.0% from US$22.5 million in FY2020 to US$26.1 million for FY2021, while gross profit margin decreased by 2% to 18.2% compared to the prior corresponding period, mainly due to the lower margin in the OEM division under the LCD Parts and Accessories segment.

Other operating income for FY2021 decreased slightly by US$0.3 million to US$1.1 million (FY2020: US$1.4 million) and mainly consisted of government subsidies, interest income, gain on disposal of assets, rent concession and foreign exchange gains. Meanwhile for the Group's expenses in FY2021, distribution expenses increased by US$0.7 million to US$4.0 million (FY2020: US$3.3 million) while administrative expenses rose US$1.8 million to reach US$18.5 million (FY2020: US$16.7 million). The increase in distribution expenses was mainly due to increases in packing materials for larger sized backlight units for automobile digital instrument panels which was in line with the increase in orders.

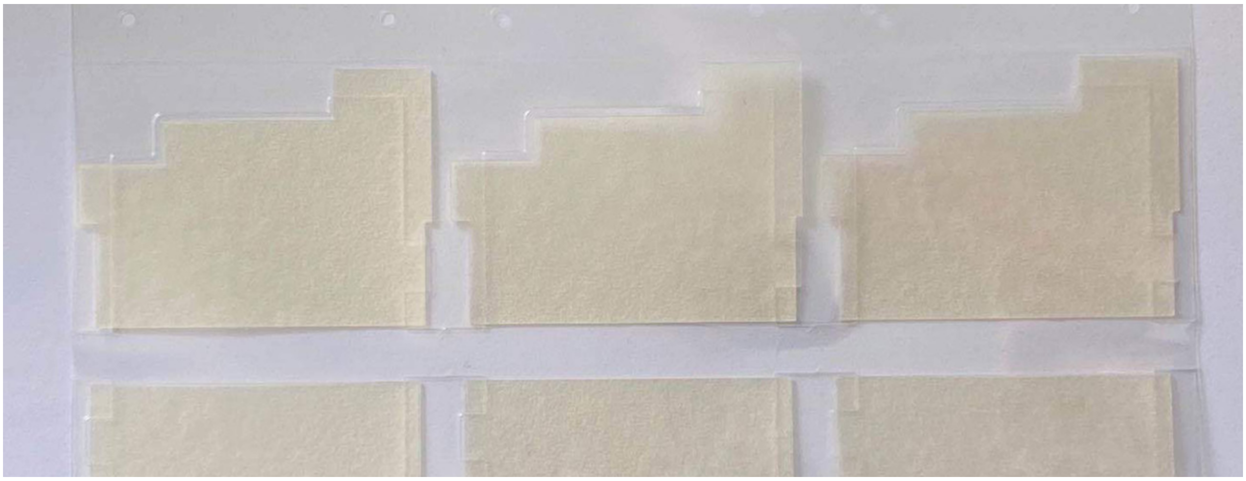
Administrative expenses kept relatively steady in FY2021, and the slight increase was mainly from exchange impact as well as miscellaneous expenses which included the share of the training cost in research and development expenses and transfer of technical knowledge to A Biotech Co., Limited ("A Bio"), the Group's associated company.

As A Bio is still in its initial stage of development and incurring research and development expenses, losses continued into FY2021, with the Group sharing an operating loss of US$0.4 million compared to US$0.2 million in FY2020. Finance costs edged up slightly, standing at US$0.3 million in FY2021, due to the continuing low interest environment, which resulted in the Group incurring minimal interest expenses on bank borrowings paid.

Income tax expense in FY2021 reduced US$0.2 million to US$1.7 million from the US$1.9 million in FY2020, attributable to the profit generated by the Group's profit-making subsidiaries.

With all the abovementioned factors taken into account, the Group recorded a profit before income tax of US$4.0 million in FY2021 compared to the US$3.4 million recorded in FY2020. Profit after income tax was registered at US$2.4 million against FY2020's US$1.5 million.

Financial and Operations Review



LCD BACKLIGHT UNITS ("LCD BLUs")

Revenue from the LCD BLUs segment in FY2021 continued its strong growth, achieving an increase of US$11.7 million or 14.0% compared to US$83.7 million revenue in FY2020 despite the twin impacts of the COVID-19 pandemic and the global shortage of semiconductors. The growth in revenue was underpinned by a strong demand in orders, mainly from automakers for larger-sized automobile digital instrument panels that are used in premium cars as well as high-end personal computers. Operating profit from this segment however, fell marginally by US$0.3 million (5.2%) compared to FY2020's US$5.8 million; while the operating margin correspondingly dipped to 5.8% compared to 6.9% in FY2020, largely attributable to the higher material costs for larger size of backlight units for automobile digital instrument panels.

The Group sold a total number of units of 8.4 million LCD BLUs in FY2021 compared to 7.6 million in FY2020, which included backlight units for handsets, automotive digital instrument panels, personal notebook computers and smart phones.

Supported by the trend of continuous robust growth of automotive LCD BLUs over ten inches, total sales volume in FY2021 grew 10.5%. The sales volume for large sized automotive digital instrument panels alone rose 94.3% from FY2020 and is shaping up to be the key growth driver for the LCD BLUs segment. LCD BLUs with the size of over 8 inches for the displays of automotive digital instrument panels and ultrathin notebooks represented 60.7% and 28.7% of LCD BLU sales respectively (FY2020: 43.3% and 42.7% respectively).

LCD PARTS AND ACCESSORIES

The Group's LCD Parts and Accessories segment saw a recovery and expansion for the year in review, with revenue jumping 139.1% to reach US$33.0 million in FY2021 from the US$13.8 million in FY2020. This burst of growth was led by a strong demand in the OEM products under this segment, the introduction of new models, as well as a new contract win. The operating profit margin for this segment remained at 8.5% for FY2021 (FY2020: 8.5%). The Group has also secured a contract to produce the latest video-editing console from its new customer, Loupedeck Ltd.

OFFICE AUTOMATION

Ongoing COVID-19 pandemic-related disruptions prolonged the tough business conditions for the Office Automation segment, which continued to experience low demand. Offset by the Group's negotiations with its clients to absorb increases in material costs, the revenue for the segment inched slightly up by US$0.7 million to US$13.9 million in FY2021 compared to US$13.2 million in FY2020. Due to increase in material cost and labour cost, this segment suffered from an operating loss of US$0.5 million in FY2021 as compared with an operating profit of US$0.1 million in FY2020.

LIFE SCIENCES

The Group's diversification into the Life Sciences business is still in its initial stages. While revenue edged up slightly, this new segment continues to incur huge R&D expenses, resulting in losses in FY2021. YOSHIMI Night Cream X, an anti-aging skincare product that is based on the Group's patent for pterostilbene glycosides was launched in October 2021. As sales of YOSHIMI Night Cream X have just started, there is no impact to the top and bottom line of the segment.

OTHER SEGMENT

Consisting of mainly the food and beverage business, revenue for the Other Segment dipped slightly to US$1.0 million for FY2021 (FY2020: US$1.1 million) due to restrictions caused by the Japanese government's COVID-19 containment measures.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021, the Group's total assets and liabilities were US$108.8 million and US$58.1 million respectively, as compared to the US$102.3 million and US$50.7 million recorded as at 31 December 2020.

Current assets increased 9.5% to US$96.7 million as at 31 December 2021 as compared to US$88.3 million as at 31 December 2020. Cash and bank balances decreased 17.6%, or US$5.8 million to US$27.2 million as at 31 December 2021, compared to US$33.0 million recorded as at 31 December 2020.

Associated with the growth in revenue for FY2021, inventory levels increased significantly from US$13.5 million as at 31 December 2020 to US$26.9 million as at 31 December 2021 in preparation for the surge in sales for the upcoming financial year due to the recovery in orders as well as the strong demand in orders by automakers for LCD BLUs. Trade receivables maintained at same level of US$35.8 million, with debtor turnover term at around 83 days as the Group maintained its credit term of 60 days to 90 days offered to customers.

Other receivables and prepayments of US$3.9 million (31 December 2020: US$3.3 million) mainly comprised utility deposits, advances to staff, prepaid expenses, income tax refund and VAT recoverable.

As at 31 December 2021, the Group's non-current assets recorded a total of US$12.1 million as compared to US$14.0 million as at 31 December 2020. Available-for-sale investments comprised of investments in quoted shares of SHARP Inc. and investments of securities of a company (ELECTRINE INC., formerly known as LGM Co., Limited). During the year, the Group subscribed a US$0.8 million convertible bonds issued by A Bio for financing its daily operation and R&D activities. Investment in associates consisted of the acquisition of a 25% equity interests in Suzhou Pengfu Photoelectric Technology Company Limited and a 48.5% equity interests in ABio. No impairment loss on investment in an associate was recorded during the year.

Total liabilities remained stable at US$58.1 million as compared to US$50.7 million as at 31 December 2020. Trade payable increased from US$27.8 million as at 31 December 2020 to US$36.4 million as at 31 December 2021 mainly due to the increase in inventories as explained above. Bank and other borrowings were on track according to the repayment schedule.

KEY FINANCIAL DATA

US$mn	FY2021	FY2020	FY2019	FY2018	FY2017
Total assets	**108.8**	102.3	88.0	88.9	88.5
Total liabilities	**58.1**	50.7	37.4	31.4	27.6
Current assets	**96.6**	88.3	74.8	76.7	78.9
Current liabilities	**53.9**	44.5	34.3	29.9	25.3
Shareholders' equity	**50.7**	51.6	50.6	57.5	60.9
Revenue	**143.2**	111.8	101.5	90.2	104.1
Profit/(loss) before tax	**4.0**	3.4	(0.6)	2.6	4.5
Profit/(loss) after tax	**2.4**	1.5	(1.9)	0.8	1.7
Earnings/(loss) per share (US cents)	**1.06**	0.66	(0.83)	0.39	0.75
Dividends per share (US cents)	**1.20***	1.10	1.10	1.10	1.20

* including the final dividend for FY2021

Financial and Operations Review

Other payables and accruals comprised accruals for expenses, wage payable and VAT payable, accrual cost for business operations and deposits from customers, totalling US$6.5 million as at 31 December 2021 (31 December 2020: US$3.8 million).

Income tax payable was provided and adjusted under tax rules of different jurisdictions. The income tax charge net of payment remained at same level as last year at US$0.6 million as at 31 December 2021.

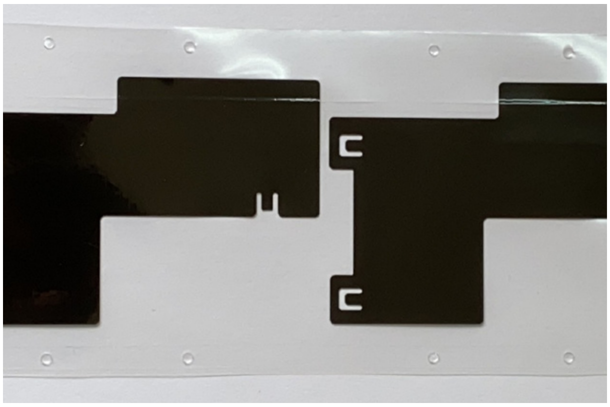
Included in the non-current liabilities were retirement benefit obligations for directors in the Group's subsidiaries in Japan, and deferred tax liabilities related to the withholding tax on dividends from the profit-making subsidiaries in China, both of which had no material fluctuations for the year.

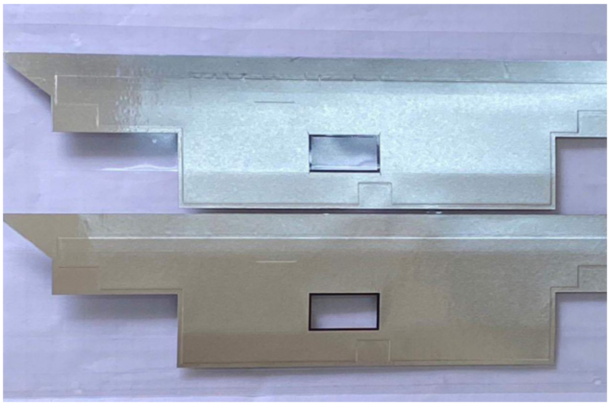
STATEMENT OF CASH FLOWS

During the year under review, the Group generated operating cash flow of US$8.2 million, up 28.1% from the previous year (FY2020: US$6.4 million). Net cash generated from operating activities amounting to US$3.6 million (FY2020: US$4.5 million). The net cash from operating activities were mainly attributable to the settlement from trade receivables net of trade payables after deducting the funding for the increase in inventory. During the year, the Group paid income tax amounting to US$1.7 million (FY2020: US$1.6 million).

For investing activities, there was a net cash outflow of US$2.4 million (FY2020: US$1.2 million) in FY2021, mainly attributable to the purchase of property, plant and equipment amounting to US$1.3 million (FY2020: US$1.3 million) less sales proceeds from the disposal of property, plant and equipment amounting to US$0.2 million (FY2020: US$0.1 million), and interest income of US$0.1 million (FY2020: US$0.2 million). During the year under review, the Group invested US$0.8 million to subscribe convertible bond issued by A Bio, mainly as working capital for its in-house research and development activities, and daily operations.

For financing activities, there was a net cash outflow of US$7.0 million over the year under review (FY2020: US$0.7 million). The financing activities mainly comprised a net repayment of bank borrowings amounting to US$2.5 million (FY2020: net proceeds from bank borrowing of US$3.8 million). In FY2021, the Group did not purchase any shares under Shares Purchase Mandate, and repaid lease liabilities amounting to US$1.8 million (FY2020: US$1.7 million). In addition, the Group paid dividends to shareholders of US$2.7 million for the year under review (FY2020: US$2.4 million).





KEY OPERATIONAL INFORMATION/DATA

LCD Backlight Units Operating Subsidiaries

(TM Hong Kong, CD Shanghai, TM Japan and TM Dongguan)

US$mn	FY2021	FY2020	FY2019	FY2018	FY2017
Revenue (US$mn)	**95.4**	83.7	61.7	38.4	59.8
Earnings before interest and taxes (EBIT) (US$mn)	**5.5**	5.8	2.5	1.1	7.5
Gross floor area (sqm)	**7,620**	7,620	7,620	7,620	7,620*
Clean room area (sqm)	**4,120**	4,120	4,120	4,096	4,096*
Number of staff	**87**	88	91	95	87
Number of workers	**572**	612	574	502	428
Production capacity (units/mth)	**4,000,000**	4,000,000	4,000,000	4,000,000	4,000,000

* TM Dongguan production was integrated into CD Shanghai in December 2017 and its gross floor and clean room area were deployed to LCD Parts and Accessories segment.

LCD Parts and Accessories Operating Subsidiaries

(TM Hong Kong, TM Dongguan, TM Japan & MT Wuxi)

US$mn	FY2021	FY2020	FY2019	FY2018	FY2017
Revenue (US$mn)	**33.0**	13.8	16.8	25.3	20.7
EBIT (US$mn)	**2.8**	1.2	0.8	0.8	1.1
Gross floor area (sqm)	**5,673**	5,673	5,673	5,673**	11,165#
Clean room area (sqm)	**2,167**	2,167	2,167	2,167**	3,687#
Number of staff	**55**	48	49	58	73
Number of workers	**101**	104	93	221	270

TM Pudong stopped production in October 2015 and its production area was excluded in the gross floor area in 2017, while TM Dongguan's gross floor area and clean room area were deployed from LCD Backlight Units segment in 2017.

** SMT Dongguan moved to TM Dongguan in November 2018. SMT Hong Kong and SMT Dongguan stopped production in December 2018

Office Automation Operating Subsidiaries

(TM Hong Kong, TM Shanghai, TM Japan, WH Hong Kong & WH Dongguan)

US$mn	FY2021	FY2020	FY2019	FY2018	FY2017
Revenue (US$mn)	**13.9**	13.2	21.2	25.2	22.1
EBIT (US$mn)	**(0.5)**	0.1	1.2	1.6	1.2
Gross floor area (sqm)	**7,236**	7,236	7,236	7,236	7,236
Clean room area (sqm)	**827**	827	1,091	1,091	1,091
Number of staff	**94**	107	115	128	137
Number of workers	**168**	174	220	255	304

(It is based on figures as of December of each year.)

Financial and Operations Review

SEGMENTAL FINANCIAL HIGHLIGHTS

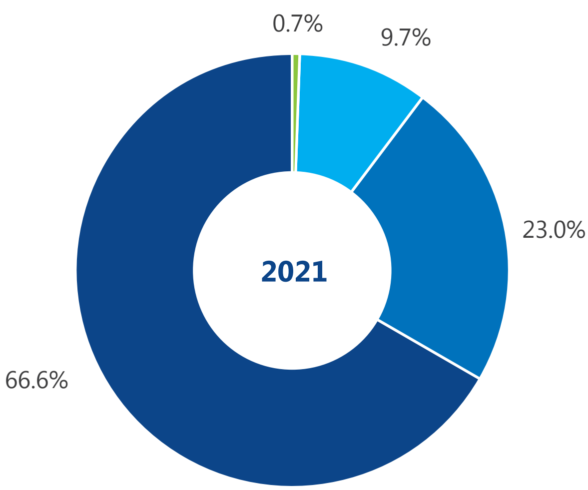
Revenue By Business Segment

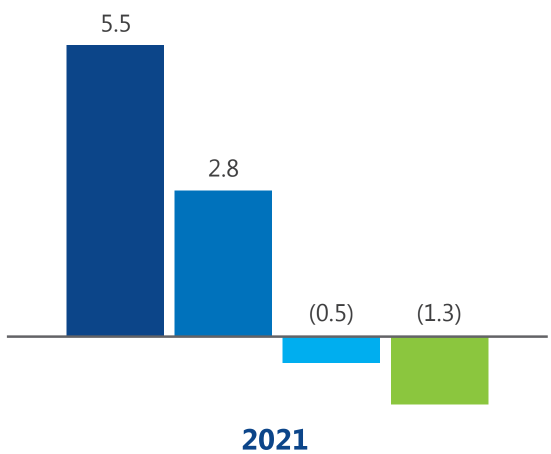
Revenue (US$mn)	FY2021	FY2020	%Change
LCD Backlight Units	**95.4**	83.7	14.0
LCD Parts and Accessories	**33.0**	13.8	139.1
Office Automation	**13.9**	13.2	5.3
Others	**0.9**	1.1	(18.2)

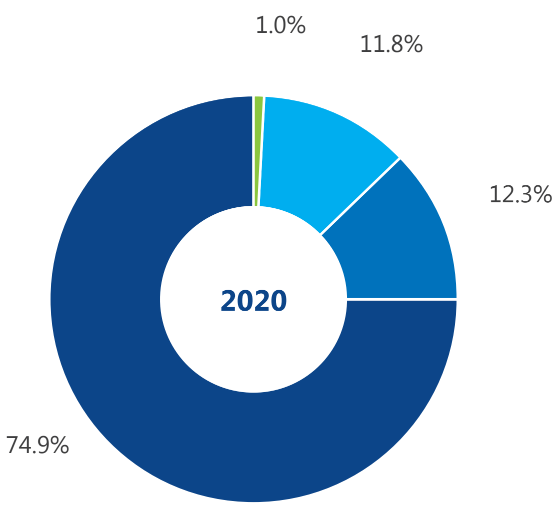
EBIT By Business Segment

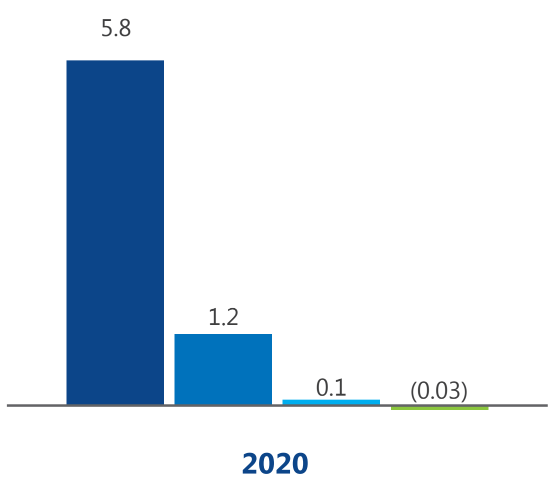
EBIT (US$mn)	FY2021	FY2020	%Change
LCD Backlight Units	**5.5**	5.8	(5.2)
LCD Parts and Accessories	**2.8**	1.2	133.3
Office Automation	**(0.5)**	0.1	(600.0)
Others	**(1.3)**	(0.03)	N.M.

N.M.: Not meaningful









YOSHIKAWA Makoto
Chairman and Chief Executive Officer
(Appointment: 1 February 2017 Last re-election: 30 June 2020)

Mr Yoshikawa succeeded from Mr URANO Koichi on 30 April 2018. As the Chief Executive Officer, he is responsible for overseeing the overall operations and strategy, planning and development of the Group. Mr Yoshikawa joined TM Japan in November 1999 and has been an executive officer of TM Japan since 2014. He became its sole legal representative since February 2017. He has extensive sales experience in the LCD and backlight business and has exposure in procurement, human resources development and business development. He was appointed as the Group's Chief Operating Officer on 1 May 2016 and was in charge of the overall operations of the Group, particularly in the sales and marketing and new product development functions in existing core business.

Present directorship in other listed companies
Nil

Present other principal commitments
Nil

KATO Tomonori
Executive Director and Chief Operating Officer
(Appointment: 30 April 2018 Last re-election: 30 April 2019)

Mr Kato was appointed as the Group's Chief Operating Officer on 30 April 2018 and is in charge of the overall operations of the Group, particularly in the sales and marketing and new product development functions in existing core business. He also oversees the Life Science and Bio related business development of the Group. After Mr Kato joined TM Japan in March 2003, he was transferred to CD Shanghai. The terms of office as the Legal Representative and a director of CD Shanghai and MT Wuxi commenced from October 2014 and May 2015, respectively, until 2016 when he repatriated back to Japan. He has been an executive officer of TM Japan since February 2017 and has become its director in May 2018. He has extensive sales experience in the LCD and backlight business. He was appointed as a director of TM Bio and A Bio in January 2019 and March 2019, respectively.

Present directorship in other listed companies
Nil

Present other principal commitments
Nil

DY MO Hua Cheung, Philip
Executive Director and Chief Financial Officer
(Appointment: 28 April 2008 Last re-election: 30 April 2021)

Mr Dy Mo is re-designated as the Chief Financial Officer on 26 February 2015, and is responsible for the overall management of our Group's financial and management reporting, budgeting, treasury, internal control, auditing functions and accounting and compliance processes. He joined our Group as Financial Controller and Head of Administration of our Group in 2003 and has extensive experience in the auditing and accounting profession. Mr Dy Mo graduated from the University of Birmingham, England and is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Present directorship in other listed companies
Nil

Present other principal commitments
Nil

Note:
The Directors do not have any relationship (including immediate family relationships) with any existing Director, existing executive officer, the Company and/ or substantial shareholder of the Company or of any of its principal subsidiaries.

Board of Directors

INDEPENDENT DIRECTORS

CHONG Pheng
Lead Independent Non-executive Director
(Appointment: 31 May 2011 Last re-election: 30 April 2021)

Mr Chong started his own businesses in several different industries after retiring from the Singapore Armed Forces. He is the director and owner of Blue Forest Echo Pte Ltd, a director of Zhong Xing Venture Pte Ltd, Share Taxi Pte Ltd and Wellness Pte Ltd; and independent director of CMON Ltd. He has also worked with several companies on business development, marketing and sales. He holds a First Class Honors Degree in Electronic and Electrical Engineering from the National Defense Academy in Japan, a Master of Science Degree in Defense Technology (Electronics) from Cranfield University (Royal Military College of Science) in England and a Graduate Diploma in the Organization Learning from the Civil Service College in Singapore.

Present directorship in other listed companies
Nil

Present other principal commitments
Wellness Pte Ltd. (Director)

LAI Shi Hong, Edward
Independent Non-executive Director
(Appointment: 5 August 2004 Last re-election:30 June 2020)

Mr Lai was re-designated from Executive Director to Non-Executive Director on 28 October 2011, and currently served as an Independent Director with effect from 26 February 2015. He has more than 34 years of experience in finance, accounting and business management, and is currently the chief financial officer and the company secretary of Wuling Motors Holdings Limited, a main-board listed company in Hong Kong. He graduated from the University of Hong Kong with a Bachelor of Arts and holds a Master of Science Degree in Corporate Governance and Directorship from the Hong Kong Baptist University. He is currently a fellow member of each of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants.

Present directorship in other listed companies
Nil

Present other principal commitments
Liuzhou Wuling Motors Industrial Company Limited (Director)
Xing Hua (Hong Kong) CPAs Limited (Director)
Xing Hua Consulting Services Limited (Director)
Dragon Hill Development (Hong Kong) Limited (Director)
DH Corporate Services Limited (Director)
Dragon Hill (HK) Limited (Director)
Tech Rhino International Limited (Director)
Supreme Leader International Limited (Director)
King Power Limited (Director)

Note:
The Directors do not have any relationship (including immediate family relationships) with any existing Director, existing executive officer, the Company and/ or substantial shareholder of the Company or of any of its principal subsidiaries.

MITANI Masatoshi
Independent Non-executive Director
(Appointment: 31 May 2011 Last re-election: 30 April 2021)

Mr Mitani is a professional accountant by training and a certified public accountant. He has more than 26 years of experience in accounting, auditing, taxation and corporate secretarial work in Japan, Hong Kong and Singapore. He is currently the managing partner of an accounting and consultancy firm in Singapore. He is a permanent resident in Singapore since 2001. Mr Mitani graduated from the Kyoto University. He is a member of the Japanese Institute of Certified Public Accountants.

Present directorship in other listed companies
Nil

Present other principal commitments
SCS Global Professionals (S) Pte Ltd. (Managing Director)

CHIA Seng Hee
Independent Non-executive Director
(Appointment: 1 December 2019 Last re-election: 30 June 2020)

Mr Chia graduated from the National University of Singapore with a degree in Accountancy and from the International University of Japan with a Master of Arts in International Relations. He also completed the General Manager Program at Harvard Business School. After some twenty years in various capacities with Arthur Andersen, Singapore Technologies and the Government of Singapore Investment Corporation, he was appointed Senior Director, Enterprise Singapore (then the International Enterprise Singapore Board) covering China operations from Shanghai, based at the Consulate General of Singapore in Shanghai. Mr. Chia is currently a corporate governance practitioner. He brings to the Group significant experience in corporate governance and risk management. He is a fellow member of the Institute of Singapore Chartered Accountants.

Present directorship in other listed companies
MM2 Asia Limited (Director)
Ying Li International Real Estate Limited (Director)
CFM Holdings Limited (Director)

Present other principal commitments
Jieyu Business Information Consulting (Chongqing) Limited Liability Company (Legal Representative)

Note:
The Directors do not have any relationship (including immediate family relationships) with any existing Director, existing executive officer, the Company and/ or substantial shareholder of the Company or of any of its principal subsidiaries.

Key Executive Officers

CHAN Kam Wah
Head of Operations in Southern China

Mr Chan is responsible for the overall operations in Hong Kong and Southern China. He has been the legal representative and General Manager of WH Dongguan and TM Dongguan since March 2008 and September 2016, respectively. He was promoted as General Manager of TM Hong Kong in March 2017 and a director of TM Hong Kong in April 2020. Mr Chan joined the Group in 1999 and has extensive experience in the sales and marketing business.

SHINJO Kunihiko
Head of Finance (Group Coordinator)

Mr Shinjo is responsible for coordinating financial activities across the Group and establishing relationships with financial institutions overseas. He has more than 35 years of experience in accounting, financial control, treasury management and tax compliance in Japan. He joined our Group as the Branch Manager of Osaka Representative Office of TM Hong Kong in 2005. He was appointed as non-executive director of TM Japan in 2006 and he has been an executive director of TM Japan since May 2012.

Key Executive Officers

KONO Isao
Head of Operations for the LCD Backlight Unit Business

Mr Kono is responsible for the overall daily operations of the LCD Backlight Unit Business. He has been working for the Group since 2002 in charge of OA/AV related business for consumer electrical appliance manufactures in Japan. After transferring to Shanghai in 2007, he was in charge of the LCD Parts and Accessories business in the Eastern China region. After returning to TM Japan in 2012, he was assigned as the Chief of LCD Parts and Accessories business and also involved key role in the LCD Backlight Unit Business.

Mr Kono is a precious resources for the Group with comprehensive experience in existing core business over 20 years. He was appointed as an director and Senior Manging Executive Officers of TM Japan in January 2022.

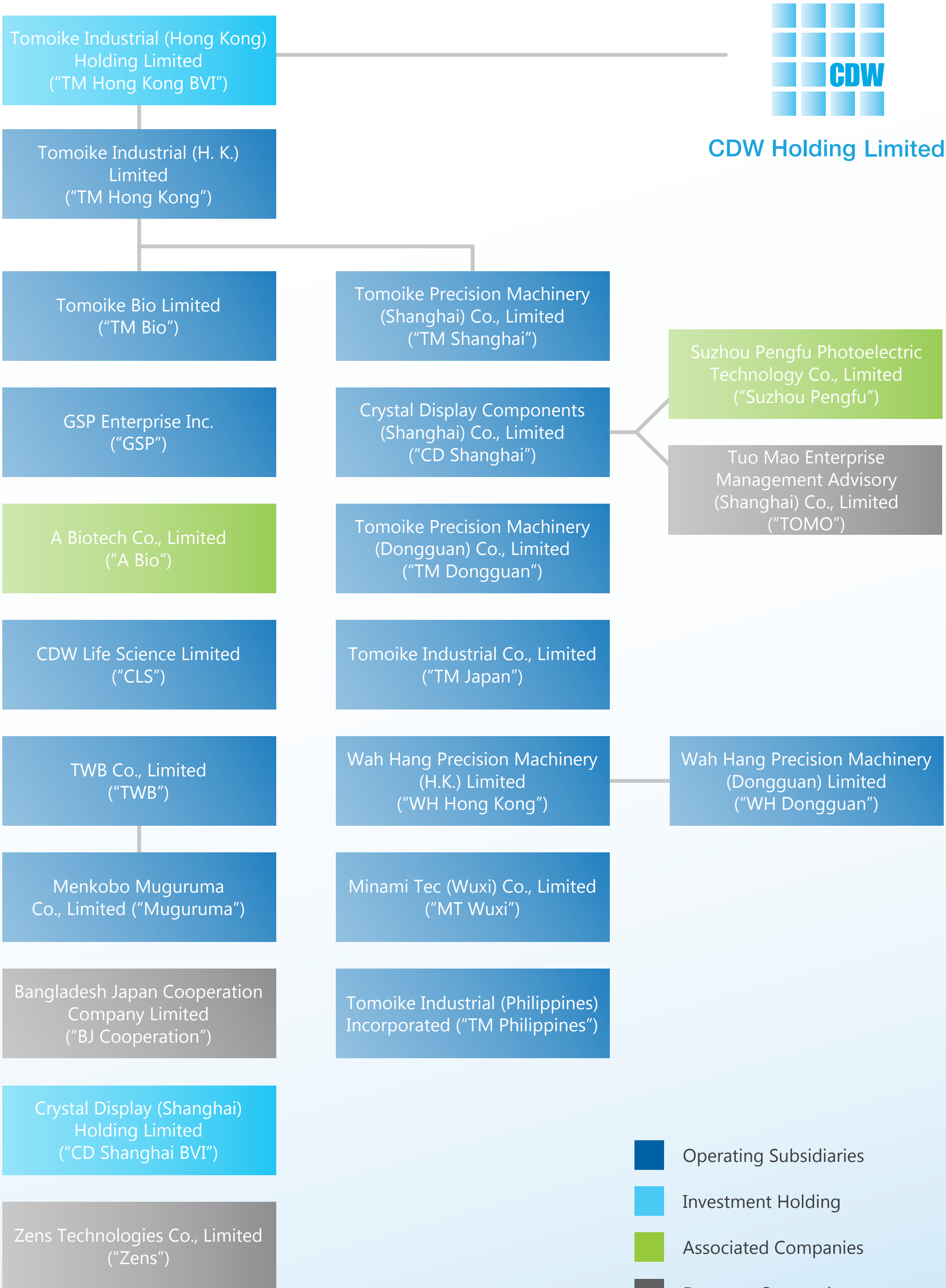
IMAI Junya
Head of Operations for the Biotechnology related Business

Mr Imai is responsible for the overall operation of the Biotechnology related Business. He has been working for the Group since 2000, mainly in charge of the LCD Backlight Unit Business, and has been responsible for the design and development of the LCD Backlight Units Development and Design Department of TM Japan.

He has involved in the Biotechnology business since 2018 to establish ABio as the contact point for the GSP, and appointed as the General Manager of TM Bio in January 2019, then appointed as the representative director of GSP and CLS in December 2019 and April 2021, respectively. He is leading the Group's biotechnology business.

Mr Imai is a key player in creating the next pillar of the Group's biotechnology and life science business in the future.

Corporate Structure



Corporate Information

Board of Directors

Chairman and Chief Executive Officer
YOSHIKAWA Makoto

Executive Directors
DY MO Hua Cheung, Philip
KATO Tomonori

Lead Independent Director
CHONG Pheng

Independent Directors
CHIA Seng Hee
LAI Shi Hong, Edward
MITANI Masatoshi

Key Executive Officers

CHAN Kam Wah
IMAI Junya
KONO Isao
SHINJO Kunihiko

Company Secretary

CHO Form Po

Audit Committee

LAI Shi Hong, Edward (Chairman)
CHIA Seng Hee
CHONG Pheng
MITANI Masatoshi

Remuneration Committee

CHIA Seng Hee (Chairman)
CHONG Pheng
MITANI Masatoshi

Nominating Committee

MITANI Masatoshi (Chairman)
CHONG Pheng
LAI Shi Hong, Edward

Risk Committee

CHONG Pheng (Chairman)
CHIA Seng Hee
LAI Shi Hong, Edward

Investment Committee

KATO Tomonori (Chairman)
DY MO Hua Cheung, Philip
YOSHIKAWA Makoto

Bermuda Company Registration Number

35127

Registered Office

Victoria Place, 5th Floor
31 Victoria Street, Hamilton HM10
Bermuda

Principal Office

Room 6-10, 11th Floor, CCT Telecom Building
11 Wo Shing Street, Fo Tan, Shatin
New Territories, Hong Kong

Singapore Share Transfer Agent

Boardroom Corporate & Advisory Services
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

Bermuda Share Registrar

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street, Hamilton HM10
Bermuda

Assistant Secretary

Ocorian Services (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street, Hamilton HM10
Bermuda

Auditors

RSM Chio Lim LLP
Public Accountants and Chartered Accountants
8 Wilkie Road, #03-08 Wilkie Edge
Singapore 228095
Audit Partner: CHONG Cheng Yuan
Date of appointment: 28 December 2021

RSM Hong Kong
Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong
Audit Partner: NG Wai Kwun
Date of appointment: 28 December 2021

Investor Relations

Cogent Communications Pte. Limited
203 Henderson Road #12-08
Singapore 159546
Tel: 65 6704 9288
Email: staff@cogentcomms.com

Sustainability Report

About the Sustainability Report

Reporting Scope and Boundary

This sustainability report covers the operations of CDW ("CDW" or the "Company") and our subsidiaries (the "Group"). The report scope covers the business segments of LCD Backlight units of CDW. For our reporting boundary, the manufacturing facility in Shanghai related to LCD backlight units operated by CD Shanghai, and the office in Hong Kong. Other manufacturing facilities, locations or operations are excluded.

As with CDW's Sustainability Report 2020, this report is to disclose the policies, practices, and performances of the Group. CDW plans to consistently review and refine our internal data collection processes in order to expand our reporting scope in the coming years.

Reporting Cycle

CDW publishes a sustainability report annually along our Annual Report. The sustainability performance data and activities are reported from 1 January 2021 to 31 December 2021 (the "reporting year"; the same reporting year as previous reports). As per the new Singapore Exchange Securities Trading Limited's ("SGX-ST") SGX 711A rule update, CDW as an issuer must now publish our sustainability report no later than 4 months after the end of the financial year.

Reporting Standards

The sustainability report is prepared in accordance with SGX Listing Rule 711A on sustainability reporting, and developed with reference to the five primary components set in SGX-ST Listing Rule 711B on the "comply or explain" basis. This report has been prepared in accordance with the Core option of the sustainability reporting framework provided by Global Reporting Initiatives ("GRI") in the GRI Standards.

CDW continues to select the GRI Standards as its choice of sustainability reporting framework due to the following key reasons:

Wide adoption globally in all sectors and among SGX-listed issuers:

There are over 10,000 GRI reporters in over 100 countries across many different industries for reporters of all organizational sizes. It remains the most common standard that allows easy comparison between our local, regional and global peers. GRI also tops the board in terms of the most adopted sustainability reporting framework by all SGX listed firms.

A highly credible, robust and trustworthy set of common standards:

The GRI Standards have evolved and improved over the years under its Global Sustainability Standards Board and Stakeholder Council since its launch in 1997. Today, it still remains an independent organization and its standards are trusted by government agencies, regulators, financial institutions and civil society organizations alike.

Convenient alignment with other international sustainability-related standards:

GRI has robust and credible implementation guidelines on how to effortlessly align itself with various standards such as CDP, SASB, TCFD, IIRC, CDSB. In the meantime, GRI is working with the aforementioned five reporting organizations towards a comprehensive corporate reporting framework. This flexibility allows CDW to align with these other frameworks, if necessary, in the future.

The sustainability performance disclosures in this report adhere to these GRI's reporting principles:

Accuracy	Balance	Clarity	Comparability & Consistency	Reliability	
Timeliness	Materiality	Sustainability Context	Stakeholder Inclusiveness	Quantitative	Completeness

As with our previous reports, CDW continues to engage professional consultancy to engage our stakeholders, perform a carbon assessment and compile the report to ensure the independence, credibility and transparency of this latest sustainability report. We have included relevant topic-specific information in addition to the required disclosures by GRI. Stakeholders and readers may refer to the GRI-SGX Content Index at the end of this report for checking.

We are also providing a consolidated summary table of targets and progress of our material topics at the end of this report. This would elevate the readability and clarity to our readers.

External Assurance and Internal Review

CDW recognizes the importance and significance of adopting external assurance in order to impart a higher credibility to sustainability report development and relevant data collection procedures. As recommended by the SGX on subjecting an issuer's sustainability report to internal review or external and assurance, we would gradually adopt these good practices for sustainability reports in the future as the regulatory landscape evolves.

TCFD Climate Reporting

SGX's new "comply or explain" requirement for all listed issuers to adopt climate reporting, following the Task Force on Climate-related Disclosures (TCFD)'s recommendations, is well recognized by CDW as a crucial step towards enhanced climate accountability demanded of listed issuers. Publishing TCFD reporting is a global trend for any climate-conscious corporation and CDW is preparing for its first climate reporting in the coming year commencing in FY2022.

Confirmation and Approval

CDW confirms the policy, practice and performance data presented in this report are obtained from official documents and operational statistics derived from various business units. This 2021 sustainability report received endorsement from the CDW Board of Directors on 6 April 2022.

Opinion and Feedback

Constructive and meaningful feedback from CDW's stakeholders is always welcomed to ensure further improvements to our sustainability performance and reporting. Please contact CDW Holding Limited through the following channels if you have any questions or feedback:

Address: Room 6-10, 11th Floor, CCT Telecom Building, 11 Wo Shing Street, Fo Tan, Shatin, New Territories, Hong Kong
Email: mail@cdw-holding.com.hk
Tel: +852 2634 1511
Fax: +852 2690 3349

Sustainability Report

Board Statement

The year of 2021 witnessed a resurgence of the Covid-19 pandemic across the world, with new mutations and ever higher infection rates that affected societies and businesses to varying degrees. While the epidemic rages on around us, it is paramount for responsible companies to fulfil their corporate citizenship responsibilities.

The recently-concluded COP26 UN Climate Conference in Glasgow enabled sustainability and climate change topics to garner unprecedented global attention. Governments in places where CDW operates, in China and Hong Kong, are advocating an economically robust but green recovery. For example, China and Hong Kong have announced ambitious targets of achieving carbon neutrality by 2060 and 2050 respectively. Similarly, Singapore has not only announced its state-wide Green Plan 2030, but also aimed to peak its emissions around 2030 and halve its peak emissions by 2050. Internationally significant stock exchanges like the SGX has pushed for more climate disclosures and environmental KPIs reporting from listed companies, in additional to the substantial price hike of carbon tax for high emitters announced in Singapore's Budget 2022. In view of these sweeping policy changes and transition risks in the markets that CDW operates in, we continue to explore different ways to contribute more to all aspects of ESG whilst to also respond to stakeholders' concerns effectively.

During the reporting year, CDW has once again consulted our diverse range of external and internal stakeholders so that they could voice out opinions about our business operations and assist us in identifying critical material issues. We are pleased to see a higher response rate on the surveys conducted from our stakeholders. In this reporting cycle, material topics in the social aspect have been given higher priority by our stakeholders, listing out topics such as occupational health and safety, anti-corruption, socioeconomic compliance as critical issues. On the other hand, we continue to calculate our Greenhouse Gas ("GHG") emissions profile for scope 1-3, resulting with a decent reduction of our GHG emissions intensity in terms of product production.

CDW continues to strengthen our sustainability governance capability, and our directors are poised to attend SGX-approved mandatory sustainability training in the upcoming reporting cycle. In terms of sustainability governance, our Board has the ultimate responsibility for CDW's sustainability reporting. If any issue is raised regarding CDW's sustainability reporting, the Board will strive to make sure that it is adequately addressed. We will also continue to work towards the formal establishment of a sustainability committee to improve our sustainability governance in the coming years.

Through the hard times of the pandemic and rapid transitional changes in terms of climate change policies around the globe, we believe that sustainability remains to be one of our key focus areas to consolidate ourselves. The Board is confident about the better prospects that lie in wait for us in the coming year.

YOSHIKAWA Makoto
Chairman and Chief Executive Officer
CDW Holding Limited
Hong Kong, 6 April 2022

Stakeholder Engagement

CDW regularly communicates with our stakeholders to solicit feedback on our performance and understand the gaps that need to be filled. To identify the material sustainability topics for the reporting year, our independent consultant conducted interviews with our management and distributed questionnaires for external and internal stakeholders. The results of the engagements were independently analysed by the consultant.

The key stakeholders identified by CDW are listed below and in which we maintain communication with these stakeholders through a variety of channels and platforms:

Key Stakeholder Groups		Engagement Platforms and Channels
Internal Stakeholders	CDW Board of Directors	• Training and development programmes • Annual company events and festival celebrations • Internal company discussions • Corporate emails and announcements
	CDW senior management	
	CDW employees	
External Stakeholders	Shareholders	• Communication through investor relations team • Announcements and circulars on SGX • AGM • Annual and interim reports
	Investors	• Communication through investor relations team • AGM • Annual and interim reports • Financial results announcements
	Customers	• Participation in conferences, meetings and discussions • Factory site visits and office meetings • Project briefings
	Suppliers	• Regular supplier visits and meetings • Procurement process or meetings
	Government	• Email communication with SGX
	Regulatory agencies	
	Academic institutes	• Seminars participation
	Civil society groups	• Press releases • Marketing Events
	Banks/Financial Institutions	• Annual and interim reports • Financial results announcements • Meetings with banking representatives
	Media	• PR and marketing promotions • Press releases
	CDW Employees' families	• Communication with employees' families infected with the coronavirus
	Consulting professionals	• Working meetings • Seminars and industry conferences

We have detailed the 4 stage process of determining the material topics for the reporting year below:

Identify relevant topics

Management interviews and expert review by the independent consultant are conducted to identify 31 material topics for CDW on this year's sustainability report.

Solicit stakeholder feedback

External and internal stakeholders are invited to participate in an online survey on sustainability topics. A total of 97 valid responses were collected (as compared to 126 in FY2020) in a 1-month survey period.

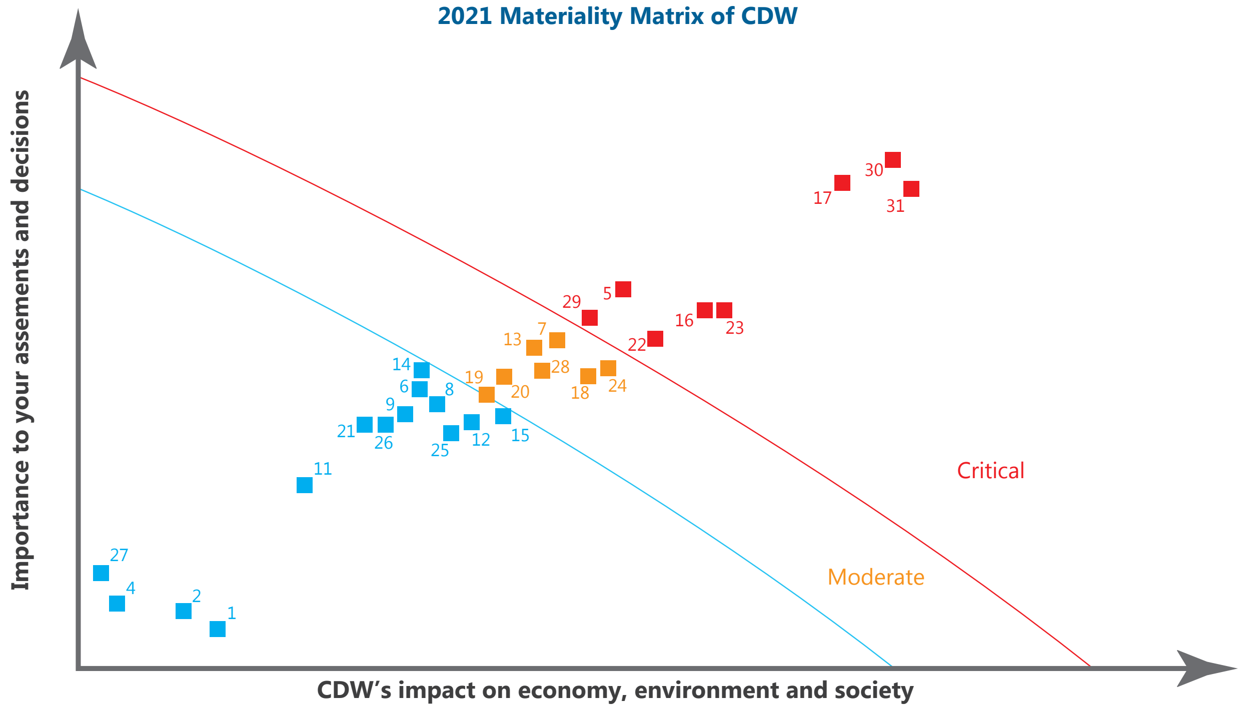
Prioritise material topics

CCA analysed the materiality of sustainability topics and developed a materiality matrix through a comprehensive analysis of stakeholder concerns, prioritizing 15 material topics to be addressed, with 8 most critial topics to focus on.

Validate material topics

The CDW Board of Directors confirmed the material sustainability topics for the reporting year.

2021 Materiality Matrix of CDW



		Topics	Critical	Material
Economy	1	Economic performance		
Economy	2	Market presence		
Economy	3	Indirect economic impacts		
Economy	4	Procurement practices		
Economy	5	**Anti-corruption**	•	•
Economy	6	Anti-competition		
Environment	7	Materials		•
Environment	8	Energy		
Environment	9	Water and effluents		
Environment	10	Biodiversity		
Environment	11	Emissions		
Environment	12	Waste		
Environment	13	Environmental compliance		•
Environment	14	Supplier environmental assessment		

		Topics	Critical	Material
Society	15	Employment system		
Society	16	**Labour/ management relations**	•	•
Society	17	**Occupational health and safety**	•	•
Society	18	Training and development		•
Society	19	Diversity and equal opportunity		•
Society	20	Non-discrimination		•
Society	21	Freedom of association and collective bargaining		
Society	22	**Child labour**	•	•
Society	23	**Forced or compulsory labour**	•	•
Society	24	Human rights assessment		•
Society	25	Local communities		
Society	26	Supplier social assessment		
Society	27	Participation of public policy		
Society	28	Customer health and safety		•
Society	29	**Marketing and labelling**	•	•
Society	30	**Customer data protection and customer privacy**	•	•
Society	31	**Socioeconomic compliance**	•	•

Materials Topics		Boundaries[1]							Corresponding Sections in the Report
		Within the Operations[2]			Outside the Operations[3]				
		CDW Directors	CDW Senior Management	CDW Employees	Suppliers	Banks/Financial institutions	Consulting Professionals	CDW Employee Family Member	
5	Anti-corruption	•	•		•	•		•	Fair and Responsible Operations
29	Marketing and Labelling	•	•		•		•		Fair and Responsible Operations
28	Customer health and safety		•	•	•		•		Fair and Responsible Operations
30	Customer data protection and customer privacy	•		•	•	•	•		Fair and Responsible Operations
31	Socioeconomic compliance	•	•		•	•	•		Fair and Responsible Operations
17	Occupational health and safety	•	•	•		•	•		Caring Employer and Inclusive Workplace
19	Diversity and equal opportunity	•		•				•	Caring Employer and Inclusive Workplace
20	Non-discrimination		•	•		•		•	Caring Employer and Inclusive Workplace
16	Labour/ management relations	•	•	•		•		•	Caring Employer and Inclusive Workplace
18	Training and development	•	•	•			•	•	Caring Employer and Inclusive Workplace
22	Child labour	•	•	•	•			•	Caring Employer and Inclusive Workplace
23	Forced or compulsory labour	•	•	•	•	•		•	Caring Employer and Inclusive Workplace
24	Human rights assessment	•	•	•		•			Caring Employer and Inclusive Workplace
7	Materials	•		•		•			Environmental Stewardship
13	Environmental compliance		•	•	•	•	•		Environmental Stewardship

1 *Same as our 2020 Sustainability Report, CDW has not received survey responses from external stakeholder groups "Regulatory Agencies", "Academic Institutes", "Civil Society Groups/NGOs" for this year's report.*
2 *The boundary for impacts within the Operation aligns with the reporting boundary.*
3 *The boundary for impacts outside the Operation takes reference from the key external stakeholders identified for this reporting year.*

Sustainability Governance

CDW's Audit Committee, which comprises of independent directors, oversees all sustainability initiatives at the Group level. We continue to explore the possibility of setting up sustainability working groups among our subsidiaries, which cover both our Hong Kong and Shanghai operations. CDW also maintains a range of working committees to oversee diverse sustainability issues, such as the Information Security Committee, which was established to oversee and strengthen customer privacy.

At CD Shanghai, the Deputy General Manager works closely with the Environmental Management Committee to oversee environmental impact assessments, risk management, and the execution of sustainability programmes. Similarly, the Hong Kong Office's management regularly communicates with the Board to identify ESG issues to manage.

CD Shanghai are accredited with the following ISO standards that uphold our commitment to excellence:

ISO 9001 Quality Management

ISO 14001 Environmental Management

IATF 16949: 2016

Sustainability Risks and Opportunities

As with our previous sustainability reports, we map out the various sustainability risks and opportunities that CDW faces in this coming year. Our Risk Management Policy continues to be in effect in tandem with the robust Enterprise Risk Management (ERM) Framework. CDW's management monitors, reviews and revise the Risk Management Policy routinely in order to enhance risk coverage of our operations.

Risks	Opportunities and Responses
Climate Change and the Environment	
Climate change continues to pose physical and transition risks to our business operations and markets that we sell our products to. Risk factors include extreme weather events that threaten the safety of our workers, and rapid but often unpredictable environmental policies transition.	We continue to make effort to disclose our climate-related data, including on our GHG emissions profile. We strive to reduce the amount of emissions from our operations while attempting to anticipate likely climate change and environmental policy directions at the same time.
Occupational Health and Safety	
Occupational Health and Safety is one of our primary concerns at CDW. Without proper management, our employees may be exposed to occupational hazards that may compromise employee wellbeing and productivity. In addition, highly-transmissible infectious diseases such as Covid-19 pose major health risks to our employees.	We took extra precautions in these trying times under the pandemic in addition to the safety policies we enforced. Our staff and workers have attended more occupational health and safety training, including emergency drills, so that the team is well prepared for any worst case scenarios.
Talent Retention and Employee Management	
CDW recognizes that a skilled workforce is critical to our talent management and organizational success. We recognize that seeking qualified and skilled workers remains challenging. The loss of highly skilled employees would always pose a risk of operation disruption and leading to higher replacement costs.	CDW believes our talent management and career development strategy is an effective one, despite the challenges in the labour market. Our management would hold regular reviews with staff and reward them with attractive compensation packages and professional career development.
Customer Privacy and Data Management	
Prudent client data management is paramount to building trust between CDW and our clients and partners. Cyber-attacks and data leakage in the business world have increased in recent times. Serious data breaches would likely result in financial losses and negative operational disruptions.	Our IT systems and data storage are carefully managed by our teams with additional security measures to protect data. CDW's Information Security Policy governs our approach to IT and data integrity. We continue to review this policy to ensure it is up to date with the latest data management approaches.

New Material Topics in 2021 Sustainability Report

CDW has identified and introduced three new material topics for this year's report. These material topics include the following:

- Marketing and Labelling
- Non-discrimination
- Diversity and Equal Opportunity

Therefore, three material topics from last year's sustainability report are phased out:

- Anti-competition
- Waste
- Water and Effluents

Nonetheless, we continue to report on certain material issues such as emissions in order to ensure comparability of key figures and data over the years.

Fair and Responsible Operations

Maintaining fair and responsible operations reflect CDW's high standards in conducting our business activities. We delineate a range of our responses and policies to these relevant material topics that concern our stakeholders by large.

Anti-corruption

In FY2021, anti-corruption has once again become one of the most critical material issues raised by our stakeholders. CDW has always treated anti-corruption as a top priority throughout our operations and within organizational culture.

The 2021 updated Employee Handbook, CDW Code of Business Conduct, and a Whistleblowing Policy are distributed to all of our employees. Through this way, CDW employees not only understood that everyone is expected to fully comply with all laws and social norms to build trust among the parties with which they engage, but also the importance of an organizational culture built around integrity, transparency and trust.

To this end, we have received no reports, incidents or complaints about corruption against our employees in this reporting year. Furthermore, we have 100% attendance rate on anti-corruption training for our staff in CD Shanghai, from board members to frontline employees. Besides, all of our external stakeholders including suppliers, customers and business partners, have all been effectively communicated to on anti-corruption information.

CDW has also articulated our zero tolerance for any unlawful or unethical behaviour. This strong stance against corruption is also communicated through CD Shanghai's Employee Handbook and a Group-level Whistle-Blowing Policy, which details mechanisms to prevent and mitigate corrupt practices in addition to the channels and methods to report such instances. An example would be that the anti-corruption provision in the Employee Handbook prohibits any employee from requesting off-the-book commission rebates in business transactions with external parties. The Whistleblowing policy also specifies the Audit Committee to act on and investigate such anonymous complaints with the help of an internal auditor. The Hong Kong Office will look into communicating anti-corruption policies and procedures to its staff and business partners in the future.

Anti-corruption		CD Shanghai	
		Number	Percentage
Employees to whom anti-corruption policies and procedures have been communicated	Senior Management	3	100%
	Middle Management	54	100%
	General Staff	589	100%
Business partners to whom anti-corruption policies and procedures have been communicated	Suppliers	51	100%
	Customers	6	100%
	Banks/Professional Service Providers	3	100%
Employees who received training on anti-corruption	Senior Management	3	100%
	Middle Management	54	100%
	General Staff	589	100%

Marketing and Labelling

Given that CDW exists to distribute high-quality Japanese technologies worldwide, the Group constantly strives for product reliability and excellence. CDW's products does not produce any health or safety risks or harm to the end user and to our customers.

During the reporting year, there were no legal actions or complaints to CDW regarding misleading product information in terms of product marketing or labelling. There were no monetary fines or regulatory punishment due to non-compliance with any marketing or labelling requirements of our products. We continue to strive to produce quality products that can be trusted by our customers.

Customer health and safety

At CD Shanghai, the management has implemented a wide range of measures to ensure product quality and safety. From material selection and procurement, to processing and manufacturing, CD Shanghai enforces high standards to guarantee that all raw materials used in its production facility are free of toxic chemicals. To this end, CD Shanghai has been certified under ISO 9001: 2015 and IATF 16949: 2016 for its quality management system. CDW also performs regular risk assessments relating to its manufacturing and maintenance processes, management of equipment, as well as corrective and preventive measures in dealing with non-conforming products. Assessment reports have to be reported to departmental heads for evaluation and review so that future improvements can be ensured systematically.

There were no confirmed incidents of non-compliance concerning the health and safety impacts of CDW products during the reporting year.

Customer data protection and customer privacy

Ensuring strong data protection safeguards in customer privacy amidst digital interaction with our partners and customers is non-negotiable. This principle has been regularly affirmed and communicated to CDW's employees, including through the Group's Code of Business Conduct, which requires all employees to refrain from disclosing any confidential information to parties internal or external to the Group. No CDW employees are to disclose any confidential information, especially sensitive contractual and procurement details, under any circumstances.

Under CDW's Information Security Policy, the Group's information security matters are overseen by the Information Security Committee and its Chairperson. The Policy also outlines the key measures that CDW undertakes to protect its information assets, including compliance with local laws and regulations, employee education and training on the prevention of and appropriate response to data breaches, among others. Our internal IT teams are also responsible for enacting this Policy thoroughly in our business activities and communications with external parties.

During the reporting year, there were zero incidents of substantiated complaints in CD Shanghai and the Hong Kong Office concerning breaches of customer privacy, whether from external or internal parties, nor were there incidents of identified leaks, thefts, or losses of customer data.

Socioeconomic Compliance

In FY2021, CDW records no confirmed incidents of non-compliance with socio-economic laws that resulted in monetary or non-monetary sanctions at both CD Shanghai and the Hong Kong Office. We comply with all relevant laws and regulations with utmost care in all operational areas.

Caring Employer and Inclusive Workplace

To safeguard long term success in our workplace, CDW is committed to building an inclusive workforce by protecting the health and safety, rights and interests of its employees and their well-being. Our company has established various employment-related policies and measures to protect the rights and interests of employees in terms of employment system, labour standards, talent training and career development, as well as in health and safety. We strive to foster this same spirit in our employees to ensure that CDW's operations remain safe, positive and enriching work environments built on trust and mutual understanding.

Occupational health and safety

In response to the continuation of the Covid-19 pandemic, CDW has deepened our focus on occupational health and safety. Our established Risk Management Policy contains a framework for risk management protocols relating to maintaining safety at the workplace.

Safety training has also been an integral feature of CDW's occupational health and safety management system. In this respect, CD Shanghai organised occupational health and safety workshops to promote greater awareness of occupational health and safety, in which all department heads and employees subject to occupational hazards were required to attend. The workshops covered topics such as the legal rights of workers, the legal responsibilities of employers to safeguard workers' health and safety, and the common types of occupational diseases and occupational health hazards. During the reporting year, all employees were required to take a safety awareness test to enhance their understanding of CDW's safety targets and measures.

At CD Shanghai, the overall occupational health and safety of employees is overseen by the Safety Management Committee, which is supported by various department heads. CD Shanghai performs regular risk assessments to ensure that safety and health risks are identified on its premises, through which risks are identified and assessed at an early stage. For instance, an investigation of hidden occupational dangers and an assessment of the management's work plan was carried out to eliminate previously unidentified dangers at the workplace and provide guidance for management on how to assess and mitigate these risks. Recognising CD Shanghai's commitment to safety, the People's Republic of China's (PRC) State Administration of Work Safety has awarded it the Certificate in Work Safety Standardisation for Light Industry.

CD Shanghai staff must also have understood all the steps of procedural work stages in their respective departments. Managers would ensure all required steps are followed and maintained to a high standard in expectance of random inspections. These steps are enshrined in the "Work Specification" manual for staff to follow. For instance, production staff must adhere to product cleaning protocols using ionizing air guns or nozzles before transferring the products to the packaging specialists.

On the other hand, the Hong Kong Office aims to maintain a safe office environment for all employees. The Hong Kong Office's management has installed the fire extinguishers and emergency exits as required by Hong Kong's Fire Service (Installations and Equipment) Regulations and regular fire and evacuation drills are performed. As required by the Employee's Compensation Ordinance, all employees and work-related activities are covered under labour insurance.

During the reporting year, there were no work-related injuries at either CD Shanghai or the Hong Kong Office.

Work-related Injuries

Fatalities as a result of work-related injury

High-consequence work-related injuries (excluding fatalities)

Recordable work-related injuries

	CD SHANGHAI		HONG KONG OFFICE	
	Number	Rate[4]	Number	Rate
	0	0%	0	0%

In terms of medical coverage, our senior management is covered by an Overseas Travel Accident Insurance whereas for the rest of the CD Shanghai employees, they are covered by the PRC's National Compulsory Social Insurance and 20 employees are covered by the Employer's Liability Insurance.

Performance in Occupational Health and Safety	HK Office	CD Shanghai
Number of employees covered by medical insurance	28	212
Number of employees covered by other occupational health and safety policies	0	20

4 *Rate of recordable work-related injuries is calculated as the number of work-related fatalities or injuries divided by the number of hours worked, and then converted based on 200,000 hours worked (see formulas provided in GRI Standards 2018, Disclosure 403-9).*

COVID-19 Pandemic H&S Protocols

In light of the continued Covid-19 pandemic, CDW has maintained emergency health and safety measures across all entities. At their discretion, the administrative department of each entity introduced various measures such as temporary office closures, work-from-home directives, staggered shifts and split team arrangements, provision of antigen rapid test kit to employees, as well as the regular taking of temperatures in the workplace, among others.

At CD Shanghai, measures such as the following are taken regularly with routine inspections on effectiveness:

- Employees' temperatures monitored on a daily basis.
- Employees who left Shanghai also provided CD Shanghai essential documents, such as their travel itinerary and swab test results, before returning to work onsite.
- CD Shanghai has also implemented measures such as the scheduling, registration and checking of temperature for facility visitors, including suppliers, partners and customers.
- CD Shanghai employees also abide by local health and safety guidelines and regulations when embarking on business trips, including undergoing swab tests.
- Our Shanghai operations additionally conducts comprehensive disinfection of the outer packaging of raw materials.

Diversity and Equal Opportunity

Embracing diversity in our organizational culture and promoting equal opportunities are part of our company DNA. To this end, CDW is an equal opportunity employer and have formulated an Equal Opportunity Policy. This policy is accessible by all employees in the Employee Handbook. Coverage of the policy includes various areas and business practices, such as the following:

- Advertising for job vacancies
- Recruitment; shifts, rosters, hours of work and overtime
- Salary levels and packages
- Training and development opportunities
- Dismissal, redundancy and termination of employment
- Pregnancy arrangements and associated leave

The table below delineates the ratio of the basic salary and remuneration of women to men for each employee category, by our HK office and China operations. Looking ahead, we strive to improve these ratios wherever we can.

Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation	Ratio (For HK Office)	Ratio (CD Shanghai)
Permanent	95.6%	40.3%
Temporary/ fixed-term	4.4%	59.7%
Senior Management	22.2%	2.5%
Middle Management	33.3%	11.8%
Entry-level/ General Staff	44.4%	85.7%

Non-discrimination

Besides promoting equality and diversity within our organization, CDW does not tolerate any form of discrimination or harassment in the workplace. Within our company's Employee Handbook, there's a specific section entitled "Policy against Discrimination and Sexual, Disability, Race and Family Status Harassment". If acts of discrimination are found, employees are instructed to follow specific procedures as follows:

STEP 1

The Employee concerned shall keep a written record of the incident so as to be able to recall exactly what has happened

STEP 2

The Employee concerned shall report to the Superior as soon as possible

STEP 3

If the Superior is not in a position to comment, the Employee concerned may direct his complaints to the General Manager. Confidentiality shall be kept

In this Employee Handbook section, we have also listed out examples of discrimination and harassment acts so that our staff can quickly identify and report on such intolerable behaviour. In this reporting year, CDW has received no incidents of discrimination reported. Our management continue to inspect and review our non-discrimination policy and would inform our employees when changes are made.

Labour/ Management Relations

CDW strives to build a harmonious relationship between our employees and management. A great labour and management relationship is essential to serve as a bridge between good teamwork and high productivity, and hence is a bedrock of developing an efficient and supportive workforce.

Presently, CD Shanghai provides a minimum of 30 days' notice to our employees and their representatives prior to the implementation of significant operational changes that could substantially affect them. The Employee Handbook specifies the notice period and provisions for consultation and negotiation for employees covered by collective bargaining agreements.

The total number of employees covered by collective bargaining agreements[5] at CD Shanghai are stated below for FY2021:

Labour/ management relations	CD Shanghai	
	Number	Percentage
Number of employees covered by collective bargaining agreements	232	39.4%

Training and development

Cultivation of CDW's internal talents are equally as important as attracting outside talents. In order to support employee's careers and personal development, the introduction of training and courses related to strengthening their core competencies remains critical to CDW's talent management strategy. During the reporting year, CD Shanghai provided various types of training to its employees of different departments, examples are outlined below:

- New employee orientation training
- Trainings related to ISO 9001/14001 and IATF 16949
- 5S workplace organisation method
- Dangerous chemical management
- Accounting training
- Client management training
- Regular assessment training
- Safety production training
- AEO certification training

Similarly, the Hong Kong Office encourages its employees to enhance their work-related skills and knowledge. The Company offers to sponsor employees' tuition fees for relevant courses, subject to management's approval. By closely integrating the personal growth of employees with the Company's business expansion, it strives to enhance our employees' sense of identity and belonging.

The average number of hours of training received by the employees of CD Shanghai and the Hong Kong Office are summarised below for FY2021:

Training and Education		CD Shanghai	Hong Kong Office
Average training hours by gender	Male	7.69	0.78
	Female	15.04	2.27
	Male + Female	14.35	1.51
Average training hours by employee category	Senior Management	1.00	3.60
	Middle Management	2.00	1.20
	General Staff	15.63	0.70

5 *Collective bargaining agreement: Collective bargaining refers to all negotiations which take place between one or more employers or employers' organizations, on the one hand, and one or more workers' organizations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers. Therefore, a collective bargaining agreement represents a form of joint decision-making concerning the organization's operations.*

CDW also conducts regular performance and career development reviews. The table below shows the number and percentage of employees who received performance reviews during the reporting year:

Performance and Career Development Reviews[6]		CD Shanghai[7]		Hong Kong Office	
		Number	Percentage	Number	Percentage
By gender	Male	41	74.5%	23	100%
	Female	191	35.7%	22	100%
By employee category	Senior Management	3	100%	10	100%
	Middle Management	52	100%	15	100%
	General Staff	177	33.1%	20	100%

Strict Labour Employment Management and Control: No Child, Forced or Compulsory Labour

CDW strictly prohibits the employment of child labour across its operations. In particular, CD Shanghai has set out rules to prohibit the employment of anyone under the age of 16. To prevent any incidence of child labour, the Hong Kong Office's Human Resources Department requires a copy of candidates' Hong Kong Identification Card and/or Passport when they apply for job opportunities at the Hong Kong Office.

CDW has also established policies to eliminate all forms of forced labour in its operations. Both the management at CD Shanghai and the Hong Kong office have communicated the official working hours to their employees, which have been formulated in accordance with prevailing labour laws. Work done outside these formal working hours is compensated with overtime payment.

In terms of communicating our intolerance of forced or compulsory labour, CD Shanghai has articulated to its employees that "forced labour of any form" and "compulsory labour imposed that endangers the health or safety of employees" are two conditions under which employees can terminate their employment contract unilaterally. In addition, employees who work overtime will be compensated with overtime payment.

Neither the operations at CD Shanghai nor that of the Hong Kong Office involve significant risks for incidents of child, forced or compulsory labour.

Human Rights Assessment

As part of the various internal audits that CDW conducts annually, the CDW Internal Audit Team plans to conduct a human rights assessment at the Hong Kong Office sometime after 2023. Similar to the previous reporting period, CD Shanghai has accepted a corporate social responsibility (CSR) audit conducted by one of its major customers in FY2021. The audit was used to determine that CD Shanghai operates in a socially responsible manner, including ensuring that its practices uphold human rights. The following table shows information related to staff training on human rights issues.

Human Rights Training	CD Shanghai
Total number of hours in the reporting period devoted to training on human rights policies or procedures	2,472
Number of employees trained during the reporting period in human rights policies or procedures	309

6 Number of employees as of 31 December 2021 when performance reviews were conducted.

7 In CD Shanghai, only permanent staff received performance reviews.

Environmental Stewardship

CDW's Environmental Management System continues to work effectively in terms of monitoring key environmental indicators across the Group's operations.

Our Hong Kong Green Office programme remains active as we encourage our staff to do their part in protecting the environment and reducing wastage. In terms of waste management, employees are always encouraged to avoid the use of disposables as much as feasible; we have designated recycling bins for collecting categorised wastes for staff. Additionally, we give priority to environmental products and materials and equipment that carry energy labels, with those saving more energy given topmost consideration.

Materials

CDW has always prioritised using renewable materials for our production and operations over non-renewable ones. The FY2021 numbers on materials below demonstrate the results of our Green Procurement Management Policy and reflects our commitment to environmental sustainability:

Raw Materials and Packaging Materials	Type	Category	Material name	Weight (kg)	Total Category Weight (kg)
CD Shanghai[8]	Raw materials	Non-renewable	Tapes	47,528	283,509
			Diaphragm	232,151	
			LED-FPC	3,830	
		Renewable	Sheet Metal	499,384	1,025,863
			Light Guide Plate	506,496	
			Plastic Frame	19,983	
	Packaging materials	Non-renewable	N/A	-	-
		Renewable	Plastic Tray	411,342	766,423
			Carton	320,097	
			Plastic Pallet	12,884	
			Wooden Pallet	22,100	

Compared to the previous reporting year, usage and consumption rate of most materials stated above have increased. This is attributed to an increase in production output amidst economic recovery and bigger appetite for our products.

Environmental compliance

As a responsible business, CDW takes compliance with all applicable laws and regulations with utmost seriousness. In our Shanghai office, we have designated personnel to monitor any changes to relevant environmental laws and regulations that might be applicable to its operations. When an applicable law or a new standard arose due to regulation evolution, CDW would implement relevant control measures to ensure business and operational compliance. Our business managers would also monitor and review any such legal changes regularly with the management to ensure we stay abreast with the latest compliance matters.

CD Shanghai regularly update our Green Procurement Management Protocol. This protocol covers procurement procedures and lists out excluded or prohibited substances of materials that we seek to procure. Additionally, CD Shanghai renews its government permit on releasing its effluent in a limited scope that lasts until 2026.

Our supply chain also demands our attention to its environmental sustainability and related compliance. There are sufficient supplier environmental assessments to determine if its suppliers' operations adhere to prevailing environmental regulations and standards. CDW would evaluate further on any such supplier incidents of non-compliance such as fines imposed by the relevant regulatory agencies, complaints by vendors or customers, or impacts caused by physical hazards.

8 As the Hong Kong Office does not engage in any production activities, they do not use materials in their day-to-day operations.

In FY2021, we have received no cases of non-compliance with environmental laws or regulations at either CD Shanghai or our Hong Kong Office.

Emissions

Climate change remains to be one of the key sustainability risks that the Group faces. CDW recognises that greenhouse gas (GHG) emissions ("carbon emissions") are contributing factors to climate change. Similar to our previous sustainability reports, we quantify our GHG emissions through a comprehensive carbon assessment.

Carbon Emissions							
Scope	Emission Source	Hong Kong office			CD Shanghai		
		Year 2021	Year 2020	Year 2019	Year 2021	Year 2020	Year 2019
Scope 1: Direct GHG Emissions[9] (tonnes CO_2-e)	Combustion of fuels in stationary sources	N/A	N/A	N/A	32.9	25.4	22.7
	Combustion of fuels in mobile sources	7.4[10]	-	-	145.9	138.3	136.1
	Fugitive emissions from refrigeration equipment[11]	5.7	6.1	3.8	102.1	102.1	102.1
	Sub-total	13.1	6.1	3.8	280.9	265.8	260.9
Scope 2: Energy Indirect GHG Emissions[12] (tonnes CO_2-e)	CO_2 emissions from the generation of purchased electricity	40.0	52.9	45.8	2,596.5	2,297.1	2,182.8
	Sub-total	40.0	52.9	45.8	2,596.5	2,297.1	2,182.8
Scope 3: Other Indirect GHG Emissions[13] (tonnes CO_2-e)	Business travel by air	3.9	10.1	66.0	1.9	1.6	8.1
	Freshwater[14] consumption	0.09	0.07	0.06	-	-	-
	Sewage	0.04	0.03	0.03	-	-	-
	Paper waste disposal to landfill	6.2	5.4	5.4	-	-	-
	Sub-total	10.2	15.6	71.5	1.9	1.6	8.1
Total GHG Emissions (tonnes CO_2-e)		63.2	74.6	121.1	2,879.3	2,564.5	2,451.7
GHG Emissions Intensity (tonnes CO_2-e per thousand units of products)		-	-	-	0.31	0.34	0.33
GHG Emissions Intensity (tonnes CO_2-e per thousand dollar of income)		-	-	-	0.0046	0.0044	0.01

9 The emission factors are obtained from the EMSD Guidelines and NDRC Guidelines for the Hong Kong office and CD Shanghai respectively.

10 1 passenger car was used by Hong Kong office in 2021.

11 Although refrigerant R-22 used in the refrigeration equipment is not within the six GHGs covered in the Kyoto Protocol, emissions from its leakage is included in the assessment to provide a true and fair account of GHG-related information.

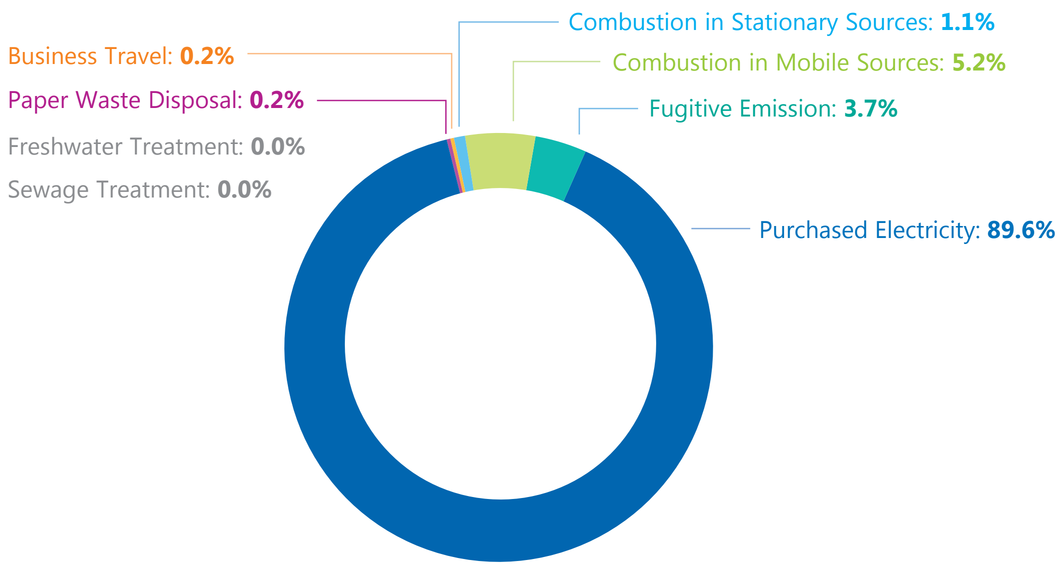
12 The calculation of GHG emissions of purchased electricity for CD Shanghai is based on the China national average grid electricity GHG emission factor, obtained from "Notice on improving carbon emissions reporting and verification, and listing out the key emission units in the power generation industry 2019", while that of purchased electricity for the Hong Kong office is based on GHG emission factor from the CLP Sustainability Report 2020.

13 Emissions from business travel are calculated using ICAO's "Carbon Emissions Calculator", while the emissions from freshwater consumption, sewage and paper waste disposal to landfill are calculated using emission factors obtained from the WSD annual report 2019/20, DSD Sustainability Report 2019/20 and EMSD Guidelines respectively.

14 Guidelines for Accounting and Reporting Greenhouse Gas Emissions - Electronic Equipment Manufacturing Enterprises (Trial).

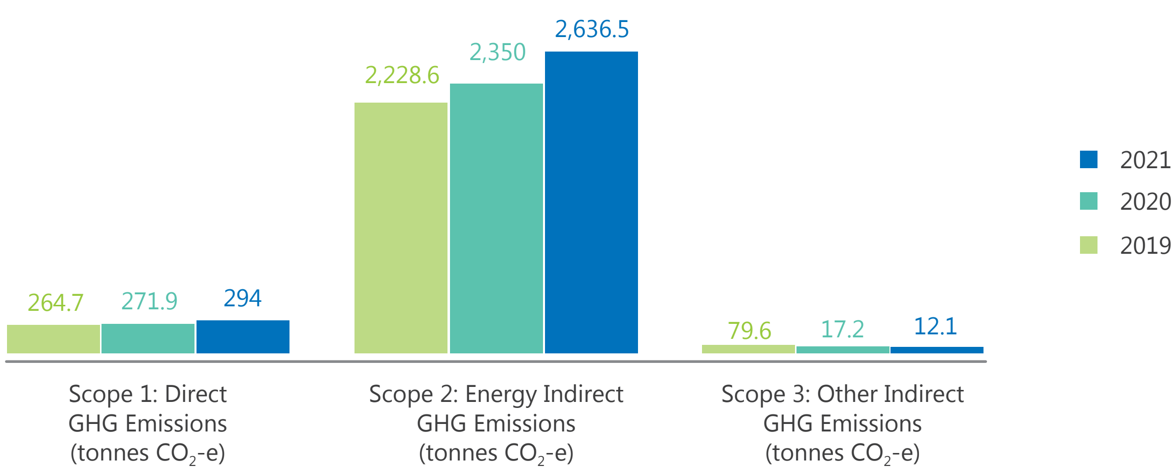
The carbon assessment was conducted with reference to international and local standards, including ISO 14064-1, Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010), and guidelines released by the National Development and Reform Commission (NDRC) of the People's Republic of China. The GHG emissions of the Hong Kong Office and CD Shanghai are separately reported in this report in order to enable meaningful comparison of the GHG emissions of each operation with previous years' performance.

Greenhouse Gas Emission (by emission source)



In 2021, the total GHG emissions of CD Shanghai was approximately 2,879.3 tonnes CO_2-e. The primary source of GHG emissions was Scope 2 energy indirect emissions which was mainly contributed by the generation of purchased electricity, accounting for nearly 90% of the total in the reporting year. For the Hong Kong Office, the total emissions were 63.1 tonnes CO_2-e and the primary source of GHG emissions was Scope 2 energy indirect emissions, which made up 63% of the total emissions in the reporting year.

GHG Emission Comparison with Previous Years (2019-2021)

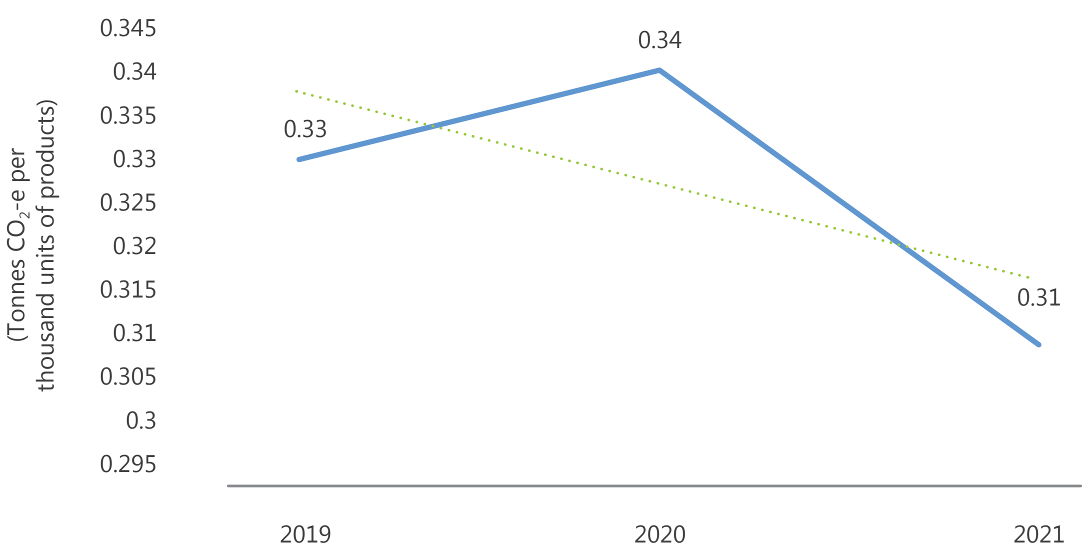


A modest increase of 12.3% was observed for the absolute GHG emissions of CD Shanghai compared to 2020. This was mainly due to the increased use of purchased electricity (18%) and fossil fuel combustion of diesel (8%), associated with the increase in production time, number of employees and product deliveries due to increased business volume. Also, GHG emissions from business travel increased by 23.7%, mainly due to the more frequent business travel in the reporting year. There is 24.1% of ascending in the GHG emissions intensity in tonnes CO_2-e per thousand units of products and 10% descending in tonnes CO_2-e per thousand dollars of income compared to 2020 respectively.

For the Hong Kong Office, there was a 15.3% decrease in absolute GHG emissions compared to 2020, and a 47.8% decrease as compared to 2021. This was mainly due to the continued decrease in GHG emissions from business travel due to travel restrictions from Covid-19. GHG emissions from business travel, which made up 59.0% of the total GHG emissions in the Hong Kong office in 2019, decreased by 94.1% in absolute terms, and now makes up only 6.2% of the total GHG emissions produced by the Hong Kong Office in 2021. Energy indirect emissions also decreased by 24.5% as compared to 2020, largely due to the decrease in CLP's emission intensities. Emissions from freshwater consumption and sewage also increased by 30.9%, as staff were encouraged to wash hands frequently due to Covid-19.

In 2019, CDW set a target for CD Shanghai to reduce its absolute GHG emissions and GHG emissions intensity by 2% in 2021. While the Group was not able to meet the target for GHG emissions expressed in absolute terms, both of the absolute GHG emissions and GHG emissions intensity increased for 12% and 24% compared to the previous year. To achieve the target in optimal direction, CD Shanghai's 2022 target for reduction of its absolute GHG emissions would be by 4.2% linear and for reduction of its GHG emissions intensity (in tonnes CO2-e per thousand dollars of income) would be by 4.2% linear.

GHG Emissions Intensity Comparison with Previous Years (2019-2021)



Considering the impacts that air pollutants have on the ecosystem and human health, CDW seeks to monitor the air emissions emitted from its business activities. In the reporting year, air pollutants generated from the operations of Hong Kong and CD Shanghai were:

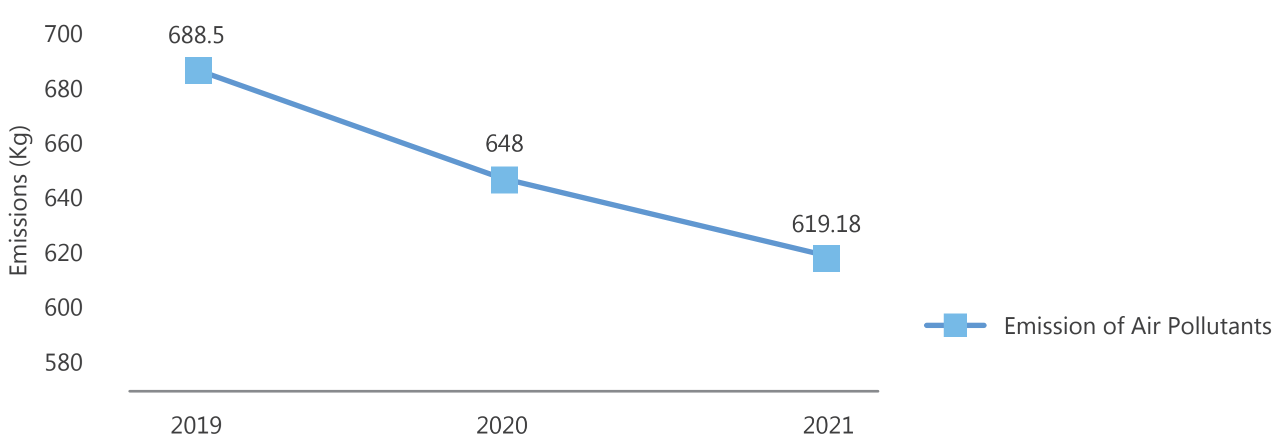
Air Emissions				
Type of Air Pollutant	Emissions (kg)			
	Hong Kong	CD Shanghai		
	Year 2021	Year 2021	Year 2020	Year 2019
Nitrogen oxides (NOx)	2.65	594.80	617.60	654.50
Sulphur oxides (SOx)	0.04	18.40	19.20	17.80
Respirable suspended particles (RSP)	0.20	5.98	11.20	16.20

During the reporting year, CDW did not produce, import, use or export any ozone-depleting substances in its operations.

In 2019, CDW set a target for its Hong Kong office to set up a new garbage collection policy in order to promote recycling. As part of the new policy's initiatives, the Hong Kong office disposed plastic, metal and paper waste every Monday from its recyclable collection box to the specified recyclable waste collection points defined by the government. This policy in the Hong Kong office continues on in FY2021, we will review and enhance it in the near future.

CDW is working towards further reduction of our GHG emissions through the use of more energy efficient equipment and user behavioural changes. As such, we have provided training to our employees on energy saving habits and reducing consumption of resources. CD Shanghai aims to reduce its material consumption across the design to production stage. Similarly, the Hong Kong Office has adopted energy and water saving initiatives to reduce electricity use from lights, air-conditioners and computers. The Office's environmental footprint from the use of resources such as office paper is also actively managed by implementing practices such as use of lower-weight paper, internet fax system and reuse of envelopes and folders for internal documents. In addition, the Hong Kong Office aims to reduce direct emission and pollutants to the atmosphere by only purchasing vehicles that comply with Euro 6 emission standards and through reduction of business trips.

Emission of Air Pollutants Comparison with Previous Years (2019-2021)



Targets of Our Sustainability Material Issues

The table below outlines our updated targets on the various sustainability material issues, including detailing our progress status on the FY2021 targets set last year:

Material Issue	Target(s) set for FY2021	Status of Progress	New Target(s) for FY2022
Anti-corruption	**CD Shanghai:** Maintain a track record of zero confirmed incidents related to corruption **HK Office:** Join relevant seminars at least once a year and introduce some measures to existing employees	Achieved. No corruption incidents. HK office joined several related webinars hosted by professional firms	**CD Shanghai:** Maintain a track record of zero confirmed incidents related to corruption **HK Office:** Join relevant seminars at least once a year and introduce some measures to existing employees
Marketing and Labelling	New material topic	N/A	Maintain a track record of not more than three times of customer complaints each month in terms of product marketing and labelling
Customer Privacy	**CD Shanghai:** Maintain a track record of zero incidents involving customer privacy **HK Office:** Administration department staff members are to attend a customer privacy related seminar while the Hong Kong Office continues to maintain a zero incident track record involving customer privacy	Achieved. No incidents involving customer privacy. HK office has an information security policy	**CD Shanghai:** Maintain a track record of zero incidents involving customer privacy **HK Office:** Administration department staff members are to attend a customer privacy related seminar while the Hong Kong Office continues to maintain a zero incident track record involving customer privacy
Customer Health and Safety	**CD Shanghai:** Maintain a track record of not more than three times of customer complaints each month and work towards to zero customer complaints **HK Office:** Administration department staff members to attend customer health and safety related seminar	Achieved. No customer complaints, especially in terms of product complaints	**CD Shanghai:** Maintain a track record of not more than three times of customer complaints each month and work towards to zero customer complaints **HK Office:** Administration department staff members to attend customer health and safety related seminar

Material Issue	Target(s) set for FY2021	Status of Progress	New Target(s) for FY2022
Occupational Health and Safety	**CD Shanghai:** a. Continue improving the occupational health and safety management system b. Provide training opportunities on occupational health and safety for employees **HK Office:** a. Participate in evacuation drills conducted by office building management; Increase the number of employees participating in the above evacuation drills b. Actively encourage work-life balance among our employees and discourage overtime work; employees will have to submit applications for overtime work to the Deputy General Manager	In progress	**CD Shanghai:** a. Continue improving the occupational health and safety management system b. Provide training opportunities on occupational health and safety for employees **HK Office:** a. Participate in evacuation drills conducted by office building management; Increase the number of employees participating in the above evacuation drills b. We actively address work-life balance of our employees and do not encourage overtime work. If the employee needs to work overtime, it has to submit an application form before 16:00 on that day to DGM
Non-discrimination	New material topic	N/A	Zero incident, in full compliance with local laws and regulations
Diversity and Equal Opportunity	New material topic	N/A	Zero incident, in full compliance with local laws and regulations
Labour/ Management Relations	**CD Shanghai:** a. Establish a suggestion box for on-site employees, and provide regular feedback and improvement based on the suggestions from the suggestion box b. Conduct regular employee satisfaction surveys **HK Office:** Look into preparing an employee satisfaction questionnaire	• In progress. China office has finished a FY2021 employee satisfaction questionnaire • HK employee satisfaction questionnaire is in preparation stage • A suggestion box has already been established to collect staff feedback	**CD Shanghai:** a. Effectively collect opinions from suggestion box for on-site employees, and provide regular feedback and improvement based on the suggestions from the suggestion box b. Conduct regular employee satisfaction surveys **HK Office:** Look into preparing an employee satisfaction questionnaire

Material Issue	Target(s) set for FY2021	Status of Progress	New Target(s) for FY2022
Training and Development	**CD Shanghai:** Finalise the annual training plan to provide continuous training to employees for their professional development **HK Office:** Encourage employees to join relevant seminars. Introduce appropriate measures to existing employees to encourage them to enhance their work-related skills and knowledge	In progress. HK office employees have joined a webinar on net zero for corporations	**HK Office:** a. Join relevant seminars and introduce appropriate measures to existing employees b. Sponsor the tuition fee to our employees to enhance their work-related skills and knowledge
Child Labour	**CD Shanghai:** Maintain zero incidents of child labour, in full compliance with local laws and regulations **HK Office:** Maintain zero incidents in employing underage workers, in full compliance with local laws and regulations	Achieved. Zero incidents of child labour	Zero incident in employing underage workers, in full compliance with local laws and regulations
Forced or Compulsory Labour	**CD Shanghai:** Maintain zero incidents of forced or compulsory labour **HK Office:** Actively encourage work-life balance among our employees and discourage overtime work; employees will have to submit applications for overtime work to the Deputy General Manager	Achieved. Zero incidents of forced labour. CDW is actively encouraging work-life balance of employees	**CD Shanghai:** Maintain zero incidents of forced or compulsory labour **HK Office:** We actively address work-life balance of our employees and do not encourage overtime work. If the employee needs to work overtime, it has to submit an application form before 16:00 on that day to DGM
Human Rights Assessment	No targets	N/A	CDW Internal Audit Team conducts onsite audit and audit on HR management is included Each department head communicates with subordinates and reflect their opinions to the Management

Material Issue	Target(s) set for FY2021	Status of Progress	New Target(s) for FY2022
Socioeconomic Compliance	Zero incident of non-compliance with socioeconomic laws and regulations; monitor any changes in regulatory requirements	Achieved. Zero Incident	Zero incident of non-compliance with socioeconomic laws and regulations; monitor any changes in regulatory requirements
Materials	No targets	N/A	**CD Shanghai:** Reduce non-renewable material usage
Environmental Compliance	**CD Shanghai:** Increase the rate of recycling and reduce waste generation **HK Office:** Reduce and measure the number of recyclables collected annually	In progress	**CD Shanghai:** Increase the rate of recycling and reduce waste generation **HK Office:** Reduce and measure the number of recyclables collected annually
Emissions	CD Shanghai's 2021 target for reduction of its absolute GHG emissions would be by 2% and for reduction of its GHG emissions intensity (in tonnes CO_2-e per thousand dollars of income) would be by 2%.	Not achieved	CD Shanghai's 2022 target for reduction of its absolute GHG emissions would be by 4.2% linear and for reduction of its GHG emissions intensity (in tonnes CO_2-e per thousand dollars of income) would be by 4.2% linear
Waste	**CD Shanghai:** Increase the rate of recycling and reduce waste generation. Reduce electronic and manufacturing waste, such as by inventory control procedures **HK Office:** Maintain garbage collection policy in order to promote recycling	In progress. CDW is measuring and monitoring the amount of recycling waste	**CD Shanghai:** Increase the rate of recycling and reduce waste generation. Reduce electronic and manufacturing waste, such as by inventory control procedures **HK Office:** Maintain garbage collection policy in order to promote recycling
Water & Effluents	**CD Shanghai:** Continue to reduce freshwater withdrawals as much as feasible	In progress	**CD Shanghai:** Continue to reduce freshwater withdrawals as much as feasible
Anti-competition	Maintain a track record of zero substantiated cases regarding anti-competitive behaviour	Achieved	Maintain a track record of zero substantiated cases regarding anti-competitive behaviour

Key Sustainability Figures

These tables show the key sustainability figures in addition to those outlined in the main report sections.

FY2021 Social Data

HK Office	Total Employees By Grade	
Grade	Number of Males	Number of Females
Senior Management	7	3
Middle Management	11	4
Entry-level or General Staff	5	15
Age	New Employee Hires	
< 30	3	4
30 - 50	5	4
> 50	1	3
Age	Employee Turnover	
< 30	2	2
30 - 50	5	1
> 50	0	2

CD Shanghai	Total Employees By Grade	
Grade	Number of Males	Number of Females
Senior Management	3	0
Middle Management	13	39
Entry-level or General Staff	39	495
Age	New Employee Hires	
< 30	2	123
30 - 50	3	181
> 50	0	0
Age	Employee Turnover	
< 30	3	134
30 - 50	5	218
> 50	3	2

FY2021 Environmental Data

Water Consumption	Source	Category	Water Consumption (cubic meter)
CD Shanghai	Third-party water	Freshwater	75,059[16]
Hong Kong Office	Third-party water	Freshwater	214.12

Waste	CD Shanghai	Hong Kong Office
Hazardous waste (Kg)	3,848.5	N/A[17]
Non-hazardous waste (Kg)	52,030.9	N/A[18]

16 *The increase in water consumption for CD Shanghai was mainly due to increase in production volume and output.*
17 *The Hong Kong Office does not currently measure the weight of the hazardous waste produced (2 computers, 4 printers and 4 monitors during the reporting year), and hence cannot disclose the data in this report. We will work towards capturing the data in future reporting years.*
18 *The Hong Kong Office does not currently measure the amount of non-hazardous waste produced or recycled.*

GRI-SGX CONTENT INDEX

Disclosure	Description	SGX	Page	Remarks
GRI 102: General Disclosures 2016				
Organisational Profile				
102-1	Name of the organization	-	2	
102-2	Activities, brands, products, and services	-	2	
102-3	Location of headquarters	-	3	
102-4	Location of operations	-	3	
102-5	Ownership and legal form	-	21	
102-6	Markets served	-	3-5	
102-7	Scale of the organization	-	3, 21	
102-8	Information on employees and other workers	-	48	
102-9	Supply chain	-	8	
102-10	Significant changes to the organization and its supply chain	-	N/A	Not available
102-11	Precautionary Principle or approach	-	23	
102-12	External initiatives	-	4-8	
102-13	Membership of associations	-	-	In review
Strategy				
102-14	Statement from senior decision-maker	LR711B-1e	6-8, 24	
102-15	Key impacts, risks, and opportunities	PN7.6-3.3	30	
Ethics and integrity				
102-16	Values, principles, standards, and norms of behaviour	-	29	
Governance				
102-18	Governance structure	PN7.6-3.7	23	
102-21	Consulting stakeholders on economic, environmental, and social topics	PN7.6-3.3	25 - 28	
102-29	Identifying and managing economic, environmental, and social impacts	PN7.6-3.7	25 - 28	
Stakeholder Engagement				
102-40	List of stakeholder groups	-	25	
102-41	Collective bargaining agreements	-	37	
102-42	Identifying and selecting stakeholders	-	26	
102-43	Approach to stakeholder engagement	-	26	
102-44	Key topics and concerns raised	-	27	

Disclosure	Description	SGX	Page	Remarks
Reporting practice				
102-45	Entities included in the consolidated financial statements	-	22-23	
102-46	Defining report content and topic Boundaries	-	22-23	
102-47	List of material topics	-	27	
102-48	Restatements of information		22	
102-49	Changes in material topics and topic Boundaries		31	
102-50	Reporting period	-	22	
102-51	Date of most recent report		22	
102-52	Reporting cycle	-	22	
102-53	Contact point for questions regarding the report	-	23	
102-54	Claims of reporting in accordance with the GRI Standards	LR711B-1d	22-23	
102-55	GRI content index	-	49-52	
102-56	External assurance	PN7.6-3.8	23	In review. Only stating ambitions on external assurance and Internal Review
Material Topics				
GRI 205: Anti-corruption 2016				
103	Management approach disclosures	LR711B-1 b&c	31	
205-2	Communication and training about anti-corruption policies and procedures	-	31-32	
205-3	Confirmed incidents of corruption and actions taken	-	31-32	
GRI 301: Materials 2016				
103	Management approach disclosure	LR711B-1 b&c	39	
301-1	Materials used by weight or volume	-	39	
GRI 305: Emissions 2016				
103	Management approach disclosures	LR711B-1 b&c	40-43	
305-1	Direct (Scope 1) GHG emissions	-	40-43	
305-2	Energy indirect (Scope 2) GHG emissions	-	40-43	
305-3	Other indirect (Scope 3) GHG emissions	-	40-43	
305-4	GHG emissions intensity	-	40-43	
305-5	Reduction of GHG emissions	-	40-43	
305-6	Emissions of ozone-depleting substances (ODS)	-	43	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	-	43	

Disclosure	Description	SGX	Page	Remarks
GRI 307: Environmental Compliance 2016				
103	Management approach disclosure	LR711B-1 b&c	39	
307-1	Non-compliance with environmental laws and regulations	-	40	
GRI 402: Labor/Management Relations 2016				
103	Management approach disclosure	LR711B-1 b&c	37	
402-1	Minimum notice periods regarding operational changes	-	37	
GRI 403: Occupational Health and Safety 2018				
103	Management approach disclosure	LR711B-1 b&c	33	
403-1	Occupational health and safety management system	-	33-35	
403-2	Hazard identification, risk assessment, and incident investigation	-	33-35	
403-3	Occupational health services	-	33-35	
403-4	Worker participation, consultation, and communication on occupational health and safety	-	33-35,37	
403-5	Worker training on occupational health and safety	-	33-35,37	
403-9	Work-related injuries	-	34	
403-10	Work-related ill health	-	34	
GRI 404: Training and Education 2016				
103	Management approach disclosures	LR711B-1 b&c	37-38	
404-1	Average hours of training per year per employee	-	37	
404-2a	Type and scope of programs implemented and assistance provided to upgrade employee skills	-	37	
404-3	Percentage of employees receiving regular performance and career development reviews	-	38	
GRI 405: Diversity and Equal Opportunity 2016				
103	Management approach disclosure	LR711B-1 b&c	35	
303-1	Diversity of governance bodies and employees	-	35-36	
303-2	Ratio of basic salary and remuneration of women to men	-	36	
GRI: 406 Non-discrimination 2016				
103	Management approach disclosure	LR711B-1 b&c	36	
406-1	Incidents of discrimination and corrective actions taken	-	36	

Disclosure	Description	SGX	Page	Remarks
GRI 408: Child Labour 2016				
103	Management approach disclosures	LR711B-1 b&c	38	
408-1	Operations and suppliers at significant risk for incidents of child labour	-	38	
GRI 409: Forced or Compulsory Labour 2016				
103	Management approach disclosures	LR711B-1 b&c	38	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	-	38	
GRI 412: Human Rights Assessment 2016				
103	Management approach disclosures	LR711B-1 b&c	38	
412-1	Operations that have been subject to human rights reviews or impact assessments	-	38	
GRI 416: Customer Health and Safety				
103	Management approach disclosures	LR711B-1 b&c	32	
416-1	Incidents of non-compliance concerning the health and safety impacts of products and services	-	32	
GRI 417: Marketing and Labelling 2016				
103	Management approach disclosure	LR711B-1 b&c	32	
417-1	Requirements for product and service information and labelling	LR711B-1 b&c	32	
417-2	Incidents of non-compliance concerning product and service information and labelling	-	32	
417-3	Incidents of non-compliance concerning marketing communications	-	32	
GRI 418: Customer Privacy 2016				
103	Management approach disclosure	LR711B-1 b&c	32-33	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	32-33	
GRI 419: Socioeconomic Compliance				
103	Management approach disclosure	LR711B-1 b&c	33	
419-1	Non-compliance with laws and regulations in the social and economic area	-	33	

FINANCIAL CONTENTS

Corporate Governance Report

CDW Holding Limited (the "**Company**") recognises the importance of and is committed to high standards of corporate governance and have put in place several monitoring mechanisms to ensure effective corporate governance within the Company and its subsidiaries (the "**Group**"). To this end, the Board of Directors ("**Board**") and Management are responsible in ensuring that the Company's corporate governance framework serves to enhance the Company's performance, accountability, transparency, protects the interests of the Company's stakeholders and maximises long-term shareholders' value for a sustainable long-term performance and value creation.

This report describes the corporate governance policies and practices of the Company with reference to the principles and provisions advocated in the Singapore Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "**Code**") with the accompanying Practice Guidance on 6 August 2018, which forms part of the continuing obligations of the Listing Rules ("**LR**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Company is guided in its corporate governance practices by the Code, and continues to strive towards maintaining proper accountability, high standards of corporate governance and corporate transparency. The Company is pleased to confirm that it has substantially adhered to the principles and guidelines of the Code and any deviation have been appropriately explained and provided for, as well as it has adopted the practices consistent with the intent and philosophy of the relevant principles within this Corporate Governance Report ("**CG Report**").

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Company is led by an experienced Board that provides leadership and guidance to Management. Through the Board's entrepreneurial leadership, the Group has been able to achieve continued success.

The members of the Board for the financial year ended 31 December 2021 ("**FY2021**") and as at the date of this CG Report are:

YOSHIKAWA Makoto	(Chairman, Executive Director and Chief Executive Officer)
KATO Tomonori	(Executive Director and Chief Operating Officer)
DY MO Hua Cheung, Philip	(Executive Director and Chief Financial Officer)
CHONG Pheng	(Lead Independent Non-Executive Director)
LAI Shi Hong, Edward	(Independent Non-Executive Director)
MITANI Masatoshi	(Independent Non-Executive Director)
CHIA Seng Hee	(Independent Non-Executive Director)

The key functions of the Board, besides carrying out its statutory responsibilities, are as follows:

i. playing an effective role in formulating the overall long-term strategic plans, performance objectives and direction for the Group, including appropriate focus on value creation, innovation and sustainability;

ii. overall responsibility for corporate governance, with oversight on day-to-day operations of management and Management's affairs;

iii. approaching sustainability issues by considering and balancing the needs and interests of material stakeholders as part of its overall strategy to ensure that the best interests of the Company are served. The Company is committed to sustainability and incorporates the key principles of environmental and social responsibility, and corporate governance in setting its business strategies and operations. More details will be disclosed in the Company's sustainability report for the financial year ended 31 December 2021 ("**SR 2021**") which is set out on page 22 to page 52 of this Annual Report;

iv. reviewing periodic financial reports to assess its financial performance and implementing policies for risk management, internal controls and compliance;

v. assessing risks faced by the Group and reviewing and monitoring the adequacy of measures to mitigate such risks;

vi. approval of nomination of directors to the Board, changes in the composition of the Board, Board Committees and endorsement of Executive Directors' recommendation of appointment of key management personnel ("**KMP**"); and

vii. for remuneration matters, the Board, in consultation with and based on recommendations from the Remuneration Committee, reviews and endorses the recommended framework of remuneration for the Board and senior management.

All Directors act objectively to discharge their fiduciary duties and responsibilities at all times in the best interests of the Group and hold Management accountable for performance. To ensure that specific issues are reviewed and discussed in-depth and in timely manner, certain functions have been delegated to various Board Committees, which submit their recommendations or decisions to the Board. The Board Committees constituted by the Board, namely, Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**"), Risk Committee ("**RIC**") and Investment Committee (collectively, the "Board Committees"). Each Board Committee has been constituted with a clearly written terms of reference ("**TOR**") that has been approved by the Board. The TORs are reviewed on a regular basis to ensure continued relevance and consistency. The entire Board retains overall control even though it has established these Board Committees to support and to assist it in the discharge of its oversight function and the execution of its responsibilities. The effectiveness of each Board Committee is also reviewed by the Board annually.

There is a clear delineation of roles between the Board and Management, with the CEO acting as the conduit between the Board and Management in driving the success of the Company's governance and management function. The Board and Management fully appreciate that an effective and robust board whose members engage in open and constructive debate and challenge Management on its assumptions and proposals is fundamental to good corporate governance. The Directors on the Board have the appropriate core competencies and diversity of experience to enable them to contribute effectively and to objectively raise issues and seek clarification as and when necessary from the Board and Management on matters pertaining to their area of responsibilities.

The Company has adopted and documented internal guidelines which has been clearly communicated to Management governing matters that require formal Board approval. Matters specifically reserved for Board approval and where decisions by the full Board are required which include matters of potential conflict of interest involving a substantial shareholder or a Director; material acquisitions and disposal of assets; approval of interested person transactions; corporate or financial restructuring; material investments; considering sustainability issues as part of its strategic formulation; shares issuance; dividend declarations; appointment of new Directors; endorsement of specific remuneration packages for Directors and KMP; the approval of the annual budget, capital management plans, annual reports, financial statements and financial results announcements which require public disclosures; and proposals from Board Committee(s).

To assist the Board in discharging its oversight functions, Management also has in place an Investment Committee ("**IC**"). Members of the IC are appointed by Executive Directors from amongst the members of the Board. As at the date of this report, members of the IC are:

KATO Tomonori (Chairman)
YOSHIKAWA Makoto
DY MO Hua Cheung, Philip

The primary function of the IC is to allocate resources and to evaluate potential investment projects which create value for the Company. The IC reports to the Board of Directors with RIC's independent assessment on the risks associated with the allocation of resources and potential investment projects. The IC have its own TOR, which are reviewed on a regular basis.

Formal Board and Board Committees meetings were conducted regularly on a quarterly basis for FY2021 to review and evaluate the Group's strategy, operations and performance. Additional meetings are convened when the circumstances warrant and/or resolutions in writing of the Board or Board Committees are circulated for matters that require the approval of the Board and/or Board Committees. Where a Director faces conflicts of interest, he shall recuse himself from discussions and decisions on the relevant matter. To keep pace with regulatory changes, the Company's Bye-laws allow for meetings to be conducted by way of teleconference and videoconference to facilitate participation by Board members and Management where the physical presence of the Board members and Management at such meetings would either be not feasible or cause undue delay of such meetings. The schedule of all Board and Board Committee meetings for each financial year is planned well in advance, in consultation with the Directors. Notices and agendas of the meetings and documentation to the agenda items with complete, adequate and timely information are provided to the Board and Board Committees prior to each meeting. This is to enable the Board and the Board Committees' members to make informed decisions and discharge their duties and responsibilities to which the Board and Board Committees also obtain information from Management. As such, Management endeavours to circulate information and meeting materials for the Board and Board Committees' meetings at least 48 hours prior to the meetings to allow sufficient time for the Board and Committees members to review the relevant materials.

The attendance of the Directors at the Board and Board Committees meetings for FY2021 is set out below:

	Board	**AC**	**NC**	**RC**	**RIC**	**Annual General Meeting**	**Special General Meeting**
Numbers of meetings held	7	4	1	1	4	1	1
Name of Director			**Numbers of meetings attended**				
YOSHIKAWA Makoto	7	–	–	–	–	1	–
KATO Tomonori	7	–	–	–	–	1	–
DY MO Hua Cheung, Philip	7	–	–	–	–	1	1
LAI Shi Hong, Edward	7	4	1	–	4	1	–
CHONG Pheng	7	4	1	1	4	1	1
MITANI Masatoshi	7	4	1	1	–	1	1
CHIA Seng Hee	7	4	–	1	4	1	–

The Directors received relevant training as and when appropriate, in particular on the application of new laws and regulations, changes in financial reporting standards as well as the changing commercial risks which are relevant to the business and operations of the Group. The Directors will also be updated on the business of the Group through regular meetings and informal discussions. During FY2021, some of the external courses attended by the Directors include:-

- Insight from SOC reporting – conducted by BDO Hong Kong
- Financial Reporting with Clarity – conducted by KPMG Business School
- Practical solutions to implementing AML/CTF requirements – conducted by The Hong Kong Institute of Certified Public Accountants

- Navigating Hong Kong Option Market with Practitioner – conducted by The Hong Kong Institute of Certified Public Accountants
- Behavioral Corporate Finance that every accountant should know – conducted by The Hong Kong Institute of Certified Public Accountants
- Foreign tax deduction and credit relief – conducted by The Hong Kong Institute of Certified Public Accountants
- Transfer Pricing Documentation and Common Reporting Standard – conducted by The Hong Kong Institute of Certified Public Accountants
- Understanding Spinoff for Accountants and Market Practitioners – conducted by The Hong Kong Institute of Certified Public Accountants
- Tax dispute settlement in Hong Kong – conducted by The Hong Kong Institute of Certified Public Accountants
- The latest mobility trend and cross-border individual tax implications – conducted by The Hong Kong Institute of Certified Public Accountants
- Business Execution: Monitoring and Evaluating Initiatives – conducted by The Hong Kong Institute of Certified Public Accountants
- Business Analysis: Elicitation and Collaboration
- Creating a Customer-focused organisation – conducted by The Hong Kong Institute of Certified Public Accountants
- Business Execution: Linking Strategy to People and Operations – conducted by The Hong Kong Institute of Certified Public Accountants
- Business Analysis: Enterprise Analysis – conducted by The Hong Kong Institute of Certified Public Accountants
- Creating and Maintaining a Positive Work Environment – conducted by The Hong Kong Institute of Certified Public Accountants
- Sharing on Financial Reporting Council Inspection Findings – conducted by The Hong Kong Institute of Certified Public Accountants

A newly appointed Director will be provided with a formal letter upon appointment, setting out their commitments, fiduciary duties and obligations, including their specific roles. New directors also undergo comprehensive orientation programme to familiarise themselves of the Group's business, operations, organisational structure, and corporate policies. They will be informed of the Board and Company policies and regulatory disclosure requirements. They are also briefed on the Company's corporate governance practices and regulatory environment to assimilate them into their new roles. The orientation programmes are conducted by senior management and, will allow the new Director to get acquainted with senior management, thereby facilitating board interaction and also independent access to the senior management. In order to provide a new Director with a better understanding of the Group's business and operations, senior management will arrange site visits for those new Director to the Group's operating entities as part of the orientation programme. Pursuant to LR 210(5)(a), Directors who have no prior experience being a director of a listed company in Singapore, is required to attend Mandatory training courses organised by the Singapore Institute of Directors ("**SID**").

For the financial year commencing 1 January 2022, all Directors are to undergo a one-time training on sustainability matters as prescribed by the SGX-ST. Arrangement will be made for Directors to attend training courses funded by the Company in areas such as accounting, legal and industry-specific knowledge, as and when appropriate.

All directors are required to declare their board representations. When a director has multiple board representations, the NC will consider whether the director is able to adequately carry out his duties as a director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

All Directors have separate and independent access to Management, other KMP, independent auditors and the company secretary, via telephone, e-mail and meetings. Any cost of obtaining professional advice will be borne by the Company.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board comprises of three (3) Executive Directors (including the Chief Executive Officer ("CEO")) and four (4) Independent Directors. Provision 2.2 of the Code is met where independent directors make up the majority of the Board where the Chairman is not independent. The Board has an appropriate balance of skills, knowledge and experience and is capable of exercising independent and objective judgement on corporate affairs of the Company and the Group.

The Board, with the assistance of the NC, reviews its board size annually and determine what it considers to be an appropriate and balanced composition to ensure that the Group remains competitive and competent. In line with the Code, taking into account the requirements of the Group's core businesses and industry in which it operates and the need to avoid undue disruptions from changes to the Board and Board Committees, the NC is of the view that the current size of the Board adequately allows for efficient decision-making. No individual or group dominates the Board's decision-making process.

The NC also review the independence of each Independent Director annually with reference to the Code's definition of what constitutes an Independent Director and any other salient factors. The Independent Directors, namely Messrs CHONG Pheng, LAI Shi Hong, Edward, MITANI Masatoshi, and CHIA Seng Hee, have confirmed that they and their family members do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interest of the Company. The Independent Directors have also confirmed that they do not have any relationship with the Company or its related companies as set out under LR 210(5)(d)(i) and 210(5)(d)(ii). The NC has reviewed and is satisfied that there are no relationships which would deem any of the Independent Directors not to be independent during FY2021.

The Independent Directors of the Company actively participate in debating, questioning and evaluating proposals by Management and/or actions to be taken, has continuously demonstrated strong independence in character and judgement over the years and there are no relationships or circumstances which affect or likely to affect their judgements and abilities in discharging their duties and responsibilities as Independent Directors. Their presence as independent members of the Board will ensure effective oversight on compliance and good corporate governance.

Messrs MITANI Masatoshi, CHONG Pheng and LAI Shi Hong, Edward, having been Independent Directors for an aggregate period of more than 9 years, and their continued appointment as an Independent Director were approved by all shareholders and shareholders (excluding the respective Directors and CEO of the Company, and associates of such Directors and CEO) during FY2021 Annual General Meeting ("**FY2021 AGM**") of the Company. Accordingly, the above-mentioned Independent Directors had complied with LR 210(5)(d)(iii) of the Listing Manual which was effective from 1 January 2022.

The Board proactively seeks to maintain an appropriate balance of expertise, skills and attributes among the Directors to the business so as to mitigate against groupthink and to ensure that the Company has the opportunity to benefit from all available talents. In reviewing Board composition and succession planning, the NC will consider all aspects of diversity, including diversity of backgrounds, gender, experience, age and competencies of our Directors, whose competencies range from finance and accounting to relevant industry knowledge, entrepreneurial and management experience. The Board has taken the following steps to maintain or enhance its balance and diversity, annual review by the NC to evaluate the size, composition and role of the Board and Board Committees where the methods and process for evaluating the effectiveness in fulfilling the duties and responsibilities, the NC shall identify gaps in the mix of skills, experience and other qualities required in an effective Board and recommend suitable candidates to fill the gaps and consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors. This is beneficial to the Company and Management as decisions by, and discussions with, the Board are enriched by the broad range of views and perspective and the breadth of experience of our Directors. The NC is of the view that there is an appropriate balance of expertise and skills amongst the Directors as they collectively bring with them a broad range of complementary competencies and experience. A summary of the academic and professional qualifications and other appointments of each Director is set out on page 15 to page 17 of this Annual Report.

Commencing 1 January 2022, the Company is required to maintain a Board Diversity Policy ("**BDP**") as mandated by SGX-ST and is in the process of formulating its BDP. The Company has embraced all aspects of diversity in the current Board composition. Although there is currently no female director appointed to the Board, the Board recognises the importance and value of gender and age diversity. However, the Board is collectively of the view that it should not be considered as a requirement of selection of potential candidate. The right blend of skills, industry knowledge, relevant experiences, suitability shall remain as priority. The Board will, with the assistance of the NC, put in place a BDP to address gender, skills and experience, and any other relevant aspects of diversity.

The Independent Directors, who are also Non-Executive Directors, make up a majority of the Board. They constructively review and assist in the development of proposals on strategy and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitoring the reporting of performance and operations (through budget reports for example) as an appropriate check and balance. The Independent Directors had met once during FY2021 without the presence of Management.

Principle 3: Chairman and Chief Executive Officer ("CEO")

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Mr YOSHIKAWA Makoto is currently both the Chairman of the Board ("Chairman") and CEO of the Group.

The Board is of the view that its accountability and decision-making has not been compromised even though Chairman and CEO is the same person. With majority of the Board being independent, there is a sufficient element of independence and adequate safeguards against a concentration of power to one single person.

The single leadership structure adopted by the Group is to ensure that the decision-making process of the Group would not be unnecessarily hindered, with such structure approved by the Board following rigorous and thorough consideration.

As Chairman of the Board, Mr YOSHIKAWA Makoto leads and ensures effectiveness across the Board in all aspects. These include achieving and maintaining high standards of the corporate governance with the support of the Board, Management and Company Secretary, setting the board meeting agenda in consultation with Executive Directors and Management, and ensuring that adequate time is set for discussion of all items on the agenda, in particular strategic issues. The Chairman reviews most board papers before they are presented to the Board and oversight as to whether board members are provided with adequate and timely information. The Chairman also encourages active participation and contribution from all Directors and promotes a culture of openness and debate of the Board. He steers productive discussions between the Board and Management as well as ensures effective communications with Shareholders and other stakeholders.

In his role as CEO, Mr YOSHIKAWA Makoto is responsible for (i) the formulation of the overall business and corporate policies and strategies of the Group; (ii) oversight of the day-to-day management of the business and operations of the Group; and (iii) leading the Group's business development strategies and efforts.

Mr CHONG Pheng is the Lead Independent Director of the Company appointed to provide leadership in situations where the Chairman is conflicted and to provide a non-executive perspective and contribute to a balance viewpoint on the Board. He also acts as a principal liaison between the Independent Directors and the Chairman as and when required. Before every Board meeting, the Lead Independent Director will meet with the Chairman to brief him on the key items for discussion at each of the AC, NC, RC and RIC meetings, where applicable. The Lead Independent Director is available to address any Shareholder concerns for which contact through normal channels with the Chairman, CEO or Management is inappropriate or inadequate. The Lead Independent Director also has the authority to call and lead meetings of the Independent Directors (without the presence of Management) whenever necessary, and to provide feedback to the Chairman after such meetings.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

The NC comprises of Mr MITANI Masatoshi (Chairman of the NC), Mr CHONG Pheng and Mr LAI Shi Hong, Edward. All members of the NC are Independent Directors. The Lead Independent Director is also a member of the NC.

According to the written TOR of the NC that has been approved by the Board, responsibilities of the NC, include but is not limited to, the following:

a) To review, assess and make recommendations to the Board on the appointment and re-appointment of directors (including alternate directors, if applicable) including making recommendations on any changes to the composition of the Board or Board Committees generally;

b) To regularly review and make recommendations to the Board on the structure, size and composition of the Board and Board Committees, having regard to the scope and nature of the operations, requirements of the business, diversity of skills, experience, gender and knowledge of the Company and the core competencies of the Directors as a group;

c) To review, assess and recommend nominee(s) or candidate(s) for appointment or election as Directors to the Board having regard to their competencies, commitment, contribution, performance and independence;

d) To conduct succession-planning, in particular, the appointment and/or replacement of the Chairman, the CEO and KMP;

e) To determine annually if a Director is independent having regard to the circumstances set forth in the Listing Rules of the SGX-ST and the Code;

f) To decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly where a Director has multiple board representations, and/or other principal commitments;

g) To recommend to the Board guidelines to address any competing time commitments faced by Directors who serve on multiple boards and to determine the maximum number of listed company board representations to be held by each Director; and

h) To review the training and professional development programs for the Board and its Directors.

The responsibilities of the NC are, among other things, to make recommendations to the Board on all Board selection, appointment and re-appointment and/or changes to the composition of the Board and Board Committees and oversee the Board and succession and leadership development plans of the KMP. The NC will first seek to identify the competencies required to enable the Board or such Board Committee to effectively discharge its responsibilities. For new appointments, the NC, with suggestions from the Board and Management, will identify the essential and desirable competencies for the particular appointment and if necessary, seek external channels to source for potential candidates. The NC then meets the short-listed candidates to assess their suitability and communicate the expectations and the level of commitment required of them. The recommendations are then put forth to the Board for its review and approval.

In recommending a Director for re-election to the Board, the NC considers, inter alia, the Director's performance and contributions to the Board (including attendance and participation at meetings, and time and effort accorded to the Group's business and affairs). Pursuant to Bye-law 104 of the Company's Bye-laws, every Director shall retire from office once every three (3) years. The Company's Bye-laws provides that at least one-third (1/3) of the Directors shall retire from office and subject themselves to re-election by Shareholders at every AGM.

The NC had reviewed the declaration of independence provided by each of the Independent Director in accordance with the Code and together with the Board consider a Director as independent if he has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Company. Under the LR, a director will not be independent if (i) he is employed or has been employed by the Company or any of its related corporations for the current or any of the past three financial years; and (ii) he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for any of the past three financial years, and whose remuneration is or was determined by the RC.

The NC, taking into consideration of the above, determined that Mr CHONG Pheng, Mr LAI Shi Hong, Edward, Mr MITANI Masatoshi, and Mr CHIA Seng Hee are independent according to the Code and LR and noted that more than half of the Board are Independent Directors. The Independent Directors have also confirmed that they do not have any relationship with the Company or its related companies as set out under LR 210(5)(d)(i) and 210(5)(d)(ii). The NC has reviewed and is satisfied that there are no relationships which would deem any of the Independent Directors not to be independent.

There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code and Listing Rules that would otherwise deem him not to be independent.

The NC has reviewed and recommended the re-nomination and re-election of Messrs YOSHIKAWA Makoto, KATO Tomonori and CHIA Seng Hee, following their retirement from office at the upcoming AGM pursuant to Bye-law 104. The Board has accepted the recommendation of the NC. The Board's comments on the re-election of Messrs YOSHIKAWA Makoto, KATO Tomonori and CHIA Seng Hee are provided in the "Supplemental Information on Re-election of Directors" section of this Annual Report as set out on page 77 to page 84.

Each member of the NC had abstained from deliberating and voting on any resolution in respect of the assessment of his performance or re-appointment as Director.

The NC's guideline adopted by the Board for the number of directorships in listed companies held by any Board member should not exceed five (5). As at the date of this report, none of the current Directors hold more than five (5) directorships in listed companies. The NC has reviewed the board representations and principal commitments of each Director and is satisfied that all Directors have continued and will be able to diligently carry out their duties and commitments.

The Board takes a view that the reasons for any appointment of an alternate director will be evaluated and such reasons must be justifiable before any alternate director is appointed. There is no alternate director being appointed by the Board for FY2021.

Key information regarding Directors as set out pursuant to Provision 4.5 of the Code is detailed on page 15 to page 17 of this Annual Report.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board, through the NC, has established a formal evaluation process for assessing the effectiveness of the Board as a whole, the Board Committees and its individual Directors. The Board believes that such process is integral to effective stewardship and the long-term success of the Company.

The Company has adopted a formal evaluation process. The Board assesses its effectiveness as a whole through the completion of a series of questionnaires by each individual Director. The NC collates the results of these questionnaires and formally discusses these results collectively with other Board members to address any areas for improvement.

The Board appraisal process focuses on a set of performance criteria such as the evaluation of the size of the Board and composition of the Board; the Board's access to information; Board processes and accountability; Board effectiveness; Board standards of conduct and financial performance indicators; peer evaluations as well as the contribution of each Director to the effectiveness of the Board. The appraisal process for individual Directors focuses on the areas of interactive skills, knowledge and director's duties, including taking into account each Director's contribution in Board Committee meetings. The Board is of the view that this set of performance criteria allows for appropriate comparison and addresses how the Directors have enhanced long-term Shareholders' value. To ensure that the assessments were done promptly and fairly, the Board had appointed the Company Secretary to assist in collating and analysing the responses of the Directors. There is no external facilitator involved in the Board evaluation process in FY2021.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Remuneration Committee

The RC comprises of Mr. CHIA Seng Hee (Chairman of the RC), Mr CHONG Pheng, Mr MITANI Masatoshi, all of whom, including the RC Chairman are independent.

According to the written TOR of the RC, that has been approved by the Board, the responsibilities of the RC, include but is not limited to, the following:

a) Review and recommend to the Board a remuneration framework for the Board and KMP;

b) Review and recommend to the Board the specific remuneration packages and terms of employment for each Director and each KMP in the Group;

c) Carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors;

d) Review the following:

   (i) that no Director or KMP is involved in deciding his/her own remuneration;

   (ii) that all aspects of remuneration, including termination terms are fair and avoiding rewarding any poor performance;

   (iii) to review the Company's obligations arising from any termination of Executive Directors and KMP to ensure that their respective service contracts contain fair and reasonable termination clauses;

   (iv) an appropriate level and structure of remuneration for the Board and all KMP; and

(e) the remuneration packages of employees related to executive directors, CEO (if CEO is not a director) and substantial or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibility.

The RC has in place a remuneration framework for the Board and KMP covering all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options, share-based incentives schemes, benefits-in-kind and termination terms. The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively whereas the remuneration of KMP is determined at a level which enables the Group to attract, develop and retain high-performing and talented individuals with the relevant experience, level of expertise and level of responsibilities. All remuneration matters are ultimately approved by the Board. Each RC member does not participate in discussions, and abstains from decision-making pertaining to his remuneration, compensation, options and any form of benefits. Similarly, no Director is involved in deciding his own remuneration.

The RC may engage external remuneration consultants to seek guidance on appropriate remuneration standards. There being no specific necessity, the RC did not engage any remuneration consultants for FY2021.

To ensure that the remuneration packages of the Company's Directors (including Non-Executive and Independent Directors) and KMP remain competitive and are in line with industry standards, the Company conducts market survey of the compensation packages of executives in similar industries or companies listed in Singapore and Hong Kong once in every two (2) years for the purposes of benchmarking. Due to the global economic downturn, RC agreed to defer the market survey till 2023.

The key considerations taken by the RC in recommending the right level structure of remuneration for the Board and all KMP are:

i. significant and appropriate proportion of Executive Directors' and KMP's remuneration should be structured so as to link rewards to corporate and individual performance;

ii. that the remuneration of Independent Non-Executive Directors is appropriate to their level of contribution, taking into account factors such as effort and time spent, and to ensure that Independent Non-Executive Directors are not compensated to the extent that their independence may be compromised; and

iii. remuneration is appropriate and proportionate to the sustained performance and value creation of the Company, bearing in mind the Group's strategic objectives.

The Company has implemented formal and transparent procedures and policies in relation to executive remuneration and for determining the remuneration packages of individual Directors.

Principle 8: Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

In order to maximise Shareholders' value and promote the long-term success of the Group, the Company seeks to attract, retain and motivate the Directors, Management and employees by offering competitive remuneration packages. The remuneration of Management and employees is set based on, inter alia, each individual's scope of responsibilities and prevailing market conditions. The Company rewards Management and employees based on achievement of individual performance objectives using indicators such as competencies, key result areas, performance ratings and the Group's financial performance. The Board is of the view that performance-based remuneration will motivate Management and employees to achieve superior performance and promote the long-term growth of the Group.

The Board believes in a competitive and transparent remuneration framework and the remuneration paid to the Directors and KMP for FY2021 is set out below:

DIRECTOR'S REMUNERATION

Name of Directors (Remuneration in SG$)	Salary	Benefits-in-kind	Directors' Fees	Performance bonus	Share options
YOSHIKAWA Makoto (SG$481,940)	82%	10%	–	4%	4%
KATO Tomonori (SG$401,486)	92%	–	–	5%	3%
DY MO Hua Cheung, Philip (SG$326,538)	96%	–	–	–	4%
CHONG Pheng (SG$93,513)	–	–	96%	–	4%
LAI Shi Hong, Edward (SG$73,134)	–	–	96%	–	4%
MITANI Masatoshi (SG$73,133)	–	–	96%	–	4%
CHIA Seng Hee (SG$70,000)	–	–	100%	–	–

Remuneration of Key Executives Officers and KMP (not being Directors)

Remuneration band, Name of Key Executive Officers and KMP	Salary	Benefits-in-kind	Directors' Fees	Performance bonus	Share options
SG$250,000 to SG$500,000					
CHAN Kam Wah	72%	15%	–	9%	4%
Below SG$250,000					
SHINJO Kunihiko	87%	–	–	7%	6%
OCHI Shinichi	100%	–	–	–	–
YAMADA Tomokazu	80%	13%	–	7%	–
WATANABE Katsuhiro	92%	8%	–	–	–
KONO Isao	93%	–	–	7%	–
IMAI Junya	89%	–	–	–	11%

In order not to hamper the Company's efforts to retain and nurture its talent pool and given the highly competitive conditions in the industry where poaching of KMP is commonplace, the Company is disclosing the remuneration of the KMP who are not Directors in bands of S$250,000 and is not disclosing the aggregate total remuneration paid to the top five KMP. The total remuneration paid to the above key management executives for FY2021 was approximately SG$1,429,000.

The Company has a formal and transparent remuneration policy to determine the remuneration packages of the individual Directors and KMP.

The Company has entered into service agreements with the CEO and all Executive Directors. The terms of the appointment are for five (5) years each and subject to annual reviews, unless otherwise terminated by either party giving not less than three (3) months' written notice. Their compensation packages consist of fixed salary, bonus, and performance-related incentives linked to the financial performance of the Group and the individual's performance, which is assessed based on the respective key performance indicators allocated to them.

Under the terms of their service agreements, each of the Executive Directors is entitled to an incentive bonus based on, inter alia, the financial performance of the Group and his individual performance for that year. The terms of the Executive Directors' service agreements and their remuneration packages are subject to review by the RC.

Save for compliance with local laws and regulations pertaining to any mandatory termination and retirement benefits in the jurisdiction in which each Director or KMP is employed, there are no termination or retirement benefits that are granted to the Directors or KMP.

Having reviewed and considered the variable components of the Executive Directors and KMP, which are moderate, the RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management executives in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

There were no employees who are immediate family members of the Directors, the CEO, and whose remuneration exceeded S$100,000 during FY2021.

Employee Share Schemes

On 22 June 2018, the Company had adopted a new share option scheme known as CDW Employee Share Option Scheme 2018 ("**ESOS 2018**") and a new share performance scheme known as CDW Holding Share Performance Scheme 2018 ("**SPS 2018**"). The ESOS 2018 and the SPS 2018 comply with the relevant rules as set out in Chapter 8 of Listing Rule of the SGX-ST. The ESOS 2018 and the SPS 2018 will provide eligible participants as defined in the Company's circular dated 6 June 2018 with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS 2018 and the SPS 2018 are administered by the committee comprising three (3) directors who are members of RC. Details of the ESOS 2018 and the SPS 2018 can be found in the Company's circular dated 6 June 2018.

In the financial year ended 31 December 2019, 7,250,000 shares options had been granted on 21 August 2019 pursuant to ESOS 2018, details of which can be found on pages 145 to 147 of this annual report. No shares options and performance shares have been granted during FY2021.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board has overall responsibility for the governance of risk while the AC is tasked to oversee the Group's risk management framework and system of internal controls. The framework and systems are put in place by Management to identify risks and document counter measures implemented to mitigate any identified risks in the Group's businesses so as to safeguard Shareholders' interests and the Group's assets.

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework but recognises that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable but not absolute assurance against the occurrence of material errors or poor judgement in decision making.

Given that the AC reports directly to the Board, the Board has an oversight of the risk framework and system of internal controls in FY2021. RIC, as part of the efforts to strengthen its risk management processes and framework in overseeing the Company's risk assessment of potential investments, is to determine the type and level of business risks that the Company undertakes on an integrated basis to achieve its strategic objectives and value creation and to manage risks via the frameworks and policies in place that are consistent with the Company's risk appetite. RIC acts as a progressive step to minimise risks and loss attributable to the proposed or potential investments. As at the date of this report, members of the RIC are Mr CHONG Pheng (Chairman of the RIC), Mr LAI Shi Hong, Edward and Mr CHIA Seng Hee. All members of the RIC are Independent Directors.

Management identifies potential risks, including financial, operational, compliance, information technology and sanctions-related risks and ensures that sufficient and appropriate controls are in place to manage these risks. Such controls are monitored by the Board regularly and reviewed at least annually for its adequacy and effectiveness. All major risks and the suggested counter measures to mitigate such risks are analysed by Management and documented in the Group's risk register and discussed with the Board at the quarterly meetings. The risk management framework is intended to provide reasonable assurance against material financial misstatements or loss, and safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risks.

Management will review and adjust its business and operational activities, if necessary, where it identifies areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. Management, on a continuous basis, reviews all significant control policies and procedures and highlights all significant matters to the Board. Management does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, Management can make more informed decisions and benefit from a better balance between risk and reward. This will help protect and create Shareholders' value.

During FY2021, the Board was promptly informed of the Company's Covid-19 business continuity plan which was implemented to ensure appropriate systems and procedures within the Group to specifically address the impact of the pandemic on business operational risks. Management closely monitored developments on the Covid-19 situation within the Group and coordinated the escalation of information regarding any impact and mitigation measures to the RIC and the Board.

The Board has been working closely with Management in monitoring the challenges posed by the Covid-19 pandemic. The Board was also regularly updated on relevant legal and regulatory requirements in light of the rapidly evolving Covid-19 situation.

In FY2021, the AC also reviewed the adequacy and effectiveness of the Company's internal controls and risk management systems and procedures put in place by Management, taking into consideration internal control issues highlighted by the internal auditors and external auditors during the year as well as measures taken by Management in response to these control issues. The Board is of the view that the Company's internal controls and risk management system and processes are sufficient to meet the needs of the Company in its current business environment.

The Board has also received written assurances from the CEO and the CFO that for the FY2021 on the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and written assurances from the CEO and other KMP were also received on the Group's risk management and internal controls systems are adequate and effective.

Based on the internal controls (including financial, operational, compliance, information technology controls and sustainability) established and maintained by the Group, the Board, after taking into consideration the work performed by external and internal auditors, the actions taken by Management, the current risk management framework in place, the on-going review and continuing efforts at enhancing controls and processes, with the concurrence of the AC, is of the opinion that the risk management and internal control systems maintained by the Group is adequate and effective to address financial, operational, compliance and information technology risks and meet the needs of the Group in providing reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of business risks.

The Board and the Audit Committee are also responsible for (a) monitoring the Company's risk of becoming subject to, or violating, any Sanction Law; and (b) ensuring timely and accurate disclosures to SGX-ST and other relevant authorities. The Company will inform shareholders on any sanction-related risks on the Company, the impact on such risk on the financials and operations of the Group, if any, and also the cessation of sanctions-related risk via announcement to SGXNet.

Management will continue to review and strengthen the control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Principle 10: Audit Committee ("AC")

The Board has an Audit Committee which discharges its duties objectively.

The AC comprises of Mr LAI Shi Hong, Edward (Chairman of the AC), Mr CHONG Pheng, and Mr MITANI Masatoshi and Mr CHIA Seng Hee, all of whom, including the AC Chairman, are independent. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The Board is of the view that all members of the AC, including the AC Chairman, bring with them invaluable and relevant managerial and professional expertise in relevant accounting and/or related financial management domain to discharge their responsibilities. The Board considers Mr LAI Shi Hong, Edward as having sufficient financial, accounting and business management knowledge to discharge his responsibilities as Chairman of the AC. Mr LAI Shi Hong, Edward is a fellow member of the Hong Kong Institute of Certified Public Accountants, Institute of Chartered Accountants in England and Wales and Association of Chartered Certified Accountants while Mr MITANI Masatoshi is a member of the Japanese Institute of Certified Public Accountants and Mr CHIA Seng Hee is a fellow member of the Institute of Singapore Chartered Accountants. As assessed by the Board in its business judgement and the Board is of the view that all members of the AC possess the requisite expertise to effectively and objectively discharge the functions of an AC.

According to the written TOR of the AC, that has been approved by the Board, the responsibilities of the AC, include:

a) Review the audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions taken by Management on the recommendations and observations;

b) Review the assistance given by Management to the external auditors and internal auditors;

c) Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

d) Determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation;

e) Review and report to the Board at least annually, the adequacy and effectiveness of the Company's risk management and internal control systems and provide concurrence to the Board's comments on the adequacy and effectiveness of the same (including financial, operational, compliance and information technology controls) in the Company's Annual Report;

f) Review the assurance from the CEO and the CFO on the financial records and financial statements;

g) Review the audited financial statements of the Company and consolidated financial statements before approval by the Board;

h) Approve the hiring, removal, evaluation and compensation of the Head of the Internal Audit function, or accounting/auditing firm or corporation if the internal audit function is outsourced. The AC shall ensure that internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company;

i) Make recommendations to the Board on proposals to shareholders on the appointment and removal of the external auditors and the remuneration and terms of engagement of the external auditors;

j) Review annually the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;

k) Review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

l) Review the quarterly/half-year and annual financial statements to ensure integrity of the said financial statements before submission to the Board for approval, focusing in particular, on:

(i) significant financial reporting issues and judgements;

(ii) changes in accounting policies and practices;

(iii) major risk areas;

(iv) significant adjustments resulting from the audit;

(v) the going concern statement;

(vi) compliance with accounting standards;

(vii) compliance with stock exchange and statutory/regulatory requirements;

m) Review any significant issues to ensure integrity of any announcements relating to the Company's financial performance;

n) To discuss problems and concerns, if any, arising from the quarterly/half-year and final audits, in consultation with the internal auditors and in the case of final audits only, in consultation with the external auditors as well, where necessary;

o) To meet with the external auditors and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have;

p) To review annually the scope and results of the external audit and its cost effectiveness as well as the independence and objectivity of the external auditors;

q) Where the auditors also provide non-audit services to the Company, the AC has to review the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be affected;

r) To review the internal audit programme and the adequacy and effectiveness of the Company's internal audit function, as well as to ensure co-ordination between the internal and external auditors and Management;

s) To oversee and advise the Board in formulating its risks policies to effectively identify and manage the Company's current (and future) risks in its financial, operational, compliance and information technology systems and all strategic transactions to be undertaken by the Company;

t) To oversee Management in the design and implementation of the overall risk management systems and internal control systems (including financial, operational, compliance and information technology controls);

u) To review the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls) and to report to the Board annually;

v) To review the scope and results of the internal audit procedures including the effectiveness of the internal audit function and ensure that the internal audit function is adequately resourced and has appropriate standing within the company;

w) To report to the Board its findings from time to time on matters arising and requiring the attention of the Committee;

x) To review interested person transactions (IPTs) falling within the scope of the Listing Rule of the SGX-ST;

y) To approve the hiring, removal, evaluation and compensation of the internal audit function; and

z) To undertake such other functions and duties as may be required by statute or the LR of the SGX-ST, and by such amendments made thereto from time to time.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or infringement of any Singapore and other applicable law, rule or regulation which has or is likely to have material impact on our Company's operating results and/or financial position.

The AC meets at least quarterly during FY2021 and also holds informal meetings and discussions with Management from time to time. The AC has full discretion to invite any Director or executive officer to attend its meetings. The external auditor was also present at the relevant junctures. In its review of the audited financial statements for FY2021, the AC discussed with Management and external auditors the audit work performed and accounting principles applied. The following significant matters impacting the financial statements were discussed with Management and external auditors and were reviewed by the AC:

Significant matters	How the AC reviewed these matters and what decisions were made
<u>Impairment assessment of the loan receivables from A Biotech Co., Limited ("A Bio") of US$1,687,000</u>	The AC considered the approach and methodology applied to the impairment assessment of the loan receivables from A Bio of US$1,687,000. It reviewed the reasonableness of the recent transactions under market approach and of the equity allocation. The impairment assessment of the loan receivables from A Bio was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2021. Please refer to page 92 of this Annual Report.
<u>Determination of the fair value of convertible bonds issued by A Bio amounting to US$800,000</u>	The AC considered the approach and methodology applied to the determination of the fair value of convertible bonds issued by A Bio amounting to US$800,000. It reviewed the reasonableness of input under Binomial option pricing model with trending analysis under market approach. The Determination of the fair value of convertible bonds issued by A Bio was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2021. Please refer to page 92 of this Annual Report.
<u>Impairment assessment of trade receivables amounting to US$35,680,000</u>	The AC considered the approach and methodology applied to the impairment assessment of trade receivables when indicators of impairment are identified. It reviewed ageing of the trade receivables, historical collection patterns, existence of any disputes, trading history with customers and other available information concerning the creditworthiness of customers. The impairment assessment of trade receivables was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2021. Please refer to page 93 of this Annual Report.

The AC has been given full access to and is provided with the co-operation of the Company's management. In addition, the AC has independent access to the external auditors. The AC has adequate resources to enable it to discharge its functions properly.

The AC does not comprise of any former partners or directors of RSM Chio Lim LLP in Singapore and RSM Hong Kong (collectively "**RSM**"), the Company's external audit firm and none of the AC members hold any financial interest in the external audit firm.

Ernst & Young, Hong Kong ("**EY**"), has been auditors of the Group since the financial year ended 31 December 2012 and was last re-appointed at the Company's AGM on 30 April 2021, to hold office until the conclusion of the Company's next AGM. Following the changes to the Listing Manual which took effect on 12 February 2021, all primary-listed issuers must appoint an auditor registered with the Accounting and Corporate Regulatory Authority ("**ACRA**") to conduct their statutory audits, such appointment to be made for their financial year beginning on or after 1 January 2022. In view of the changes, the AC, after in-depth review and deliberation, had recommended RSM as a suitable audit firm to meet the Company's audit obligations on the financial statements of the Company and the Group. As such, a Special General Meeting ("**SGM**") was convened on 28 December 2021 and RSM was appointed as auditors of the Company and the Group.

The Company is in compliance with Rule 712 and Rule 715 of LR.

The AC has reviewed, amongst others, the independence of the external auditor, the standard of work, the quantum of fees for its non-audit services provided to the Group and the external auditor's confirmation of its independence. The AC has reviewed the volume of non-audit services to the Group by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of fees for audit and non-audit fees paid to external auditors for FY2021 can be referred to page 142 of this Annual Report. Taking into consideration the foregoing, AC is pleased to recommend the re-appointment of the external auditors for the financial year ending 31 December 2022.

The AC meets with its external and internal auditors without the presence of Management at least once a year.

The AC is kept abreast of the changes to accounting standards and issues which may have a direct impact on financial statements through updates provided by the external auditors or briefings from the Company's finance function during AC meetings.

Whistle-Blowing Framework

The Group acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality, and accountability in the conduct of its business and affairs in its workplace. The Group has an established whistle blowing policy that provides a channel for the Group's employees and third parties, to raise any concerns about possible improprieties or irregularities in matters of financial reporting, fraudulent acts in confidence and good faith, without fear of reprisals in any form. All whistleblowing matters fall under the purview of the AC which ensures that adequate measures are in place to carry out independent investigations of such matters and appropriate follow up actions. The Group is committed to ensure the protection of the whistleblower against detrimental or unfair treatment. The link to lodge concerns can be found on the Company's website: https://www.cdw-holding.com.hk.

No reports were made during the year in review until the date of this Annual Report.

Internal Audit

The Company has an internal audit department and the AC is satisfied that the internal audit function, staffed with persons with who are suitably qualified and experienced professionals possess the relevant experience to carry out the internal audit functions of the Group. The internal auditor is a member of the Institute of Internal Auditors ("IIA") and has adopted the Standards for the Professional practice of Internal Auditing (IIA Standards) laid down in the International Professional practices Framework issued by the IIA. The internal auditors report primarily to the Chairman of the AC and administratively to the CEO. Any hiring, removal, evaluation and compensation of the head of the internal audit is decided by the AC. The focus of the internal audit function is to strengthen the internal control structure and risk management of the Group through the conduct of independent and objective reviews. The internal audit function has unfettered access to the Group's documents, records, properties and personnel, including the AC, and has an appropriate standing within the Company.

The internal audit team adopts the principles and methodologies of the Institute of Internal Auditors, USA, and is provided with training where appropriate. The internal audit team carries out the internal audit functions by company in accordance with approved internal audit plan which normally has duration of two (2) to three (3) years. Each company of the Group will be covered and subject to internal audit review and testing at least once (1) during the cycle of the internal audit plan. The AC reviews the internal audit team's scope of work on an annual basis, and the internal audit team's quarterly internal audit reports with monthly progress reports submitted to the AC, as well as the adequacy and effectiveness of the internal audit function annually.

The Company's internal auditors conduct tests of the Company's internal controls, including financial, operational and compliance controls systems maintained by Management (collectively, "internal controls"). The internal audit plan for each year is developed taking into consideration the risks of each processes. Any material noncompliance or failures in internal control, and recommendations for improvements, are reported to the AC.

In 2011, the Company engaged an external qualified professional, Protiviti Hong Kong Co., Limited ("Protiviti") under the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, to perform an external quality assessment ("**EQA**") of its internal audit function at least once (1) in every five (5) years and to make recommendations in formulating the risk-based internal audit approach and strategy to cover all high-risk areas. In this regard, the AC had recommended to the Board and Management to adopt and implement its recommendations. Consequently, the internal audit team worked with Management to implement the recommendations to the satisfaction of AC. Based on the aforementioned review of the internal audit function, subsequent follow up on recommendations and review of the internal audit scope of work and reports, the AC is satisfied that the internal audit function is effective, adequately resourced and has appropriate standing within the Group. Pursuant to Rule 1207(10C), the AC had assessed and is satisfied with the adequacy, effectiveness independence, scope and results of the Company's internal audit function. As the Group's internal audit function's existing methodologies are based on Protiviti's approach, to ensure continued consistency and effectiveness of the Group's current processes and procedures, the Company re-engaged Protiviti in 2016 and in 2020 to perform the EQA. The engagement in 2020 has been further delayed to 2021 due to the unprecedented Covid-19 pandemic. Based on the EQA report received for FY2021 which outlined assessments and recommendations, the Company will chart out an enhanced internal audit plan for FY2022.

In addition, the Group's external auditors highlight internal control issues that come to their notice during the conduct of their normal audit procedures which are designed primarily for the purpose of expressing their opinion on the financial statements and these issues and their recommendations are reported to the AC.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company is committed to treating its shareholders fairly and equitably. It is mindful of its obligation to provide timely disclosure of all material developments that impact the Group as prescribed in Appendix 7.1 (Corporate Disclosure Policy) of the LR of the SGX-ST.

The Company supports and encourages active shareholders participation at general meetings as general meetings serve as an opportune avenue for shareholders to meet and interact with the Board and Management. Shareholders are informed of shareholder's meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the newspaper of Singapore and posted onto SGXNet and the Company's website where shareholders are invited to attend the general meetings to put forth any questions, they may have on the motions to be debated and decided upon.

The Company's Bye-laws allows (i) each Shareholder to vote in person or, appoint not more than two (2) proxies and (ii) the Depository to appoint more than two (2) proxies to attend and vote at general meetings. The Company is not implementing absentia voting methods such as by mail, e-mail, or fax until security integrity and other pertinent issues are satisfactorily resolved.

The Company ensures that shareholders can participate effectively in and vote at the general meetings of shareholders. All rules and voting procedures for such meetings are communicated to Shareholders. The general meetings are attended by the Board of Directors and Company Secretary to address any queries raised at the general meeting. The Chairman of the meeting allows for any queries for a specific Board Committee to be addressed by the Chairman of that Committee. External auditors are also present to address any relevant queries regarding the conduct of audit and the preparation and content of the auditor's report.

The Company tables separate resolutions at such shareholder general meetings on each distinct issue and the necessary information for each resolution is provided for so as to enable shareholders to exercise their vote on an informed basis. All resolutions are put to vote by poll. The total number and percentage of votes cast for or against each resolution will be announced to the public on the same day after the meetings on the SGX-ST via SGXNet pursuant to the requirements of the LR.

In light of the Covid-19 pandemic, the Company's FY2020 AGM has been convened and held by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 Temporary Act 2020"). Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the Chairman of the AGM as proxy, will be put in place for the forthcoming AGM of the Company.

The minutes of such general meetings is prepared by the Company Secretary and approved by the Chairman. In compliance with the "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation" issued by SGX-ST, the minutes of the AGM since FY2020 have been published on the SGXNet and its company website within one (1) month from the date of AGM.

The Company currently does not have a formal or fixed policy on the payment of dividends. The Company is of the view that a fixed dividend policy can hinder the long-term growth strategy of the Group. The form, frequency and amount of dividends declared each year will take into consideration the Group's performance in the relevant financial period, cash position, projected capital requirements, working capital requirements and others factors as the Board may deem appropriate. As mentioned by the Chairman in his message, we intend to declare and distribute dividends of 0.7 US cents per ordinary share as final dividend for FY2021.

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The general meetings of the Company are the principal forum for dialogue between shareholders and Directors and Management of the Company. Shareholders are given the opportunity to communicate their views and ask Directors and Management any questions regarding the Company and the Group. As and when appropriate, Management may also, conduct media interviews to provide Shareholders and the public with a deeper insight of the Group's business and strategies. The Company also maintains and updates its corporate website with relevant corporate developments. The Lead Independent Director also serves as a channel of communication between shareholders and the Board and Management.

The Company disseminates its latest corporate news, strategies and announcements promptly through SGXNet, press releases, various media and via the investor relations' team through which an ongoing exchange of views will be taken place so as to actively engage and promote regular, effective and fair communication with shareholders and potential investors. All price-sensitive information is announced to the public on a timely basis.

All Shareholders of the Company will receive the Annual Report and the notice of any general meetings, with such notice is advertised in a local newspaper and made available on SGXNet. The Company does not practice selective disclosure. The Company ensures that its shareholders are notified of all material information in an accurate and timely manner. Shareholders and investors may contact the Company or access information regarding the Company on its website which provide, inter alia, corporate announcements, press releases and the latest financial results as released by the Company on SGXNet.

MANAGING SHAREHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Group understands and response to the needs and ideas of stakeholders which are key to achieving business sustainability and satisfactory outcomes for stakeholders. The Group's stakeholders are those who are materially influencing or affected by the Group's business. Stakeholders' inputs lead the Group in shaping priorities and activities.

The Group constantly engages its key internal and external stakeholders through multiple channels, for instance, direct mails, written reports, presentation, regular meetings, hotlines (e.g. whistleblowing hotlines), shareholders' General Meetings, and announcements on SGXNet. In response to the changing needs and demands from local regulatory agencies and community groups, the Group also regularly organises meetings, seminars, community visits, study trips, and community service activities to engage these groups of external stakeholders.

Stakeholders' feedback guides the Group to review potential risks and opportunities and formulate corresponding sustainability strategy. CDW has engaged an external consultancy to conduct materiality assessment in the procedures shown below. Building upon the materiality analysis results of reporting, the assessment has identified the material topics for CDW and different stakeholder groups.

The Company has identified key areas of focus in relation to management of stakeholder relationships. The details on the key areas of focus are included in the Sustainability Report on page 25 to page 28 of this Annual Report.

The Company maintains a website at https://www.cdw-holding.com.hk to communicate and engage with stakeholders.

MATERIAL CONTRACTS

Save for the service agreements between the Executive Directors and the Company, there are no material contracts of the Company or its subsidiaries involving the interest of the CEO or any Directors or controlling shareholders subsisting at the end of FY2021 or entered into since the end of that financial year.

DEALING IN SECURITIES

The Company has adopted a Best Practices Guide with respect to dealings in securities by Directors and officers of the Group. Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares one (1) month before the announcement of the Company's half year and full year results until the day of the release of the announcement or while in possession of unpublished price-sensitive information on the Group. The Company has also reminded its Directors and officers not to deal in the Company's securities on short-term consideration.

The Company has complied with its Best Practices Guide on Securities Transactions which is in accordance with LR 1207(19) of the SGX-ST.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are on an arm's length basis and on normal commercial terms which will not be prejudicial to the interest of the shareholders of the Company.

The aggregate value of all interested person transactions in accordance with the LR of the SGX-ST and which are subject to Listing Rules 905 and 906 of the LR of the SGX-ST excluding transactions less than S$100,000 in value entered into during the year under review is 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 SG$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 SG$100,000)
		US$'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	52	–
A Biotech Co., Limited - Provision of financial assistance	Associate of controlling shareholder	1,290	–
- Subscription of convertible bond		800	–
- Interest on financial assistance		58	–
Total		2,148	–

Supplemental Information on Re-election of Directors

Pursuant to Listing Rule 720(6)

Name of Director	YOSHIKAWA Makoto	KATO Tomonori	CHIA Seng Hee
Date of first appointment as a Director	1 February 2017	30 April 2018	1 December 2019
Date of last re-appointment/re-election as a Director	30 June 2020	30 April 2019	30 June 2020
Age	48	51	61
Country of principal residence	Japan	Japan	Singapore
The Board's comments on the re-election	Mr. Yoshikawa Makoto is The Chairman and Chief Executive Officer and is instrumental for the overall operations and strategy, planning and development of the Group. The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution, experience and suitability of Mr. Yoshikawa for re-election as Executive Director.	Mr. Kato Tomonori is the Chief Operating Officer and has contributed significantly to the Group's business, including the strengthening of relationships between key customers and the Group in China and supervising operations of various subsidiaries in China. The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the contribution, experience and suitability of Mr. Kato for re-election as Executive Director.	Mr. Chia Seng Hee is a Non-executive and Independent Director. He is the Chairman of the Remuneration Committee and has brought different competencies, experiences, skill and knowledge, improvement to the Board. The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the contribution, experience and suitability of Mr. Chia for re-election as Non-Executive and Independent Director.
Whether appointment is executive and if so, the area of responsibility	Executive. Mr. Yoshikawa is the Chairman and the Chief Executive Officer of the Company and he was in charge of the overall operations of the Group, particularly in the sales and marketing and new product development functions in existing core business of the Group.	Executive. Mr Kato is the Chief Operating Officer and he is in charge of the overall operations of the Group, particularly in the sales and marketing and new product development functions in existing core business. He also oversees the Life Science and Bio related business development of the Group.	Non-executive
Job title	• Chairman • Chief Executive Officer • Investment Committee (Member)	• Chief Operating Officer • Investment Committee (Chairman)	• Independent Director • Audit Committee (Member) • Remuneration Committee (Chairman) • Risk Committee (Member)

Supplemental Information on Re-election of Directors

Pursuant to Listing Rule 720(6)

Name of Director	YOSHIKAWA Makoto	KATO Tomonori	CHIA Seng Hee
Professional qualifications	• Graduated from Trident College of Information Technology Osaka	• Bachelor of Arts (Honours) in English, Kansai Gaidai University, Japan	• Degree in Accountancy, National University of Singapore • Master of Arts in International Relations, International University of Japan • Fellow of the Institute of Singapore Chartered Accountants • General Manager Program, Harvard Business School
Working experience and occupation(s) during the past 10 years	Mr. Yoshikawa joined Tomoike Industrial Co., Ltd. ("TM Japan") in November 1999 and has been an executive officer of TM Japan since 2014. He has become its sole legal representative since February 2017. He has extensive sales experience in the LCD and backlight business and has exposure in procurement, human resources development and business development. He was appointed as the Group's Chief Operating Officer on 1 May 2016 and was in charge of the overall operations of the Group, particularly in the sales and marketing and new product development functions in existing core business.	• Mr. Kato joined the LCD division in TM Japan in 2003 and was engaged in the business activities of packaging materials (tapes etc.) until 2008. From 2011 to 2016, he was involved in backlight business activities and other molded products business in two Chinese subsidiaries of the Group, Crystal Display Components (Shanghai) Co., Ltd and Minami Tec (Wuxi) Co., Ltd. Since 2016, he is the Executive Officer and the Head Chief of Display Business Division in TM Japan. Concurrently, he is also serving as Head of Business Division at group level, assisting in the overall management of the Group's subsidiaries.	Mr. Chia spent 20 years in both private and public sectors, substantially in Japan and China with Arthur Anderson, Singapore Technologies, the Government of Singapore Investment Corporation (GIC) and the Enterprise Singapore Board. Mr. Chia currently embarks on a career as a professional director, specialising in corporate governance. • Director, MM2 Asia Limited (From Dec 2014 to Present) • Director, Ying Li International Real Estate Limited (From Jul 2018 to Present) • Director, CFM Holdings Limited (From Oct 2021 to Present) • Legal Representative, Jieyu Business Information Consulting (Chongqing) Limited Liability Company (From May 2020 to Present) • Director, China Hongcheng International Holdings Limited (From Jun 2007 to Dec 2016)

Name of Director	YOSHIKAWA Makoto	KATO Tomonori	CHIA Seng Hee
			• Director, Sunray Holdings Limited (From Dec 2007 to Mar 2015) • Director, Shanghai Turbo Enterprises Limited (From Feb 2008 to Oct 2018) • Director, AGV Group Limited (From Apr 2016 to May 2018) • Director, Lifebrandz Limited (From Aug 2018 to Nov 2018) • Director, Combine Will International Holding Limited (From Mar 2008 to Jun 2020) • Director, Debao Property Development Limited (From May 2013 to Mar 2021) • Director, China Shenshan Orchard Holdings Co., Ltd (formerly known as Dukang Distillers Holdings Limited) (From Jun 2008 to Oct 2021)
Shareholding interest in the Company and its subsidiaries	• 500,000 ordinary shares of the Company • 120 ordinary shares of TM Japan • 1,500,000 share options to subscribe for the Company's ordinary shares	• 1,000,000 share options to subscribe for the Company's ordinary shares	• 500 ordinary shares of the Company
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	No	No	No

Supplemental Information on Re-election of Directors

Pursuant to Listing Rule 720(6)

Name of Director	YOSHIKAWA Makoto	KATO Tomonori	CHIA Seng Hee
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes
Other principal commitments (including directorships) – Present	• Director, Tomoike Industrial (Hong Kong) Holding Limited • Director, Tomoike Industrial (H.K.) Limited • Director, Tomoike Industrial Co., Limited • Director, Crystal Display (Shanghai) Holding Limited	• Director, Tomoike Industrial (H.K.) Limited • Director, Tomoike Bio Ltd. (formerly known as Guru Guru Ltd.) • Director, A Biotech Co., Ltd. • Director and Legal Representative, Crystal Display Components (Shanghai) Co., Ltd.	• Independent and Non-Executive Director, MM2 Asia Limited • Lead Independent Director, Ying Li International Real Estate Limited • Lead Independent Director, CFM Holdings Limited • Legal Representative, Jieyu Business Information Consulting (Chongqing) Limited Liability Company
Other principal commitments (including directorships) – Past, for the last 5 years		• Director, Tomoike Precision Machinery (Dongguan) Co., Ltd. (From Jul 2014 to Sep 2016) • Director and Legal Representative, Minami Tec (Wuxi) Co., Ltd. (From May 2015 to Nov 2016) • Director, Tomoike Industrial Co., Limited.	• Director, Shanghai Turbo Enterprises Limited • Director, AGV Group Limited • Director, Lifebrandz Limited • Director, China Shenshan Orchard Holdings Co., Ltd (formerly known as Dukang Distillers Holdings Limited) • Director, Debao Property Development Limited

Name of Director	YOSHIKAWA Makoto	KATO Tomonori	CHIA Seng Hee
Disclosure on the following matters concerning the Director			
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c. Whether there is any unsatisfied judgement against him	No	No	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

Name of Director	YOSHIKAWA Makoto	KATO Tomonori	CHIA Seng Hee
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

Name of Director	YOSHIKAWA Makoto	KATO Tomonori	CHIA Seng Hee
i. Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	No	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

Supplemental Information on Re-election of Directors

Pursuant to Listing Rule 720(6)

Name of Director	YOSHIKAWA Makoto	KATO Tomonori	CHIA Seng Hee
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	Yes, Mr Kato Tomonori has been issued a warning letter from Monetary Authority of Singapore on 28 September 2021 for his failure to notify a listed corporation of a change of his interest in the employee share options within two business days of the lapse of those interest.	Yes, on 16 Feb 2022, the SGX reprimanded Debao Property Development Limited on breaches on Listing Rules.

The directors of the Company are pleased to present their statement to the members together with the audited consolidated financial statements of CDW Holding Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

YOSHIKAWA Makoto	(Chairman, Executive Director and Chief Executive Officer)
KATO Tomonori	(Executive Director and Chief Operating Officer)
DY MO Hua Cheung, Philip	(Executive Director and Chief Financial Officer)
CHONG Pheng	(Lead Independent Non-Executive Director)
LAI Shi Hong, Edward	(Independent Non-Executive Director)
MITANI Masatoshi	(Independent Non-Executive Director)
CHIA Seng Hee	(Independent Non-Executive Director)

In accordance with Bye-Laws 104 of the bye-laws of the Company, YOSHIKAWA Makoto, KATO Tomonori and CHIA Seng Hee retire and, being eligible, offer themselves for re-election.

3. Arrangements to Enable Directors to Acquire Shares and Debentures

Except as described in paragraphs 4, 6 and 7 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' Interests in Shares and Debentures

The following directors, who held office at the end of the financial year, had an interest in shares and debentures of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors and companies in which interests are held	Direct interests: At the beginning of financial year	Direct interests: At the end of financial year	Deemed interests: At the beginning of financial year	Deemed interests: At the end of financial year
The Company				
Ordinary shares of US$0.04 each				
YOSHIKAWA Makoto	500,000	500,000	–	–
DY MO Hua Cheung, Philip	1,176,000	1,176,000	–	–
LAI Shi Hong, Edward	300,000	300,000	–	–
CHIA Seng Hee	500	500	–	–

The Company	Options to subscribe for ordinary shares: At the beginning of financial year	Options to subscribe for ordinary shares: At the end of financial year
YOSHIKAWA Makoto	1,500,000	1,500,000
KATO Tomonori	1,000,000	1,000,000
DY MO Hua Cheung, Philip	1,000,000	1,000,000
CHONG Pheng	250,000	250,000
LAI Shi Hong, Edward	250,000	250,000
MITANI Masatoshi	250,000	250,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the date of appointment if later, or at the end of the financial year.

5. Directors' Contractual Benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

6. Share Options

Options to take up unissued shares

On 22 June 2018, the Company adopted the CDW Employee Share Option Scheme 2018 (the "Share Option Scheme") which was approved by the shareholders of the Company pursuant to the resolutions passed on the same date. The Share Option Scheme provide an opportunity for the Group's employees and directors ("Eligible persons") to participate in the equity of the Company so as to motivate them to great dedication, loyalty and higher standards of performance.

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 the Share Option Scheme. 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 year ended 31 December 2021, 1,000,000 share options were exercised and no share options lapsed or were cancelled. The number of outstanding share options as at 31 December 2021 was 6,250,000 with exercise price of S$0.14 (31 December 2020: 7,250,000 with exercise price of S$0.14).

The rules of the Share Option Scheme are set out in the Company's Circulars dated 6 June 2018. The schemes is summarised in note 15(b) to the financial statements. Eligible persons who are also the Company's controlling shareholders or their associates may not participate in the Share Option Scheme. The options grant the right to the holder to subscribe for new ordinary shares of the Company at a discount to the market price of the share, subject to a maximum limit of 20%, or at a price equal to the average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") over the five consecutive market days immediately preceding the date of the grant of the option.

The committee administering the Share Option Scheme comprises three directors, CHONG Pheng, LAI Shi Hong, Edward and MITANI Masatoshi.

Unissued shares under options and options exercised

The number of shares available under the Share Option Scheme and the Performance Scheme (as defined below) shall not exceed 15% of the issued share capital of the Company. There were no share options granted or exercised during the period from 1 January to 31 December 2021 except as disclosed below and the number of outstanding share options under the Share Option Scheme is as follows:

Date of grant	Balance at 1 January 2021	Cancelled/ Lapsed	Granted	Exercised	Balance at 31 December 2021	Exercise price per share	Exercisable period
Share Option Scheme							
21 August 2019	7,250,000	–	–	1,000,000	6,250,000	SG$0.140	21 August 2021 to 20 August 2024

Holders of the above share options have no right to participate in any share issue of any other company. No employee of the Group has received 5% or more of the total options available under the Share Option Scheme.

There were no options granted (nor were there options granted at a discount during the financial year under review in respect of every 10% discount range, up to the maximum quantum of discount granted) to any of the Company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Limited Listing Manual).

Notes:

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Share Option Scheme are as follows:

Name of directors	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of Financial Year	Aggregate options cancelled/ lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
YOSHIKAWA Makoto	–	1,500,000	–	–	1,500,000
KATO Tomonori	–	1,000,000	–	–	1,000,000
DY MO Hua Cheung, Philip	–	1,000,000	–	–	1,000,000
CHONG Pheng	–	250,000	–	–	250,000
LAI Shi Hong, Edward	–	250,000	–	–	250,000
MITANI Masatoshi	–	250,000	–	–	250,000

7. Share Performance

The Company adopted the Share Performance Scheme 2018 (the "Performance Scheme") which was approved by the shareholders of the Company pursuant to the resolutions passed on 22 June 2018. The rules of the Performance Scheme are set out in the Company's Circular dated 6 June 2018 and are summarised in note 15(c) to the financial statements. The number of shares available under the Performance Scheme and the Share Option Scheme (as defined above) shall not exceed 15% of the issued share capital of the Company.

The Performance Scheme is a performance incentive scheme which form an integral part of the Group's incentive compensation programme. Under this scheme, the Company is allowed to grant Participants the right to receive fully paid shares of the Company free of charge upon achieving prescribed, pre-determined performance conditions in terms of key financial and operational targets (the "Award"). The Performance Scheme provides an opportunity for the Participants to participate in the equity of the Company, seeks to motivate the Participants to achieve key financial and operational goal and provides competitive remuneration to reward and retain existing Participants and to recruit new Participants for the long-term growth and profitability of the Group.

The committee administering the Performance Scheme comprises three directors, who are the members of the Remuneration Committee, CHIA Seng Hee, CHONG Pheng and MITANI Masatoshi.

During the year ended 31 December 2021, no Award was granted and no share was issued under the Performance Scheme.

8. Audit Committee ("AC")

The AC of the Company is chaired by LAI Shi Hong, Edward, an independent director, and includes CHONG Pheng, MITANI Masatoshi and CHIA Seng Hee, all of whom are independent directors. The AC has met four times since the last Annual General Meeting ("AGM") up to the date of this statement and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the audit plans and results of an independent firm's examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and the external auditor's report on those financial statements;

(d) the half yearly and annual announcements as well as the related press releases on the results and the financial position of the Group and the financial position of the Company;

(e) the interested person transactions (as defined in chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual);

(f) the co-operation and assistance given by the management to the Group's external and internal auditors; and

(g) the re-appointment of the external auditor of the Group.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

Further details regarding the AC are disclosed in the Corporate Governance Report.

The AC has recommended to the directors the nomination of RSM Chio Lim LLP and RSM Hong Kong for re-appointment as external joint auditors of the Group at the forthcoming AGM of the Company.

9. Auditors

RSM Chio Lim LLP and RSM Hong Kong have expressed their willingness to accept re-appointment as joint auditors.

On behalf of the Board of Directors

YOSHIKAWA Makoto Chairman and Chief Executive Officer	DY MO Hua Cheung, Philip Executive Director and Chief Financial Officer

6 April 2022

Opinion

We have audited the consolidated financial statements of CDW Holding Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 96 to 169, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Financial assets in relation to A Biotech Co., Limited

2. Impairment assessment of trade receivables

Key Audit Matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Financial assets in relation to A Biotech Co., Limited ("A Bio")</u></td></tr>
<tr><td>The Group owns 48.5% equity interests in A Bio which is identified as an associate of the Group. At 31 December 2021, the following financial assets of the Group are related to A Bio:

(a) Loan receivables from A Bio

The loan receivables from A Bio of US$1,687,000 are assessed for impairment based on the expected credit loss ("ECL") model.

The impairment assessment is complex and includes significant judgement and estimation applied by management, in particular, in selection of unobservable inputs and assumptions used in their assessment.

(b) Convertible bonds issued by A Bio

Convertible bonds issued by A Bio amounted to US$800,000 are classified as financial assets at fair value through profit or loss. Determination of the fair value involves significant management estimation, in particular, the selection of unobservable inputs.

Management engaged a firm of qualified external valuers to assist in the impairment assessments of (a) and determination of the fair value of (b).

Related disclosures are included in notes 21(b) and 22(b) to the financial statements.</td><td>Our audit procedures included:

• Assessing the external valuers' qualifications, experience and expertise, and considering their objectivity and independence;

(a) Loan receivables from A Bio

• Obtaining and examining the valuation report prepared by the external valuer for the assessment of lifetime ECL related to loan receivables from A Bio;

• With the assistance of our in-house valuation specialists:

(i) assessing the appropriateness of the impairment model used by the Group;

(ii) testing inputs of the model to market data;

(iii) assessing the appropriateness of forward-looking adjustments to the model; and

(iv) testing the calculation of the ECL provisions.

(b) Convertible bonds issued by A Bio

• Obtaining and examining the valuation report prepared by the external valuer for the fair value determination of the convertible bonds;

• With the assistance of our in-house valuation specialists:

(i) assessing whether the valuation methodologies adopted by management were appropriate; and

(ii) testing the evidence supporting the unobservable inputs utilised in the level 3 fair value measurement.

• Evaluate the adequacy of the level 3 fair value measurement disclosures in the consolidated financial statements.</td></tr>
</table>

Key Audit Matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Impairment assessment of trade receivables</u></td></tr>
<tr><td>The carrying amount of the Group's net trade receivables was US$35,680,000 at 31 December 2021.

Significant judgement and estimation by management are involved in the assessment of impairment, based on the lifetime ECL to be incurred, by taking into account factors including the age of trade receivable balances, the credit quality and credit loss history of debtors. Both current and future general economic conditions are also taken into consideration by management in the estimation.

Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade receivables and the loss allowance for trade receivables in the year in which such estimate has been changed. Additional provision of US$17,000 was recognised during the year.

Management engaged a firm of qualified external valuers to assist in the impairment assessments of trade receivables.

Related disclosures are included in notes 6(c) and 25 to the financial statements.</td><td>Our procedures included:

● Obtaining and examining the ECL assessment report for trade receivables prepared by the external valuers engaged by the Group;

● Assessing the external valuers' qualifications, experience and expertise, and considering their objectivity and independence;

● Assessing whether trade receivables was appropriately grouped by management into categories with shared credit risk characteristics;

● Testing, on a sample basis, the accuracy and completeness of the data used by the management to develop historical loss rates and assessing the sufficiency, relevance and reliability of that data;

● Testing, on a sample basis, the accuracy of the ageing of trade receivables to supporting documents; and

● With the assistance of our in-house valuation specialists:

(i) assessing the appropriateness of the impairment model used by the Group;

(ii) testing inputs to the model to market data;

(iii) assessing the appropriateness of forward-looking adjustments to the model; and

(iv) testing the calculation of the ECL provisions.</td></tr>
</table>

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 1 April 2021.

Other Information

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

RSM Chio Lim LLP
Public Accountants and Chartered Accountants
8 Wilkie Road
#03-08 Wilkie Edge
Singapore
Engagement Partner: CHONG Cheng Yuan

6 April 2022

RSM Hong Kong
Certified Public Accounts
29th Floor , Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong
Engagement Partner: NG Wai Kwun

6 April 2022

Consolidated Statement of Profit or Loss

Year ended 31 December 2021

	Notes	Group 2021 US$'000	Group 2020 US$'000
Revenue	9	143,239	111,826
Cost of sales		(117,127)	(89,287)
Gross profit		26,112	22,539
Other income	10	1,077	1,385
Distribution costs		(3,971)	(3,286)
Administrative expenses	11	(18,463)	(16,721)
Finance costs	12	(305)	(294)
Share of losses of associates	21	(431)	(219)
Profit before tax	13	4,019	3,404
Income tax expense	14A	(1,669)	(1,930)
Profit for the year		2,350	1,474
Profit attributable to:			
Owners of the Company		2,350	1,474
Non-controlling interests		–	–
		2,350	1,474
Earnings per share (US cent)			
Basic	16	1.06	0.66
Diluted	16	1.04	0.66

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

	Notes	Group 2021 US$'000	Group 2020 US$'000
Profit for the year		2,350	1,474
Other comprehensive income/(expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(958)	1,770
		(958)	1,770
Items that will not be reclassified to profit or loss:			
Equity investments designated at fair value through other comprehensive income:			
Fair value gain arising during the year	22(a)	245	212
Income tax effect	22(a)	(55)	(14)
		190	198
Other comprehensive (expense)/income for the year, net of tax		(768)	1,968
Total comprehensive income for the year		1,582	3,442
Attributable to:			
Owners of the Company		1,582	3,442
Non-controlling interests		–	–
Total comprehensive income for the year		1,582	3,442

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

Year ended 31 December 2021

	Notes	Group 2021 US$'000	Group 2020 US$'000	Company 2021 US$'000	Company 2020 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	18	6,078	6,818	–	–
Right-of-use assets	19	2,557	3,906	–	–
Investments in subsidiaries	20(a)	–	–	11,334	11,334
Amount due from a subsidiary	20(b)	–	–	15,624	14,808
Investments in associates	21	1,048	1,598	–	–
Investments	22	2,052	1,106	–	–
Other assets	23	248	432	–	–
Deferred tax assets	14B	145	187	–	–
Total non-current assets		12,128	14,047	26,958	26,142
Current assets					
Inventories	24	26,879	13,469	–	–
Trade and other receivables	25	39,578	38,986	14	65
Amount due from an associate	21(b)	1,579	1,342	–	–
Investments	22	1,356	1,506	–	–
Cash and bank balances	26	27,248	32,996	100	169
		96,640	88,299	114	234
Asset classified as held for sale	27	52	–	–	–
Total current assets		96,692	88,299	114	234
TOTAL ASSETS		108,820	102,346	27,072	26,376
LIABILITIES AND EQUITY					
Current liabilities					
Income tax payable		576	588	–	–
Bank borrowings	29	9,050	10,500	–	–
Lease liabilities	30	1,426	1,721	–	–
Trade and other payables	31	42,860	31,646	150	191
Amount due to an associate	21(b)	26	–	–	–
Total current liabilities		53,938	44,455	150	191
NET CURRENT ASSETS		42,754	43,844	(36)	43

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Notes	Group 2021 US$'000	Group 2020 US$'000	Company 2021 US$'000	Company 2020 US$'000
Non-current liabilities					
Bank borrowings	29	1,750	2,750	–	–
Lease liabilities	30	1,250	2,277	–	–
Retirement benefit obligations	15(a)	479	553	–	–
Deferred tax liabilities	14B	707	711	–	–
Total non-current liabilities		4,186	6,291	–	–
TOTAL LIABILITIES		58,124	50,746	150	191
NET ASSETS		50,696	51,600	26,922	26,185
Equity attributable to owners of the Company					
Share capital	32(a)	10,087	10,087	10,087	10,087
Treasury shares	32(b)	(4,392)	(4,542)	(4,392)	(4,542)
Reserves	33	44,990	46,044	21,227	20,640
		50,685	51,589	26,922	26,185
Non-controlling interests		11	11	–	–
TOTAL EQUITY		50,696	51,600	26,922	26,185
TOTAL LIABILITIES AND EQUITY		108,820	102,346	27,072	26,376

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

Year ended 31 December 2021

	Share capital	Share premium of the Company	Share capital reserve	Treasury shares	Employee share option reserve	Merger reserve
	Note 32(a)		Note 33	Note 32(b)	Note 15(b)	Note 33
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
GROUP						
Balance at 1 January 2021	10,087	18,994	(193)	(4,542)	155	(7,020)
Profit for the year	–	–	–	–	–	–
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	–	–	–	–	–
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	–	–
Total comprehensive income/(expense) for the year	–	–	–	–	–	–
Transfer on share options exercised	–	–	–	–	(32)	–
Treasury shares transferred out to satisfy share options exercised	–	–	(47)	150	–	–
Share-based payment expense	–	–	–	–	75	–
Transfer	–	–	–	–	–	–
Dividends paid (Note 17)	–	–	–	–	–	–
Balance at 31 December 2021	10,087	18,994	(240)	(4,392)	198	(7,020)
Balance at 1 January 2020	10,087	18,994	(193)	(4,385)	41	(7,020)
Profit for the year	–	–	–	–	–	–
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	–	–	–	–	–
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	–
Shares purchased under Share Purchase Mandate and held as treasury shares	–	–	–	(157)	–	–
Share-based payment expense	–	–	–	–	114	–
Transfer	–	–	–	–	–	–
Dividends paid (Note 17)	–	–	–	–	–	–
Balance at 31 December 2020	10,087	18,994	(193)	(4,542)	155	(7,020)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statutory reserve fund	Enterprise expansion fund	Other reserves	Fair value adjustment reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
Note 33	Note 33	Note 33	Note 33	Note 33				
US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
3,971	318	1,193	(223)	4,008	24,841	51,589	11	51,600
–	–	–	–	–	2,350	2,350	–	2,350
–	–	–	–	(958)	–	(958)	–	(958)
–	–	–	190	–	–	190	–	190
–	–	–	190	(958)	2,350	1,582	–	1,582
–	–	–	–	–	32	–	–	–
–	–	–	–	–	–	103	–	103
–	–	–	–	–	–	75	–	75
12	–	3	–	–	(15)	–	–	–
–	–	–	–	–	(2,664)	(2,664)	–	(2,664)
3,983	318	1,196	(33)	3,050	24,544	50,685	11	50,696
3,946	318	1,190	(421)	2,238	25,837	50,632	11	50,643
–	–	–	–	–	1,474	1,474	–	1,474
–	–	–	–	1,770	–	1,770	–	1,770
–	–	–	198	–	–	198	–	198
–	–	–	198	1,770	1,474	3,442	–	3,442
–	–	–	–	–	–	(157)	–	(157)
–	–	–	–	–	–	114	–	114
25	–	3	–	–	(28)	–	–	–
–	–	–	–	–	(2,442)	(2,442)	–	(2,442)
3,971	318	1,193	(223)	4,008	24,841	51,589	11	51,600

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

Year ended 31 December 2021

	Share capital	Share premium	Share capital reserve	Treasury Shares	Employee share option reserve	Retained earnings	Total equity
	Note 32(a)		Note 33	Note 32(b)	Note 15(b)		
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
COMPANY							
Balance at 1 January 2020	10,087	18,994	(193)	(4,385)	41	2,958	27,502
Profit for the year and total comprehensive income for the year	–	–	–	–	–	1,168	1,168
Shares purchased under Share Purchase Mandate and held in treasury shares	–	–	–	(157)	–	–	(157)
Share-based payment expense	–	–	–	–	114	–	114
Dividends paid (Note 17)	–	–	–	–	–	(2,442)	(2,442)
Balance at 31 December 2020 and 1 January 2021	10,087	18,994	(193)	(4,542)	155	1,684	26,185
Profit for the year and total comprehensive income for the year	–	–	–	–	–	3,223	3,223
Treasury shares transferred out to satisfy share options exercised	–	–	(47)	150	–	–	103
Transfer on share options exercised	–	–	–	–	(32)	32	–
Share-based payment expense	–	–	–	–	75	–	75
Dividends paid (Note 17)	–	–	–	–	–	(2,664)	(2,664)
Balance at 31 December 2021	10,087	18,994	(240)	(4,392)	198	2,275	26,922

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Notes	Group 2021 US$'000	Group 2020 US$'000
Operating Activities			
Profit before tax		4,019	3,404
Adjustments for:			
Interest income	10	(137)	(160)
Finance costs	12	305	294
Net loss on disposal of property, plant and equipment	13	149	78
Gain on termination of lease contracts	13	(2)	(1)
Increase/(decrease) in provision for inventories	13	43	(385)
Depreciation of property, plant and equipment	18	1,389	1,253
Depreciation of right-of-use assets	19	1,783	1,691
Share of losses of associates	21	431	219
Share-based payment expense	15	75	114
Gain on disposal of a subsidiary	10	–	(4)
Retirement benefit obligations	15(a)	116	120
Provision/(reversal of provision) for expected credit losses on trade receivables, net	13	17	(254)
(Reversal of)/provision for expected credit losses allowance on amount due from an associate	13	(10)	21
Operating cash flows before movements in working capital		8,178	6,390
Changes in working capital:			
Trade and other receivables		(875)	(3,925)
Amounts due to/from associates		(243)	(957)
Inventories		(13,296)	(3,194)
Trade and other payables		11,704	7,974
Cash generated from operations		5,468	6,288
Net income tax paid		(1,681)	(1,627)
Interest paid		(171)	(144)
Net cash from operating activities		3,616	4,517

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Notes	Group 2021 US$'000	Group 2020 US$'000
Investing Activities			
Proceeds from disposal of property, plant and equipment		255	95
Investment in convertible bond	22(b)	(800)	–
Purchase of property, plant and equipment	18	(1,279)	(1,333)
Decrease/(increase) in other assets		168	(103)
Additional investment in equity investment designated at fair value through other comprehensive income		(6)	(11)
Interest income received		137	160
Withdrawal of restricted bank deposits		–	149
Disposal of a subsidiary		–	2
Increase in time deposit with original maturity of over three months		(909)	(169)
Net cash used in investing activities		(2,434)	(1,210)
Financing Activities			
Proceeds from share options exercised		103	–
Payment for share buyback		–	(157)
Proceeds from bank borrowings	35(b)	10,400	20,634
Repayment of bank borrowings	35(b)	(12,850)	(16,870)
Repayment of principal portion of lease liabilities	30	(1,782)	(1,675)
Repayment of interest element on lease liabilities	30	(134)	(150)
Dividends paid	17	(2,664)	(2,442)
Net cash used in financing activities		(6,927)	(660)
Net (decrease)/increase in cash and cash equivalents		(5,745)	2,647
Net effect of currency translation differences		(912)	1,714
Cash and cash equivalents at 1 January		32,827	28,466
Cash and cash equivalents at 31 December	26	26,170	32,827
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALANTS			
Cash at banks and on hand		21,814	30,550
Short-term deposits		4,356	2,277
Non-pledged time deposits with original maturity of over three months		1,078	169
Cash and cash eqivalents as stated in the consolidated statement of financial position		27,248	32,996
Less: Time deposits with original maturity of over three months		(1,078)	(169)
Cash and cash equivalents as stated in the consolidated statement of cash flows		26,170	32,827

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The Company (Registration number 35127) is incorporated in Bermuda with limited liability. 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 Company's shares are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company is an investment holding company. The principal activities of the subsidiaries are described in note 20 to the financial statements below.

In the opinion of the directors of the Company, Mr. Kunikazu Yoshimi is the controlling shareholder of the Company.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which include all applicable International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and the Interpretations. Significant accounting policies adopted by the Group are disclosed below.

International Accounting Standards Board ("IASB") has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	-	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	-	Interest Rate Benchmark Reform – Phrase 2

The application of the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(b) New and revised IFRSs in issue but not yet effective

The Group has not early applied any new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2021. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendment to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to IFRS 3 Business Combination - Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollar ("US$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the entity initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

	Depreciation rate	Residual value
Freehold land	Not depreciated	Nil
Buildings	5%	10%
Plant and machinery	10% to 20%	Nil to 10%
Furniture, fixtures and equipment	12.5% to 33%	Nil to 10%
Leasehold improvements	12.5% to 33%	Nil
Motor vehicles	20% to 25%	Nil

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases (continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

- fair value through other comprehensive income ("FVTOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value adjustment reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value adjustment reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

(m) Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the asset's or disposal group's previous carrying amount and fair value less costs to sell.

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(p) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products. A receivable is recognised by the Group when the goods are delivered to the customers represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Some contracts for the sale of industrial products provide customers with rights of return. The rights of return give rise to variable consideration.

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Dividend income is recongsied when the shareholders' rights to receive payment are established.

(s) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits (continued)

(ii) Pension obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Subsidiaries in Hong Kong operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the subsidiaries in an independently administered fund.

Employees of the subsidiaries which operate in the People's Republic of China (the "PRC") are required to participate in a pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the pension scheme.

Subsidiaries in Japan maintain a defined contribution plan for all eligible employees with at least three years of service. Under the defined contribution plans, the subsidiary generally makes annual contributions to participants' accounts based on individual years of services.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(t) Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

(u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Borrowing costs (continued)

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asses. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(w) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(x) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset / CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / CGU whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(y) Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Impairment of financial assets (continued)

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Impairment of financial assets (continued)

Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Impairment of financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Significant increase in credit risk

As explained in note 4(y), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Financial assets in relation to A Biotech Co., Ltd ("A Bio")

Where there are indicators of potential impairment of the loan receivables from A Bio and with regards to valuation of convertible bonds issued by A Bio, management involves a firm of external valuers to calculate ECL for loan receivables from A Bio and to calculate the fair value of convertible bonds as at the end of the reporting period.

The ECL for loan receivables from A Bio is discussed under the section "*Impairment of trade receivables and other receivables*". The information about the ECLs on the A Bio loan receivables is disclosed in note 21(b) to the financial statements.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

Financial assets in relation to A Biotech Co., Ltd ("A Bio") (continued)

The convertible bonds stated at fair value are not based on quoted prices in active markets, and therefore there is significant measurement uncertainty involved in this measurement of fair value. The Group has determined it is necessary to use a model to value these instruments based on their structure and terms and to make any adjustments where necessary to the output of the model to reflect the assumptions that marketplace participants would use in similar circumstances. The measurement methods used and carrying amounts are disclosed in note 7 and note 22 to the financial statements.

Impairment of trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., by product type and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the business sectors which the Group operates, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in note 25 to the financial statements.

Allowance for inventories

In determining the net realisable value of the Group's inventories, management estimated the recoverable amount of inventories based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations in price, the balance on hand relative to sales prospects and the condition of the inventories. The provision for inventories as at 31 December 2021 amounted to US$328,000 (2020: US$288,000) and the carrying amount of inventories is disclosed in note 24 to the financial statements.

Impairment of property, plant and equipment and right-of-use assets

The Group assesses the impairment of the property, plant and equipment and right-of-use assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Such assessment requires management's judgements in forecasting industry trends, general market, economic conditions and other available information. The carrying amount of the property, plant and equipment and right-of-use assets is disclosed in notes 18 and 19, respectively, to the financial statements. There was no impairment recognised for the year ended 31 December 2021 and 2020.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the respective functional currencies of the Group entities, primarily Japanese Yen ("JPY"), US$, Singapore Dollar ("SG$") and Renminbi ("RMB"), and therefore exposed to foreign exchange risk.

	Group			
	Liabilities		Assets	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
JPY	17	71	692	179
US$	26,861	23,670	39,158	46,360
SG$	–	–	60	200
RMB	–	–	19	30

The Group may from time to time enter into forward foreign exchange contracts and foreign currency option contracts to manage its exposure to foreign currency risk.

The Group has a number of investments in foreign subsidiaries whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% (2020: 10%) increase/decrease in exchange rates of the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans.

If the following foreign currencies strengthened by 10% (2020: 10%) against the functional currency of each Group entity, profit before tax would increase by:

	Group	
	2021	2020
	US$'000	US$'000
JPY	68	11
US$	1,230	2,269
SG$	6	20
RMB	2	3

6. FINANCIAL RISK MANAGEMENT (continued)

(a) Foreign currency risk (continued)

Foreign currency sensitivity (continued)

If the following foreign currencies weakened by 10% (2020: 10%) against the functional currency of each Group entity, profit before tax would decrease by:

	Group	
	2021	2020
	US$'000	US$'000
JPY	(68)	(11)
US$	(1,230)	(2,269)
SG$	(6)	(20)
RMB	(2)	(3)

The above impact is mainly attributed to the exposure outstanding on cash and bank balances, bank borrowings, receivables and payables at the end of the reporting period.

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Japan Exchange Group.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

At the end of the reporting period, if market price had been 10% (2020: 10%) higher/lower with all other variables held constant, the Group's other comprehensive income would have been US$9,000 (2020: US$12,000) higher/lower, arising as a result of the higher/lower fair value of quoted equity securities classified as equity investments designated at FVTOCI.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due 30-150 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2021:

		2021	
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**US$'000**	**US$'000**
Current (not past due)	0.22%	29,691	64
1 – 30 days past due	1.01%	6,098	61
31 – 60 days past due	1.01%	16	–
61 – 90 days past due	1.01%	–	–
91 –180 days past due	5.51%	–	–
More than 180 days past due	87.98%	3	3
		35,808	128

		2020	
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**US$'000**	**US$'000**
Current (not past due)	0.28%	34,859	97
1 – 30 days past due	1.30%	914	12
31 – 60 days past due	1.30%	–	–
61 – 90 days past due	1.30%	2	–
91 –180 days past due	7.10%	–	–
More than 180 days past due	79.45%	3	2
		35,778	111

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Trade receivables (continued)

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance for trade receivables during the year is as follows:

	2021 US$'000	2020 US$'000
At 1 January	111	357
Provision/(reversal of provision) for ECL (Note 13)	17	(254)
Exchange differences	–	8
At 31 December	128	111

Other financial assets at amortised cost

All of the Group's investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. These instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include cash and bank balance, other receivables and amount due from an associate.

Movement in the loss allowance for financial assets at amortised cost during the year is as follows:

	Cash and bank balances US$'000	Other receivables US$'000	Amount due from an associate US$'000	Total US$'000
At 1 January 2020	–	–	–	–
Impairment losses recognised for the year	–	–	21	21
At 31 December 2020 and 1 January 2021	–	–	21	21
Impairment losses recognised for the year	–	–	(10)	(10)
At 31 December 2021	–	–	11	11

6. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

At the end of the reporting period, approximately 84% (2020: 79%) of the Group's bank borrowings would mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debts and concluded that such risk is low. Access to sources of funding is sufficiently available and debts maturing within 12 months can be rolled over with existing lenders.

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.

	31 December 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	37,940	–	–	37,940	37,714	–	–	37,714
Cash and short-term deposits	27,278	–	–	27,278	33,033	–	–	33,033
Loans and receivables	1,549	–	–	1,549	1,558	–	–	1,558
Total undiscounted financial assets	66,767	–	–	66,767	72,305	–	–	72,305
Financial liabilities:								
Trade and other payables	42,704	–	–	42,704	31,469	–	–	31,469
Lease liabilities	1,486	1,314	–	2,800	1,789	2,391	–	4,180
Bank borrowings	9,228	1,798	–	11,026	10,718	2,826	–	13,544
Total undiscounted financial liabilities	53,418	3,112	–	56,530	43,976	5,217	–	49,193

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their bank balances and fixed deposits that are at variable rates, certain bank and other borrowings that are repayable over three to five years by instalment at fixed rates and short-term bank and other borrowings that are arranged at variable interest rates pegged to the inter-bank rates in Hong Kong and Japan. The Group's policy is to borrow long-term bank and other borrowings with terms of three to five years at fixed rates to hedge against the increase in interest rates for short-term bank and other borrowings in a cost efficient manner. At the end of the reporting period, approximately 25% (2020: 28%) of the Group's bank borrowings were at fixed rate interest.

6. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

Interest rate sensitivity

At 31 December 2021, if interest rates had been 50 (2020: 50) basis points higher/lower with all other variables held constant, the Group's profit before tax would have been US$68,000 (2020: US$105,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

(f) Categories of financial instruments at 31 December 2021

	2021 US$'000	2020 US$'000
Financial assets:		
Financial assets measured at amortised cost	66,545	72,216
Financial assets measured at FVTPL	800	–
Financial assets measured at FVTOCI	1,252	1,106
Financial liabilities:		
Financial liabilities at amortised cost (excluding lease liabilities)	53,504	44,719

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

7. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy at 31 December 2021 and 2020:

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

	2021			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant observable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Assets measured at fair value				
Financial assets:				
Equity investments designated at FVTOCI (Note 22)				
Listed equity investment at fair value	92	–	–	92
Unlisted equity investment at fair value	–	–	1,160	1,160
Financial assets at FVTPL				
Convertible bonds	–	–	800	800
Financial assets as at 31 December 2021	92	–	1,960	2,052

	2020			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant observable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Assets measured at fair value				
Financial assets:				
Equity investments designated at FVTOCI (Note 22)				
Listed equity investment at fair value	116	–	–	116
Unlisted equity investment at fair value	–	–	990	990
Financial assets as at 31 December 2020	116	–	990	1,106

7. FAIR VALUE MEASUREMENTS (continued)

(b) Reconciliation of assets measured at fair value based on Level 3:

Description	Equity investments designated at FVTOCI - unlisted equity investment US$'000	Financial assets at FVTPL - Convertible bonds US$'000	2021 Total US$'000
At 1 January 2021	990	–	990
Total gains or losses recognised in other comprehensive income	264	–	264
Purchases	–	800	800
Exchange differences	(94)	–	(94)
At 31 December 2021	1,160	800	1,960

Description	Equity investments designated at FVTOCI - unlisted equity investment US$'000	Financial assets at FVTPL - convertible bonds US$'000	2020 Total US$'000
At 1 January 2020	726	–	726
Total gains or losses recognised in other comprehensive income	212	–	212
Exchange differences	52	–	52
At 31 December 2020	990	–	990

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

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2021 and 2020:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including Level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

7. FAIR VALUE MEASUREMENTS (continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2021 and 2020: (continued)

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 31 December 2021 and 2020.

2021

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investment at fair value	Recent transaction method under market approach and equity allocation model	Equity volatility	40% to 65%	5% increase in volatility would result in decrease in fair value by US$16,329
		Discount for lack of marketability	9% to 20%	5% increase in discount rate would result in increase in fair value by US$23,159
Convertible bonds	Trending analysis under market approach	Binomial option pricing model	60% to 70%	5% increase in volatility would result in increase in fair value by US$21,709

2020

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
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

7. FAIR VALUE MEASUREMENTS (continued)

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

The following tables show an analysis of the Group's and the Company's assets and liabilities not measured at fair value at 31 December 2021 and 2020 but for which fair value is disclosed:

	2021				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
Liabilities					
Fixed rate bank borrowings	–	2,780	–	2,780	2,750

	2020				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
Liabilities					
Fixed rate bank borrowings	–	3,842	–	3,842	3,750

7. FAIR VALUE MEASUREMENTS (continued)

(d) Financial assets and financial liabilities not carried at fair value but for which fair value is disclosed (continued)

	2021				
	Fair value measurements at the end of the reporting period using				
	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	Carrying amount US$'000
Company					
Assets					
Amount due from a subsidiary	–	15,624	–	15,624	15,624

	2020				
	Fair value measurements at the end of the reporting period using				
	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	Carrying amount US$'000
Company					
Assets					
Amount due from a subsidiary	–	14,808	–	14,808	14,808

Determination of fair value

Bank borrowings and an amount due from a subsidiary

The fair values as disclosed in the tables above are estimated by discounting expected future cash flows at the market incremental market rates for similar types of borrowings and deposits at the end of the reporting period. The Group's own non-performance risk for bank borrowings as at 31 December 2021 and 2020 was assessed to be insignificant. The credit risk of the amount due from a subsidiary was considered insignificant.

8. FINANCIAL INFORMATION BY OPERATING SEGMENTS

8A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) LCD Backlight Units, (2) Office Automation, (3) LCD Parts and Accessories; and (4) Others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the board of directors (who are identified as the chief operating decision makers) in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Two or more operating segments may be aggregated into a single operating segment if in the judgement of management the segments have similar economic characteristics, and the segments are similar in some aspects such as the nature of the products and services; production processes; type or class of customer; distribution methods.

The segments and the types of products and services are as follows:

LCD Backlight Units segment is a manufacturer of LCD backlight units for LCD modules.

Office Automation segment is a manufacturer and a seller of parts and precision accessories for office equipment and electrical appliances.

LCD Parts and Accessories segment is a manufacturer and a seller of parts and precision accessories for LCD modules, and an original equipment manufacturer.

Others segment includes businesses of general trading, food and beverage, Bio-Tech related research and development, health care and beauty products and the holding of Bio-related intellectual properties.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation and amortisation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before interest and income taxes and other unallocated items (called "ORBIT").

8. FINANCIAL INFORMATION BY OPERATING SEGMENTS (continued)

8B. Segment profit or loss and reconciliations

	LCD backlight units US$'000	Office automation US$'000	LCD parts and accessories US$'000	Others US$'000	Unallocated US$'000	Group US$'000
Year ended 31 December 2021						
Revenue by segment						
Total revenue by segment	95,401	17,500	34,294	960	–	148,155
Inter-segment sales	–	(3,579)	(1,337)	–	–	(4,916)
Total revenue	95,401	13,921	32,957	960	–	143,239
Recurring EBITDA	7,280	85	3,674	(1,241)	(2,008)	7,790
Finance costs	–	–	–	–	(305)	(305)
Depreciation of property, plant and equipment	(798)	(276)	(306)	(9)	–	(1,389)
Depreciation of right-of-use assets	(946)	(260)	(563)	(14)	–	(1,783)
ORBIT	5,536	(451)	2,805	(1,264)	(2,313)	4,313
Interest income	–	–	–	–	137	137
Share of losses of associates	–	–	–	(431)	–	(431)
Profit before tax						4,019
Income tax expense						(1,669)
Profit for the year						2,350

	LCD backlight units US$'000	Office automation US$'000	LCD parts and accessories US$'000	Others US$'000	Unallocated US$'000	Group US$'000
Year ended December 2020						
Revenue by segment						
Total revenue by segment	83,664	13,587	14,848	1,145	–	113,244
Inter-segment sales	–	(410)	(1,008)	–	–	(1,418)
Total revenue	83,664	13,177	13,840	1,145	–	111,826
Recurring EBITDA	7,467	595	1,931	21	(3,317)	6,697
Finance costs	–	–	–	–	(294)	(294)
Depreciation of property, plant and equipment	(784)	(168)	(291)	(10)	–	(1,253)
Depreciation of right-of-use assets	(885)	(302)	(464)	(40)	–	(1,691)
ORBIT	5,798	125	1,176	(29)	(3,611)	3,459
Interest income	–	–	–	–	160	160
Share of losses of associates	–	–	–	(219)	–	(219)
Gain on disposal of a subsidiary	–	–	–	–	4	4
Profit before tax						3,404
Income tax expense						(1,930)
Profit for the year						1,474

8. FINANCIAL INFORMATION BY OPERATING SEGMENTS (continued)

8C. Segment assets and reconciliations

	LCD backlight units	Office automation	LCD parts and accessories	Others	Unallocated	Group
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2021						
Total assets for reportable segments	62,659	10,356	30,239	1,116	–	104,370
Unallocated:						
Elimination of intercompany balances	–	–	–	–	(560)	(560)
Other unallocated amounts	–	–	–	–	5,010	5,010
Total Group assets	62,659	10,356	30,239	1,116	4,450	108,820
2020						
Total assets for reportable segments	65,908	12,829	18,217	1,321	–	98,275
Unallocated:						
Elimination of intercompany balances	–	–	–	–	(481)	(481)
Other unallocated amounts	–	–	–		4,552	4,552
Total Group assets	65,908	12,829	18,217	1,321	4,071	102,346

8D. Segment liabilities and reconciliations

	LCD backlight units	Office automation	LCD parts and accessories	Others	Unallocated	Group
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2021						
Total liabilities for reportable segments	30,526	4,774	7,769	201	–	43,270
Unallocated:						
Elimination of intercompany balances	–	–	–	–	(560)	(560)
Other unallocated amounts	–	–	–	–	15,414	15,414
Total Group liabilities	30,526	4,774	7,769	201	14,854	58,124
2020						
Total liabilities for reportable segments	23,770	4,137	3,822	207	–	31,936
Unallocated:						
Elimination of intercompany balances	–	–	–		(481)	(481)
Other unallocated amounts	–	–	–		19,291	19,291
Total Group liabilities	23,770	4,137	3,822	207	18,810	50,746

8. FINANCIAL INFORMATION BY OPERATING SEGMENTS (continued)

8E. Other material items and reconciliations

	LCD backlight units US$'000	Office automation US$'000	LCD parts and accessories US$'000	Others US$'000	Unallocated US$'000	Group US$'000
Capital expenditure:						
2021	1,200	21	52	6	–	1,279
2020	860	30	439	4	–	1,333
Additions to right-of-use assets:						
2021	351	68	142	10	–	571
2020	1,879	99	47	–	–	2,025
Increase / (decrease) in provision for inventories:						
2021	23	18	2	–	–	43
2020	(289)	(63)	(33)	–	–	(385)

8F. Geographical information

	Revenue		Non-current assets	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Mainland China	86,945	81,240	5,411	6,339
Hong Kong	33,449	12,012	1,637	2,407
Japan	21,844	18,261	1,830	2,440
Others	1,001	313	989	1,493
	143,239	111,826	9,867	12,679

8G. Revenue from major customers

	Revenue	
	2021 US$'000	2020 US$'000
LCD backlight units		
Customer A	56,782	38,173
Customer B	11,324	30,541
LCD parts and accessories		
Customer C	16,772	1,114

9. REVENUE

An analysis of revenue is as follows:

	2021 US$'000	2020 US$'000
Revenue from contracts with customers		
LCD backlight units	95,401	83,664
Office automation	13,921	13,177
LCD parts and accessories	32,957	13,840
Others	960	1,145
	143,239	111,826

Revenue from contracts with customers

The revenue from sales of goods is recognised on point in time basis. The customers are major Japanese corporations. A large portion of goods is exported to the global market.

Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 150 days (2020: 30 to 150 days) from delivery, except for new customers, where payment in advance is normally required or a credit review is performed before any credit term is granted.

10. OTHER INCOME

	Group	
	2021 US$'000	2020 US$'000
Interest income	137	160
Gain on disposal of property, plant and equipment	11	3
Gain on disposal of a subsidiary	–	4
Compensation from government	51	313
ECL of trade receivables written back	72	254
ECL credit losses of amount due from an associate written back	10	–
Sundry income	796	651
	1,077	1,385

11. ADMINISTRATIVE EXPENSES

	Group	
	2021	2020
	US$'000	US$'000
Employee-related expenses	10,606	9,946
Travelling and entertainment expenses	921	841
Professional fees	1,770	2,074
Short-term leases expenses	334	375
Utilities and office expenses	920	836
Depreciation of property, plant and equipment	352	317
Depreciation of right–of–use assets	854	953
ECL of trade receivables	89	–
ECL of amount due from an associate	–	21
Development expenses	482	–
Loss on disposal of property, plant and equipment	160	81
Foreign exchange loss	1,602	937
Miscellaneous	373	340
	18,463	16,721

12. FINANCE COSTS

	Group	
	2021	2020
	US$'000	US$'000
Interest expense on:		
Bank borrowings	171	144
Lease liabilities	134	150
	305	294

13. PROFIT BEFORE TAX

	Group	
	2021	2020
	US$'000	US$'000
Audit fees paid to:		
Auditors of the Company	302	329
Other auditors	154	194
Non-audit fees paid to:		
Auditors of the Company	15	5
Other auditors	13	15
Employee benefit expenses (Note 15)	25,139	21,636
Depreciation of property, plant and equipment (Note 18)	1,389	1,253
Depreciation of right-of-use assets (Note 19)	1,783	1,691
Increase/(decrease) in provision for inventories (Note 24)	43	(385)
Inventories recognised as an expense in cost of sales (Note 24)	117,127	89,287
Net loss on disposal of property, plant and equipment	149	78
Gain on termination of lease contracts	(2)	(1)
Net foreign exchange loss	911	542
Provision/(reversal of provision) for ECL on trade receivables, net (Note 25)	17	(254)
(Reversal of)/provision for ECL on amount due from an associate (Note 21(b))	(10)	21
Gain on disposal of a subsidiary	–	(4)

14. INCOME TAX EXPENSE

14A. Components of income tax expense recognised in profit or loss include:

	Group	
	2021	2020
	US$'000	US$'000
Current tax expense:		
Current income tax	1,699	1,796
Deferred tax expense:		
Deferred tax	(30)	134
	1,669	1,930

The income tax in profit or loss varied from the amount of income tax expense determined by applying the tax rates applicable to profits in the countries or jurisdictions where the Group operates to profit or loss before income tax as a result of the following differences:

	Group	
	2021	2020
	US$'000	US$'000
Profit before tax	4,019	3,404
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,350	1,993
Adjustments:		
Non-deductible expenses	480	437
Income not subject to taxation	(45)	(909)
Tax losses not recognised	186	327
Effect of withholding tax at 5% on the undistributed earnings of the PRC subsidiaries (Note 14B)	(53)	114
Utilisation of prior year's tax losses	(288)	(7)
Others	39	(25)
Income tax expense recognised in profit or loss	1,669	1,930

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

14. INCOME TAX EXPENSE (continued)

14B. DEFERRED TAX

	Group			
	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Deferred tax liabilities				
Withholding tax on undistributed earnings of the PRC subsidiaries (Note 14A)	(172)	(227)	53	(114)
Fair value gain on equity investments designated at FVTOCI	(70)	(15)	–	–
Fair value adjustment arising from disposal of a subsidiary	(415)	(415)	–	–
Others	(54)	(54)	–	(31)
Exchange differences	4	–	–	–
	(707)	(711)	53	(145)
Deferred tax assets				
Difference in depreciation for tax purposes	7	(4)	11	(2)
Directors' insurance	6	(3)	9	1
Others	151	194	(43)	12
Exchange differences	(19)	–	–	–
	145	187	(23)	11
	(562)	(524)		
Deferred tax charge (Note 14A)			30	(134)

Withholding tax on undistributed earnings of the PRC subsidiaries

Pursuant to the Corporate Income Tax ("CIT") Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate of 5% may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by its subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable withholding tax rate of the Group was 5% during the year ended 31 December 2021 (2020: 5%).

Unrecognised tax losses

At the end of the reporting period, the Group had tax losses of approximately US$8,154,000 (2020: US$8,745,000) that are available for offsetting against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised for these losses due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

15. EMPLOYEE BENEFITS EXPENSE

	Note	Group 2021 US$'000	Group 2020 US$'000
Employee benefit expenses, including directors:			
Salaries and bonuses		22,964	20,629
Defined contribution plans		2,059	887
Defined retirement benefit plan	(a)	116	120
		25,139	21,636

(a) Retirement benefit obligations

Tomoike Industrial Co., Limited ("TM Japan") maintains an unfunded defined retirement benefit plan for its directors. The amount for the year of approximately US$116,000 (2020: US$120,000) has been charged to profit or loss. The retirement benefit obligations with a carrying amount of US$479,000 (2020: US$553,000) at year end represents the present value of the defined retirement benefit plan.

Management is of the view that as the retirement benefit obligation is not significant, the required disclosures under IAS 19 *Employee Benefits* are not necessary.

(b) Share-based payments – Share options

During the year ended 31 December 2021, the Company has one share option scheme, CDW Employee Share Option Scheme 2018 ("Share Option Scheme"), for all employees and directors of the Group. The option scheme was administrated by the committee comprising three directors who are the members of the Remuneration Committee ("RC"). Options are exercisable at a price based on the average of the last dealt prices for the shares of the Company on the SGX-ST for the five consecutive market days immediately preceding the date of grant (the "Market Price") with a vesting period of one year from the date of grant. The committee may at its discretion fix the exercise price at a discount not exceeding 20% of the Market Price with a vesting period of two years from the date of grant. If the options remain unexercised after a period of five years from the date of grant, the options expire. Options are forfeited if an employee leaves the Group before the options vest.

Information about share-based payment arrangements is as follows:

Option series	Number	Grant date/ Acceptance date	Expiry date	Exercise price	Fair value at grant date
Share Option Scheme					
Issued on 21 August 2019	250,000	21 August 2019	20 August 2024	SG$0.140	US$0.28
Issued on 22 August 2019	1,250,000	22 August 2019	20 August 2024	SG$0.140	US$0.28
Issued on 27 August 2019	5,750,000	27 August 2019	20 August 2024	SG$0.140	US$0.33

15. EMPLOYEE BENEFITS EXPENSE (continued)

(b) Share-based payments – Share options (continued)

The following reconciles the outstanding share options granted under the Share Option Scheme at the beginning and end of the financial year:

	Group and Company						
Grant date/ Acceptance date	Balance at beginning of financial year	Cancelled/ lapsed	Granted	Exercised	Balance at end of financial year	Exercise price per share	Exercisable period
Share Option Scheme							
21 August 2019	250,000	–	–	–	250,000	SG$0.140	21 August 2021 to 20 August 2024
22 August 2019	1,250,000	–	–	–	1,250,000	SG$0.140	21 August 2021 to 20 August 2024
27 August 2019	5,750,000	–	–	1,000,000	4,750,000	SG$0.140	21 August 2021 to 20 August 2024

The weighted average share price at the date of execrise for share options exercised during the year was SG$0.234.

As at 31 December 2021, the number of share options outstanding was 6,250,000 (2020: 7,250,000) which had a weighted average remaining contractual life of approximately 2.6 years (2020: 3.6 years).

The fair values of the share options granted under the Share Option Scheme were estimated at the grant date using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the share options were granted.

The inputs into the model were as follows:

	Share Option Scheme
Dividend yield (%)	11.42
Expected volatility (%)	46.16 to 46.35
Risk-free interest rate (%)	1.50 to 1.58
Expected life of option (year)	5
Weighted average exercise price (Singapore cents)	1.40
Weighted average share price on date of grant (Singapore cents)	17.9
Early exercise behaviour	220% or 280% of the exercise price

For the Share Option Scheme, the expected volatility was determined by calculating the historical volatility of the Company's share price from 21 August 2014 to 27 August 2019.

15. EMPLOYEE BENEFITS EXPENSE (continued)

(b) Share-based payments – Share options (continued)

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For the year ended 31 December 2021, the Group recognised an equity-settled share-based payment expense of US$75,000 (2020: US$114,000).

(c) Share-based payments – Share performance

The Company adopted share performance scheme, known as Share Performance Scheme 2018 (the "Performance Scheme"), for all employees and directors of the Group. The Performance Scheme was approved by the Company's shareholders in a special general meeting held on 22 June 2018, and is administrated by the committee comprising three directors who are the members of RC. An award granted under the Performance Scheme represents the right to receive fully paid shares of the Company free of charge, upon the Group's employees and directors achieving the prescribed performance conditions (the "Award") as set out in the relevant award approved by the committee at its absolute discretion. Awards are forfeited if the employee leaves the Group before the reward vests. During the years ended 31 December 2021 and 2020, no Awards were granted to any employees and directors under the Performance Scheme.

(d) Key management compensation:

Compensation of directors and key management personnel

	Group	
	2021	**2020**
	US$'000	**US$'000**
Salaries, allowances and benefits in kind	2,073	1,814
Defined contribution plans	49	37
Share-based payment	75	114
	2,197	1,965
Comprise amounts paid to:		
Directors of the Company	1,132	992
Other key management personnel	1,065	973
	2,197	1,965

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

16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the year ended 31 December 2021 and 2020:

	2021 US$'000	2020 US$'000
Profit attributable to owners of the Company	2,350	1,474
	Number of shares '000	
Weighted average number of ordinary shares for the basic earnings per share computation*	222,245	222,115
Effect of dilutive share options	3,086	190
Weighted average number of ordinary shares for the diluted earnings per share computation*	225,331	222,305

* The weighted average number of ordinary shares for basic and diluted earnings per share excludes treasury shares which had been purchased on the SGX-ST under the Share Purchase Mandate (Note 32).

17. DIVIDENDS

	Group and Company	
	2021 US$'000	**2020 US$'000**
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final exempt dividend for 2020: US0.7 cents (Second interim exempt dividend for 2019: US0.7 cents) per share	1,554	1,554
Interim exempt dividend for 2021: US0.5 cents (2020:US$0.4 cents) per share	1,110	888
	2,664	2,442

18. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$'000	Plant and machinery US$'000	Furniture, fixtures and equipment US$'000	Leasehold improvements US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
GROUP							
Cost							
At 1 January 2020	2,297	11,798	2,198	6,581	664	862	24,400
Additions	–	885	72	72	68	236	1,333
Disposals	–	(420)	(134)	(171)	(24)	–	(749)
Reclassifications	–	389	(40)	55	–	(404)	–
Exchange differences	129	692	110	388	35	35	1,389
At 31 December 2020 and 1 January 2021	2,426	13,344	2,206	6,925	743	729	26,373
Additions	–	1,131	95	20	–	33	1,279
Disposals	–	(874)	(251)	–	(38)	–	(1,163)
Transfer to held for sale	(242)	–	–	–	–	–	(242)
Reclassifications	–	3	(3)	–	–	–	–
Exchange differences	(222)	173	(41)	(12)	11	(41)	(132)
At 31 December 2021	1,962	13,777	2,006	6,933	716	721	26,115
Accumulated depreciation and impairment loss							
At 1 January 2020	680	9,306	1,745	5,627	504	–	17,862
Depreciation	48	687	119	341	58	–	1,253
Disposals	–	(266)	(121)	(167)	(22)	–	(576)
Reclassifications	–	(10)	(39)	49	–	–	–
Exchange differences	42	491	91	366	26	–	1,016
At 31 December 2020 and 1 January 2021	770	10,208	1,795	6,216	566	–	19,555
Depreciation	42	811	119	362	55	–	1,389
Disposals	–	(475)	(248)	–	(36)	–	(759)
Transfer to held for sale	(190)	–	–	–	–	–	(190)
Reclassification	–	(4)	(2)	9	(3)	–	–
Exchange differences	(60)	132	(35)	(3)	8	–	42
At 31 December 2021	562	10,672	1,629	6,584	590	–	20,037
Net carrying amount							
At 1 January 2020	1,617	2,492	453	954	160	862	6,538
At 31 December 2020	1,656	3,136	411	709	177	729	6,818
At 31 December 2021	1,400	3,105	377	349	126	721	6,078

19. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets recognised and the movements during the year are as follows:

	Lease properties US$'000	Motor vehicles and machineries US$'000	Total US$'000
At 1 January 2020	3,357	90	3,447
Additions	2,018	7	2,025
Termination of contracts	(77)	–	(77)
Depreciation charge	(1,664)	(27)	(1,691)
Exchange differences	199	3	202
At 31 December 2020 and 1 January 2021	3,833	73	3,906
Additions	571	–	571
Termination of contracts	(144)	–	(144)
Depreciation charge	(1,756)	(27)	(1,783)
Exchange differences	13	(6)	7
As at 31 December 2021	2,517	40	2,557

20. INVESTMENTS IN SUBSIDIARIES

(a)

	Company	
	2021 US$'000	2020 US$'000
Unquoted equity shares, at cost	9,700	9,700
Recognition of share-based payments	1,634	1,634
	11,334	11,334

(b) The amount due from a subsidiary of US$15,624,000 (2020: US$14,808,000) included in the Company's non-current assets is unsecured, bears interest at 2% (2020: 2%) per annum and is not repayable within 12 months from the end of the reporting period.

Management considered the fair value of the amount due from a subsidiary is US$15,624,000 (2020: US$14,808,000). Given there was no history of default in prior years, management considered that the default rate of financial assets and the ECL rate were minimal.

20. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the Company's subsidiaries are as follows:

Name	Place of incorporation/ establishment	Principal activities	Proportion of ownership interest	
			2021 US$'000	2020 US$'000
Held by the Company				
Tomoike Industrial (Hong Kong) Holding Limited (i) ("TM Hong Kong BVI")	British Virgin Islands ("BVI")	Investment holding	100.0	100.0
Held by TM Hong Kong BVI				
Tomoike Industrial (H.K.) Limited (ii) ("TM Hong Kong")	Hong Kong	Trading of parts and precision accessories for office equipment, electrical appliances and LCD modules, and LCD backlight units for LCD modules	100.0	100.0
Held by TM Hong Kong				
Tomoike Precision Machinery (Shanghai) Co., Limited (ii) ("TM Shanghai")	Shanghai, PRC	Manufacture and trading of parts and precision accessories for office equipment and electrical appliances	100.0	100.0
TM Japan (i)	Osaka, Japan	Manufacture of LCD backlight units for LCD modules, manufacture and trading of part and precision accessories for office equipment, electrical appliances and LCD modules	99.9	99.9
Crystal Display (Shanghai) Holding Limited (i) ("CD Shanghai BVI")	BVI	Investment holding	100.0	100.0
Wah Hang Precision Machinery (H.K.) Limited (ii) ("WH Hong Kong")	Hong Kong	Investment holding	100.0	100.0

20. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the Company's subsidiaries are as follows: (continued)

Name	Place of incorporation/ establishment	Principal activities	Proportion of ownership interest 2021 US$'000	2020 US$'000
Held by TM Hong Kong (continued)				
Minami Tec (Wuxi) Co., Limited (ii) ("MT Wuxi")	Wuxi, PRC	Provision of plastic injection for electronic consumer products and automobiles	100.0	100.0
Crystal Display Components (Shanghai) Co., Limited (ii) ("CD Shanghai")	Shanghai, PRC	Manufacture of LCD backlight units for LCD modules	100.0	100.0
Tomoike Precision Machinery (Dongguan) Co., Limited (ii) ("TM Dongguan")	Dongguan, PRC	Manufacture and trading of parts and precision accessories for LCD modules and manufacture of LCD backlight units for LCD modules	100.0	100.0
Tomoike Bio Limited (ii) ("TM Bio")	Hong Kong	General trading	100.0	100.0
TWB Co., Limited (i) ("TWB")	Osaka, Japan	Provision of food and beverage	99.9	99.9
Tomoike Industrial (Philippines) Incorporated (i) ("TM Philippines")	Philippines	Manufacture, processing and assembly of printed circuit board, mobile payment device, niche precision components and insulating materials	100.0	100.0
S.M.T. Assembly Limited (iv) ("SMT Hong Kong")	Hong Kong	Provision of surface mounting technique services in electronic product assembly	–	–
Held by TM Hong Kong and TM Bio				
Bangladesh Japan Cooperation Company Limited (i) ("BJ Cooperation")	Bangladesh	Liaison office, general trading and other businesses	100.0	100.0

20. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the Company's subsidiaries are as follows: (continued)

Name	Place of incorporation/ establishment	Principal activities	Proportion of ownership interest	
			2021 US$'000	2020 US$'000
Held by TM Hong Kong 2020 and TM Bio 2021				
CDW Life Science Limited (i) ("CLS")	Osaka, Japan	Provision of Bio-Tech related research and development; manufacture, sale and marketing of healthcare and beauty products; and acquisition and holding of intellectual property	99.8	99.8
GSP Enterprise Inc.(i) ("GSP")	Osaka, Japan	Provision of Bio-Tech related research and development	95	95
Held by WH Hong Kong				
Wah Hang Precision Machinery (Dongguan) Limited (ii) ("WH Dongguan")	Dongguan, PRC	Manufacture and trading of parts and precision accessories for office equipment and electrical appliances	100.0	100.0
Held by TM Shanghai				
Shanghai Gu Chang Yu Printing Technology Co., Limited (iii) ("GCY Shanghai")	Shanghai, PRC	Provision of label printing services	–	–
Held by TWB				
Menkobo Muguruma Co., Limited (i) ("Muguruma")	Kagawa, Japan	Provision of food and beverage	100.0	100.0
Held by CD Shanghai				
Tuo Mao Enterprise Management Advisory (Shanghai) Co., Limited (ii) ("TOMO")	Shanghai, PRC	Provision of food and beverage management and advisory services	100.0	100.0

20. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the Company's subsidiaries are as follows: (continued)

(i) Not required to be audited in the respective countries of incorporation but audited for the purpose of incorporation in the consolidated financial statements of the Group by member firms of RSM International of which RSM Chio Lim LLP in Singapore and RSM Hong Kong are the members.

(ii) Audited for the purpose of incorporation in the consolidated financial statements of the Group by member firms of RSM International of which RSM Chio Lim LLP in Singapore and RSM Hong Kong are the members.

(iii) Dissolved during the financial year ended 31 December 2020

(iv) Disposed of during the financial year ended 31 December 2020

21. INVESTMENTS IN ASSOCIATES

The Group's investments in the associates are summarised below:

	Group	
	2021	2020
	US$'000	US$'000
Movement in carrying value		
Balance at beginning of the year	1,598	1,881
Exchange differences	(119)	(64)
Share of losses for the year	(431)	(219)
	1,048	1,598
Carrying value comprising:		
Share of net assets	(492)	(61)
Goodwill on acquisition	3,245	3,245
	2,753	3,184
Less: Impairment loss	(1,522)	(1,522)
Exchange differences	(183)	(64)
	1,048	1,598

The investment in Suzhou Pengfu Photoelectric Technology Co., Limited ("Suzhou Pengfu") was fully impaired in prior years due to minimal recoverable amount for Suzhou Pengfu after the consecutive years of loss made since incorporation.

21. INVESTMENTS IN ASSOCIATES (continued)

(a) Particulars of the associates are as follows:

Name	Registered share capital held	Place of establishment	Principal activity	Proportion of ownership interest	
				2021 %	2020 %
Suzhou Pengfu	RMB 1,080,000	Suzhou, PRC	Manufacture of light guide panels	25.0%	25.0%
A Bio	KRW 2,100,000,000	Seoul, Korea	Application of biotechnology to research and development of antibody related products, and their manufacturing and sale and provision of service	48.5%	48.5%

The Group's shareholdings in the associates comprise equity shares held by a wholly-owned subsidiary of the Company.

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

	2021 US$'000	2020 US$'000
Share of the associates' losses for the year	(431)	(219)
Share of the associates' total comprehensive expense	(431)	(219)
Aggregate carrying amount of the Group's investments in the associates	1,048	1,598

21. INVESTMENTS IN ASSOCIATES (continued)

(b)

	Group	
	2021	2020
	US$'000	US$'000
Amount due from an associate	1,590	1,363
Allowance for ECL	(11)	(21)
	1,579	1,342
Amount due to an associate	26	–

Except for an amount due from A Bio of US$1,590,000 (2020: US$1,350,000) which bears interest at the prevailing US$ best lending rate plus 1%, the amounts due from/to associates are unsecured, non-interest bearing and are repayable within 12 months from the end of the reporting period. The amount due from an associate after including interest receivable of US$97,000 (note 25) amounted to US$1,687,000.

During year ended 31 December 2021, the ECL of the amount due from an associate, A Bio, was assessed with reference to the probability of default rate in biotechnology industry and average corporate debt recovery rates in the market. The allowance of the loss is adjusted to reflect the current conditions and forecasts of future economic conditions. As such, the Group provided allowance of ECLs of US$11,000 (2020: US$21,000) as at 31 December 2021.

22. INVESTMENTS

		Group	
		2021	2020
	Notes	US$'000	US$'000
Non-current:			
Equity investments designated at FVTOCI			
Listed equity investment at fair value Sharp Corporation ("Sharp")	(a)	92	116
Unlisted equity investment at fair value ELECTRINE INC. (formerly known as LGM Co., Limited ("LGM"))	(a)	1,160	990
Financial assets at FVTPL			
Convertible bonds	(b)	800	–
		2,052	1,106
Current:			
Loans and receivables, at amortised cost	(c)	1,356	1,506

The above equity investments under non-current assets were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

Notes:

(a) During the year ended 31 December 2021, an aggregate fair value gain of US$245,000 (2020: US$212,000) and deferred tax impact of US$55,000 (2020: US$14,000) were recognised in other comprehensive income.

22. INVESTMENTS (continued)

Notes: (continued)

(b) On 17 December 2021, HK Tomoike subscribed for an aggregate principal amount of US$800,000 of unregistered convertible bonds at the coupon rate at 1% per annum higher than the US dollar best lending rate of Hongkong and Shanghai Banking Corporation Limited, which is calculated quarterly, for an aggregate subscription consideration of US$800,000 on the terms and conditions of the Subscription Agreement. Assuming conversion on 17 December 2024, the maximum amount of the Consideration will be US$800,000.

(c) Upon the Group's disposal of certain equity interest in A Bio to an associated person of the Group's controlling shareholder (the "Buyer") at consideration of US$2,559,000 during the year ended 31 December 2018, the consideration receivable of US$2,133,000 was recorded as at 31 December 2018 after settlement of US$426,000 by the Buyer. Pursuant to the share purchase agreement entered into between the Group and the Buyer for the disposal of the equity interest in A Bio, the settlement of US$2,133,000 was scheduled in two installments of US$1,066,000 and US$1,067,000 repayable by 31 May 2019 and 31 October 2019, respectively.

During the year ended 31 December 2019, the Buyer negotiated and agreed with the Group to extend the settlement dates of the aggregate balances of US$2,133,000, with a pledge of a property (the "Property") as collateral with fair value not less than the receivable balances (the "Extension"). In December 2019, the Buyer has further partially settled an amount of US$634,000 to the Group, resulting in the outstanding balance of US$1,499,000 as at 31 December 2019.

Subsequent to 31 December 2019, the Group and the Buyer formalised the Extension by entering into a supplemental agreement to extend the repayment date of the outstanding balance of US$1,499,000 to 31 December 2020, bearing interest at a rate of the US dollar best lending rate plus 1%, with a pledge of the Property as collateral.

During the year ended 31 December 2020, the Group and the Buyer further extended the repayment date from 31 December 2020 to 31 August 2021 by entering into another supplemental agreement. The outstanding balance of US$1,499,000 is interest-bearing at a rate of the US dollar best lending rate plus 1%, with a pledge of the Property as collateral.

As at 6 April 2022, the outstanding balance and the related interest were fully settled.

The Group's investments denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2021	**2020**
	US$'000	**US$'000**
Korean Won	3,316	2,496

23. OTHER ASSETS

	Group	
	2021	2020
	US$'000	US$'000
Directors' insurance	64	75
Rental and utility deposits	184	357
	248	432

Directors' insurance represents the surrender values of an insurance policy taken by TM Japan, a subsidiary of the Company. Under the policy, TM Japan pays premiums, incurs a portion of such payments and records a recoverable amount approximating to the surrender values of the insurance policy. Upon maturity of the insurance policy, the payouts by the insurance company will be retained by TM Japan. Payouts by the insurance company on any death claims during the insured period will be made to TM Japan.

24. INVENTORIES

	Group	
	2021	2020
	US$'000	US$'000
Consolidated statement of financial position:		
Raw materials	19,495	7,602
Work-in-progress	137	378
Finished goods	7,247	5,489
	26,879	13,469
Inventories are stated after allowance. Movements in allowance are as follows:		
At beginning of the year	288	657
Charge/(reversed) to profit or loss included in cost of sales	40	(369)
At end of the year	328	288
Consolidated statement of profit or loss:		
Inventories recognised as an expense in cost of sales	117,127	89,287
Inclusive of the increase/(decrease) in provision for inventories included in cost of sales (Note 13)	43	(385)

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Trade receivables	35,808	35,778	–	–
Other receivables	682	705	–	34
Prepayments	2,252	1,918	14	31
Value-added tax recoverable	669	541	–	–
Deposits	295	155	–	–
	39,706	39,097	14	65
Allowance for ECL				
- Trade receivables	(128)	(111)	–	–
	39,578	38,986	14	65

Trade receivables

Trade receivables are non-interest-bearing and are generally on terms ranging from 30 to 150 days (2020: 30 to 150 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other recievables

Included in other receivables are interest receivables related to amount due from an associate of US$97,000.

The Group's trade and other receivables denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2021	2020
	US$'000	US$'000
US$	28,308	28,134
SG$	–	34

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Cash at banks and on hand	21,814	30,550	100	169
Short-term deposits	4,356	2,277	–	–
	26,170	32,827	100	169
Time deposit with original maturity of over three months	1,078	169	–	–
	27,248	32,996	100	169

26. CASH AND CASH EQUIVALENTS (continued)

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 a fixed deposit.

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 90 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 31 December 2021 for the Group was 0.1% (2020: 0.2%) per annum.

The Group's cash and bank balances denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2021	**2020**
	US$'000	**US$'000**
JPY	692	179
US$	7,655	15,694
RMB	9	15
SG$	60	166

27. ASSET HELD FOR SALE

A residential premise is presented as held for sale following the decision of management to sell the residential premise as it has been idle and unoccupied for a long time. The sale is expected to be completed by the end of June 2022.

	2021
	US$'000
Residential premise building	
At net book value and carrying value in consolidated statement of financial position	52

28. GOODWILL

	Group
	US$'000
Cost	
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	1,632
Accumulated impairment	
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	(1,632)
Net carrying amount	
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	–

Goodwill acquired in a business combination is allocated, on acquisition, to a CGU that is expected to benefit from that business combination. The carrying amount of goodwill is allocated to TM Japan and GSP as a single CGU. Full impairment on the goodwill was made in prior years.

29. BANK BORROWINGS

	Maturity	Group 2021 US$'000	Group 2020 US$'000
Current:			
Bank borrowings, unsecured	2022 (2020: 2021)	3,000	2,650
Bank borrowings, unsecured	On demand	6,050	7,850
		9,050	10,500
Non-current:			
Bank borrowings, unsecured	2024 (2020: 2024)	1,750	2,750
Total bank borrowings		10,800	13,250

The bank borrowings are unsecured and bear interest at rates ranging from 0.91% to 2.65% (2020: 0.65% to 2.75%) per annum.

Bank borrowings amounting to US$8,050,000 (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$2,750,000 (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$2,780,000 (2020: US$3,842,000).

The Group's bank borrowings denominated in foreign currencies of the respective entities as at 31 December are as follows:

	Group 2021 US$'000	Group 2020 US$'000
US$	10,800	13,250

30. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movements during the year are as follows:

	Lease liabilities	
	2021	2020
	US$'000	US$'000
At beginning of the year	3,998	3,512
New leases	571	2,025
Termination of contracts	(146)	(78)
Interest expense	134	150
Principal portion of lease payment	(1,782)	(1,675)
Interest element on lease liabilities	(134)	(150)
Exchange differences	35	214
At end of the year	2,676	3,998
Analysed into:		
Current portion	1,426	1,721
Non-current portion	1,250	2,277

The maturity analysis of lease liabilities is disclosed in note 6(d) to the financial statements.

The amounts recognised in/(credited to) profit or loss in relation to leases are as follows:

	2021	2020
	US$'000	US$'000
Interest on lease liabilities (Note 12)	134	150
Depreciation charge of right-of-use assets (Note 19)	1,783	1,691
Expense related to short-term leases (included in administrative expenses) (Note 11)	334	375
Gain on termination of lease contracts (Note 13)	(2)	(1)
Total amount recognised in profit or loss	2,249	2,215

The weighted average incremental borrowing rates applied to lease liabilities range from 1.50% to 4.08% (2020: from 1.47% to 4.05%).

Lease liabilities of US$571,000 (2020: US$2,025,000) are recognised with related right-of-use assets of US$571,000 (2020: US$2,025,000) as at 31 December 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

For both years, the Group leases various offices, factory premises and warehouses for its operations. Lease contracts are entered into for fixed term of 2 years to 5 years (2020: 2 years to 5 years), but may have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The related right-of-use assets are disclosed in note 19.

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Trade payables	36,330	27,809	–	–
Other payables	5,483	2,714	118	109
Accruals	1,047	1,123	32	82
	42,860	31,646	150	191

Trade payables

Trade payables are non-interest-bearing and are generally settled on terms of 30 to 120 days (2020: 30 to 120 days).

The Group's trade and other payables denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2021	2020
	US$'000	US$'000
JPY	17	71
US$	16,061	10,200

Contract liabilities

Details of contract liabilities included in other payables as at 31 December 2021 and 2020 are as follows:

	Group			Company		
	31 December 2021	31 December 2020	1 January 2020	31 December 2021	31 December 2020	1 January 2020
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Short-term advances received from customers						
Sales of goods	2,162	167	–	–	–	–

Contract liabilities included short-term advances received from customers to deliver industrial products.

32. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2021		2020	
	Number of ordinary shares of US$0.04 each	US$	Number of ordinary shares of US$0.04 each	US$
Authorised				
At beginning and end of the year	750,000,000	30,000,000	750,000,000	30,000,000
Issued and fully paid up				
At beginning and end of the year	252,177,110	10,087,000	252,177,110	10,087,000

As at 31 December 2021, 29,189,702 (2020: 30,189,702) ordinary shares included in the above shares had been purchased on the SGX-ST under the Share Purchase Mandate and were held as treasury shares.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote without restrictions.

The Company has adopted an employee share option scheme under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group as at 31 December 2021 and 2020.

(b) Treasury shares

	Group and Company			
	2021		2020	
	Number of ordinary shares '000	US$'000	Number of ordinary shares '000	US$'000
At 1 January	30,190	4,542	28,987	4,385
Shares purchased under Share Purchase Mandate and held as treasury shares	–	–	1,203	157
Treasury shares transferred out to satisfy share options exercised	(1,000)	(150)	–	–
At 31 December	29,190	4,392	30,190	4,542

Treasury shares relate to ordinary shares of the Company that are held by the Company.

33. NATURE AND PURPOSES OF RESERVES

Share capital reserve

Share capital reserve represents the proceeds received upon the exercise of share options net of cost of treasury shares transferred to the grantee to satisfy the share options exercised.

Merger reserve

Merger Reserve represents the difference between the combined share capital of the entities in the merged Group and the capital of the Company arising from a restructuring exercise undertaken in 2005.

Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the PRC, a subsidiary is required to make appropriation to the statutory reserve fund ("SRF"). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

Enterprise expansion fund

The enterprise expansion fund can be used for business expansion or conversion into capital, provided that such conversion is approved by a resolution at a shareholders' meeting.

The amount of the profit after tax to be transferred to the enterprise expansion fund is determined by the boards of directors of the PRC subsidiaries or the articles of associations of the PRC subsidiaries.

Other reserves

Other reserves represent the staff welfare fund appropriated from retained earnings at a discretionary percentage of profit after tax for the year.

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of equity investments designated at FVTOCI until they are disposed of or impaired.

Foreign currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into US$ are brought to account by recognising those exchange differences in other comprehensive income and accumulating them under the foreign currency translation reserve.

34. CAPITAL MANAGEMENT OBJECTIVES AND POLICIES

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of the Group's operation condition. To maintain or adjust the capital structure, the Group will balance its overall capital structure through payment of dividends, new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts. The Group also reviews the capital structure on a semi-annual basis and whenever necessary. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

As disclosed in note 33, certain subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable SRF whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio, which is total bank borrowings and lease liabilities (2020: total bank borrowings and lease liabilities) for the Group, divided by shareholders' equity. The gearing ratio as at 31 December 2021 was 26.6% (2020: 33.4%).

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2021, the Group had non-cash additions to right-of-use assets and lease liabilities of US$571,000 and US$571,000, respectively, in respect of lease arrangement for lease properties.

During the year ended 31 December 2020, the Group had non-cash additions to right-of-use assets and lease liabilities of US$2,025,000 and US$2,025,000, respectively, in respect of lease arrangement for lease properties and motor vehicles.

(b) Changes in liabilities arising from financing activities

	2021	
	Bank borrowings US$'000	Lease liabilities US$'000
At 1 January 2021	13,250	3,998
Proceeds from bank borrowings	10,400	–
Repayment of bank borrowings	(12,850)	–
New leases	–	571
Termination of contracts	–	(146)
Interest expense	–	134
Repayment of principal portion of lease payment	–	(1,782)
Repayment of interest element on lease liabilities	–	(134)
Exchange differences	–	35
At 31 December 2021	10,800	2,676

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities (Continued)

	2020	
	Bank borrowings US$'000	Lease liabilities US$'000
At 1 January 2020	9,486	3,512
Proceeds from bank borrowings	20,634	–
Repayment of bank borrowings	(16,870)	–
New leases	–	2,025
Termination of contracts	–	(78)
Interest expense	–	150
Repayment of principal portion of lease payment	–	(1,675)
Repayment of interest element on lease liabilities	–	(150)
Exchange differences	–	214
At 31 December 2020	13,250	3,998

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 US$'000	2020 US$'000
Within operating activities	334	375
Within financing activities	1,916	1,825
	2,250	2,200

36. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the Group to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

36. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

36A. Related parties:

Name	Relationship	Country of incorporation
Suzhou Pengfu	Associated company	The PRC
A Bio	Associated company	Korea

36B. Related party transactions:

There are transactions and arrangements between the Group and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following significant related party transactions:

		Group	
	Notes	2021 US$'000	2020 US$'000
Associates:			
Interest income	(i)	58	39
Purchase of products	(ii)	484	575
Sales of products	(iii)	10	2
Associated person of a controlling shareholder:			
Interest income	(iv)	52	60

Notes:

(i) The Group received interest from A Bio for the amount due from A Bio at mutually agreed terms.

(ii) The Group has purchased goods from Suzhou Pengfu according to the conditions offered by the associate to major customers.

(iii) The Group has sold goods to Suzhou Pengfu at mutually agreed terms.

(iv) The Group received interest from the relevant party for the loan due from the relevant party at mutually agreed terms.

37. EVENTS AFTER THE END OF THE REPORTING YEAR

Subsequent to the reporting date, the management announced that its wholly-owned subsidiary, TM Hong Kong (the "Purchaser"), has entered into a Share Purchase Agreement (the "SPA") with Mr. Yoshimi Koichi, an associated person of the Group's controlling shareholder, (the "Seller" and together with the Purchaser, the "Parties") on 4 April 2022.

Pursuant to the Agreement, the Purchaser shall acquire and purchase from the Seller, a total of two hundred thousand (200,000) shares of the common stock (the "Subject Shares"), with the par value of KRW 5,000 per share, representing 23.1% of the total issued and paid-up capital in A Bio (the "Target Company") on the terms and conditions of the SPA (the "Proposed Acquisition").

As at the date of this announcement, the Purchaser holds an aggregate of 420,000 shares representing 48.5% of the total issued and paid-up capital in the Target Company. Upon closing of the Purachase Agreement, the Purchaser shall hold an aggregate of 620,000 shares representing 71.5% the total issued and paid-up capital in the Target Company, and the Target Company will be an indirect subsidiary of the Company via the Purchaser.

The consideration of these 200,000 shares was KRW1,800,000,000 (approximately US$1,518,000), representing a per share price of KRW9,200 for each shares. The consideration was satisfied in full by way of cash and the transaction was completed on 6 April 2022. However, as the Group has not yet completed the fair value determination of the acquired company's identifiable assets, liabilities and contingent liabilities at the date of acquisition, the disclosure of such amounts and amount of goodwill is impracticable.

Statistics of Shareholdings

As at 21 March 2022

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	16	1.19	754	0.00
100 - 1,000	282	20.92	208,255	0.09
1,001 - 10,000	396	29.38	2,409,450	1.08
10,001 - 1,000,000	637	47.25	53,183,649	23.85
1,000,001 AND ABOVE	17	1.26	167,185,300	74.98
TOTAL	**1,348**	**100.00**	**222,987,408**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MIKUNI CO., LIMITED	95,500,000	42.83
2	PHILLIP SECURITIES PTE LTD	19,645,650	8.81
3	DBS NOMINEES (PRIVATE) LIMITED	17,403,950	7.80
4	SBS NOMINEES PRIVATE LIMITED	7,935,500	3.56
5	LAI WENG KAY	4,305,750	1.93
6	UOB KAY HIAN PRIVATE LIMITED	4,266,500	1.91
7	OCBC SECURITIES PRIVATE LIMITED	3,271,600	1.47
8	NG HWEE KOON	2,484,750	1.11
9	ENG KOON HOCK	2,184,100	0.98
10	RAFFLES NOMINEES (PTE.) LIMITED	1,832,650	0.82
11	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,297,000	0.58
12	CITIBANK NOMINEES SINGAPORE PTE LTD	1,276,550	0.57
13	LIM BUAN HUA	1,228,150	0.55
14	KHOR KIAN BENG	1,180,000	0.53
15	QUAH SIEW ENG EILEEN	1,165,000	0.52
16	MAYBANK SECURITIES PTE. LTD.	1,119,150	0.50
17	LEOW BENG LEE (LIAO MINGLI)	1,089,000	0.49
18	LEE CHUE CHYE, LIONEL	1,000,000	0.45
19	TEO CHENG TUAN DONALD	1,000,000	0.45
20	WONG KIEN CHORN	1,000,000	0.45
	TOTAL	**170,185,300**	**76.31**

Class of equity securities	:	Ordinary share
No. of equity securities (excluding treasury shares)	:	222,987,408
Voting rights	:	One vote per share. The Company cannot exercise any voting rights in respect of the shares held by it as treasury shares.

As at 21 March 2022, the total number of treasury shares held is 29,189,702. The treasury shares as a percentage of the total number of issued shares excluding treasury shares is 13.09%.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 21 MARCH 2022

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Mikuni Co., Limited	113,325,750(Note 1)	50.82	–	–
Yoshimi, Kunikazu	–	–	113,325,750(Note 2)	50.82

Notes:

1. 17,825,750 shares owned are held through a nominee account.
2. Mr. Yoshimi Kunikazu is deemed interested in the shares held by Mikuni Co., Limited ("Mikuni") by virtue of his shareholdings in Mikuni.

PUBLIC FLOAT

As at 21 March 2022, 48.29% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CDW Holding Limited (the "**Company**") will be held by way of electronic means on Friday, 29 April 2022 at 3.00 p.m. (Singapore time) for the purpose of considering and, if thought fit, passing (with or without modification) the following resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Directors and the Audited Financial Statements of the Company for the year ended 31 December 2021 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of 0.7 US cents per ordinary share (tax not applicable) for the year ended 31 December 2021 (2020: Final dividend of 0.7 US cents per ordinary share (tax not applicable)). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to the Bye-law 104 of the Bye-laws of the Company:

Mr. YOSHIKAWA Makoto	(Retiring under Bye-law 104)	**(Resolution 3)**
Mr. KATO Tomonori	(Retiring under Bye-law 104)	**(Resolution 4)**
Mr. CHIA Seng Hee	(Retiring under Bye-law 104)	**(Resolution 5)**
[See Explanatory Note (i)]		

4. To approve the payment of Directors' fees up to SG$300,000 for the year ending 31 December 2022 (2021: SG$300,000). **(Resolution 6)**

5. To re-appoint RSM Chio Lim LLP and RSM Hong Kong as the Joint Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to issue shares

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be empowered to

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities;

(bb) new shares arising from the exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and

(cc) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (aa) or (bb) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 8)**

8. Authority to issue shares under the CDW Employee Share Option Scheme 2018

That authority be and is hereby given for the Directors of the Company to offer and grant options under the CDW Employee Share Option Scheme 2018 (the "**ESOS**") and to allot and issue and/or deliver (including through the transfer of shares held in treasury by the Company) from time to time such number of fully paid-up ordinary shares as may be required to be allotted, issued and/or delivered pursuant to the exercise of options granted under the ESOS, provided that the total number of ordinary shares over which an option granted or may be granted under the ESOS, when added to the total number of ordinary shares issued and issuable or delivered and deliverable in respect of (a) all options granted under the ESOS and (b) all awards, shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the number of all issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding such date, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 9)**

9. Authority to issue shares under the CDW Share Performance Scheme 2018

That approval be and is hereby given to the Directors of the Company to offer and grant awards under the CDW Share Performance Scheme 2018 (the "**SPS**") and to allot and issue and/or deliver (including through the transfer of shares held in treasury by the Company) from time to time such number of fully paid-up ordinary shares as may be required to be allotted, issued and/or delivered pursuant to awards granted under the SPS, provided that the total number of ordinary shares over which an award granted or may be granted under the SPS, when added to the total number of ordinary shares issued and issuable or delivered and deliverable in respect of (a) all awards granted under the SPS and (b) all awards, shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the number of all issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding such date, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 10)**

By Order of the Board

Cho Form Po
Company Secretary
Singapore

6 April 2022

Explanatory Notes:

(i) The information on other directorships held by Mr. Yoshikawa Makoto, Mr. Kato Tomonori and Mr. Chia Seng Hee as well as the details of their other principal commitments can be found in the Supplemental Information on Re-election of Directors Pursuant to Listing Rule 720(6) section of the Annual Report 2021.

(ii) The Ordinary Resolution 8 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 9 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue and/or deliver (including through the transfer of shares held in treasury by the Company) fully paid-up ordinary shares in the Company pursuant to the exercise of options granted or may be granted under the ESOS. The total number of ordinary shares to be allotted, issued and/or delivered over which an option granted or may be granted under the ESOS, when added to the total number of ordinary shares issued and issuable or delivered and deliverable in respect of all other share-based incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the number of all issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding such date.

(iv) The Ordinary Resolution 10 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue and/or deliver (including through the transfer of shares held in treasury by the Company) fully paid-up ordinary shares in the Company pursuant to the awards granted or may be granted under the SPS. The total number of ordinary shares to be allotted, issued and/or delivered over which an award granted or may be granted under the SPS, when added to the total number of ordinary shares issued and issuable or delivered and deliverable in respect of all other share-based incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the number of all issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding such date.

Notes:

1. The AGM is being convened, and will be held by way of electronic means pursuant to the Covid-19 (Temporary Measures) Act 2020 and the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. This Notice of AGM will also be sent to members by way of electronic means via publication on the Company's website at https://cdw-holding.com.hk/ and the SGXNet.

3. The proceedings of this AGM will be broadcasted "live" through an audio-and-video webcast and an audio-only feed. Persons who hold shares and wish to follow the proceedings must pre-register at https://bit.ly/CDW2022AGMandSGM no later than 3.00 p.m. on 27 April 2022 . Following verification, an email containing instructions on how to join the "live" broadcast will be sent to authenticated persons by 3.00 p.m. on 28 April 2022.

   Members are advised to also check the junk folder of their emails in case the emails are directed there instead of the inbox. Members who registered but do not receive an email response by 3.00 p.m. on 28 April 2022 may contact our Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at +65 6536 5355 (Mondays to Fridays, excluding Public Holidays, from 9.00 a.m. to 5.30 p.m.) or by email at srs.teamc@boardroomlimited.com.

4. In light of the current Covid-19 measures in Singapore and the Company's effort to minimise physical interactions and risk of community spread of Covid-19, members will **not** be able to attend the AGM in person. Members will also not be able to vote online on the resolutions tabled for approval at the AGM.

5. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote in his/her/its stead at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman of the AGM, as a proxy, need not be a member of the Company.

6. The accompanying proxy form for the AGM may be accessed at the Company's website at https://cdw-holding.com.hk/ and the SGXNet. In addition, where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

7. If a member of the Company, being a Depositor whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) wishes to appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote in his/her/its stead at the AGM, he/she/it must be shown to have shares entered against his/her/its name in the Depository Register, as certified by The Central Depository (Pte) Limited, at least forty-eight (48) hours before the time of the Meeting.

8. The Proxy Form must be submitted in the following manner:

   (a) if submitted by post, be deposited at the Registered Office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted electronically, be sent via email to srs.teamc@boardroomlimited.com;

   in either case, by 3.00 p.m. on 27 April 2022, being not less than forty-eight (48) hours before the time appointed for the AGM.

   A member who wishes to submit the Proxy Form which can be downloaded, must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

9. Members and Investors will not be able to ask questions "live" during the "live" broadcast of the AGM. All members may submit questions relating to the business of the AGM no later than 3.00 p.m. on 21 April 2022:

   (a) via the pre-registration website at https://bit.ly/CDW2022AGMandSGM;

   (b) by email to srs.teamc@boardroomlimited.com; or

   (c) by post to the Registered Office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

   When sending in your questions, please also provide us with the following details:

   (a) your full name;

   (b) your address;

   (c) number of shares held; and

   (d) the manner in which you hold shares (e.g., via CDP, CPF or SRS).

   We will endeavour to address all substantial and relevant questions received from members before 3.00 p.m. on 25 April 2022 by publishing our responses before the AGM on the Company's website at https://cdw-holding.com.hk/ and the SGXNet.

10. The Annual Report 2021 is published on the Company's website at https://cdw-holding.com.hk/ and the SGXNet.

11. Any reference to a time of day is made by reference to Singapore time.

Personal data privacy:

By submitting an instrument appointing a Chairman to as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company or a Depositor, as the case may be (a) consents to the collection, use and disclosure of the member's or Depositor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of Chairman as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

CDW

CDW Holding Limited

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