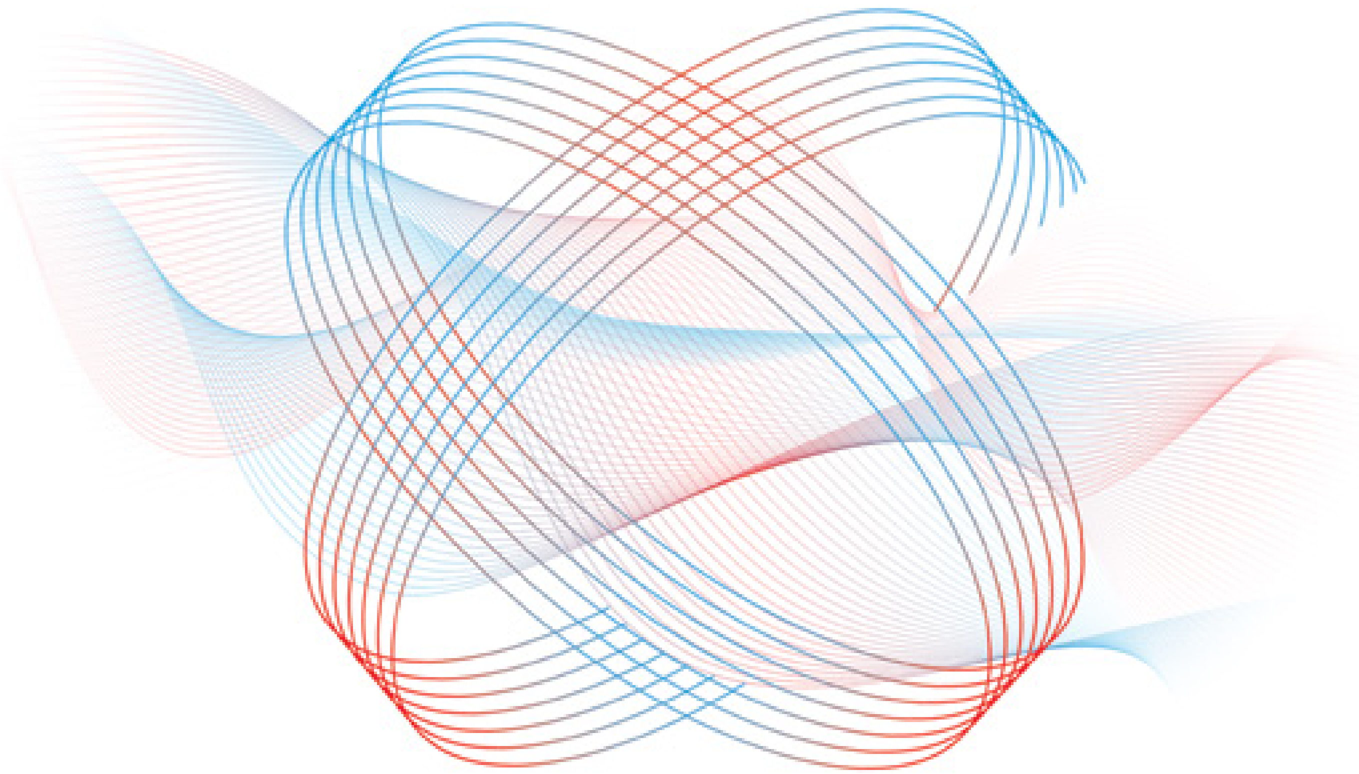
CDW Holding Limited



EXPLORING POSSIBILITIES
REMAINING STEADFAST

Annual Report 2023

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 strategies.

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LOCATIONS OF **OPERATIONS**

Crystal Display Components (Shanghai) Co., Limited

Tomoike Precision Machinery (Dongguan) Co., Limited

Tomoike Industrial Co., Limited

Tomoike Precision Machinery (Shanghai) Co., Limited

Minami Tec (Wuxi) Co., Limited

Wah Hang Precision Machinery (Dongguan) Limited

Tomoike Industrial (Philippines) Incorporated

A Biotech Co., Limited

CDW Life Science Limited

Menkobo Muguruma Co., 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 mount technology production 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

2013

The Group acquired 100% equity interest in MT Wuxi.

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.

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.

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

2017

CLS was incorporated in Japan in January to provide Biotech related research and marketing of healthcare and beauty products.
After the incorporation of ABio in 2018, CLS focused on marketing of healthcare and beauty products.

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.

2018

A Biotech Co., Limited ("ABio") 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 ABio, it became an associated company of the Group.

2019

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

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.

2021

The Group launched anti-aging skincare brand under YOSHIMI JAPAN in Asia in September.
In November, the Group commenced pre-clinical trials at the Korean Cancer Center aims to evaluate the efficacy of anti-Cripto-1 antibody on inhibiting brain tumour growth in mice.

2022

The Group increased equity interest from 48.5% to 71.5% in ABio, and it became a subsidiary in April.
Our Shanghai operation experienced interruption due to Shanghai Municipal Government's COVID-19 lockdown instruction. Upon resumption from June, the Group recovered its performance in the second half of the year.

LETTER TO **SHAREHOLDERS**

DEAR SHAREHOLDERS,

On behalf of the Board and the Management of CDW Holding Limited, I am pleased to present the annual report for the financial year ended 31 December 2023 ("**FY2023**").

The year under review has been an especially challenging one as external factors require the Group to be steadfast in rolling out its strategies while staying agile and continue exploring avenues to bring new dynamism to the Group's value-generating capabilities. The key challenges we faced include lower demand for our LCD Backlight Units products from our ultimate customers, the portfolio restructuring of our Office Automation segment, and the delay in the mass production of a major new product model from our OEM and Accessories segment. In addition, demand was softened by ongoing US-China trade pressures especially with the "China +1" phenomenon where businesses look to diversify their supply chain and manufacturing outside of China. This has led to a reduction in demand for our products which are part of the larger supply chain.

FY2023 BUSINESS REVIEW

Our core business, LCD Backlight Units, reported a significant revenue decline in FY2023 largely due to the slow-down in demand for ultra-thin notebook computer display systems from the Group's ultimate customers. The revenue from notebook computer display panels decreased by 66.5% from US$23.2 million in the previous financial year ("**FY2022**") to US$7.8 million in FY2023. Furthermore, the Group's performance was also impacted by our key customer's display device business transformation to focus on high growth and high profitability products like vehicle information display units and virtual reality devices. This caused the Group's product composition in FY2023 to mainly comprise large-sized display units, as the demand for small-sized panels scaled down. For FY2023, the number of LCD Backlight Units sold totalled 6.3 million units, which is 15.4% lower than the 7.5 million units sold in FY2022.

The OEM and Accessories segment remained the second largest contributor to Group revenue in FY2023, but It also saw comparatively lower revenue compared to FY2022. This was largely due to the normalisation of demand following the surge of orders for our Point-of-Sales ("**POS**") machines at the end of 2022 as economies reopened. Additionally, a design difficulty experienced by a customer for one major POS model planned for 2023 has resulted in a rescheduling of mass production and consequently, a lag in revenue recognition for us.

The financial performance of the Office Automation segment saw a higher operating loss in FY2023, and the segment is currently undergoing a restructuring of portfolio and pricing review to better cater to current market conditions and to improve profitability. We are in negotiations with customers to review their orders upon our requests for adjustments to low profitability or obsolete products.

Meanwhile, the Group's Others segment which encompasses the Life Sciences business, food and beverage, and general trading business continues to hold promise. The Life Sciences business is still in its initial development stage and continues to incur research and development expenses, and legal and professional services expenses. However, we have built up a strong bond with Nihon Trim Co., Ltd. ("**Nihon Trim**"), a reputable Japanese producer of Alkaline Antioxidant Water systems, and sales of their products have recorded their maiden contribution to Group revenue. As we continue to progress in developing this Others segment, further milestones must be reached before we can unlock the value of these diverse businesses.

Due to the abovementioned factors, Group revenue for FY2023 amounted to US$109.2 million, a 26.2% decrease from the US$148.0 million achieved in FY2022. In line with the lower revenue, gross profit for the year declined by 27.1% to US$18.7 million (FY2022: US$25.7

million), and the Group recorded a loss before income tax of US$1.0 million for FY2023 as compared to a profit before income tax of US$16.1 million in FY2022.

Despite the challenging operating environment, the Group continues to place a strong emphasis on its environmental, social and governance ("**ESG**") responsibilities. For the year under review, we took part in the Securities Investors Association (Singapore) ("**SIAS**") Corporate Governance Week 2023, where we were among 105 companies that participated in the Corporate Governance Statement of Support. Our pledge highlights our commitment to Good Governance, Sustainability, and Transparency, as we re-establish our position in the industry, enhance our business resilience, and diversify our revenue streams, while continuing to serve the global community.

OUTLOOK & STRATEGY

While the resumption of international travel signals a return to a pre-COVID world, the aftermath of the pandemic continues in the form of supply chain disruptions and inflationary pressures. Furthermore, continued challenges such as intense price competition, and geo-political issues in the form of US-China trade tensions, the prolonged Russia-Ukraine war, and the recent Israel-Hamas conflict, add on to overall uncertainty that weighs on the global economy and by extension, our operations. The Group is cognisant of these and other challenges and will continue to forge ahead to strengthen its core capabilities and build up its diversified businesses.

Another ongoing challenge is that of higher labour costs and manpower scarcity in China. A key strategy for the Group to address this challenge has been the adoption of automation at our various production facilities. We are also seeking to address the transportation of LCD Backlight Units which require a substantial amount of packaging to safeguard the contents. While seeking to further automate production processes where feasible, we are also exploring possible avenues like reusing and recycling in order to reduce the amount of packaging used, which would then translate into cost savings.

The Group is also seeking to enlarge its manufacturing footprint as part of our overall diversification strategy to be able to capitalise on opportunities to serve new and existing customers from different manufacturing locations. The Group resumed its Philippines plant's operations in November 2023 after the set up of the factory had previously stalled due to the eruption of the Taal volcano in early 2020 and COVID-19 pandemic-related travel restrictions later. With the resumption of the Philippines plant's operations, manufacturing is slated to begin in the second quarter of FY2024. On a related note, we will continue to work closely with our production partner in Thailand to maintain a diversified manufacturing base, while also identifying suitable expansion possibilities in Vietnam.

Moving forward, adaptation and innovation will be key watchwords for CDW to stay resilient and thrive in FY2024. This is already being applied to our LCD Backlight Units segment, where we are matching our key customer's shift in focus to higher margin large-size display units for vehicles and virtual reality devices. However, the transition is expected to take some time as the key customer rebuilds their market share and in turn, our near-term prospects may be limited. On the plus side, the Group has secured a contract to provide displays backlight panel for an industry leader's upcoming entertainment console, and this should bode well for the Group. As for the slowdown in demand for ultra-thin notebook computer display systems from customers, it was understandable given the post-pandemic situation and return-to-office activities world-wide. However, we believe that the demand for notebook computer display systems will recover in or after the year 2025, due to the notebook computer replacement cycle.

For the OEM and Accessories segment, its performance is largely tied to the health of the US retail market as the main products of this segment are directly used in payment services. When the US retail sector trend upward, this segment is projected to follow suit. This segment should also benefit from the resumption of mass production in FY2024 for the earlier mentioned POS model whose mass production in 2023 was rescheduled.

For an extended period of time, the Office Automation segment has faced intense price competition and model obsolescence. Our current renegotiation with customers has been a paradigm shift for the Group to adjust its portfolio, pricing and positioning in order to set the segment on a better heading. Progress has been made on certain products, and we will continue to invest in equipment while continuing our streamlining and resource consolidation efforts to improve efficiency and cost savings for the segment.

LETTER TO **SHAREHOLDERS**

Along with our core businesses, the Group is also looking forward to the continued progress and achievements of the businesses under its Others business segment. For its Life Science business, the Group's subsidiary, A Biotech Co., Ltd. ("**ABio**") is undertaking genetic re-engineering work to modify the patented anti-Cripto-1 antibody gene sequence to enhance its efficiency and effectiveness for a larger variety of cancer cells. Once the genetic modification work is completed, we will conduct various in-vitro evaluations in-house, while in-vivo evaluations will be done by external parties. If favourable results are obtained, we will commence the pre-clinical research using mice for target cancer types. Notwithstanding this, ABio will continue to work on exploring and expanding the possibilities for the anti-Cripto-1 antibody, as well as its broader antibody library.

Another health-related product that has been made good progress is our trading business of Nihon Trim Alkaline Antioxidant Water systems, which has begun to contribute to the Group's performance. With the Group securing the distribution rights for eastern China and the Southeast Asian countries, we will continue to build up the sales momentum in FY2024.

The Group has laid the foundation and built up its network to start sales for its licensed electric boat propulsion system in 2024, either via sales of the propulsion system by itself, or boats coming equipped with it. This business is aligned with the global trend of sustainable development, and we are preparing to offer these products in other Asian countries as well.

The Group's researchers at its subsidiaries, Tomoike Bio Limited ("**TBI**") and CDW Life Science Co., Ltd ("**CLS**") have been researching the possibilities and applications of using CLS's organic synthesis capabilities to create a new compound that can be used in a wide range of industries. To this end, they have invented a water-solubilised chemical compound called LANFA, which can improve hydrophilicity and water solubility, and we have applied for a patent for LANFA in Japan and will consider an international patent application in the future. LANFA can be used in a wide range of substrates and fields and we have identified some commercialisation possibilities for LANFA's application in cosmetic product ingredients and chemical products, amongst others.

CONCLUSION

At CDW, we believe that as challenges come and go, it is the resilience and drive of people that can help us overcome and persevere. For the year under review, we have once again witnessed the dedication and support from our management, staff, business associates and shareholders. On behalf of the Board, I would like to express our appreciation for your continued faith in the Company.

I would also like to record special thanks to Mr. Yoshikawa Makoto who has stepped down as Chairman and Chief Executive Officer. Mr. Yoshikawa will be shifting focus to the management of our operations in Japan and will remain as sole legal representative of Tomoike Industrial Co., Limited ("TM Japan"). We greatly appreciate his leadership and contributions over the past years, and I look forward to continue to work with him.

On a similar note, I would like to also thank Mr. Chong Pheng, who has stepped down as Lead Independent Non-executive Director, and Mr. Lai Shi Hong, Edward and Mr Mitani Masatoshi, who have stepped down as Independent Non-executive Directors. We are thankful for their longstanding service, invaluable advice and sharing of expertise to the Board.

At the same time, I would like to warmly welcome Mr Chia Seng Hee who has been appointed as our new Lead Independent Non-executive Director and Mr Yap Tong Teck and Mr Endo Mamoru, who have been appointed as Independent Non-executive Directors. All three directors will bring their collective diversified expertise and experiences to the Board.

Lastly, in appreciation of the support of our shareholders, we have proposed a final dividend of 0.7 US cents per ordinary share, subject to shareholder approval at the upcoming Annual General Meeting. In addition to the tax-exempted 1-tier interim dividend of 0.5 US cents declared in 2023, this amounts to a total dividend of 1.2 US cents per ordinary share for FY2023.

Yours Sincerely,

KATO Tomonori
Chairman and Chief Executive Officer
5 April 2024

STATEMENT OF PROFIT AND LOSS

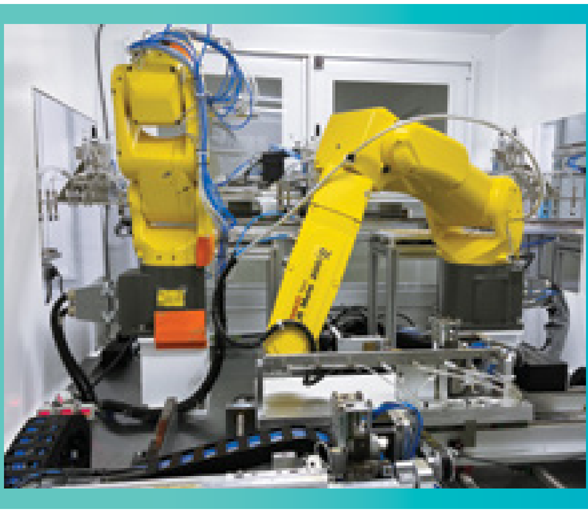
The Group's turnover for the financial year ended 31 December 2023 ("FY2023") amounted to US$109.2 million, which was a decrease of 26.2% from US$148.0 million in the previous financial year ("FY2022"). This was largely due to the combination of lower demand for the Group's LCD Backlight Units segment, the restructuring of the portfolio in the Office Automation segment, and a mass production delay for a major new product model in its OEM and Accessories segment. In addition, demand was softened by the ongoing US-China trade tensions, including the "China + 1" phenomenon where manufacturers are increasingly looking to alternative sites outside of China for manufacturing. All these factors led to a reduction in demand for the Group's products, which are part of the larger supply chain.

In line with the lower revenue, gross profit declined by 27.1% to US$18.7 million (FY2022: US$25.7 million), while the Group's other income was US$0.4 million for FY2023 which mainly included interest income earned, local government compensation and sundry income.

The Group expenses were 8.9% lower at US$19.7 million, with distribution expenses lower at US$2.4 million (FY2022:US$4.2 million), and administrative expenses were US$17.3 million as compared to US$17.5 million the year before. The lower distribution expenses were mainly attributable to a decrease in freight and storage costs, and the packing materials used during the period under review. The decrease in administrative expenses were mainly attributable to the decrease in staff costs and related expenses. The net exchange losses arising mainly from the conversion of USD to different currencies of the respective operating subsidiaries during the year.

Finance costs decreased slightly from US$0.59 million to US$0.43 million in FY2023, as the Group repaid the short-term bank borrowings to reduce interest expenses as interest rates remained high during the period under review.

Prior to becoming a subsidiary of the Group in April 2022, ABio had incurred a loss in 1H2022 and the Group shared an operating loss of US$0.1 million for the period from 1 January 2022 to 5 April 2022. After it became a subsidiary of the Group, ABio recorded a loss of US$0.6 million which was included in the Group's operating profit for FY2022.



Income tax expense for FY2023 decreased by US$1.4 million to US$0.4 million as compared to US$1.9 million for FY2022. The tax credits from the loss-making subsidiaries were not able to fully mitigate the income tax payable from the profit-making subsidiaries, which contributed to a high effective tax rate.

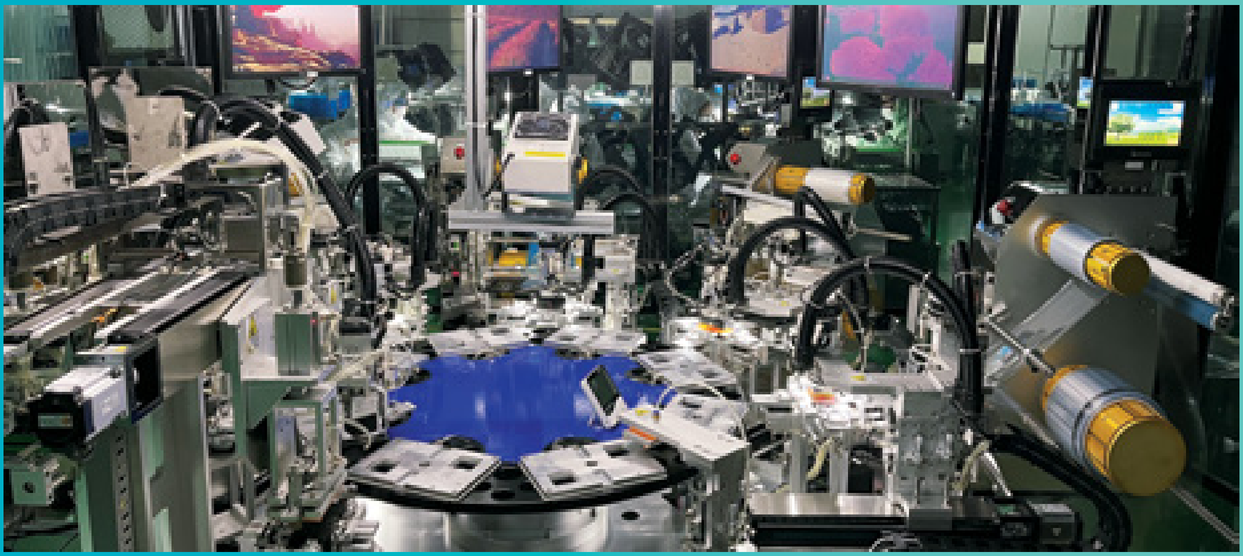
As a result of the above, the Group recorded a loss before income tax of US$1.0 million for FY2023 as compared to profit before tax of US$16.1 million for FY2022, and registered a loss after income tax of US$1.4 million (FY2022: profit after income tax of US$14.2 million). The loss per share was 0.48 US cents for FY2023, while the earnings per share was 6.43 US cents in FY2022.

LCD BACKLIGHT UNITS

The LCD Backlight Units segment's revenue declined by 26.2% from US$96.1 million in FY2022 to US$70.9 million in FY2023. This was largely due to the slow-down in demand for ultra-thin notebook computer display systems from the Group's customers. For the year under review, revenue from notebook computer display panels decreased by 66.5% from US$23.2 million in FY2022 to US$7.8 million.

The Group's performance was also impacted by its principal customer which has been undergoing a display device business transformation phase to focus on the high growth and high profitability products including vehicle information display units and virtual reality devices. This shift has resulted in the composition of products sold by the Group to mainly comprise of large-sized vehicle display units, whilst the demand for small-sized panels scaled down.

FINANCIAL AND OPERATIONS **REVIEW**



For the year under review, the number of LCD Backlight Units sold for the year totalled 6.3 million units, which was 15.4% lower than the 7.5 million units sold in FY2022, as the Group continued to receive pricing pressure from customers.

OEM AND ACCESSORIES

The revenue contribution from the OEM and Accessories segment reduced by 27.5% to US$29.4 million (FY2022: US$40.5 million). This was due to a normalisation of demand in FY2023 after the surge of orders placed for POS machines at the end of 2022. Additionally, there was a delay in revenue recognition as the Group's OEM customer encountered a design difficulty with one major model that was planned for 2023, resulting in a rescheduling of mass production. The mass production of this product is set to resume in 2024. Due to the above, the OEM and Accessories segment reported an operating profit of US$2.2 million in FY2023 as compared to US$4.0 million in FY2022.

OFFICE AUTOMATION ("OA")

Revenue from the OA segment was US$6.8 million, which was a 35.3% decrease as compared to FY2022. There was also an operating loss of US$1.4 million in FY2023 as compared to the US$0.7 million loss in FY2022. The OA segment is undergoing a restructuring of portfolio and pricing to better cater to current market conditions and to improve profitability. The Group is in the initial phase of negotiations with customers who are reviewing their orders as the Group requested them to adjust for low profitability or obsolete products.

During the period in review, the OA segment had started undergoing a renewal of production facilities, and the acquisition of new machinery to improve production efficiency. The management is also reviewing the OA segment's current structure and composition, with the aim of conducting organizational streamlining and resource consolidation for increased efficiency and cost savings.

OTHERS

The diversification into new businesses is one of the Group's long-term strategies, and new ventures are usually placed under the Others Segment. To date, we have two key arms – the Life Science Business which is involved in Biotech-related research & development, health care and beauty products, and the holding of Bio-related intellectual properties, while the Others Business consists mainly of food and beverage, and general trading businesses.

OTHERS – LIFE SCIENCES

Revenue from the Life Sciences businesses in the Others segment amounted to US$1.8 million (FY2022:US$0.5 million). The Group has built a strong bond with Nihon Trim Co., Ltd., a reputable Japanese producer of Alkaline Antioxidant Water Systems, and sales of their products have begun to contribute to the Group's performance. The Life Science business that is involved in Biotech-related research and development and the holding of Bio-related intellectual properties are still in the initial development stage and continues to incur expenses related to legal and professional services, and research and development expenses, which led to an operating loss of US$2.1 million (FY2022: loss of US$1.6 million).

OTHERS – OTHERS BUSINESS

The Other businesses in this Others segment include the food and beverage, and general trading businesses. The revenue from these businesses maintained at approximately the same level of US$0.4 million (FY2022: US$0.4 million) with a marginal operating loss of US$0.1 thousand (FY2022: loss of US$0.6 thousand). As the Group continues to progress, further milestones must be reached before the Group can unlock the targeted value from these diverse businesses.

STATEMENT OF FINANCIAL POSITION

For the year under review, the Group's consolidated total assets and liabilities amounted to US$96.0 million and US$42.6 million respectively, as compared to the US$117.5 million and US$58.9 million recorded as at 31 December 2022.

Current assets decreased by 21.8% to US$72.8 million, as compared to US$93.1 million as at 31 December 2022. Cash and bank balances together with pledged bank deposits decreased by 4.7% to US$27.4 million, as compared to US$28.8 million recorded as at 31 December 2022.

The Group's inventory levels were reduced by 39.1% to US$16.1 million as compared to US$26.4 million at 31 December 2022. Trade receivables were also reduced by 28.3% from US$ 34.4 million at 31 December 2022 to US$ 24.7 million at 31 December 2023, with a debtor turnover term of around 82 days as at the end of

2023. The Group did not change its credit term of between 60 days to 90 days to customers.

Other receivables and prepayments of US$4.7 million (31 December 2022: US$3.5 million) were mainly advance payments to suppliers, utility deposits, advances to staff, prepaid expenses, prepaid tax and VAT recoverable.

Total consolidated non-current assets of the Group was US$23.2 million as compared to US$24.4 million as at 31 December 2022. Investments comprised of investments in quoted shares of SHARP Inc. and an investment in equity shares of a Korean company, Electrine Inc.. There was a fair value loss on investments in respect of Electrine amounting to US$0.4 million, which was recognised in other comprehensive income during the year. Investment in associate comprises the acquisition of a 25% equity interest in Suzhou Pengfu Photoelectric Technology Company Limited and this investment has been fully impaired in prior years due to the minimal recoverable amount for Suzhou Pengfu after the consecutive years of losses made since incorporation.

In FY2022, the Group acquired 420,000 shares of ABio, thus increasing its aggregate holding to 620,000 shares or 71.5% total issued and paid-up capital of ABio, making ABio a subsidiary of the Group. The aforementioned business combination, was accounted for using the acquisition method. The Group appointed an independent professional valuer to assess the fair value of the identifiable assets and liabilities of the Target Company as at the transaction completion date. The goodwill of US$14.4 million arising on the business combination was attributable to the anticipated future economic benefits arising from the business combination that is not individually identified and separately recognized. Other intangible assets, being the value of registered patent rights and an In-Process Research & Development held by ABio, were consolidated into the Group.

The Group's property, plant and equipment amounted to US$4.8 million (31 December 2022: US$5.3 million) with new addition of US$1.4 million plant and machinery, which was netted off against the depreciation charge of US$1.5 million and a disposal of assets with a net book value of US$0.2 million. There was depreciation of right-of-use assets amounting to US$1.6 million, and the addition of right-of-use assets amounting to US$1.7 million, which led to the right-of-use assets amounting to US$2.3 million (US$2.5 million as at 31 December 2022). Intangible assets, being the value of registered patent rights held by ABio, were consolidated into the Group in FY2022.

Total liabilities decreased to US$42.6 million as at 31 December 2023, as compared to US$58.9 million as at 31 December 2022.

In relation to the right-of-use assets as mentioned above, lease liabilities amounted to US$2.3 million (31 December 2022: US$2.6 million), of which US$1.2 million was payable within one year and was classified under current liabilities (31 December 2022: US$1.5 million). The decrease in lease liabilities represented the repayment of lease liabilities amounting to US$1.6 million (FY2022: US$1.7 million), and new leases during the year amounting to US$1.7 million (FY2022: US$1.7 million).

In terms of its debt, the Group redrew bank borrowings amounting to US$7.8 million, while settling bank borrowings amounting to US$13.9 million with a net repayment of US$6.1 million during FY2023. Total outstanding bank borrowings was US$7.5 million (31 December 2022: US$13.7 million), of which US$6.8 million is payable within one year (31 December 2022: US$11.2 million).

Trade payables as at 31 December 2023, reduced by US$13.6 million to US$18.2 million (31 December 2022: US$31.8 million). There was no material change in the credit terms offered by the Group's suppliers and settlements were done in accordance with the agreed credit terms. The decrease in trade payables were in line with the Group's performance at year-end. Other payables and accruals, mainly comprising accruals for expenses, wages payable and VAT payable, accrual cost for business operations, and deposits from customers, increased to US$13.0 million (US$8.6 million as at 31 December 2022). The increase was mainly attributable to the deposits received for orders of mobile payment devices to be delivered.

Income tax payable was provided and adjusted under tax rules of different jurisdictions. The income tax charge net of payment had reduced the income tax payable by US$0.5 million to US$0.2 million (31 December 2022: US$0.8 million).

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

STATEMENT OF CASH FLOWS

In FY2023, the Group generated operating cash flows of US$12.1 million, up 73.3% from the previous year (FY2022: US$7.0 million) with net cash generated from operating activities amounting to US$10.9 million (FY2022: US$5.0 million). The net cash from the operating activities was mainly attributable to the realisation of cash tied up in the inventory. During the year, the Group paid income tax amounting to US$0.9 million (FY2022: US$1.6 million).

For the Group's investing activities, there was a net cash inflow of US$0.5 million (FY2022: outflow of US$1.2 million) in FY2023, mainly attributable to the release of a restricted bank deposit of US$1.5 million, and proceeds from disposal of property, plant and equipment of US$0.2 million, net off by the purchase of property, plant and equipment amounting to US$1.4 million (FY2022: US$0.9 million).

For its financing activities, the Group recorded a net cash outflow of US$10.5 million during the year under review (FY2022: US$1.4 million). These financing activities mainly comprised the net repayment of bank borrowings amounting to US$6.1 million during the year under review (FY2022: net proceeds from bank borrowing of US$2.9 million). During FY2023, the Group did not purchase any shares under its Shares Purchase Mandate, and repaid lease liabilities amounting to US$1.6 million (FY2022: US$1.7 million). Furthermore, the Group paid dividends of US$2.7 million to its shareholders in FY2023 (FY2022: US$2.7 million).

KEY FINANCIAL DATA

US$mn	FY2023	FY2022	FY2021	FY2020	FY2019
Total assets	**96.0**	117.5	108.8	102.3	88.0
Total liabilities	**42.6**	58.9	58.1	50.7	37.4
Current assets	**72.8**	93.1	96.7	88.3	74.8
Current liabilities	**39.7**	54.3	53.9	44.5	34.3
Shareholders' equity	**54.7**	59.5	50.7	51.6	50.6
Revenue	**109.2**	148.0	143.2	111.8	101.5
(Loss)/profit before tax	**(1.0)**	16.1	4.0	3.4	(0.6)
(Loss)/profit after tax	**(1.4)**	14.2	2.4	1.5	(1.9)
(Loss)/earnings per share (US cents)	**(0.48)**	6.43	1.06	0.66	(0.83)

FINANCIAL AND OPERATIONS **REVIEW**

KEY OPERATIONAL INFORMATION/DATA

LCD Backlight Units Operating Subsidiaries
(TM Hong Kong, CD Shanghai, and TM Japan)

US$mn	FY2023	FY2022	FY2021	FY2020	FY2019
Revenue (US$mn)	**70.9**	96.1	95.4	83.7	61.7
EBIT (US$mn)	**2.8**	7.3	5.5	5.8	2.5
Gross floor area (sqm)	**7,620**	7,620	7,620	7,620	7,620
Clean room area (sqm)	**4,120**	4,120	4,120	4,120	4,120
Number of staff	**80**	84	87	88	91
Number of workers	**326**	454	572	612	574
Production capacity (units/mth)	**4,000,000**	4,000,000	4,000,000	4,000,000	4,000,000

(Figures are based on December of each year)

OEM and Accessories Operating Subsidiaries
(TM Hong Kong, TM Dongguan, TM Japan, MT Wuxi and TM Phillipines)

US$mn	FY2023	FY2022	FY2021	FY2020	FY2019
Revenue (US$mn)	**29.4**	40.5	33.0	13.8	16.8
EBIT (US$mn)	**2.2**	4.0	2.8	1.2	0.8
Gross floor area (sqm)	**8,752***	5,673	5,673	5,673	5,673
Clean room area (sqm)	**1,187****	2,167	2,167	2,167	2,167
Number of staff	**69**	59	55	48	49
Number of workers	**76**	181	101	104	93

**TM Philipines resumed its operation in late 2023.*
*** Part of the clean room area of TM Dongguan has been changed of usage in 2023.*
(Figures are based on December of each year)

Office Automation Operating Subsidiaries
(TM Hong Kong, TM Shanghai, TM Japan, WH Hong Kong, WH Dongguan and TM Dongguan)

US$mn	FY2023	FY2022	FY2021	FY2020	FY2019
Revenue (US$mn)	**6.8**	10.5	13.9	13.2	21.2
EBIT (US$mn)	**(1.4)**	(0.7)	(0.5)	0.1	1.2
Gross floor area (sqm)	**6,576*****	7,236	7,236	7,236	7,236
Clean room area (sqm)	**827**	827	827	827	1,091
Number of staff	**70**	87	94	107	115
Number of workers	**138**	156	168	174	220

****Due to the restructuring of Office Automation segment, part of the factory of TM Shanghai has changed usage.*
(Figures are based on December of each year)

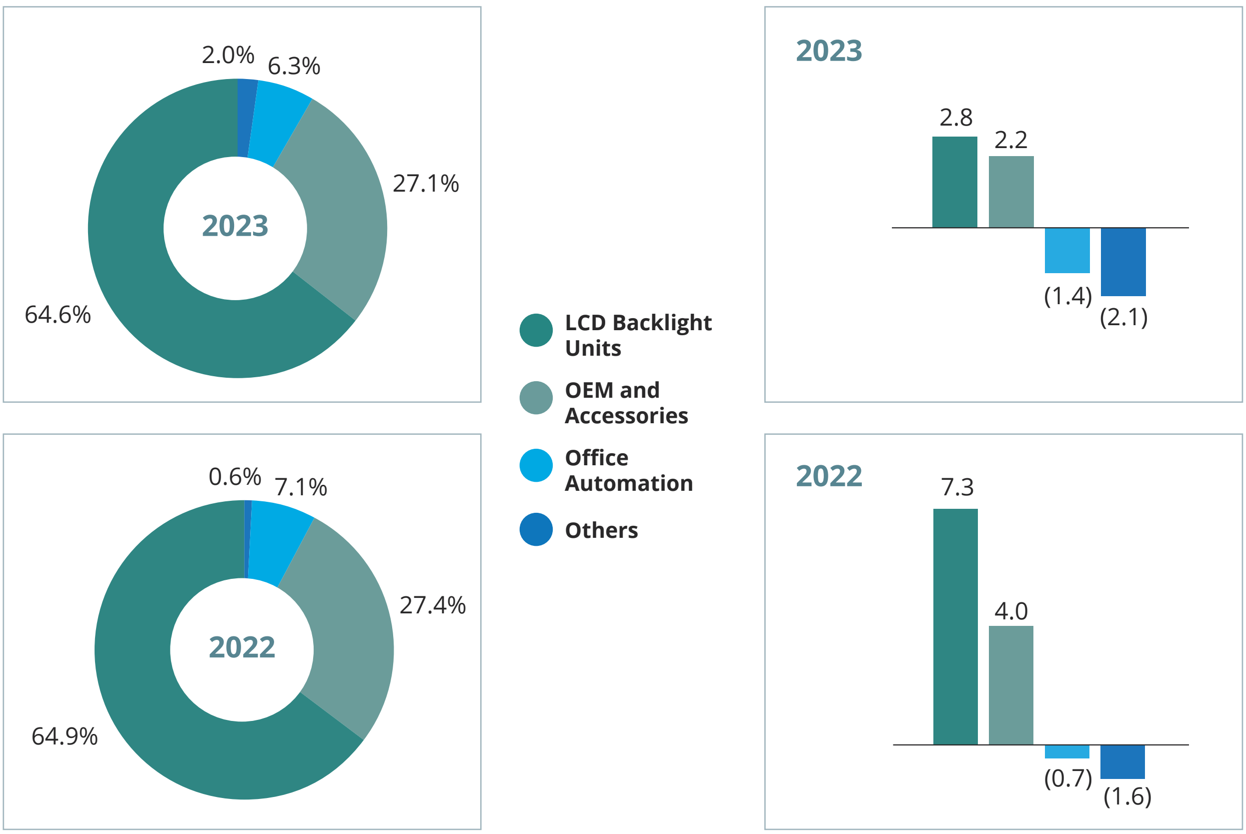
SEGMENTAL FINANCIAL HIGHLIGHTS

REVENUE BY BUSINESS SEGMENT

Revenue (US$mn)	FY2023	FY2022	% Change
LCD Backlight Units	**70.9**	96.1	(26.2)
OEM and Accessories	**29.4**	40.5	(27.4)
Office Automation	**6.8**	10.5	(35.2)
Others	**2.2**	0.9	144.4

EBIT BY BUSINESS SEGMENT

EBIT (US$mn)	FY2023	FY2022	% Change
LCD Backlight Units	**2.8**	7.3	(61.6)
OEM and Accessories	**2.2**	4.0	(45.0)
Office Automation	**(1.4)**	(0.7)	100.0
Others	**(2.1)**	(1.6)	31.3



LATEST FIVE YEARS DIVIDEND RECORD

(US cent)	FY2023	FY2022	FY2021	FY2020	FY2019
Interim Dividend	**0.5**	0.5	0.5	0.4	0.4
Final Dividend	**0.7***	0.7	0.7	0.7	0.7
Total	**1.2**	1.2	1.2	1.1	1.1

**Proposed final dividend and subject to approval by shareholders at AGM.*

BOARD OF DIRECTORS

KATO Tomonori
Chairman and Chief Executive Officer
(Appointment: 30 April 2018 Last re-election: 29 April 2022)

Mr. Kato succeeded from Mr. Yoshikawa on 1 January 2024. As the Chief Executive Officer, he is responsible for overseeing the overall operations and strategy, planning and development of the Group. He was the Group's Chief Operating Officer since 30 April 2018 and was in charge of the overall operations of the Group, particularly in the sales, marketing and new product development functions in existing core business. He has extensive sales experience in the LCD Backlight business. When Mr. Kato joined TM Japan in March 2003, he was then transferred to CD Shanghai. He was appointed as Legal Representative and director of CD Shanghai in October 2014, Legal Representative and Chairman of MT Wuxi in May 2015. Mr. Kato has been an executive officer of TM Japan since February 2017 and acted as a director of TM Japan during the period from May 2018 to December 2021. In April 2021, Mr. Kato was appointed as Chairman of CD Shanghai.

Mr. Kato also oversees the Life Science and Bio related business development of the Group. He has been appointed as a director of TM Bio and ABio since January 2019 and March 2019 respectively.

Present directorship in other listed companies
Nil

Present other principal commitments
Nil

CHEUNG Chi Ming
Executive Director and Chief Financial Officer
(Appointment: 1 October 2022 Last re-election: 28 April 2023)

Mr. Cheung was appointed as an Executive Director and Chief Financial Officer on 1 October 2022. He is responsible for the overall management of the Group's financial and management reporting, budgeting, treasury, internal control, auditing functions and accounting and compliance processes. He joined our Group as Financial Controller on 1 August 2022.

Mr. Cheung holds a Bachelor degree in Accountancy from the Hong Kong Polytechnic University and a Master degree in Corporate Governance from the Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute. Mr. Cheung is currently an Independent Non-Executive Director of the Chinese People Holdings Company Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 681).

Present directorship in other listed companies
Chinese People Holdings Co., Ltd. (Independent Non-Executive Director)

Present other principal commitments
CM Consultancy Company Limited (Director)
Bennett Management Group Limited (Director)
Guo Fu Enterprises Limited (Director)
Central Mark Hong Kong Investment Limited (Director)
Foshan Nanhai Used Motor Vehicle Trading Center Co., Ltd. (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.

CHIA Seng Hee
Lead Independent Non-executive Director
(Appointment: 1 December 2019 Last re-election: 29 April 2022)

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 Co. (Sole Shareholder and Legal Representative)

YAP Tong Teck
Independent Non-executive Director
(Appointment: 1 November 2023)

Mr. Yap has an extensive background in leadership positions within the real estate and precision engineering industries, with a wealth of experience in China, India, Japan, and the United States of America. He served as the Deputy CEO of China-Singapore Suzhou Industrial Park Development Ltd., held the position of Vice President and Head of Asset Management for Ascendas Singbridge in China, and worked as the Director of Investments (South India) for Mapletree Investments Pte Ltd. He also held positions such as General Manager of Ufreight Singapore Pte Ltd., Director of Corporate Planning and General Affairs at Excel Machine Tools Limited, Head of the Electronics & Industrial Machinery Group at the then Trade Development Board, and Assistant Head, Supporting Industries at the Economic Development Board. Mr. Yap holds a MBA (Investment & Finance) from the University of Hull, a Modular Master in Data Science (Non-Programming) from the Singapore University of Technology and Design and a B. Eng (Control Engineering) from the Tokyo Institute of Technology and

Present directorship in other listed companies
Nil

Present other principal commitments
Crossborder Research Pte Ltd. (Business Development Director)
Suwa Precision Engineering Pte Ltd. (Director)
SV Tech Pte Ltd. (Director)
Suwa Stamping Tech Pte Ltd. (Director)
Attisse Pte Ltd. (Director)

BOARD OF **DIRECTORS**

ENDO Mamoru
Independent Non-executive Director
(Appointment: 1 November 2023)

Mr. Endo is an experienced legal professional with a strong regional background. He served as a Legal Consultant with NEXPERT Global Consulting Pte. Ltd., being on secondment from NEXPERT Law Office in Japan. Mr. Endo worked closely with local counsel, providing expert advice on Singapore law compliance matters, data protection law, and the establishment of overseas subsidiaries in countries including India and the UAE. He had previously served as a Consultant at Fair Consulting Singapore Pte. Ltd., where he advised on various aspects of mergers and acquisitions, foreign investments, company restructurings, and equity and debt fund raising in Singapore and Japan. Mr. Endo began his career as an attorney at Atago Toranomon Law Office in Japan and later undertook a secondment at Chadha & Co., an Indian law firm. With a Juris Doctor degree and qualification as a lawyer in Japan, Mr. Endo brings a wealth of expertise to the field of legal consulting, particularly in cross-border transactions and compliance within the Group.

Present directorship in other listed companies
Nil

Present other principal commitments
NEXPERT Law Office (Partner Lawyer)
NEXPERT Global Consulting Pte. Ltd. (Director)

YOSHIKAWA Makoto
Head of Operations in Japan

Mr. Yoshikawa was our former Chairman and Chief Executive Officer of the Group. Since 1 January 2024 he devoted his time to oversee the operations in Japan. 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.

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. He has been the President Director of TM Philippines since its incorporation in 2019. 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 36 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 joined the Group in 2002 and was in charge of OA related business for consumer electrical appliance manufacturing in Japan. When transferred to Shanghai in 2007, he was in charge of the LCD Parts and Accessories business of the Eastern China region. After returning to TM Japan in 2012, he was assigned as the Head of LCD Parts and Accessories business and also involved as a key player in the LCD Backlight Unit Business. Mr. Kono is a precious asset of the Group with over 20 years comprehensive experience in our core businesses. He has been appointed as director and Senior Managing Executive Officer of TM Japan in January 2022. During the year 2022, Mr. Kono is assigned as the Head of our Ho Chi Minh City Representative Office, and leading the Vietnam development project. Mr. Kono is also appointed as director of TM Hong Kong in January 2024.

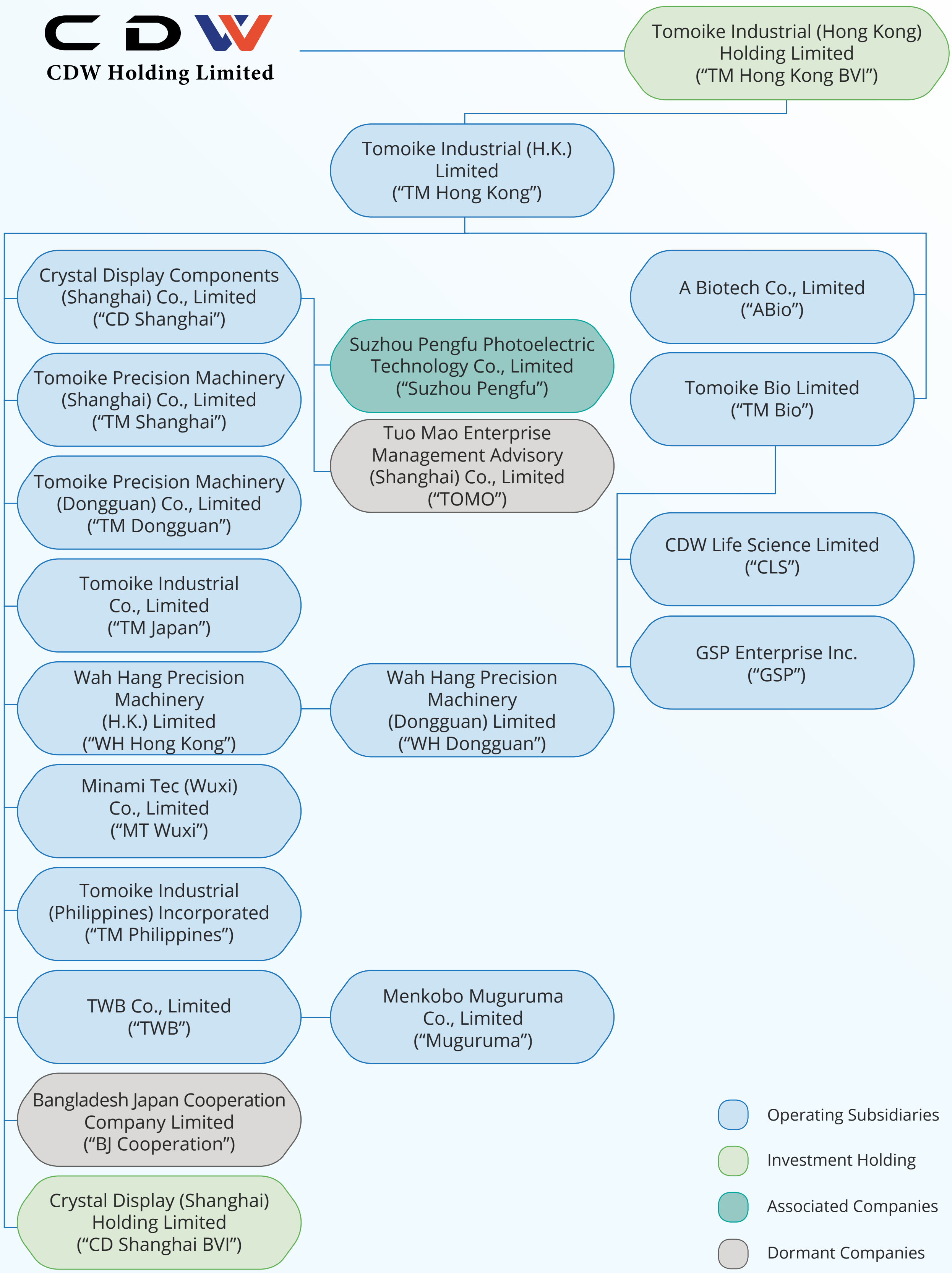
IMAI Junya
Head of Operations for the Biotechnology related Business

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



ABOUT THIS REPORT

Reporting Scope and Boundary

This sustainability report presents CDW's sustainability performance and policies for the year end of 2023. The information encompasses Environmental, Social, and Governance (ESG) considerations, providing insights into the activities of CDW ("CDW" or the "Company") and its subsidiaries (the "Group"). The reporting scope focuses on the key business segments of LCD Backlight Units and OEM and Accessories, specifically highlighting the Group's primary manufacturing facility in Shanghai, which is associated with LCD Backlight Units operated by Crystal Display Components (Shanghai) Co., Ltd ("CD Shanghai"). As a reflection of CDW's commitment to transparent and accurate reporting, the reporting scope this year has been expanded to include the operations of Tomoike Precision Machinery (Dongguan) Co., Limited. ("TM Dongguan"), which is engaged in the business of original equipment manufacturing, manufacturing and trading of parts and precision accessories for office equipment, electrical appliances and LCD modules. Additionally, attention is given to the headquarter office in Hong Kong, managed by Tomoike Industrial (H.K.) Limited ("HK Office"). Consistent with previous reports, this sustainability report excludes other manufacturing facilities, locations, or operations that are included in the Group's financial reporting.

Reporting Cycle

CDW releases its annual sustainability report each year concurrently with the Group's Annual Report. CDW has consistently published the Group's annual sustainability report since the inaugural Sustainability Report in 2017, reflecting the Group's continuous dedication to sustainability. The reporting period for this year encompasses the Group's performance from January 1 to December 31, 2023. In compliance with the Singapore Exchange Securities Trading Limited's ("SGX-ST") SGX 711A rule update, CDW's sustainability report for 2023 will be made available no later than 4 months after the conclusion of the financial year.

Reporting Standards

In accordance with SGX Listing Rule 711A on sustainability reporting and guided by the six primary components outlined in SGX-ST Listing Rule 711B on a "comply or explain" basis, this report provides a comprehensive overview of the Group' sustainability performance.

CDW's approach to sustainability reporting goes beyond compliance, as CDW strives to align its operations with global best practices. In this regard, this report has been prepared with reference to the Global Reporting Initiative (GRI) reporting Standards 2021. By adhering to these internationally recognised standards, CDW aims to meet regulatory requirements but also enhance the credibility and transparency of its sustainability disclosures. With the desire to stay abreast of the latest industry standards, and under SGX's "comply or explain" requirements for climate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), CDW aims to seamlessly incorporate TCFD recommendations into its reporting shortly. Currently, the Group is diligently preparing the necessary data for comprehensive TCFD disclosures, reflecting its dedication to transparent and climate-resilient financial reporting practices. CDW has chosen GRI Standards as its sustainability reporting framework for the following 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 organisational 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. The latest revisions are reflected in the GRI Universal Standards 2021. Today, it still remains an independent organisation and its standards are trusted by government agencies, regulators, financial institutions and civil society organisations 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. GRI is also working closely with the International Sustainability Standards Board (ISSB), which intends to harmonise global sustainability disclosures in the near future. ISSB released its first two International Sustainability Board Standards in June 2023. This collaboration and flexibility allows CDW to align with these standards in the future.

The sustainability performance disclosures presented in this report align with the reporting principles established by GRI as follows:

Consistent with the Group previous reports, CDW continues enlisting professional consultancy services to engage the Group's stakeholders, consolidate ESG data, and compile this report. This approach ensures the independence, credibility, and transparency of CDW's latest sustainability report. Stakeholders and readers are encouraged to consult the GRI-SGX Content Index at the conclusion of this report for a comprehensive reference to the disclosed GRI topics.

External Assurance and Internal Review

CDW is dedicated to ensuring the credibility and accuracy of the Group's sustainability report by implementing appropriate data collection procedures. Although the Group's sustainability report has yet to be externally assured, CDW is committed to maintaining the high level of credibility of the Group's disclosures and will gradually adopt external assurance and internal review. To achieve this goal, CDW's Audit and Risk Committee, composing the three independent members, oversees the design and implementation of the company's sustainability policies and practices, and addressing material ESG factors relevant to the company's business. This includes the annual review of the company's disclosures in its sustainability report and the hiring of an external team of experienced professionals to perform an internal audit of the Group's sustainability reporting for the upcoming years.

Confirmation and Approval

CDW asserts that policies, practices and data presented in this report are obtained from official documents and operational statistics derived from various business units. The Board of Directors on 5 April 2024 has endorsed this 2023 Sustainability Report.

Opinion and Feedback

CDW highly values constructive and meaningful feedback from the Group's stakeholders. CDW considers such input integral to fostering continual enhancements in both its sustainability reporting and performance. If you have questions or feedback, please contact CDW Holding Limited through the channels provided. Your insights are crucial in shaping our ongoing commitment to sustainable practices.

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Email	:	mail@cdw-holding.com.hk
Tel	:	+852 2634 1511
Fax	:	+852 2690 3349

SUSTAINABILITY **REPORT**

ABOUT CDW

From its humble beginnings as a small trading and sourcing company for large Japanese companies in Hong Kong, CDW Holding Limited has grown into a precision components specialist serving the global market focusing on the production and supply of niche precision components. CDW's business activities can be summarised as follows:

LCD BACKLIGHT UNITS
Manufacturing of LCD backlight units for LCD modules

OFFICE AUTOMATION
Manufacturing and trading of parts and precision accessories for office equipment and electrical appliances

OEM AND ACCESSORIES
The business of original equipment manufacturer and manufacturing and trading of parts and precision accessories for LCD modules

OTHERS
Other business including general trading, food and beverage, Bio-Tech related research and development, health care and beauty products and the holding of Bio-related intellectual properties

Headquartered in Hong Kong, the Group has operations across Japan, China, Korea, Hong Kong, Thailand, and the Philippines.

CDW's APPROACH TO SUSTAINABILITY

BOARD STATEMENT

In 2023, several noteworthy milestones marked the global progress towards sustainability. The 2023 United Nations Climate Change Conference (COP28) spearheaded a global commitment to transition away from fossil fuels, as well as the creation of a fund to help vulnerable countries pay for climate-related damage. With regards to sustainability reporting, 2023 also saw the International Sustainability Standards Board (ISSB) issued its first two International Financial Reporting Standards (IFRS), aimed at providing global harmonised sustainability reporting standards.

At CDW, we are committed to staying abreast of the latest trends and regulations in the global movement towards sustainability. As part of this commitment, we have taken note of the recent efforts by Singapore Exchange Regulation (SGX RegCo) and the Accounting Corporate Regulatory Authority (ACRA) to advance climate reporting in Singapore. In July 2023, they launched a public consultation, proposing that listed issuers report in alignment with the ISSB starting from financial year 2025. We are pleased to see that countries we operate in, such as Hong Kong SAR Stock Exchange, have also expressed interest in aligning with the ISSB standards. In fact, Hong Kong SAR Stock Exchange is among the first in the world to announce plans to align ESG disclosure requirements with the ISSB standards.

At CDW, we are dedicated to aligning our sustainability reporting with the ISSB standards in the near future. We believe that this will not only help us stay in line with regulatory requirements, but also enable us to make a positive impact on our stakeholders and the environment. As we move forward, we will continue to keep a close eye on the latest developments in the disclosure of sustainability risk and opportunity and Greenhouse Gas ("GHG") emissions and take proactive steps to ensure that our sustainability reporting remains robust, transparent, and impactful. We plan to take steps towards disclosures of sustainability risk and opportunities, as well as focus on our GHG emissions performance and initiatives. As stewards of this organisation, we recognise the profound impact our actions can have on the environment, society, and the industries we serve. This report reflects our steadfast commitment to sustainability, providing an insight into the conscientious practices that underscore our business operations. Throughout this reporting year, we have actively sought stakeholder opinions to identify crucial and material topics relevant to our business. Adhering to the GRI Standards 2021, we have adapted our material topics to encompass a new topic for this reporting year: Supplier Social Assessment. The inclusion of Supplier Social Assessment as a new material topic for this year reflects our heightened awareness of the social impact and responsibility within our supply chain. Recognising the evolving concerns of our stakeholders, we commit to continually updating our material topics based on their latest feedback. The Board, in careful consideration of sustainability issues impacting our business, has identified key ESG (Environmental, Social, and Governance) topics, ensuring vigilant oversight in their management and monitoring.

Our sustainability journey and achievements thus far are a testament to the collaborative efforts of our dedicated team, partners, and stakeholders who share our vision for a sustainable future. In the face of the increasingly severe impacts of climate change and the emergence of dynamic policies and regulatory requirements, the Board expresses sincere gratitude to our stakeholders for their unwavering support on our ongoing sustainability journey. Together, we navigate the complexities of our industry, striving for excellence in sustainability, and embracing the opportunities it brings.

KATO Tomonori
Chairman and Chief Executive Officer
CDW Holding Limited
Hong Kong, 5 April 2024

SUSTAINABILITY GOVERNANCE

CDW consistently works towards strengthening its sustainability governance capabilities. CDW's directors continue to participate in sustainability trainings on a needs basis. The Board exercises diligent oversight of sustainability performance and ESG issue management.

Implementation of sustainability initiatives is supported by various committees, with comprehensive reporting back to the Board. The Audit Committee, composed of independent directors, takes charge of overseeing sustainability initiatives at the Group level in FY2023. The Group is actively exploring the establishment of sustainability working groups within its subsidiaries, encompassing both Hong Kong, Shanghai and Dongguan operations. CDW maintains diverse working committees to supervise the day-to-day implementation of sustainability initiatives, including the Environmental Management Committee.

CDW's SUSTAINABILITY GOVERNANCE STRUCTURE

At CD Shanghai, the Deputy General Manager collaborates closely with the Environmental Management Committee in overseeing environmental impact assessments, risk management, and the execution of sustainability programs. Simultaneously, the management of the Hong Kong Office regularly engages with the Board to identify and manage ESG issues; and conveys their expectations and requirements to the other subsidiaries, including TM Dongguan. CD Shanghai holds accreditation for various ISO standards, underscoring CDW's unwavering commitment to robust sustainability governance:

ISO 9001 QUALITY MANAGEMENT

ISO 14001 ENVIRONMENTAL MANAGEMENT

IATF 16949: 2016

SUSTAINABILITY RISKS AND OPPORTUNITIES

CDW has identified key sustainability risks and opportunities for the upcoming year, as it has done in the past sustainability reports. The Group Risk Management Policy is supported by a resilient Enterprise Risk Management (ERM) Framework. The management of CDW consistently oversees, evaluates, and updates the Risk Management Policy to enhance the coverage of operational risks. If you wish to learn more about CDW's risk management practices, please refer to the CDW corporate governance report for detailed insights.

RISK	OPPORTUNITIES AND RESPONSES
CLIMATE CHANGE AND ENERGY TRANSITION	
Climate change poses potential physical risks to CDW's business operations, including rising sea levels and more frequent extreme weather events. Such changes may result in disruptions to production processes and supply chains, affecting both operations and the markets where its products are sold. Aside from physical risks, CDW may also face various transition risks such as technology risks and policy risks. For example, CDW may face technology risks when transitioning to new energy-efficient technologies, as well as policy risks due to new regulations with regard to GHG emissions or climate reporting.	CDW is committed to carefully monitoring and reviewing its emissions and energy consumption. The data collected helps the Group to identify areas that require its attention to implement targeted initiatives to reduce the environmental impact. In addition to reducing its carbon footprint, there are also opportunities for CDW to switch to cleaner and more sustainable sources of energy. This not only contributes to a greener future but also leads to cost savings for the company in the long run. CDW's climate and energy efforts demonstrate its unwavering commitment to sustainability and its responsibility towards all stakeholders.
RESOURCES AND MATERIALS MANAGEMENT	
Poor management of materials can result in environmental harm, such as, deforestation, water pollution, or excessive waste generation. Such practices expose the Group to legal and regulatory risks and pose reputational challenges as stakeholders are increasingly prioritising environmentally responsible practices. Heavy reliance on non-renewable resources may also lead to potential supply chain disruptions due to shortages in non-renewable resources in the future.	CDW continues to ensure strict adherence to local regulations and company-wide resource management protocols. The Group recognises that streamlining resource and material usage can result in cost savings through improved efficiency. Promoting more sustainable materials also contributes to a resilient and responsible supply chain.
OCCUPATIONAL HEALTH AND SAFETY	
At CDW, the safety and well-being of employees have always been the topmost priority. Poor management of occupational hazards, including the transmission of infectious diseases, can lead to risks that can put the health and productivity of employees in jeopardy. With climate change, extreme weather events and high temperatures pose additional potential threats to the safety and health of CDW's workforce.	CDW remains committed to the rigorous enforcement and clear communication of health and safety policies among all employees, aimed at preventing the occurrence of outbreaks. The Group actively addresses and considers any concerns raised by its employees, and undertake concerted efforts to promote their overall well-being and health. The focus extends beyond compliance, striving to create a supportive environment that prioritises the health and safety of its workforce.

RISK	OPPORTUNITIES AND RESPONSES

RESPONSIBLE SUPPLY CHAIN

Risk

Neglecting responsible supply chain practices can pose significant risks to CDW. Failing to uphold ethical standards within the supply chain, including issues such as forced labor, environmental harm, and human rights abuses, puts the company at risk of legal repercussions. Failure to address these concerns can lead to legal consequences, tarnish the Group's reputation and erode trust among customers and stakeholders. Therefore, addressing these concerns is crucial to safeguarding the company's integrity and maintaining positive relationships with stakeholders.

Opportunities and Responses

Beyond its own operations, CDW is dedicated to promote ethical and sustainable practices throughout the Group's supply chain. CDW implements a supplier management system that suppliers unable to fulfill the Group's requirements will be screened out.

As consumers increasingly prioritise environmentally conscious choices, CDW recognises that it can position itself as a preferred choice by aligning with sustainable practices. This alignment not only meets consumer expectations but also has the potential to drive heightened consumer trust and loyalty. As a result, CDW could anticipate an increase in market share and revenue growth, as the company aligns with the evolving values and preferences of environmentally conscious consumers.

ISSB REQUIREMENTS

Risk

The implementation of the International Sustainability Standards Board (ISSB) requirements could present some risks for CDW. As a company deeply entrenched in the global market, CDW faces potential challenges in adapting to the stringent sustainability standards mandated by the ISSB.

Complying with these requirements may necessitate significant investments in new technologies, processes, and personnel training to accurately measure and report on sustainability metrics. Moreover, failure to meet ISSB standards could result in reputational damage, loss of investor confidence, and potential regulatory penalties, all of which could hinder CDW's growth and competitiveness in the global market.

Opportunities and Responses

Implementation of ISSB requirements may present an opportunity for CDW to enhance its market position and foster sustainable growth.

Embracing sustainability initiatives can drive innovation within CDW's operations, leading to cost savings, operational efficiencies, and enhanced brand value. Leveraging sustainability as a strategic advantage, CDW can differentiate itself in the marketplace, positioning the company for long-term success and resilience in an increasingly sustainability-focused business landscape.

STAKEHOLDER ENGAGEMENT

CDW maintains regular and active communication with its stakeholders, and the Group values the feedback received on its performance and initiatives. Stakeholder engagement is an important way to gather feedback and understand the evolving expectations of stakeholders. In FY2023, CDW initiated a materiality refreshment process to pinpoint key sustainability topics for the reporting year. An independent consultancy company conducted a focus group and distributed surveys to both internal and external stakeholders, as in previous years.

<table>
<tr><th colspan="2">KEY STAKEHOLDER GROUPS</th><th>ENGAGEMENT PLATFORMS AND CHANNELS</th><th>ENGAGEMENT FREQUENCY</th></tr>
<tr><td rowspan="3">Internal Stakeholders</td><td>CDW Board of Directors</td><td rowspan="3">• Training and development programmes
• Annual company events and festival celebrations
• Internal company discussions
• Interviews and focus groups
• Corporate emails and announcements</td><td rowspan="3">Throughout the year</td></tr>
<tr><td>CDW Senior Management</td></tr>
<tr><td>CDW Employees</td></tr>
<tr><td rowspan="12">External Stakeholders</td><td>Shareholders</td><td>• Communication through investor relations team
• Announcements and circulars on SGX
• AGM, SGM
• Annual and interim reports</td><td>Annually or on a needs basis</td></tr>
<tr><td>Investors</td><td>• Communication through investor relations team
• AGM, SGM
• Annual and interim reports
• Financial results announcements</td><td>Annually or on a needs basis</td></tr>
<tr><td>Customers</td><td>• Participation in conferences, meetings and discussions
• Factory site visits and office meetings
• Feedback channels and project briefings</td><td>Throughout the year</td></tr>
<tr><td>Suppliers</td><td>• Regular supplier visits and meetings
• Procurement process or meetings</td><td>Throughout the year</td></tr>
<tr><td>Government</td><td rowspan="2">• Email communication with SGX</td><td rowspan="2">On a needs basis</td></tr>
<tr><td>Regulatory Agencies</td></tr>
<tr><td>Academic Institutes</td><td>• Seminars participation</td><td>On a needs basis</td></tr>
<tr><td>Civil Society Groups</td><td>• Press releases
• Marketing Events</td><td>On a needs basis</td></tr>
<tr><td>Banks/Financial Institutions</td><td>• Annual and interim reports
• Financial results announcements
• Meetings with banking representatives</td><td>Annually or on a needs basis</td></tr>
<tr><td>Media</td><td>• PR and marketing promotions
• Press releases</td><td>On a needs basis</td></tr>
<tr><td>CDW Employees' families</td><td>• Employee family events
• Charity events
• Community surveys</td><td>Throughout the year</td></tr>
<tr><td>Consulting professionals</td><td>• Working meetings
• Seminars and industry conferences</td><td>On a needs basis</td></tr>
</table>

MATERIALITY REFRESHMENT

CDW defines material topics based on the GRI 2021 Standards' definition-topics that represent the organisation's most significant impacts on the economy, environment, and people, including impacts on their human rights. Aligned with GRI 3: Material Topics 2021's recommended steps for determining material topics, the following details CDW's 4-stage process of determining material topics for the reporting year:

1 IDENTIFY RELEVANT TOPICS

Management interviews and expert review by an independent consultant are conducted to identify 28 material topics for CDW on this year's sustainability report.

2 SOLICIT STAKEHOLDER FEEDBACK

External and internal stakeholders are invited to participate in an online survey on sustainability topics to assess actual and potential impacts. A total of 88 valid responses were collected (as compared to 91 in FY2022) in a 1-month survey period. A focus group discussion with stakeholders was also conducted to gather more detailed responses.

3 ASSESS AND PRIORITISE MATERIAL TOPICS

Independent consultant analysed the significance of the impacts and developed a materiality matrix through a comprehensive analysis of stakeholder concerns, prioritising 15 material topics to be addressed, with 7 critical topics to focus on.

4 VALIDATE AND ENDORSE MATERIAL TOPICS

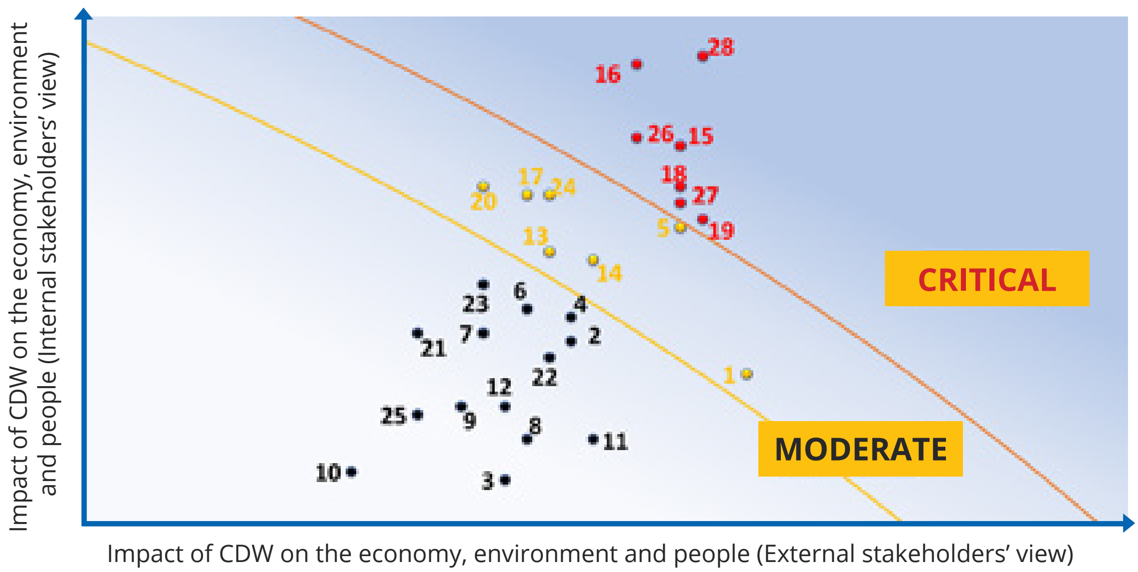
The CDW Board of Directors confirmed the material sustainability topics for the reporting year.

Results of the stakeholder engagement were analysed by the independent consultant and served as guidance for the final selection and approval of material topics for FY2023, such as providing validation for the new material topic of Supplier Social Assessment this year.

HIGHLIGHTS OF KEY TOPICS RAISED UP IN FOCUS GROUP INTERVIEWS WITH STAKEHOLDERS	
QUESTION	TOPICS HIGHLIGHTED
What topics do you wish CDW to focus more on?	Labour/management relations and Employees
	Carbon Reduction and GHG Emissions
	Environmental topics such as materials and water resources
	Global supply chain

MATERIALITY MATRIX ILLUSTRATING STAKEHOLDERS' RESPONSES FROM QUESTIONNAIRES DISTRIBUTED

2023 Materiality Matrix of CDW



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

		Topics	Critical	Material
SOCIETY	14	Employment system		✓
	15	**Labour/management relations**	✓	✓
	16	**Occupational health and safety**	✓	✓
	17	Training and development		✓
	18	**Diversity and equal opportunity**	✓	✓
	19	**Non-discrimination**	✓	✓
	20	Respect for the freedom of association and collective bargaining		
	21	Child labour		✓
	22	Forced or compulsory labour		✓
	23	Local communities		
	24	Supplier social assessment		✓
	25	Participation of public policy		
	26	**Customer health and safety**	✓	✓
	27	**Marketing and labeling**	✓	✓
	28	**Customer data protection and customer privacy**	✓	✓

FINAL MATERIAL TOPICS CHOSEN FOR FY2023

MATERIAL TOPIC		IMPACT BOUNDERIES[1]							CORRESPONDING SECTIONS IN THE REPORT
		WITHIN THE OPERATIONS[2]			OUTSIDE THE OPERATIONS[3]				
		CDW Board of Directors	CDW Senior Management	CDW Employees	Suppliers	Banks/Financial Industries	Consulting Professionals	Consultant	
5	Anti-corruption	✓	✓	✓	✓	✓			Business Responsibility
26	Customer health and safety		✓	✓	✓			✓	Business Responsibility
27	Marketing and Labeling		✓		✓			✓	Business Responsibility
28	Customer data protection and customer privacy			✓	✓		✓	✓	Business Responsibility
14	Employment System	✓	✓	✓			✓		Responsible Employer and Inclusive Workplace
15	Labour/management relations		✓	✓		✓			Responsible Employer and Inclusive Workplace
16	Occupational health and safety		✓	✓		✓	✓		Responsible Employer and Inclusive Workplace
17	Training and development		✓	✓			✓		Responsible Employer and Inclusive Workplace
18	Diversity and equal opportunity	✓	✓	✓					Responsible Employer and Inclusive Workplace
19	Non-discrimination	✓	✓	✓					Responsible Employer and Inclusive Workplace
21	Child labour		✓	✓	✓			✓	Responsible Employer and Inclusive Workplace
22	Forced or compulsory labour				✓			✓	Responsible Employer and Inclusive Workplace
24	Supplier Social Assessment				✓			✓	Responsible Employer and Inclusive Workplace
7	Materials		✓	✓		✓		✓	Environmental Stewardship
11	Emissions	✓	✓	✓	✓	✓			Environmental Stewardship

1 *Similar to 2022 and 2021 Sustainability Reports, CDW has not received survey responses from stakeholder groups "CDW employee's family members", "Investor", "Government", "Regulatory Agencies", "Academic Institutes", "Civil Society Groups/NGOs", and "Media" 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.*

Overall, CDW has identified and introduced one new material topic for this year's sustainability report- namely Supplier Social Assessment, and has phased out the material topic Anti-competition from FY2022's list of material topics.

CDW's performance and management approach for all the above identified material topics for this year will be covered in the following sections of this report.

FY2023 HIGHLIGHTS

ZERO
cases of non-compliance to local laws, regulations or policies

ZERO
cases of workplace fatalities

ZERO
incidents of forced or compulsory labour

5,339
total training hours provided

1,776 tonnes
renewable materials used

27% reduction
in GHG Emissions Intensity (per thousand dollars of income RMB) in FY2023 compared to FY2022

BUSINESS RESPONSIBILITY

OVERVIEW

CDW's unwavering commitment to fair and responsible operations underscores its identity as a responsible business. CDW takes pride in upholding stringent policies that reflect its dedication to maintaining high standards across all aspects of business operations.

ANTI-CORRUPTION

GRI 205: Anti-corruption 2016

Management Approach

At CDW, ensuring integrity and ethical conduct in business operations is crucial. The group recognises that maintaining anti-corruption measures not only promotes good corporate governance but also ensures that decisions are in the best interest of CDW and its employees. CDW's values are based on fair market competition and ethical business practices. The Group is dedicated to upholding the industry's reputation and fostering trust among employees, as unethical practices can hinder sector entry.

CDW maintains a strict approach to corruption and bribery supported by robust risk assessment procedures and Standard Operating Procedures (SOPs) to investigate any suspected cases. The Group's adherence to the "Code of Business Conduct" and the "Information Security Policy" underscores its commitment to sound corporate governance. The Group diligently monitors training efforts focused on anti-corruption and ethical practices, along with any reported instances of corruption within the group.

To enhance transparency and accountability, CDW has implemented an open-door policy for employees to report unethical behaviour. The Group Whistleblowing Policy provides designated channels for stakeholders and employees to report concerns, which are promptly investigated by senior management and the Audit Committee with the support of internal auditors. The stringent stance against corruption and unethical practices is communicated through accessible resources such as the Group Employee Handbook, reinforcing the Group's commitment to ethical conduct at every level of its organisation.

FY2023 Performance

PERCENTAGE OF MEMBERS WHO HAVE RECEIVED COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES			
	CD Shanghai	TM Dongguan	HK Office
Members of the Board of Directors	100%	100%	100%
Senior Management	100%	100%	100%
Middle Management	100%	100%	100%
General Staff	100%	100%	100%
Suppliers	100%	100%	100%
Customers	100%	100%	100%
Banks/ professional service providers	100%	100%	100%
Other business partners	100%	100%	100%

At the Hong Kong Office, new employees receive anti-corruption training as part of their orientation program. Additionally, managers receive regular briefings on anti-corruption provided by the General Manager.

MARKETING AND LABELING

GRI 417: MARKETING AND LABELING 2016

Management Approach

At CDW, prioritising the Group's relationship and communication with customers is essential and the Group is dedicated to providing Japanese technologies of the utmost quality and safety standards globally, while ensuring transparency with clients regarding its products. This approach fosters a strong reputation and trust between CDW and its customers. The Group continuously pursues product reliability and excellence. In the event of any complaints or incidents of non-compliance related to product marketing and labeling, an emergency report will be promptly prepared, and authorised personnel will be notified to initiate necessary remedial actions.

FY2023 Performance

Throughout FY2023, CDW had no reported incidents of non-compliance with regulations and voluntary codes governing its product and service information, as well as labeling. Similarly, the Group's marketing communications adhered strictly to regulatory requirements and voluntary codes. Below, the types of information mandated by CDW for product information and labeling are outlined:

REQUIREMENTS FOR PRODUCT AND SERVICE INFORMATION AND LABELING			
	CD Shanghai	HK Office	HK Office
The sourcing of components of the product or service	Yes	Yes	Yes
Content, particularly with regard to substances that might produce an environmental or social impact	No	No	Not applicable
Safe use of the product or service	Yes	Yes	Not applicable
Disposal of the product and environmental or social impacts	No	No	Not applicable

CUSTOMER WELFARE

Customer Health and Safety

GRI 416: CUSTOMER HEALTH AND SAFETY 2016

Management Approach

CDW's primary mission remains to provide high-quality and safe technologies globally, safeguarding customer health and safety. This commitment is echoed by CDW's stakeholders, who identify Customer Health and Safety as a critically material topic in this year's stakeholder surveys. At CD Shanghai, management is dedicated to upholding product quality and safety standards. The facility is certified under ISO 9001:2015 and IATF 16949:2016 for its quality management system, and the Group conducts routine risk assessments across all processes. Regular evaluations of operations and products are conducted to ensure compliance with customer health and safety standards, with the General Manager overseeing necessary actions. The Group actively solicits suggestions and feedback from stakeholders and employees regarding production processes, with assessment reports regularly shared with departmental heads for ongoing evaluation and improvement. Stakeholders and customers are encouraged to provide feedback or lodge complaints regarding the Group's labeling or products via email at mail@cdw-holding.com.hk , as CDW values their input and is committed to continuous enhancement.

FY2023 Performance

The Group consistently conducts reviews of all its product categories to assess health and safety impacts and identify areas for improvement. In FY2023, the Group is pleased to report zero incidents of non-compliance with regulations or voluntary codes related to the health and safety impacts of its products.

Customer Data Protection and Customer Privacy

GRI 418: CUSTOMER PRIVACY 2016

Management Approach

In response to the rapid technological evolution and the emergence of the digital era, the incidence of data breaches has surged. In alignment with stakeholders' concerns regarding customer health and safety, the safeguarding of customer data and privacy is recognised as a critical material sustainability topic.

CDW is committed to respecting and safeguarding the personal data of its customers, emphasising the significance of maintaining trust, reliability, and positive business relations. The Group's Code of Business Conduct consistently communicates CDW's position on customer privacy to employees. CDW has implemented stricter measures prohibiting employees from disclosing any confidential information, particularly sensitive contractual and procurement details, under any circumstances. This policy is rigorously enforced, and any breaches are promptly addressed with appropriate repercussions.

The Risk Committee and its Chairperson oversee the Group's information security in FY2023. CDW's Information Security Policy outlines measures to protect its information assets, including compliance with local laws and regulations, employee education on data breach prevention and response protocols, and other provisions. The Policy is strictly enforced by internal IT teams in all business activities and interactions with external stakeholders.

FY2023 Performance

Throughout the reporting period, CDW has reported zero substantiated complaints regarding breaches of customer privacy. Additionally, there have been no identified incidents of leaks, thefts, or losses of customer data.

RESPONSIBLE EMPLOYER AND INCLUSIVE WORKPLACE

OVERVIEW

CDW has implemented diverse employment policies and initiatives aimed at improving the well-being and professional skills of employees. The group highly values a diverse team that collaborates to champion long-term sustainable development. CDW's dedication extends to cultivating an inclusive culture where every employee feels personally and professionally supported. Furthermore, CDW is devoted to enabling ongoing learning and career advancement, offering tools and training to help employees maximise their potential. The Group also places a strong emphasis on workplace and employee safety, striving to create a secure, positive, and fulfilling work environment for all.

EMPLOYMENT SYSTEM

Employment

GRI 401: EMPLOYMENT 2016

Management Approach

Recognising the vital role talent retention and development play in its success, CDW is dedicated to investing in the growth of its people. This commitment entails the provision of opportunities for substantive and comprehensive careers, fostering a robust team spirit, and heightening work productivity. These efforts aim to strengthen employees' belief in developing long-lasting careers within the Group. CDW places fundamental importance on being an employer committed to equal opportunities. The recruitment process centers on evaluating candidates' qualifications and experience, with no consideration of gender, disability, family status, or race. The objective is to bring together people with diverse expertise, experiences, and socio-cultural backgrounds to enhance CDW's human capital and strengthen the Group's ability to serve consumer groups in various markets.

Due to business restructuring in 2023, CDW notes that the business of WH Dongguan has been combined with TM Dongguan. To minimise any impacts to staff, CDW has offered opportunities for WH Dongguan's staff to transfer to TM Dongguan seamlessly. At CDW, a variety of policies and practices address hiring and employment matters, encompassing aspects such as compensation, benefits, learning and development, as well as diversity and inclusion initiatives. The Human Resources department routinely evaluates the Group's policies and procedures to ensure a comprehensive understanding of its employment needs and to identify skills gaps. Regular engagement with employees and the Board of Directors is undertaken to solicit feedback on the company's employment and human resources policies and practices.

FY2023 Performance

As of December 31, 2023, CD Shanghai has a workforce of 383 employees, the HK Office has 41 and TM Dongguan has 147. In FY2023, CD Shanghai, HK Office and TM Dongguan had 217, 39 and 96 full-time permanent staff, respectively. Please refer to the "Key ESG Social Figures" on page 61 for a more detailed breakdown of the employee numbers.

	FY2022		FY2023		
	CD Shanghai	HK Office	CD Shanghai	TM Dongguan	HK Office
New hires (Number of employees)	193	10	2	138	21
Turnover (Number of employees)	316	13	121	165	22

IN THE SPOTLIGHT

CDW's HK Office Annual Dinner 2023

At HK Office Annual Dinner 2023, CDW took a moment to honour and celebrate the dedication of staff members whose hard work and commitment drive the company forward. As CDW's staff gather to recognise achievements, share stories, and forge deeper connections, CDW reaffirms its commitment to fostering a supportive and inclusive workplace culture. This event not only acknowledges individual contributions but also underscores CDW's collective journey towards sustainable success, reminding us of the importance of nurturing CDW's most valuable asset – its people.

Labour/Management Relations

GRI 402: LABOUR/MANAGEMENT RELATIONS 2016

Management Approach

CDW strives to cultivate a positive and collaborative relationship between employees and management. The Group acknowledges the crucial role of a strong partnership between staff and management in promoting effective teamwork and maximising productivity, forming the foundation for cultivating a skilled and supportive workforce. CDW commits to ensuring equitable treatment for all employees in the workplace and providing accessible channels for expressing concerns and feedback, maintaining regular communication with employees and highly values the feedback received. The Employee Handbook explicitly outlines the notice period and provisions for consultation and negotiation for the employees.

FY2023 Performance

In FY2023, CDW receives no negative impacts or complaints concerning its labor and management relations. CD Shanghai enforces a four-week notice protocol, ensuring timely communication to employees and their representatives before the implementation of substantial operational changes that may significantly affect them. In the HK Office, a meeting is convened for the explanations of major policy changes, followed by a one-month consultation period before determining the effectiveness of the proposed policy. The total count of employees covered by collective bargaining agreements[4] at CD Shanghai for FY2023 is as follows:

COLLECTIVE BARGAINING AGREEMENTS AT CD SHANGHAI		
	Number	**Percentage**
Number of employees covered by collective bargaining agreements	237	62%

WH Dongguan has been combined with TM Dongguan in FY2023, whereby employees of WH Dongguan are offered opportunities to transfer to TM Dongguan. Employees who did not take the offers are compensated in compliance with local labour law.

4 *Collective bargaining agreement: Collective bargaining refers to all negotiations which take place between one or more employers or employers' organisations, on the one hand, and one or more workers' organisations (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 organisation's operations.*

OCCUPATIONAL HEALTH AND SAFETY

GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018

Management Approach

The health and safety of personnel, an inherent right of all employees, is at the core of CDW's business values. Preventing workplace accidents and injuries is crucial for CDW. The Risk Management Policy of the Group outlines a comprehensive framework for risk management protocols concerning workplace safety. Executives and employees adhere to three key risk management principles, which are:

1. **Take necessary initial measures to minimise losses or disadvantages to the company in the event of risks.**
2. **To report any occurred risk immediately to superiors and follow their instructions for subsequent handling.**
3. **To take proper pre-emptive measures for possible new risks arising from the existing ones.**

Additionally, CDW's occupational health and safety management system incorporates safety training as an essential component. To enhance awareness of occupational health and safety, CD Shanghai arranges quarterly workshops for all employees exposed to workplace hazards. Examples of workshops conducted in 2023 include employees' occupational health and safety management training.

Furthermore, CD Shanghai has established a Safety Management Committee to oversee employee safety, and conducts regular risk assessments to identify and evaluate potential risks at an early stage. Simultaneously, the Hong Kong Office has implemented measures to ensure a secure workplace. This includes the installation of fire extinguishers and emergency exits as mandated by regulations, along with regular fire drills and evacuation exercises. All employees and work-related activities are covered by labor insurance as mandated by law. In addition to physical health considerations, CDW prioritises employee mental health and work-life balance.

Occupational health and safety management policies, procedures, and incidents undergo periodic reviews by the relevant safety committees, with any areas of concern elevated to the Board of Directors. Employees are given the option to report any incidents that have occurred or might occur using incident report forms. These forms are subject to review by the safety committees, which propose and implement suitable measures to address the situation.

4 *Collective bargaining agreement: Collective bargaining refers to all negotiations which take place between one or more employers or employers' organisations, on the one hand, and one or more workers' organisations (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 organisation's operations.*

FY2023 Performance

During the reporting period, CDW documented no recordable work-related injuries or illnesses, high-consequence work-related injuries, or work-related fatalities involving any employees or workers.

WORK-RELATED INJURIES RECORD

	FY2022	FY2023
Fatalities as a result of work-related injury	CD SHANGHAI 0 Number 0% Rate	CD SHANGHAI 0 Number 0% Rate
Recordable work-related injuries	HK Office 0 Number 0% Rate	TM DONGGUAN 0 Number 0% Rate
High-consequence work-related injuries (excluding fatalities)		HK Office 0 Number 0% Rate

In terms of medical coverage, senior management is afforded Overseas Travel Accident Insurance, while other CD Shanghai employees are enrolled in the National Compulsory Social Insurance of the People's Republic of China. Additionally, the Employer's Liability Insurance extends coverage to 36 employees.

PERFORMANCE IN OCCUPATIONAL HEALTH AND SAFETY			
	CD Shanghai	**TM Dongguan**	**HK Office**
Number of employees covered by medical insurance	195	86	25
Number of employees covered by other occupational health and safety policies	188	3	8

NATURAL DISASTERS AND SERIOUS ACCIDENTS PROTOCOLS

Some examples of Group's protocols in place in the event of natural disasters and serious accidents include

1. For natural disasters:

- Conduct regular safety drills to prepare for disasters and ensure that procedures are well communicated to all staff.
- Develop and maintain backup systems and equipment to ensure business continuity and minimise downtime.
- In the event of natural disasters, to implement Emergency Response Plans that prioritise the safety and well-being of employees and stakeholders.
- Establish communication protocols to ensure that all employees and stakeholders are kept informed and up-to-date about the situation.

2. For serious accidents:

- Establish and maintain a strong safety culture that emphasises the importance of preventing accidents and injuries.
- Conduct regular safety audits and risk assessments to identify potential hazards and implement appropriate measures to mitigate them.
- Provide training and education to employees on proper safety procedures and equipment handling.
- Conduct data investigations of accidents and incidents to determine their root causes and implement corrective actions to prevent recurrences.

PROMOTING AN INCLUSIVE WORKPLACE

Diversity and Equal Opportunity

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

Management Approach

Embracing diversity and promoting equal opportunities are inherent aspects of CDW's corporate identity. The Group firmly believes that diversity not only brings vibrancy and innovation but also benefits from the unique experiences and backgrounds of each employee. As an equal-opportunity employer, CDW has established an Equal Opportunity Policy, accessible to all employees through the Employee Handbook. The senior management at the Group routinely engages in structured interactions and private meetings with respective employees to solicit feedback regarding workplace diversity and overall satisfaction.

FY2023 Performance

RATIO OF THE BASIC SALARY AND REMUNERATION OF WOMEN TO MEN FOR EACH EMPLOYEE CATEGORY[5]			
Employee Category	**CD Shanghai**	**TM Dongguan**	**HK Office**
Permanent female staff[6] versus Permanent male staff[7]	0.57	0.08	0.36
Temporary/ fixed-term female staff versus temporary/ fixed-term male staff	0.43	0.92	NA[8]
Senior Management female staff versus Senior Management male staff	NA[9]	NA[10]	0.13
Middle Management female staff versus Middle Management male staff	0.17	0.28	0.33
Entry-level/ General female Staff versus Entry-level/ General male staff	0.78	0.68	2.12

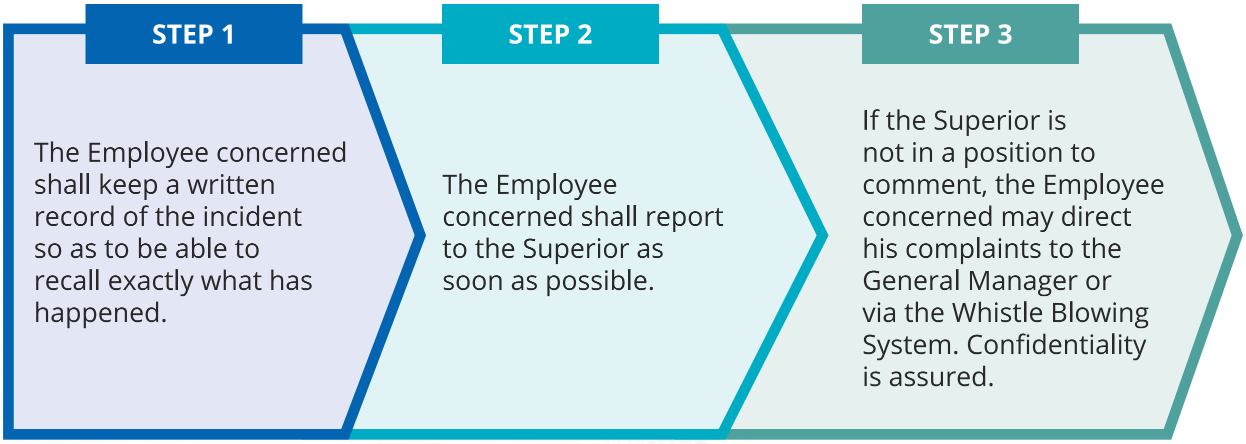
5 *The ratio is calculated as follows: Average salary of female staff of the employee category / Average salary of male staff of the employee category.*
6 *Average salary of female staff of the employee category = total amount of remuneration of women in Permanent / total number of women in Permanent*
7 *Average salary of male staff of the employee category = total amount of remuneration of men in Permanent / total number of men in Permanent.*
8 *There are no male temporary employees at the HK Office.*
9 *There are no Senior Management female staff in CD Shanghai.*
10 *There are no Senior Management female staff in TM Dongguan.*

Non-Discrimination

GRI 406: NON-DISCRIMINATION 2016

Management Approach

In championing equality and diversity, CDW strictly prohibits workplace discrimination or harassment. The Group maintains a commitment to fostering a discrimination-free, harassment-free, and retaliation-free workplace. The Group's Employee Handbook includes a dedicated section titled "Policy against Discrimination and Harassment based on Sexual Orientation, Disability, Race, and Family Status." Regular inspections and reviews of the non-discrimination policy are conducted by the management, with employees promptly informed of any changes. In case of discrimination incidents, employees are directed to follow outlined procedures in the handbook:



FY2023 Performance

During the reporting year, CDW reported no incidents related to non-discrimination, open communication, or non-compliance with working hours as per local laws in Shanghai, Dongguan and Hong Kong.

TRAINING AND DEVELOPMENT

GRI 404: TRAINING AND EDUCATION 2016

Management Approach

CDW understands the importance of constantly improving the skills and abilities of its current workforce, in addition to hiring new talent. To support the growth of its employees, CDW prioritises the provision of training to upskill workers. Committed to nurturing career advancement opportunities, CDW offers a comprehensive range of professional and personal development initiatives. A diverse array of training programs is available for employees, both in-person and remotely. The Group Code of Business Conduct encourages management to promote employee participation in seminars organised by CDW to continuously enhance their soft skills.

At the Hong Kong Office, the Group provides opportunities for employees to further their education by sponsoring relevant courses, subject to management approval. These courses may include language programs aimed at enhancing communication between Hong Kong and Japanese colleagues, as well as professional development courses offered by esteemed institutions such as the Singapore Institute of Directors and the Hong Kong Institute of Certified Public Accountants. For this reporting year, examples of trainings offered at CD Shanghai included:

- New employee orientation training
- Trainings on safety production regulations related to ISO9001: 2015/14001: 2015 and RoHS/IATF16949: 2016
- Trainings on precautions for safe production, fire prevention and extinguisher usage
- Trainings on compliance and maintenance checks
- Occupational health education and training for workers

FY2023 Performance

In FY2023, CD Shanghai registered an average of 7.68 training hours, with the HK Office and TM Dongguan logging averages of 1.34 and 15.95 training hours respectively. These numbers signify a modest reduction from FY2022, during which the averages recorded were 11.5 hours for CD Shanghai and 1.3 training hours for the HK Office, respectively.

TRAINING AND EDUCATION				
		CD Shanghai	TM Dongguan	HK Office
Average training hours by gender	Male	7.07	15.85	1.57
	Female	7.78	16	1.06
	Male + Female	7.68	15.95	1.34
Average training hours by employee category	Senior Management	3	12	2.86
	Middle Management	6	16	1
	General Staff	8	16	1.06

PERFORMANCE AND CAREER DEVELOPMENT REVIEWS							
		CD Shanghai		TM Dongguam		HK Office	
		Number	Percentage	Number	Percentage	Number	Percentage
By gender	Male	44	81%[11]	37	67%[11]	23	100%[11]
	Female	173	53%[11]	51	55%[11]	18	100%[11]
	Male + Female	217	57%[12]	88	60%[12]	41	100%[12]
By employee category	Senior Management	4	2%[13]	2	3%[13]	7	34%[13]
	Middle Management	52	27%[13]	36	49%[13]	17	83%[13]
	General Staff	161	84%[13]	50	68%[13]	17	83%[13]

STRICT LABOUR EMPLOYMENT MANAGEMENT AND CONTROL

No Child, Forced or Compulsory Labour

GRI 408: CHILD LABOUR 2016, GRI 409: FORCED OR COMPULSORY LABOUR 2016

Management Approach

CDW is dedicated to maintaining human rights and conducting business in an ethical and responsible way. The Group implements strict labour management and control measures, completely banning any occurrences of child, forced, or compulsory labour. CDW strives to create a productive and fair working environment for all of its employees.

CDW strictly prohibits the employment of child labor across all operations. In the Hong Kong Office, CDW's Human Resources Department mandates the submission of candidates' identification documents during the job application process.

To eliminate any potential instances of forced labor, CDW communicates the official working schedule to their respective staff members, ensuring alignment with prevailing labour laws. Any work conducted beyond these stipulated hours is compensated with overtime pay. The Group consistently monitors and reviews employee working hours to prevent violations, ensuring that any work performed outside standard hours is appropriately remunerated in accordance with CDW's policies.

Furthermore, senior management regularly engages in discussions and meetings with individual staff members to solicit feedback on labor management and working conditions within the workplace. As needed, proactive measures will be implemented to address any identified issues.

FY2023 Performance

As of FY2023, CDW has not experienced any occurrences involving child labor or forced labor.

11 *Percentage by gender (Male or Female employees) is calculated as follows: Number of employees who have received performance and career development reviews/ Total number of Male or Female employees in FY2023.*
12 *Percentage by gender (Male+Female) employees is calculated as follows: Number of employees who have received performance and career development reviews/ Total number of employees in FY2023.*
13 *Percentage by employee category (Senior Management/ Middle Management/ General staff) is calculated as follows: Number of employees who have received performance and career development reviews/ Total number of Senior Management/ Middle Management/ General Staff in FY2023*

RESPONSIBLE SUPPLY CHAIN

GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016

Management Approach

By ensuring responsible sourcing, CDW can mitigate risks related to environmental impact, labour practices, and product quality. Through diligent supplier vetting, adherence to industry standards, and ongoing engagement, CDW prioritises transparency and accountability across its supply chain. This approach not only safeguards the integrity of CDW's products and services but also contributes to broader efforts towards sustainable development and corporate social responsibility.

CDW implemented a supplier management system where suppliers which are unable to fulfill the Group's requirements will be screened out. The suppliers would also need to comply with local regulations such as the Hong Kong Common Law. Upon identification of any significant social negative impacts across the supply chain as detailed in CDW's supplier management system (such as child labour incidents), CDW will terminate the contract and cooperation with the supplier immediately.

FY2023 Performance

In FY2023, CDW has screened 100% of its new suppliers using social criteria as detailed using its supplier management system.

ENVIRONMENTAL STEWARDSHIP

OVERVIEW

CDW acknowledges the pressing need and urgency to confront climate change and minimise its environmental footprint. Highlighted in the 2023 United Nations Climate Change Conference (COP28), a global stocktake of the world's current global greenhouse gas ("GHG") emissions indicates global greenhouse gas emissions need to be cut by 43% by 2030, compared to 2019 levels, to limit global warming to 1.5°C. CDW understands that combating climate change is vital to preserve the environment, protect human health and promote sustainable long-term development.

CDW's commitment to reducing its environmental footprint is supported by the identification and prioritisation of emissions and materials as important sustainability topics to the Group. CDW's Environmental Management System remains a robust mechanism to ensure responsible resource management, efficiently monitoring key environmental indicators across the entire Group's operations. This proactive approach reflects CDW's dedication to environmental responsibility and aligns with broader initiatives addressing the global climate challenge.

EMISSIONS

GRI 305: EMISSIONS 2016

Management Approach

Climate change represents a significant sustainability risk for the Group. CDW recognises the need to minimise GHG emissions on a global scale and its significant importance for the Group's stakeholders in all of its operational regions. CDW acknowledges the potential environmental impact of its services, facilities, and activities, and stresses the critical importance of managing energy consumption.

To address these challenges, CDW has implemented various emissions reduction initiatives, encompassing a carbon reduction strategy, performance monitoring, and an energy-savings plan. The Group is diligently advancing its efforts to lower GHG emissions by integrating energy-saving technologies and fostering eco-conscious practices among users. These initiatives encompass the implementation of IoT (Internet of Things) solutions within the workplace, the installation of energy-efficient LED lighting panels, the substitution of disposable hand towels with hand dryers, and the introduction of a water ioniser machine to minimize the use of bottled water. Regular feedback and suggestions from employees and operations are actively sought to ensure continuous improvement in emissions reduction initiatives.

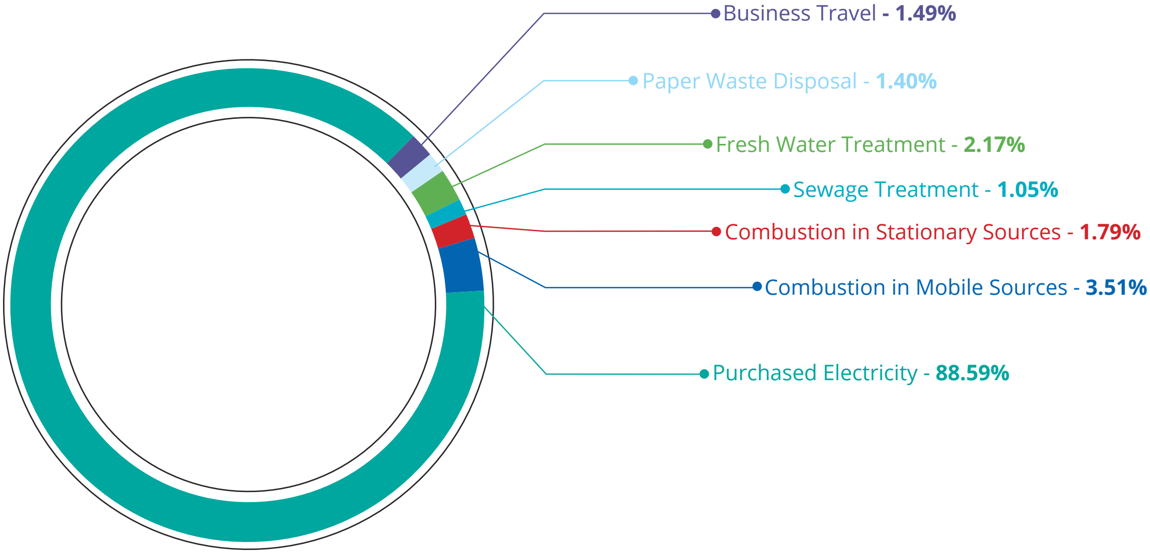
FY2023 Performance

Consistent with previous sustainability reports, CDW has conducted a thorough carbon assessment to quantify its GHG emissions, ensuring compliance with both international and local standards. These standards include ISO 14064-1, the 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 issued by the National Development and Reform Commission (NDRC) of the People's Republic of China. This approach allows for precise and meaningful comparisons with the GHG emissions data from past years. Specifically, emissions from the HK Office and CD Shanghai are reported separately for clarity and consistency, while this year's report also incorporates data from the newly added entity, TM Dongguan. All values are meticulously rounded to the appropriate decimal places for accuracy.

		CD Shanghai[14]				TM Dongguan	HK Office			
		2020	2021	2022	2023	2023	2020	2021	2022	2023
Scope 1: Direct GHG Emissions[15] carbon dioxide emission (tonnes CO_2-e)	Combustion of fuels in stationary sources	25.4	32.9	28.4	34.7	NA	NA	NA	NA	NA
	Combustion of fuels in mobile sources	138.3	145.9	60.1	59.7	NA	-	7.4	3.1	8.3
	Fugitive emissions from refrigeration equipment	102.1	102.1	113.7	0.0	0.0	6.1	5.7	3.4	0.0
	Sub-total	265.8	280.9	202.2	94.5	0.0	6.1	13.1	6.4	8.3
Scope 2: Energy Indirect GHG[16] Emissions (tonnes CO_2-e)	CO_2 emissions from the generation of purchased electricity	2,297.1	2,596.5	2,114.8	1,105.3	579	52.9	40.0	38.8	31.8
	Sub-total	2,297.1	2,597.5	2,114.8	1,105.3	579	52.9	40.0	38.8	31.8
Scope 3: Other Indirect GHG Emissions[17] (tonnes CO_2-e)	Business travel by air	1.6	1.9	3.4	12.5	0.8	10.1	3.9	11.8	15.64
	Freshwater consumption	-	-	34.7	39.2	2.8	0.07	0.09	0.06	0.04
	Sewage	-	-	17.0	18.9	1.3	0.03	0.04	0.03	0.01
	Paper waste disposal to landfill	-	-	22.8	19.0	2.6	5.4	6.2	4.5	5.51
	Sub-total	1.6	1.9	77.9[18]	89.6	7.5	15.6	10.2	17.7	21.2
Total GHG Emissions (tonnes CO_2-e)		2,564.5	2,879.3	2,394.9	1,289.5	586.4	74.6	63.2	63.0	61.3
GHG Emissions Intensity (tonnes CO_2-e per thousand units of products)		0.34	0.31	0.29	0.20	-	-	-	-	-
GHG Emissions Intensity (tonnes CO_2-e per thousand dollars of income)		0.0044	0.0046	0.0037	0.0026	0.003	-	-	-	-

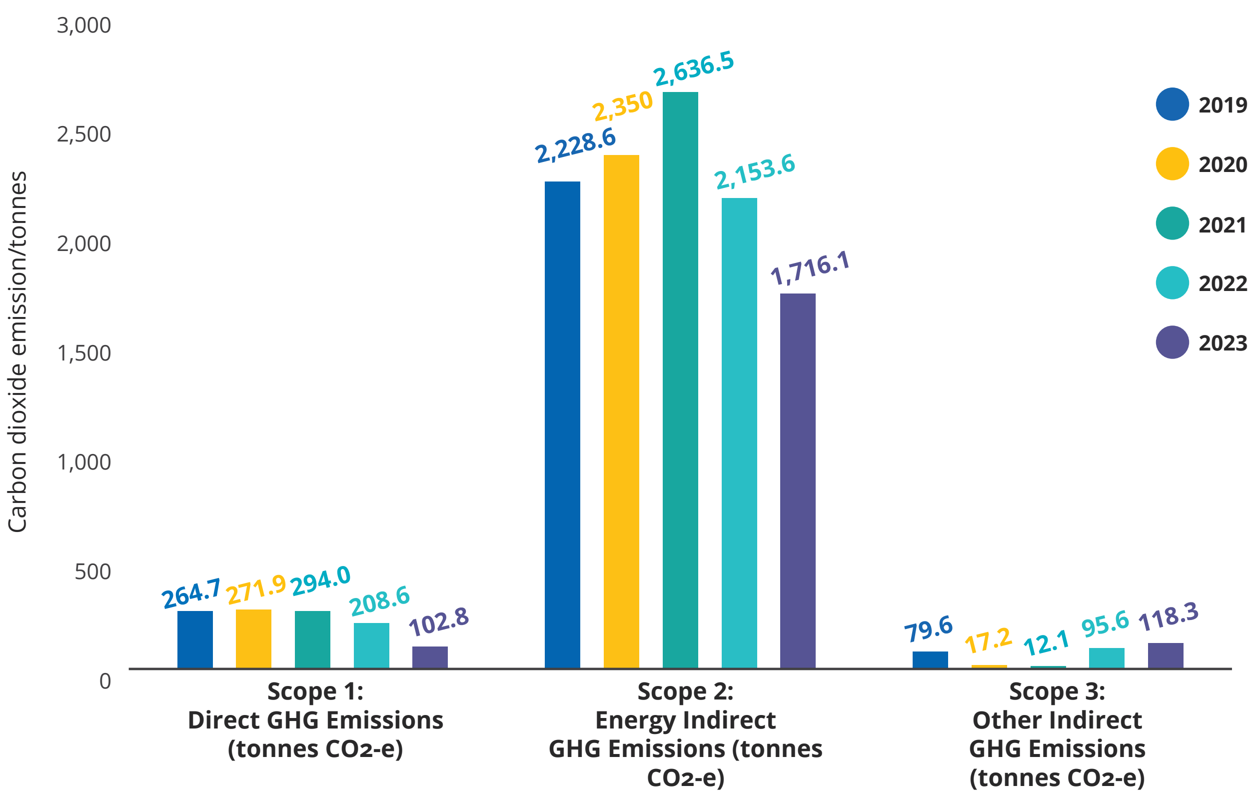
14 Headers to the GHG data table have been corrected in SR2023, entity names were incorrectly allocated in SR2022,
15 The emission factors are obtained from the EMSD Guidelines and NDRC Guidelines for the Hong Kong office and CD Shanghai respectively.
16 The calculation of GHG emissions of purchased electricity is based referenced from emission factors from the Shanghai Municipal Bureau of Ecology and Environment for CD Shanghai, emission factors from the Department of Ecology and Environment of Guangdong Province for TM Dongguan, based on GHG emission factors from the CLP Sustainability Report 2022 for the Hong Kong Office.
17 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 2021/22, DSD Sustainability Report 2021/22 and EMSD Guidelines respectively.
18 Data on freshwater consumption, sewage and paper waste disposal to landfill are newly collected from CD Shanghai in FY2022.

Total Greenhouse Gas Emission (by emission source)



In FY2023, CD Shanghai generated approximately 1,290 tCO2e GHG emissions with the bulk – 86% - stemming from Scope 2 energy indirect emissions due to purchased electricity. This pattern aligns with prior years. Concurrently, the HK Office emitted a total of 61 tCO2e, primarily from Scope 2 energy indirect emissions, which accounted for 52% of its total emissions. Newly included in this year's reporting scope, TM Dongguan disclosed 586 tCO2e emissions, overwhelmingly from Scope 2 purchased electricity, contributing to 99% of its emissions. Collectively, across all the entities, Scope 2 emissions emerged as the most significant contributor, accounting for 89% of the cumulative emissions profile.

GHG Emission Comparison with Previous Years (2019-2023)

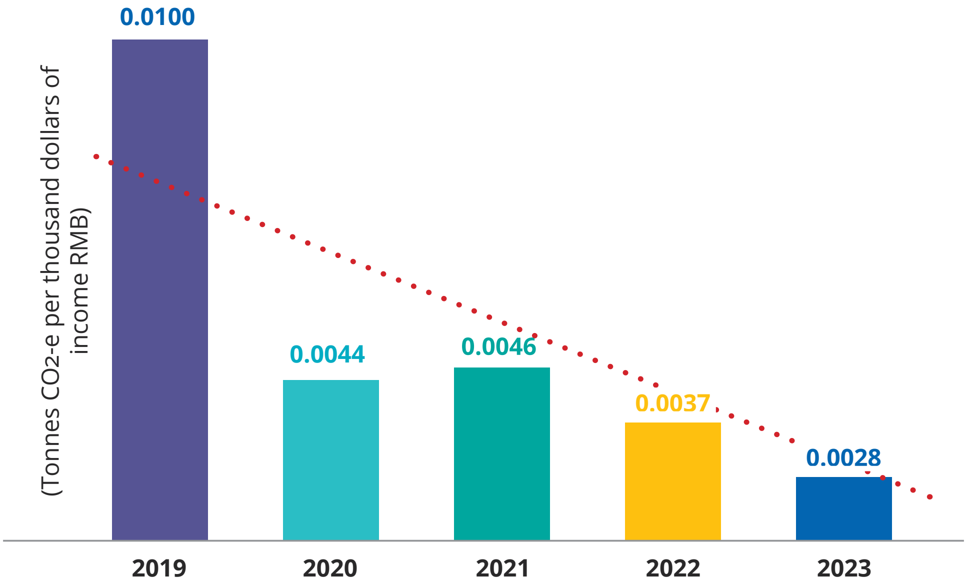


There has been a reduction in both Scope 1 and 2 emissions across CDW's reporting boundary for this year. Notably, Scope 1 Fugitive Emissions from Refrigeration Equipment amounted to zero, as no refrigerants were newly purchased or replenished during this reporting year. In addition, a decrease in overall production led to a reduction in electricity consumption at CD Shanghai, resulting in a significant 48% reduction in Scope 2 emissions from that location. It is however, important to acknowledge an increase of 22% in Scope 1 emissions due to fuel consumption (LNG) at CD Shanghai. Concurrently, there has been an uptick in Scope 3 emissions, particularly attributed to business travel as it begins to pre-pandemic levels.

In FY2023, CDW has achieved its goal of reducing total GHG emissions by 2% compared to the 2019 levels (2452 tCo2e) for CD Shanghai. Additionally, the target of reducing the GHG emissions intensity (per thousand units of products) by 2% relative to the 2019 metrics (0.33 tCo2e/thousand units of products) was achieved. While CDW is pleased to have attained these initial targets, it is recognised that the emission sources for this reporting period may not fully align with those of other years, particularly due to the absence of refrigerants purchases this year. Going forward, CDW commits to continuous monitoring of its absolute emissions and GHG intensity, maintaining its GHG reduction objectives set in 2019.

For GHG Emissions Intensity, this year's inclusion of TM Dongguan necessitates reporting GHG Emissions Intensity per thousand dollars of income, providing a uniform metric across both entities in the figure below. This adjustment accounts for the diverse product range of TM Dongguan, where units of products would not offer accurate representation. CDW notes the consistent decline in GHG Emissions Intensity across recent years, affirming our progress towards sustainable operations.

GHG Emissions Intensity Comparison with Previous Years (2019-2023)[19]



Given the potential consequences of air pollutants on both the environment and human health, CDW is committed to monitoring the air emissions resulting from its business activities. The air pollutants stemming from CDW's activities during this reporting year were:

TYPE OF AIR POLLUTANT	EMISSIONS (kg)						
	CD Shanghai			TM Dongguan*	Hong Kong		
	2021	2022	2023	2023	2021	2022	2023
Nitrogen oxides (NOx)	594.80	188.99	42.04	Not applicable	2.65	1.11	3.75
Sulfur oxides (SOx)	18.40	8.43	3.00	Not applicable	0.04	0.02	0.05
Respirable suspended particles (RSP)	5.98	2.98	2.75	Not applicable	0.20	0.08	0.28

** TM Dongguan does not generate emissions from stationary or mobile combustion. Their operations are powered by electricity purchased from the grid.*

In FY2023, CDW observed a reduction in the emission of air pollutants from its CD Shanghai operations. This development is primarily due to the cessation of the use of two diesel-powered company transport trucks in 2023. This decision is in line with CDW's steadfast commitment to environmental sustainability, highlighting the significant environmental benefits of transitioning towards cleaner energy alternatives within its operational framework. Conversely, air pollutant emissions in the HK Office experienced an increase relative to previous years. This uptick was largely attributed to increased travel distances and fuel consumption by the company car due to the extended presence of the Hong Kong General Manager, who was based in HK Office for the majority of the reporting year. CDW commits to ongoing monitoring and evaluation of its air pollutant emissions and remains dedicated to exploring opportunities for adopting machinery and vehicles with lower emissions profiles whenever feasible.

19 The 2023 GHG Emissions Intensity value includes the combined intensity value for both CD Shanghai and TM Dongguan.

IN THE SPOTLIGHT

INCORPORATING INTERNET OF THINGS (IoT) AT THE CDW WORKPLACE

Incorporating Internet of Things (IoT) solutions bolsters CDW's energy management strategy by delivering real-time insights and control over energy consumption. With interconnected devices and sensors, IoT enables us to monitor energy consumption across CDW's premises, pinpointing inefficiencies and opportunities for optimisation. By harnessing this data-driven approach, CDW can enact precise measures aimed at diminishing energy use, elevating operational efficiency, and ultimately reducing carbon emissions. This approach exemplifies CDW's commitment to leveraging advanced technology for sustainable energy management.

MATERIALS

GRI 301: MATERIALS 2016

Management Approach

Materials and resources are essential to CDW's daily operations and overall business. The Group understands the importance of finite resources and actively takes measures to ensure responsible resource utilisation for long-term sustainable development. CDW consistently prioritises the use of renewable materials in both production and operations. Internally, CDW has also installed several recycling bins across its workplaces this year and have published memos in public spaces to serve as reminders to recycle. Consumer feedback about the Group's products and packaging is guidance in adjusting materials and overall packaging, with the goal of delivering high-quality and safe products to all.

FY2023 Performance

In FY2023, CDW has not encountered significant instances of material misuse or mismanagement. It is observed that there was a reduction in material consumption from FY2022 to FY2023, primarily attributed to a decrease in the acquisition of new plastic shallow trays in 2023 as a result of lower shipment volumes. Despite this reduction in total material usage, the ratio of both renewable and non-renewable raw materials to total materials utilised registered an increase from FY2022 to FY2023. Conversely, the share of renewable packaging materials witnessed a decline in FY2023 when compared to FY2022. CDW is committed to conducting regular reviews of the Group's material usage on an annual basis, with the objective of identifying and implementing strategies to reduce packaging and materials requirements. This initiative is part of CDW's broader commitment to maintaining the quality and safety standards for its products while striving for environmental sustainability.

	CD Shanghai				Total Category Weight (kg) FY2021	Total Category Weight (kg) FY2022	Total Category Weight (kg) FY2023
Raw materials (kg)	Non-renewable	Tapes	43,137		283,509	351,274	299,517
		Diaphragm	251,414				
		LED-FPC	4,966				
	Renewable	Sheet Metal	582,660		1,025,863	1,356,232	1,158,482
		Light Guide Plate	534,786				
		Plastic Frame	40,986				
Packaging materials (kg)	Non-renewable	Not applicable					
	Renewable	Plastic Tray	242,967		766,423	1,053,681	567,320
		Carton	260,943				
		Plastic Pallet	29,610				
		Wooden Pallet	33,800				

	TM Dongguan			Total Category Weight (kg) FY2021	Total Category Weight (kg) FY2022	Total Category Weight (kg) FY2023
Raw materials (kg)	Non-renewable	Digital monolithic integrated circuit	573	Not applicable	Not applicable	4,868
		Flexible blank circuit boards	2,668			
		Light-emitting diode	1,627			
	Renewable	Not applicable				
Packaging materials (kg)	Non-Renewable	Not applicable				
	Renewable	Plastic Tray	38,400	Not applicable	Not applicable	50,630
		Carton	9,130			
		Plastic Pallet	2,400			
		Wooden Pallet	700			

	Total	Total Category Weight (kg) FY2021	Total Category Weight (kg) FY2022	Total Category Weight (kg) FY2023
Raw materials (kg)	Non-renewable	283,509	351,724	304,385
	Renewable	1,025,863	1,356,232	1,158,432
Packaging materials (kg)	Non-Renewable	Not applicable		
	Renewable	766,423	1,053,681	617,950

STRATEGIC PROGRESS

Targets of Our Sustainability Material Issues

FY2023 Performance

Goals and Targets

The table below presents CDW's updated short-term targets for diverse sustainability issues, along with an overview of the progress status.

MATERIAL ISSUE	TARGET(S) SET FOR FY2023	STATUS OF PROGRESS	NEW TARGET(S) MAINTAINED FOR FY2024
Anti-corruption	**CD Shanghai:** Maintain a track record of zero confirmed incidents related to corruption, bribery or unethical practices. **HK Office:** Join relevant seminars at least once a year and introduce some measures to existing employees.	Zero confirmed incidents related to corruption, bribery or unethical practices.	**CD Shanghai & TM Dongguan:** Maintain a track record of zero confirmed incidents related to corruption, bribery or unethical practices. **HK Office:** Join relevant seminars at least once a year and introduce some measures to existing employees.
Marketing and Labeling	Maintain a track record of zero substantiated cases regarding anti-competition.	Zero substantiated cases regarding anti-competition.	Maintain a track record of zero substantiated cases regarding anti-competition.

MATERIAL ISSUE	TARGET(S) SET FOR FY2023	STATUS OF PROGRESS	NEW TARGET(S) MAINTAINED FOR FY2024
Customer data protection and 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	Zero incidents involving customer privacy	**CD Shanghai & TM Dongguan:** 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 zero customer complaints **HK Office:** Administration department staff members to attend customer health and safety related seminar	Zero incidents of non-compliance with regulations or voluntary codes related to the health and safety impacts of its products	**CD Shanghai & TM Dongguan:** Maintain a track record of not more than three times of customer complaints each month and work towards zero customer complaints **HK office:** Administration department staff members to attend customer health and safety related seminar
Child Labour	Zero incident in employing underage workers, in full compliance with local laws and regulations	Achieved	Zero incident in employing underage workers, in full compliance with local laws and regulations
Employment System	Full compliance with local laws and regulations	Achieved	Full compliance with local laws and regulations

MATERIAL ISSUE	TARGET(S) SET FOR FY2023	STATUS OF PROGRESS	NEW TARGET(S) MAINTAINED FOR FY2024
Forced or compulsory Labour	**CD Shanghai:** Maintain zero incidents of forced or compulsory labour **HK Office:** Actively address the work-life balance of employees and do not encourage overtime work. If the employee needs to work overtime, he/she has to submit an application form for approval.	Zero incidents of forced or compulsory labour	**CD Shanghai & TM Dongguan:** Maintain zero incidents of forced or compulsory labour **HK Office:** Actively address the work-life balance of employees and do not encourage overtime work
Labour/Management relations	**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 and implement feedback raised during the survey **HK Office:** Look into preparing an employee satisfaction questionnaire	In progress, continuously reviewing employee feedback and feedback channels	**CD Shanghai & TM Dongguan:** 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 and implement feedback raised during the survey **HK Office:** Look into preparing an employee satisfaction questionnaire

MATERIAL ISSUE	TARGET(S) SET FOR FY2023	STATUS OF PROGRESS	NEW TARGET(S) MAINTAINED FOR FY2024
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) Conduct 2023 evacuation drills by office building management; Increase the number of employees participating in the above evacuation drills. b) Continue monitoring the work-life balance of employees and promote work-life balance. If the employee needs to work overtime, it has to submit an application form for approval.	Zero workplace fatalities	**CD Shanghai & TM Dongguan:** a) Continue improving the occupational health and safety management system b) Provide training opportunities on occupational health and safety for employees **HK Office:** a) Conduct evacuation drills by office building management; Increase the number of employees participating in the above evacuation drills. b) Continue monitoring the work-life balance of employees and promote work-life balance. If the employee needs to work overtime, it has to submit an application form for approval.
Training and 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, continue to encourage trainings for staff on a needs basis	Encourage employees to join relevant seminars and trainings. Introduce appropriate measures to existing employees to encourage them to enhance their work-related skills and knowledge
Non-discrimination	Zero incident, in full compliance with local laws and regulations	Achieved	Zero incident, in full compliance with local laws and regulations

MATERIAL ISSUE	TARGET(S) SET FOR FY2023	STATUS OF PROGRESS	NEW TARGET(S) MAINTAINED FOR FY2024
Diversity and Equal Opportunity	Zero incident, in full compliance with local laws and regulations	Achieved	Zero incident, in full compliance with local laws and regulations
Supplier Social Assessment	N/A	100% of new suppliers screened	Continue to achieve 100% screening of new suppliers in compliance with local legislations such as the Hong Kong Common Law
Emissions	To continue monitoring absolute GHG emissions and GHG intensity in FY2023 where operations are not disrupted by facility lockdowns. Maintain target to reduce its absolute GHG emissions by 2% and for reduction of its GHG emissions intensity (in tonnes CO2-e per thousand dollars of income) by 2% (as compared to 2019 levels)	Achieved	Maintain target to reduce its absolute GHG emissions by 2% and for reduction of its GHG emissions intensity (in tonnes CO2-e per thousand dollars of income) by 2% (as compared to 2019 levels) Look into setting new revised targets based on expanded reporting scope (inclusion of TM Dongguan)
Materials	**CD Shanghai:** Continue to explore ways to reduce non-renewable material usage and ensure compliance with customer requirements	Proportion of both renewable and non-renewable raw materials increased from FY 2022 to FY 2023 against the total materials used, while proportion of non-renewable packaging materials decreased in FY 2023 compared to FY 2022.	**CD Shanghai & TM Dongguan:** Continue to explore ways to reduce non-renewable material usage and ensure compliance with customer requirements

KEY ESG SOCIAL FIGURES

CD Shanghai		
	Number of Males	Number of Females
GRADE	NUMBER OF EMPLOYEES	
Senior Management	4	0
Middle Management	15	37
Entry-level or General Staff	35	292
AGE	NUMBER OF EMPLOYEES	
< 30	3	18
30-50	31	293
> 50	20	18
AGE	NEW EMPLOYEE HIRES	
< 30	0	0
30-50	0	0
> 50	2	0
New Employee Hire Rate[20]		1%
AGE	EMPLOYEE TURNOVER	
< 30	0	19
30-50	1	93
> 50	3	5
Turnover Rate[21]		32%
GRADE	TOTAL TRAINING HOURS	
Senior Management	12	0
Middle Management	90	232
Entry-level or General Staff	280	2336

TM Dongguan		
	Number of Males	Number of Females
GRADE	NUMBER OF EMPLOYEES	
Senior Management	2	0
Middle Management	14	22
Entry-level or General Staff	39	70
AGE	NUMBER OF EMPLOYEES	
< 30	19	12
30-50	32	72
> 50	4	8
AGE	NEW EMPLOYEE HIRES[22]	
< 30	53	57
30-50	41	51
> 50	4	7
New Employee Hire Rate		145%
AGE	EMPLOYEE TURNOVER	
< 30	41	61
30-50	23	39
> 50	0	1
Turnover Rate		112%
GRADE	TOTAL TRAINING HOURS	
Senior Management	24	0
Middle Management	224	352
Entry-level or General Staff	624	1120

20 *New Employee Hire Rate is calculated as follows: Total number of new employees/ Total number of employees in FY2023.*
21 *Turnover Rate is calculated as follows: Total number of employee turnover/ Total number of employees in FY2023.*
22 *In the second half of 2023, WH Dongguan was consolidated into TM Dongguan, resulting in the transfer of 75 staff members.*

HK Office		
	Number of Males	Number of Females
GRADE	**NUMBER OF EMPLOYEES**	
Senior Management	6	1
Middle Management	11	6
Entry-level or General Staff	6	11
AGE	**NUMBER OF EMPLOYEES**	
< 30	2	1
30-50	13	10
> 50	8	7
AGE	**NEW EMPLOYEE HIRES**	
< 30	2	3
30-50	0	13
> 50	2	1
New Employee Hire Rate[23]		51%
AGE	**EMPLOYEE TURNOVER**	
< 30	1	2
30-50	2	12
> 50	0	5
Turnover Rate[24]		54%
GRADE	**TOTAL TRAINING HOURS**	
Senior Management	20	0
Middle Management	10	7
Entry-level or General Staff	6	12

23 *New Employee Hire Rate is calculated as follows: Total number of new employees/ Total number of employees in FY2023.*
24 *Turnover Rate is calculated as follows: Total number of employee turnover/ Total number of employees in FY2023.*

Statement of use	CDW Holding Limited has reported with reference to the GRI Standards for the period of 1 January 2023 to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	NA

GRI-SGX CONTENT INDEX

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2-3	Reporting period, frequency and contact point	PN7.6- 6	22-23	
2-4	Restatements of information		Headers to the GHG data table have been corrected in SR2023, entity names were incorrectly allocated in SR2022. Scope 1 GHG emissions for 2021 has been restated to 294.0, it was incorrectly expressed in SR2022.	
2-5	External assurance	PN7.6- 5	23	
2-6	Activities, value chain and other business relationships	PN7.6- 4.6	2-3, 24	
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2-9	Governance structure and composition	PN7.6- 3.1	26, 72	
2-10	Nomination and selection of the highest governance body	PN7.6- 3.1	Corporate Governance Report, 75	
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2-13	Delegation of responsibility for managing impacts	PN7.6- 3.1	26	
2-14	Role of the highest governance body in sustainability reporting	PN7.6- 3.1	26	
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2-29	Approach to stakeholder engagement	PN7.6- 3.6	29	
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GRI 3: Material Topics 2021				
3-1	Process to determine material topics	PN7.6- 3.1	30	
3-2	List of material topics	LR711B-1a, PN7.6- 4.1a	32-33	
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GRI 205: Anti-corruption 2016				
3-3	Management approach disclosures	LR711B-1b, PN7.6- 4.1c	34	
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GRI 305: Emissions 2016				
3-3	Management of material topics	LR711B-1b, PN7.6- 4.1c	46	
305-1	Direct (Scope 1) GHG emissions	PN7.6- 4.3	49-52	
305-2	Energy indirect (Scope 2) GHG emissions	PN7.6- 4.3	49-52	
305-3	Other indirect (Scope 3) GHG emissions	PN7.6- 4.3	49-52	
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Index	GRI Disclosure	SGX	Page Number(s)	Remark(s)
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3-3	Management of material topics	LR711B-1b, PN7.6- 4.1c	39	
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GRI 403: Occupational Health and Safety 2018				
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403-1	Occupational health and safety management system	PN7.6- 4.3	40	
403-2	Hazard identification, risk assessment, and incident investigation	PN7.6- 4.3	40	
403-4	Worker participation, consultation, and communication on occupational health and safety	PN7.6- 4.3	40	
403-5	Worker training on occupational health and safety	PN7.6- 4.3	42	
403-9	Work-related injuries	PN7.6- 4.3	41	
403-10	Work-related ill health	PN7.6- 4.3	41	
GRI 404: Training and Education 2016				
3-3	Management of material topics	LR711B-1b, PN7.6- 4.1c	45	
404-1	Average hours of training per year per employee	PN7.6- 4.3	45	
404-2a	Type and scope of programs implemented, and assistance provided to upgrade employee skills	PN7.6- 4.3	45	
404-3	Percentage of employees receiving regular performance and career development reviews	PN7.6- 4.3	46	
GRI 405: Diversity and Equal Opportunity 2016				
3-3	Management of material topics	LR711B-1b, PN7.6- 4.1c	43	

Index	GRI Disclosure	SGX	Page Number(s)	Remark(s)
405-1	Diversity of governance bodies and employees	PN7.6- 4.5	61	Key Sustainability Figures
405-2	Ratio of basic salary and remuneration of women to men	PN7.6- 4.5	43	
GRI: 406 Non-discrimination 2016				
3-3	Management of material topics	LR711B-1b, PN7.6- 4.1c	44	
406-1	Incidents of discrimination and corrective actions taken	PN7.6- 4.3	44	
GRI 408: Child Labour 2016				
3-3	Management of material topics	LR711B-1b, PN7.6- 4.1c	46	
408-1	Operations and suppliers at significant risk for incidents of child labour	PN7.6- 4.3	46	
GRI 409: Forced or Compulsory Labour 2016				
3-3	Management of material topics	LR711B-1b, PN7.6- 4.1c	46	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	PN7.6- 4.3	46	
GRI 414: Supplier Social Assessment 2016				
3-3	Management of material topics	LR711B-1b, PN7.6- 4.1c	47	
414-1	New supplier that were screened using social criteria	PN7.6- 4.3	47	
GRI 416: Customer Health and Safety				
3-3	Management of material topics	LR711B-1b, PN7.6- 4.1c	36	
416-1	Incidents of non-compliance concerning the health and safety impacts of products and services	PN7.6- 4.3	36	
GRI 417: Marketing and Labeling 2016				
3-3	Management of material topics	LR711B-1b, PN7.6- 4.1c	35	

Index	GRI Disclosure	SGX	Page Number(s)	Remark(s)
417-1	Requirements for product and service information and labeling	PN7.6- 4.3	35	
417-2	Incidents of non-compliance concerning product and service information and labeling	PN7.6- 4.3	35	
417-3	Incidents of non-compliance concerning marketing communications	PN7.6- 4.3	35	
GRI 418: Customer Privacy 2016				
3-3	Management of material topics	LR711B-1b, PN7.6- 4.1c	36	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	PN7.6- 4.3	36	
Others				
	Climate Disclosures	LR711B-1 Aa, LR711B-2, PN7.6- 4b	CDW seeks to fully align the Group's reporting with the TCFD recommendations in the near future, and is currently preparing the Group's data for comprehensive TCFD disclosures	
	Targets	LR711B-1c, PN7.6- 4d	56-60	Refer to Strategic Progress section
	Sustainability Reporting Framework	LR711B-1d, PN7.6-3.5, PN7.6- 4e	22	Refer to Reporting Standards section
	Internal Review	LR711B-3, PN7.6-5	23	Refer to External Assurance and Internal Review section
	Risks and Opportunities	PN7.6- 3.3	27-28	

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 2023 ("**FY2023**") and as at the date of this CG Report are:

KATO Tomonori	(Chairman, Executive Director and Chief Executive Officer – Re-designated on 1 January 2024)
CHEUNG Chi Ming	(Executive Director and Chief Financial Officer)
CHIA Seng Hee	(Lead Independent Non-Executive Director – Re-designated on 1 January 2024)
YAP Tong Teck	(Independent Non-Executive Director – Appointed on 1 November 2023)
ENDO Mamoru	(Independent Non-Executive Director – Appointed on 1 November 2023)
YOSHIKAWA Makoto	(Chairman, Executive Director and Chief Executive Officer – Resigned on 31 December 2023)
CHONG Pheng	(Lead Independent Non-Executive Director – Resigned on 31 December 2023)
LAI Shi Hong, Edward	(Independent Non-Executive Director – Resigned on 31 December 2023)
MITANI Masatoshi	(Independent Non-Executive Director – Resigned on 31 December 2023)

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 2023 ("**SR 2023**") which is set out on page 22 to page 67 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**"), if any; 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 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 a 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**"), Risk Committee ("**RIC**") (with effect from 1 January 2024, AC and RIC merged to form Audit and Risk Committee ("**ARC**")), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") 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. During the period and as at the date of this report, members of the IC are:

KATO Tomonori	(Chairman)
CHEUNG Chi Ming	
YOSHIKAWA Makoto	(resigned on 31 December 2023)

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 has its own TOR, which is reviewed on a regular basis.

Formal Board and Board Committees meetings were conducted regularly on a quarterly basis for FY2023 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 video conference to facilitate participation by Board members and Management where the physical presence of the Board members, Board Committee 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 and members of the Board Committee. 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 FY2023 is set out below:

	Board	AC	NC	RC	RIC	Annual General Meeting	Special General Meeting
Numbers of meetings held	6	5	2	1	4	1	1
Names of Director			**Numbers of meetings attended**				
YOSHIKAWA Makoto (Note 1)	6	–	–	–	–	1	–
KATO Tomonori	6	–	–	–	–	1	1
CHEUNG Chi Ming	6	–	–	–	–	1	1
LAI Shi Hong, Edward (Note 2)	6	5	2	–	4	1	–
CHONG Pheng (Note 3)	6	5	2	1	4	1	1
MITANI Masatoshi (Note 4)	6	5	2	1	–	1	–
CHIA Seng Hee	6	5	–	1	4	1	–
YAP Tong Teck (Note 5)	1	1	–	–	1	–	1
ENDO Mamoru (Note 6)	1	1	–	–	1	–	1

Notes:

1. YOSHIKAWA Makoto resigned as Chairman of the Board and Chief Executive Director on 31 December 2023.
2. LAI Shi Hong, Edward resigned as Independent Non-Executive Director on 31 December 2023
3. CHONG Pheng resigned as Lead Independent Non-Executive Director on 31 December 2023.
4. MITANI Masatoshi resigned as Independent Non-Executive Director on 31 December 2023.
5. YAP Tong Teck was appointed as Independent Non-Executive Director on 1 November 2023.
6. ENDO Mamoru was appointed as Independent Non-Executive Director on 1 November 2023.

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 also be updated from time to time on the business of the Group through regular meetings and informal discussions. During FY2023, some of the external courses attended by the Directors include:-

- LED 1 - Listed Entity Director Essentials - conducted by Singapore Institute of Directors
- LED 2 - Board Dynamics - conducted by Singapore Institute of Directors
- LED 3 - Board Performance - conducted by Singapore Institute of Directors
- LED 4 - Stakeholder Engagement - conducted by Singapore Institute of Directors
- LED 8 – Remuneration Committee Essentials - conducted by Singapore Institute of Directors
- LED 9 - ESG Essentials (CORE) - conducted by Singapore Institute of Directors
- Corporate Governance Conference - conducted by Securities Investors Association Singapore
- Singapore Exchange Training On IFRS- conducted by Sustainable Stock Exchange
- Beyond The 9 Year Rule - conducted by Singapore Institute of Directors
- OpenAI: Early Lessons and Issues for Board Directors - conducted by Singapore Institute of Directors
- ESG Reporting – Regulatory Guidance on Avoiding Common Mistakes & Achieving Better Reporting)- conducted by The Hong Kong Chartered Governance Institute
- Company Secretarial Practical Training Series: Continuing Obligations of Listed Companies - Practice and Application - conducted by The Hong Kong Chartered Governance Institute
- New Share Scheme Regime - conducted by The Hong Kong Chartered Governance Institute
- Director Training – A Focus on INEDs (Session Three: Enforcement – Current Issues and Disciplinary Processes) - conducted by The Hong Kong Chartered Governance Institute
- Startups in Hong Kong & Challenges of Governance Enhancement - conducted by The Hong Kong Chartered Governance Institute
- CSP Training Series: How to Serve the Board Better (Session Four: Ways of Acting as the Board’s Communicator) - conducted by The Hong Kong Chartered Governance Institute
- Sanctions: Basics, Sanctions Compliance Programme and Case Study - conducted by The Hong Kong Chartered Governance Institute
- Is your Company Complying with the New AML/CDD Requirements? - conducted by The Hong Kong Chartered Governance Institute

Newly appointed Directors 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 with 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 Directors 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, are required to attend Mandatory training courses organised by the Singapore Institute of Directors ("**SID**"). Mr YAP Tong Teck and Mr ENDO Mamoru have attended training on the roles and responsibilities of a director as prescribed by the SGX-ST. 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, all the Directors had undergone the training.

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.

The Company Secretary and/or his representative attends all scheduled meetings of the Company and prepares the minutes of meetings. He is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The decision to appoint or remove the Company Secretary is made by the Board as a whole.

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.

Throughout the majority of FY2023, the Board was constituted by three Executive Directors and four Independent Directors. As of now, the Board comprises two Executive Directors (including the Chief Executive Officer ("**CEO**")) and three Independent Directors. This composition aligns with Provision 2.2 of the Code, ensuring that Independent Directors form the majority of the Board, particularly when the Chairman does not qualify as independent. The Board has an appropriate balance of skills, knowledge and experience, empowering it to render independent and objective decisions regarding the corporate affairs of both the Company and the Group. Annually, the Board, with the support of the NC, evaluates its size and composition to ascertain what is deemed optimal for maintaining the Group's competitiveness and proficiency. In adherence to the Code, and considering the specific needs of the Group's primary business sectors, as well as the industry dynamics, the NC concludes that the current Board composition effectively facilitates expedient decision-making without undue disruption from alterations within the Board and its Committees. This ensures no single individual or faction has disproportionate influence over the Board's decision-making process.

The NC also reviews 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 CHIA Seng Hee, YAP Tong Teck and ENDO Mamoru, 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) other than those as set out in the Directors' Interests in Shares and Debentures in Directors' Statement on page 101. 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 FY2023. Directors must immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence. This ensures that the Independent Directors continually meet the stringent requirements of independence under the Code.

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 ensure effective oversight on compliance and good corporate governance.

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 considers 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 identifies gaps in the mix of skills, experience and other qualities required in an effective Board and recommends 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, allowing in-depth knowledge for effective exchange of ideas and perspectives. 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 16 to page 18 of this Annual Report.

Following the NC's recommendation, the Board has implemented a Board Diversity Policy ("**BDP**"). Under this policy, the NC commits to identifying potential new Board members who bring expertise in key areas such as legal matters, cybersecurity risk, sustainability knowledge, investment, and business experience, particularly targeting regions where the Group operates or invests, with a goal set for 2025. Effective 1 November 2023, Mr. YAP Tong Teck and Mr. ENDO Mamoru were welcomed as independent directors to the Board. Mr. Yap is recognized for his extensive knowledge in investment, business, and financial management, qualifications that are invaluable for his role as an independent director. Mr. Endo, a partner at Nexpert Law Office in Japan and a Director of Nexpert Global Consulting Pte. Ltd., brings a wealth of legal expertise, from which the Board greatly benefits.

The Board acknowledges the critical role of gender diversity as a key facet of its broader diversity strategy and commits to appointing a qualified female director within the forthcoming four years. The Company is dedicated to fostering diversity within its Board, recognizing it as crucial for achieving strategic goals and ensuring sustainable growth. By embracing diversity, the Board ensures a multiplicity of perspectives, facilitating more robust discussions between the Board and Management, ultimately enhancing the Company's performance and outcomes.

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 FY2023 without the presence of Management to discuss concerns or matters, such as effectiveness of Management. The Chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

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.

In FY2023, Mr YOSHIKAWA Makato was both the Chairman of the Board ("**Chairman**") and CEO of the Group. After his resignation on 31 December 2023, Mr KATO Tomonori succeeded the Chairman and CEO of the Group on 1 January 2024.

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. The Board is satisfied that one person is able to effectively discharge the duties of both positions.

The Chairman of the Board 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.

The CEO 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.

During FY2023, Mr CHONG Pheng (resigned as Non-Executive Director and Lead Independent Director on 31 December 2023) was 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 acted 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 Board and/or Chairman after such meetings.

No query or request on any matter which requires the Lead Independent Director's attention, was received from shareholders in FY2023.

With effect from 1 January 2024, Mr CHIA Seng Hee took over the role of Lead Independent Director.

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

Currently, the NC comprises of Mr YAP Tong Teck (Chairman of the NC), Mr CHIA Seng Hee and Mr ENDO Mamoru. 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 first seeks 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, identifies 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 annual general meeting of the Company ("**AGM**").

The NC has reviewed and recommended the re-nomination and re-election of Mr KATO Tomonori, following his retirement from office at the upcoming AGM pursuant to Bye-law 104. Pursuant to Bye-law 107(B), Mr YAP Tong Teck and Mr ENDO Mamoru will be retiring at the Company's forthcoming AGM and the NC has reviewed and recommended their re-election at the AGM.

The Board has accepted the recommendation of the NC. The Board's comments on the re-election of Messrs KATO Tomonori, YAP Tong Teck and ENDO Mamoru are provided in the "Additional Information on Re-election of Directors" section of this Annual Report as set out on page 91 to page 99.

Each member of the NC had abstained from deliberating and voting on any resolution in respect of the assessment of his re-election 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 time spent and attention to the Company's affairs, taking into account the multiple directorships and principal commitments of each Director and is satisfied that all Directors are able to diligently discharge their duties adequately for FY2023.

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 FY2023.

Key information regarding Directors as set out pursuant to Provision 4.5 of the Code is detailed on page 16 to page 18 of this Annual Report.

The Board believes in carrying out succession planning for itself and the KMP to ensure continuity of leadership. In this regard, the NC reviews the composition of the Board and Board Committees, which includes size and mix, and recommends to the Board the selection and appointment of new Directors, whether as an addition to the current Board members or as replacement of retiring Directors, with the intention of identifying any gaps in the Board's skill sets considering the Group's strategic priorities and the factors affecting the long-term success of the Group.

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. Each year, the Board assesses its effectiveness as a whole through the completion of a series of questionnaires and recommendations for improvement, if any, 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 was no external facilitator involved in the Board evaluation process in FY2023. When relevant and when the need arises, NC will consider such engagement.

For FY2023, the performance evaluation yielded positive results. The Board as a collective entity, alongside its respective Committees, the Chairman, and each Director individually, achieved commendable scores in all evaluated areas, underscoring their effective contribution and commitment across various dimensions of governance.

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

Currently, the RC comprises of Mr ENDO Mamoru (Chairman of the RC), Mr CHIA Seng Hee, Mr YAP Tong Teck, 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 avoid 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 FY2023. When relevant and when the need arises, RC will consider engaging an independent external firm.

To ensure that the remuneration packages of the Company's Directors (including Independent Non-Executive 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.

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, and the performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company;

ii. that the remuneration of Independent Non-Executive Directors is appropriate to their level of contribution, taking into account factors such as effort, time spent and responsibilities, 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. Directors' fees are subjected to shareholders' approval at the AGM. The fees for the financial year in review are determined in the previous financial year, proposed by the Management and submitted to the RC for review and thereafter recommended by the Board to the shareholders for approval at the annual general meeting of the Company.

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 FY2023 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 (Note 1) (SG$446,201)	95%	5%	–	–	–
KATO Tomonori (SG$533,602)	90%	7%	–	3%	–
CHEUNG Chi Ming (SG$346,568)	85%	15%	–	–	–
LAI Shi Hong, Edward (Note 2) (SG$90,000)	–	–	100%	–	–
CHONG Pheng (Note 3) (SG$90,000)	–	–	100%	–	–
MITANI Masatoshi (Note 4) (SG$90,000)	–	–	100%	–	–
CHIA Seng Hee (SG$70,000)	–	–	100%	–	–
YAP Tong Teek (Note 5) (SG$9,167)	–	–	100%	–	–
ENDO Mamoru (Note 6) (SG$9,167)	–	–	100%	–	–

Notes:

1. YOSHIKAWA Makoto resigned as Chairman of the Board and Chief Executive Director on 31 December 2023.
2. LAI Shi Hong, Edward resigned as Independent Non-Executive Director on 31 December 2023
3. CHONG Pheng resigned as Lead Independent Non-Executive Director on 31 December 2023.
4. MITANI Masatoshi resigned as Independent Non-Executive Director on 31 December 2023.
5. YAP Tong Teck was appointed as Independent Non-Executive Director on 1 November 2023.
6. ENDO Mamoru was appointed as Independent Non-Executive Director on 1 November 2023.

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$500,000 to SG$749,999					
CHAN Kam Wah	77%	12%	–	11%	–
Below SG$250,000					
SHINJO Kunihiko	100%	–	–	–	–
OCHI Shinichi	100%	–	–	–	–
YAMADA Tomokazu	75%	18%	–	7%	–
WATANABE Katsuhiro	90%	10%	–	–	–
KONO Isao	98%	2%	–	–	–
IMAI Junya	100%	–	–	–	–
TAKAHASHI Takao	87%	5%	–	8%	–

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 SG$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 FY2023 was approximately SG$1,557,000.

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.

SGX has recently amended its Listing Rule on remuneration disclosures and this amendment will take effect for annual reports prepared for financial year ending on or after 31 December 2024, where the Company is required to disclose the exact amount and breakdown of remuneration paid to directors and the CEO in the annual report. The Company have made the appropriate disclosures.

During FY2023, Mr. YOSHIMI Koichi, son of Mr. YOSHIMI Kunikazu, the substantial shareholder of the Company, was remunerated between SG$100,000 and SG$200,000. There was no other employees of the Group who is immediate family member of a Director, the CEO or a substantial shareholder of the Company and whose remuneration exceeded SG$100,000 during FY2023.

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 provides 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.

For 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 page 162 to page 164 of this annual report. No shares options and performance shares have been granted during FY2023.

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 in FY2023. 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 FY2023. 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 acted as a progressive step to minimise risks and loss attributable to the proposed or potential investments. Members of the RIC for FY2023 were Mr CHONG Pheng (Chairman of the RIC), Mr LAI Shi Hong, Edward, Mr CHIA Seng Hee, Mr YAP Tong Teck and Mr ENDO Mamoru. All members of the RIC are Independent Non-Executive Directors. As at the date of this report, AC and RIC had merged to form ARC and Mr CHIA Seng Hee had been appointed as Chairman of the ARC with effect from 1 January 2024.

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 FY2023, 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.

In FY2023, 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 FY2023 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 ARC, 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 ARC 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 to adequately perform its functions.

Principle 10: Audit Committee ("AC")

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

Members of the AC for FY2023 were Mr LAI Shi Hong, Edward (Chairman of the AC), Mr CHONG Pheng, Mr CHIA Seng Hee, Mr YAP Tong Teck, Mr. MITANI Masatoshi and Mr ENDO Mamoru. All members of the AC are Independent Non-Executive Directors. As at the date of this report, AC and RIC had merged to form ARC. The ARC comprises Mr CHIA Seng Hee (Chairman of the ARC), Mr YAP Tong Teck, and Mr ENDO Mamoru, all of whom, including the ARC Chairman, are independent. Each member of the ARC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The Board is of the view that each member of the ARC, including the ARC Chairman, possesses invaluable managerial and professional expertise in the fields of accounting and/or financial management, essential for fulfilling their duties effectively. Specifically, the Board recognises Mr CHIA Seng Hee as having sufficient financial, accounting and business management knowledge to discharge his responsibilities as Chairman of the ARC. Mr CHIA Seng Hee is a fellow member of the Institute of Singapore Chartered Accountants. Additionally, Mr YAP Tong Teck's background in investment and financial management, combined with his extensive experience, and Mr ENDO Mamoru's legal expertise as a partner lawyer of Nexpert Law Office in Japan, contribute significantly to the ARC's capabilities. Upon evaluation, the Board concludes that all members of the ARC are equipped with the requisite expertise to perform their responsibilities with efficiency and objectivity.

For FY2023, the ARC does not comprise any former partners or directors of RSM SG Assurance LLP (previously called 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.

According to the written TOR of the ARC, that has been approved by the Board, the responsibilities of the ARC, 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) Determine the nature and extent of the significant risks which the Company is willing to take in achieving 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) 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) 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) 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) 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) 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) 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) 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) 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) Report to the Board its findings from time to time on matters arising and requiring the attention of the Committee;

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

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

z) 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 ARC 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 ARC meets at least quarterly during FY2023 and also holds informal meetings and discussions with Management from time to time. The ARC has full discretion to invite any Director or executive officer to attend its meetings. The external auditors were also present at the relevant junctures. In its review of the audited financial statements for FY2023, the ARC 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 ARC:

Significant matters	**How the ARC reviewed these matters and what decisions were made**
Impairment assessment of goodwill	The ARC considered the approach and methodology applied to the impairment assessment of goodwill as at the end of the financial year. It reviewed the reasonableness of the goodwill, appropriateness of the valuation methodologies used and also the inputs utilised in the calculation of the recoverable amount of the CGU which the goodwill has been allocated. The external auditors have included this item as a key audit matter in their auditors' report for FY2023. Please refer to page 106 of this Annual Report.

Significant matters	How the ARC reviewed these matters and what decisions were made
Impairment assessment of trade receivables	The ARC 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 their auditors' report for FY2023. Please refer to page 107 of this Annual Report.

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

RSM was appointed as the external auditors of the Company and the Group on 28 December 2021. Where preparation of audited financial statements is required, all such Company's principal subsidiaries are audited by RSM. The Group is in compliance with Rule 712 and Rule 715 of LR.

The ARC has reviewed, amongst others, the independence of the external auditors, the standard of work, the quantum of fees for their non-audit services provided to the Group and the external auditors' confirmation of its independence. The ARC 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 do not prejudice the independence and objectivity of the external auditors. There were no non-audit fees and the aggregate amount of fees for audit paid to external auditors for FY2023 can be referred to page 159 of this Annual Report. Taking into consideration the foregoing, ARC is pleased to recommend the re-appointment of the external auditors for the financial year ending 31 December 2024.

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

The ARC 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 ARC 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 ARC 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 and shall fully maintain the confidentiality of the whistle-blower(s) reasonably practicable within the legitimate needs of the law and any ensuing evaluation or investigation. 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 ARC 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 ARC and administratively to the CEO. Any hiring, removal, evaluation and compensation of the head of the internal audit is decided by the ARC. 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 ARC, 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 ARC 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 ARC, 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 non-compliance or failures in internal control, and recommendations for improvements, are reported to the ARC.

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 ARC had recommended to the Board and Management to adopt and implement its recommendations. Consequently, the internal audit team worked with the Management to implement the recommendations to the satisfaction of ARC. 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 ARC is satisfied that the internal audit function is effective, adequately resourced and has appropriate standing within the Group. Pursuant to Rule 1207(10C), the ARC had assessed and is satisfied with the adequacy, effectiveness independence, scope and results of the Company's internal audit function. The primary role of the IA function is to assist the Board and Management to meet the strategic and operational objective of the Group, by providing an independent and objective evaluation of the adequacy and effectiveness of the risk management, internal controls and governance processes. The weaknesses that were identified for the year under review and measures have been or are being taken to address these weaknesses.

During FY2023, the IA performed reviews on the areas of subcontractor management, IT system management, R&D management, accounting and finance management, Patent management and company general management of subsidiaries.

In addition, the Group's external auditors will 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 ARC, if any.

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 a daily 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 auditors' 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, unless they are inter-dependent and are more appropriately tabled together. Reasons, and implications of why resolutions are bundled will be set out in the circulars sent. All resolutions are put to vote by poll. The total number and percentage of votes cast for or against each resolution 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.

During the Covid-19 pandemic, the Company's AGM was conducted virtually, in alignment with prevailing safety protocols. For the forthcoming AGM, in accordance with SGX Practice Note 7.5 on General Meetings issued on 19 April 2023, the event will transition back to a fully in-person format.

The minutes of general meetings are prepared by the Company Secretary and approved by the Chairman and 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 FY2023 which will be subject to Shareholders' approval at the forthcoming AGM. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to Shareholders via announcements released on SGXNet.

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 and the Lead Independent Director can be contacted via email (jackcapital@163.com).

The Company believes that high standard of disclosure is key to raising the level of corporate governance. The Company disseminates its half year and full year results, 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 will receive the Annual Report and the notice of any general meetings, with such notice 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. The frequency of ongoing engagement with various stakeholders depends on mutual needs and expectations.

Stakeholders' feedback guides the Group to review potential risks and opportunities and formulate corresponding sustainability strategy. The Company 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 The Company 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 29 to page 33 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 and those disclosed in this annual report, 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 FY2023 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 via email.

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 ARC and that the transactions are on an arm's length basis and on normal commercial terms which not be prejudicial to the interest of the Shareholders.

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 SG$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$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$'000	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
Mr YOSHIMI Kunikazu - payment of advisory fee	Controlling shareholder	230	–

Pursuant to Listing Rule 720(6)

Name of Director	**KATO Tomonori**	**YAP Tong Teck**	**ENDO Mamoru**
Date of first appointment as a Director	30 April 2018	1 November 2023	1 November 2023
Date of last re-appointment/re-election as a Director	29 April 2022	N/A	N/A
Age	53	58	37
Country of principal residence	Japan	Singapore	Singapore
The Board's comments on the re-election of Director	Mr. Kato Tomonori is The Chairman and Chief Executive Officer and is instrumental for the overall operations and strategy, planning and development of the Group. Mr. Kato 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 (save for Mr. Kato who abstained from deliberating his own re-election) 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. Yap Tong Teck is a newly appointed Non-Executive and Independent Director. He is the Chairman of the Nominating Committee and has extensive background in leadership positions within the real estate and precision engineering industries. The Board of Directors of the Company (save for Mr. Yap who abstained from deliberating his own re-election) has considered, among others, the recommendation of the NC and has reviewed and considered the contribution, experience and suitability of Mr. Yap for re-election as Non-Executive and Independent Director.	Mr. Endo Mamoru is a newly appointed Non-Executive and Independent Director. He is the Chairman of the Remuneration Committee. With his Juris Doctor degree and qualifications as a lawyer in Japan, Mr. Endo brings extensive expertise to the realm of legal consulting, specifically in cross-border transactions and board compliance. His valuable insights greatly contribute to the Group. The Board of Directors of the Company (save for Mr. Endo who abstained from deliberating his own re-election) has considered, among others, the recommendation of the NC and has reviewed and considered the contribution, experience and suitability of Mr. Endo for re-election as Non-Executive and Independent Director.

SUPPLEMENTAL INFORMATION ON **RE-ELECTION OF DIRECTORS**

Pursuant to Listing Rule 720(6)

Name of Director	KATO Tomonori	YAP Tong Teck	ENDO Mamoru
Whether appointment is Executive and if so, the area of responsibility	Executive. Mr. Kato is the Chairman and the Chief Executive 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	Non-Executive
Job title	• Chairman • Chief Executive Officer • Investment Committee (Chairman)	• Independent Director • Nominating Committee (Chairman) • Audit & Risk Committee (Member) • Remuneration Committee (Member)	• Independent Director • Remuneration Committee (Chairman) • Audit & Risk Committee (Member) • Nominating Committee (Member)
Professional qualifications	• Bachelor of Arts (Honours) in English, Kansai Gaidai University, Japan	• Master of Business Administration (Investment & Finance), University of Hull • Modular Master in Data Science (Non-Programming), the Singapore University of Technology and Design • Bachelor of Engineering (Control Engineering), Tokyo Institute of Technology	• Attorney at Law in Japan

Pursuant to Listing Rule 720(6)

Name of Director	**KATO Tomonori**	**YAP Tong Teck**	**ENDO Mamoru**
Working experience and occupation(s) during the past 10 years	• 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.	• General Manager Ascendas Hangzhou Science & Technology Co Ltd (July 2012-june 2014) • Vice President Head Asset Management Ascendas (Shanghai) Co Ltd (Ascendas Singbridge) (July 2014 to March 2017) • Deputy Chief Executive Officer China-Singapore Suzhou Industrial Park Development Ltd (Jan 2019 to February 2020)	• Attorney, Atago Toranomon Law Office (January 2014 to December 2016) • Legal Consultant, Fair Consulting India Pvt. Ltd. (January 2017 to May 2018) • Legal Consultant, Fair Consulting Singapore Pte. Ltd. (May 2018 to April 2023) • Legal Consultant, Nexpert Global Consulting Pte. Ltd. (May 2023 to Present)
Shareholding interest in the Company and its subsidiaries	• 1,000,000 share options to subscribe for the Company's ordinary shares	No	No
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
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

SUPPLEMENTAL INFORMATION ON RE-ELECTION OF DIRECTORS

Pursuant to Listing Rule 720(6)

Name of Director	KATO Tomonori	YAP Tong Teck	ENDO Mamoru
Other principal commitments (including directorships) – Present	• 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. • Director and Legal Representative, Minami Tec (Wuxi) Co., Ltd.	• Business Development Director, Crossborder Research Pte Ltd • Director, Suwa Precision Engineering Pte Ltd • Director, SV Tech Pte Ltd • Director, Suwa Stamping Tech Pte Ltd • Director, Attisse Pte Ltd	• Partner Lawyer, NEXPERT Law Office in Japan • Director, NEXPERT Global Consulting Pte. Ltd. in Singapore
Other principal commitments (including directorships) – Past, for the last 5 years	• Director, Tomoike Industrial Co., Ltd. (From May 2018 – December 2021)	• 副总裁，中新苏州工业园区开发集团股份有限公司 • 监事会主席，中新苏州工业园区置地有限公司 • 监事会主席，中新 • 苏州工业园区市政公用发展集团有限公司 • 副董事长，总经理，中新苏州工业园区国际教育服务有限公司 • 理事长，苏州新加坡国际学校 • 理事长，中新苏州工业园区康乐斯顿外国语学校 • 董事，中新苏通科技产业园（南通）开发有限公司 • 副董事长，苏州锐新投资有限公司 • 副董事长，东吴证券中新（新加坡）有限公司 • 副董事长，苏州道华企业管理发展有限公司 • 董事，中新苏州工业园区海归人才子女学校 • 董事长，总裁，银川苏银产业园发展有限公司	

Name of Director	KATO Tomonori	YAP Tong Teck	ENDO Mamoru
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

SUPPLEMENTAL INFORMATION ON **RE-ELECTION OF DIRECTORS**

Pursuant to Listing Rule 720(6)

Name of Director	KATO Tomonori	YAP Tong Teck	ENDO Mamoru
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
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

Name of Director	KATO Tomonori	YAP Tong Teck	ENDO Mamoru
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

SUPPLEMENTAL INFORMATION ON **RE-ELECTION OF DIRECTORS**

Pursuant to Listing Rule 720(6)

Name of Director	KATO Tomonori	YAP Tong Teck	ENDO Mamoru
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

Name of Director	KATO Tomonori	YAP Tong Teck	ENDO Mamoru
(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?	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.	No	No

DIRECTORS'
STATEMENT

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 2023.

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 consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and the consolidated financial performance, consolidated statement of changes in equity and consolidated 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:

KATO Tomonori	(Chairman, Executive Director and Chief Executive Officer)
CHEUNG Chi Ming	(Executive Director and Chief Financial Officer)
CHIA Seng Hee	(Lead Independent Non-Executive Director)
YAP Tong Teck	(Independent Non-Executive Director)
ENDO Mamoru	(Independent Non-Executive Director)

In accordance with Bye-Laws 104 of the bye-laws of the Company, KATO Tomonori retire, and being eligible for re-election. In accordance with Bye-Laws 107(B) of the bye-laws of the Company, YAP Tong Teck and ENDO Mamoru 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:

	Direct interests		Deemed interests	
Name of directors and companies in which interests are held	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
The Company				
Ordinary shares of US$0.04 each				
CHIA Seng Hee	500	500	–	–

	Options to subscribe for ordinary shares	
The Company	**At the beginning of financial year**	**At the end of financial year**
KATO Tomonori	1,000,000	1,000,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2024.

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 SG$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 2023, 500,000 share options were exercised and 250,000 share options were lapsed or cancelled. The number of outstanding share options as at 31 December 2023 was 3,500,000 with exercise price of SG$0.14 (31 December 2022: 4,250,000 with exercise price of SG$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, ENDO Mamoru, YAP Tong Teck and CHIA Seng Hee.

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 2023 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 2023**	**Cancelled/ Lapsed**	**Granted**	**Exercised**	**Balance at 31 December 2023**	**Exercise price per share**	**Exercisable period**
Share Option Scheme							
21 August 2019	4,250,000	250,000	–	500,000	3,500,000	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
KATO Tomonori	–	1,000,000	–	–	1,000,000

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, ENDO Mamoru, YAP Tong Teck and CHIA Seng Hee.

During the year ended 31 December 2023, no Award was granted and no share was issued under the Performance Scheme.

8. Audit Committee ("AC")

The AC of the Company during the year FY2023 was chaired by LAI Shi Hong, Edward, an independent director, and included CHONG Pheng, MITANI Masatoshi, CHIA Seng Hee, YAP Tong Teck and ENDO Mamoru, all of whom were independent directors. The AC has met five 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 auditors' 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 auditors 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.

As at the date of this report, AC and RIC had merged to form ARC. The ARC comprises of Mr CHIA Seng Hee (Chairman of the ARC), Mr YAP Tong Teck, and Mr ENDO Mamoru, all of whom, including the ARC Chairman, are independent.

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

The ARC has recommended to the directors the nomination of RSM SG Assurance LLP (previously called 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 SG Assurance LLP and RSM Hong Kong have expressed their willingness to accept re-appointment as joint auditors.

On behalf of the Board of Directors

KATO Tomonori
Chairman and Chief Executive Officer

CHEUNG Chi Ming
Executive Director and Chief Financial Officer

5 April 2024

INDEPENDENT AUDITORS' REPORT

To the Members of CDW Holding Limited (Incorporated in Bermuda with limited liability)

RSM SG Assurance LLP
8 Wilkie Road
#03-08 Wilkie Edge
Singapore

RSM Hong Kong
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Opinion

We have audited the consolidated financial statements of CDW Holding Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 110 to 187, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2023, and of the consolidated financial performance, consolidated statement of changes in equity and the consolidated cash flows of the Group and changes in equity of the Company for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 Auditors' Responsibilities for the Audit of the Consolidated 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. Impairment assessment of goodwill

2. Impairment assessment of trade receivables

To the Members of CDW Holding Limited (Incorporated in Bermuda with limited liability)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill	
Refer to Note 27 to the consolidated financial statements. As at 31 December 2023, the carrying amount of goodwill amounted to approximately US$14,410,000 which was arisen from the business combination of A Biotech Co., Ltd ("ABio") on 6 April 2022. Management engaged a firm of qualified external valuers ("external valuer") to assist in the impairment assessment of goodwill. Based on the assessment, there is no impairment of goodwill as at 31 December 2023. Management tests at least annually whether goodwill was subject to any impairment, in accordance with the accounting policy stated in Note 4(c) and Note 4(y). The recoverable amount of cash-generating unit ("CGU") has been determined based on the higher of their fair value less costs to sell and their value in use amounts. We focused on auditing the impairment of goodwill including the related disclosures because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment of goodwill is considered significant due to the complexity of the methods, subjectivity of significant assumptions used, including market adjustment factor and significant judgements involved in selecting data.	Our procedures included: ● Obtaining an understanding and evaluating of management's internal control and assessment process of impairment assessment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; ● Obtaining and examining the valuation report in relation to the goodwill impairment assessment of ABio prepared by the external valuer engaged by the Group; ● Assessing the competency, capabilities and objectivity of the external valuer; ● Reviewing the adequacy and appropriateness of the disclosure in the consolidated financial statements; ● Engaging an auditors' expert to assist in: (i) assessing the appropriateness of the valuation methodologies used by management based on our industry knowledge and relevant market practice; and (ii) testing the evidence supporting the assumptions and inputs utilised in the calculation of the recoverable amount of the CGU to which goodwill has been allocated.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of trade receivables	
Refer to Notes 6(c) and 25 to the consolidated financial statements. The carrying amount of the Group's net trade receivables was US$24,683,000 at 31 December 2023. Significant judgement and estimation by management are involved in the assessment of impairment, based on the lifetime expected credit loss ("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. Impairment losses of US$28,000 was reversed during the year. Management engaged a firm of qualified external valuers ("external valuer") to assist in the impairment assessment of trade receivables. The inherent risk in relation to the impairment assessment of trade receivables is considered significant as the impairment assessment involves significant estimates and assumptions which were subjective. Therefore, we identified the impairment assessment of trade receivables as a key audit matter.	Our procedures included: ● Assessing the risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity; ● Understanding and evaluating key internal controls over the Group's process for determining impairment of trade receivables; ● Obtaining and examining the ECL assessment report for trade receivables prepared by the external valuer engaged by the Group; ● Assessing the competency, capabilities and objectivity of the external valuer; ● 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 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 ● Engaging an auditors' expert to assist in: (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.

Other Information

Management is 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 auditors' 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.

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 Those Charged With Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, the management is 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 management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 management.

- Conclude on the appropriateness of the management's 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 auditors' 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 auditors' 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 those charged with governance 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 auditors' 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 SG Assurance LLP
Public Accountants and Chartered Accountants
8 Wilkie Road
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Singapore
Engagement partner: CHONG Cheng Yuan

5 April 2024

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

5 April 2024

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS**

For the financial year ended 31 December 2023

	Note	Group 2023 US$'000	Group 2022 US$'000
Revenue	9	**109,218**	147,992
Cost of sales		**(90,502)**	(122,317)
Gross profit		**18,716**	25,675
Other income	10	**445**	2,464
Distribution costs		**(2,448)**	(4,160)
Administrative expenses	11	**(17,277)**	(17,502)
Finance costs	12	**(434)**	(589)
Gain on deemed disposal of an associate	37	**–**	10,315
Share of losses of an associate	21	**–**	(95)
(Loss)/profit before tax	13	**(998)**	16,108
Income tax expense	14A	**(421)**	(1,867)
(Loss)/profit for the year		**(1,419)**	14,241
(Loss)/profit attributable to:			
Owners of the Company		**(1,072)**	14,410
Non-controlling interests		**(347)**	(169)
		(1,419)	14,241
(Loss)/earnings per share (US cents)			
Basic	16	**(0.48)**	6.43
Diluted	16	**(0.48)**	6.36

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND **OTHER COMPREHENSIVE INCOME**

For the financial year ended 31 December 2023

	Note	Group 2023 US$'000	2022 US$'000
(Loss)/profit for the year		**(1,419)**	14,241
Other comprehensive loss:			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(727)**	(2,933)
		(727)	(2,933)
Item that will not be reclassified to profit or loss:			
Equity investments designated at fair value through other comprehensive income:			
Fair value loss arising during the year	22	**(441)**	(191)
Income tax effect	22	**46**	24
		(395)	(167)
Other comprehensive loss for the year, net of tax		**(1,122)**	(3,100)
Total comprehensive (loss)/income for the year		**(2,541)**	11,141
Attributable to:			
Owners of the Company		**(2,194)**	11,310
Non-controlling interests		**(347)**	(169)
Total comprehensive (loss)/income for the year		**(2,541)**	11,141

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023	2022	**2023**	2022
		US$'000	US$'000	**US$'000**	US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	18	**4,792**	5,265	**–**	–
Right-of-use assets	19	**2,280**	2,517	**–**	–
Investments in subsidiaries	20(a)	**–**	–	**11,334**	11,334
Amount due from a subsidiary	20(b)	**–**	–	**15,827**	15,492
Investment in an associate	21	**–**	–	**–**	–
Goodwill	27	**14,410**	14,410	**–**	–
Other intangible assets	28	**603**	617	**–**	–
Investments	22	**617**	1,063	**–**	–
Other assets	23	**280**	458	**–**	–
Deferred tax assets	14B	**169**	107	**–**	–
Total non-current assets		**23,151**	24,437	**27,161**	26,826
Current assets					
Inventories	24	**16,057**	26,368	**–**	–
Trade and other receivables	25	**29,361**	37,976	**35**	17
Pledged bank deposit	26	**–**	1,500	**–**	–
Cash and bank balances	26	**27,398**	27,257	**103**	160
Total current assets		**72,816**	93,101	**138**	177
TOTAL ASSETS		**95,967**	117,538	**27,299**	27,003
LIABILITIES AND EQUITY					
Current liabilities					
Income tax payable		**241**	775	**–**	–
Bank borrowings	29	**6,750**	11,170	**–**	–
Lease liabilities	30	**1,167**	1,471	**–**	–
Trade and other payables	31	**31,199**	40,429	**132**	278
Amount due to an associate	21(b)	**384**	487	**–**	–
Total current liabilities		**39,741**	54,332	**132**	278
NET CURRENT ASSETS/(LIABILITIES)		**33,075**	38,769	**6**	(101)

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

As at 31 December 2023

	Note	Group 2023 US$'000	Group 2022 US$'000	Company 2023 US$'000	Company 2022 US$'000
Non-current liabilities					
Bank borrowings	29	**750**	2,500	**–**	–
Lease liabilities	30	**1,174**	1,084	**–**	–
Retirement benefit obligations	15(a)	**619**	594	**–**	–
Deferred tax liabilities	14B	**270**	426	**–**	–
Total non-current liabilities		**2,813**	4,604	**–**	–
TOTAL LIABILITIES		**42,554**	58,936	**132**	278
NET ASSETS		**53,413**	58,602	**27,167**	26,725
Equity attributable to owners of the Company					
Share capital	32(a)	**10,087**	10,087	**10,087**	10,087
Treasury shares	32(b)	**(4,016)**	(4,091)	**(4,016)**	(4,091)
Reserves	33	**48,585**	53,502	**21,096**	20,729
		54,656	59,498	**27,167**	26,725
Non-controlling interests		**(1,243)**	(896)	**–**	–
TOTAL EQUITY		**53,413**	58,602	**27,167**	26,725
TOTAL LIABILITIES AND EQUITY		**95,967**	117,538	**27,299**	27,003

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2023

	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 2023	10,087	18,994	(338)	(4,091)	135	(7,020)
Loss for the year	–	–	–	–	–	–
Other comprehensive loss 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 (Note 22)	–	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	–	–
Transfer on share options exercised	–	–	–	–	(16)	–
Transfer on share options lapsed	–	–	–	–	(8)	–
Treasury shares transferred out to satisfy share options exercised	–	–	(23)	75	–	–
Transfer	–	–	–	–	–	–
Dividends paid (Note 17)	–	–	–	–	–	–
Balance at 31 December 2023	10,087	18,994	(361)	(4,016)	111	(7,020)
Balance at 1 January 2022	10,087	18,994	(240)	(4,392)	198	(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 (Note 22)	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	–
Arising on business combination	–	–	–	–	–	–
Transfer on share options exercised	–	–	–	–	(63)	–
Treasury shares transferred out to satisfy share options exercised	–	–	(98)	301	–	–
Transfer	–	–	–	–	–	–
Dividends paid (Note 17)	–	–	–	–	–	–
Balance at 31 December 2022	10,087	18,994	(338)	(4,091)	135	(7,020)

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2023

Statutory reserve fund	Enterprise expansion fund	Other reserves	Fair value adjustment reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to 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**
4,009	318	1,198	(200)	117	36,289	59,498	(896)	58,602
–	–	–	–	–	(1,072)	(1,072)	(347)	(1,419)
–	–	–	–	(727)	–	(727)	–	(727)
–	–	–	(395)	–	–	(395)	–	(395)
–	–	–	(395)	(727)	(1,072)	(2,194)	(347)	(2,541)
–	–	–	–	–	16	–	–	–
–	–	–	–	–	8	–	–	–
–	–	–	–	–	–	52	–	52
–	–	1	–	–	(1)	–	–	–
–	–	–	–	–	(2,700)	(2,700)	–	(2,700)
4,009	318	1,199	(595)	(610)	32,540	54,656	(1,243)	53,413
3,983	318	1,196	(33)	3,050	24,544	50,685	11	50,696
–	–	–	–	–	14,410	14,410	(169)	14,241
–	–	–	–	(2,933)	–	(2,933)	–	(2,933)
–	–	–	(167)	–	–	(167)	–	(167)
–	–	–	(167)	(2,933)	14,410	11,310	(169)	11,141
–	–	–	–	–	–	–	(738)	(738)
–	–	–	–	–	63	–	–	–
–	–	–	–	–	–	203	–	203
26	–	2	–	–	(28)	–	–	–
–	–	–	–	–	(2,700)	(2,700)	–	(2,700)
4,009	318	1,198	(200)	117	36,289	59,498	(896)	58,602

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

STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2023

	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 2022	10,087	18,994	(240)	(4,392)	198	2,275	26,922
Profit for the year and total comprehensive income for the year	–	–	–	–	–	2,300	2,300
Treasury shares transferred out to satisfy share options exercised	–	–	(98)	301	–	–	203
Transfer on share options exercised	–	–	–	–	(63)	63	–
Dividends paid (Note 17)	–	–	–	–	–	(2,700)	(2,700)
Balance at 31 December 2022 and 1 January 2023	10,087	18,994	(338)	(4,091)	135	1,938	26,725
Profit for the year and total comprehensive income for the year	–	–	–	–	–	3,090	3,090
Treasury shares transferred out to satisfy share options exercised	–	–	(23)	75	–	–	52
Transfer on share options exercised	–	–	–	–	(16)	16	–
Transfer on share options lapsed	–	–	–	–	(8)	8	–
Dividends paid (Note 17)	–	–	–	–	–	(2,700)	(2,700)
Balance at 31 December 2023	10,087	18,994	(361)	(4,016)	111	2,352	27,167

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2023

	Note	Group	
		2023	2022
		US$'000	US$'000
Operating Activities			
(Loss)/profit before tax		**(998)**	16,108
Adjustments for:			
Interest income	10	**(204)**	(62)
Finance costs	12	**434**	589
Net loss on disposal of property, plant and equipment	13	**66**	46
Gain on disposal of asset classified as held for sale	10	**–**	(726)
Gain on fair value changes of convertible bonds	10	**–**	(1,060)
Gain on termination of lease contracts	13	**(11)**	–
(Decrease)/increase in provision for inventories	13	**(46)**	334
Depreciation of property, plant and equipment	18	**1,508**	1,319
Depreciation of right-of-use assets	19	**1,621**	1,716
Amortisation of other intangible assets	28	**3**	4
Share of losses of associate	21	**–**	95
Gain on deemed disposal of an associate	13	**–**	(10,315)
Retirement benefit obligations	15(a)	**66**	97
Reversal of expected credit losses on trade receivables, net	13	**(28)**	(86)
Reversal of expected credit losses on amount due from an associate	13	**–**	(11)
Operating cash flows before movements in working capital		**2,411**	8,048
Changes in working capital:			
Other assets		**163**	(142)
Trade and other receivables		**8,419**	2,020
Amounts due (to)/from associate		**(95)**	469
Inventories		**10,006**	(1,512)
Trade and other payables		**(8,774)**	(1,885)
Cash generated from operations		**12,130**	6,998
Net income tax paid		**(863)**	(1,571)
Interest paid	12	**(319)**	(463)
Net cash from operating activities		**10,948**	4,964

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2023

	Note	Group 2023 US$'000	2022 US$'000
Investing Activities			
Proceeds from disposal of property, plant and equipment		**180**	9
Proceeds from disposal of asset classified as held for sale		**–**	778
Purchases of property, plant and equipment	18	**(1,412)**	(868)
Decrease in loans and receivables		**–**	1,356
Additional investment in equity investment designated at fair value through other comprehensive income		**–**	(2)
Interest income received	10	**204**	62
Placement of restricted bank deposit		**–**	(1,500)
Release of restricted bank deposit	26	**1,500**	–
Net cash outflow arising on business combination	38	**–**	(1,135)
Decrease in time deposits with original maturity of over three months	26	**54**	145
Net cash from/(used in) investing activities		**526**	(1,155)
Financing Activities			
Proceeds from share options exercised		**52**	203
Proceeds from bank borrowings	35(b)	**7,764**	21,622
Repayment of bank borrowings	35(b)	**(13,912)**	(18,684)
Repayment of principal portion of lease liabilities	30	**(1,626)**	(1,732)
Repayment of interest element on lease liabilities	12	**(115)**	(126)
Dividends paid	17	**(2,700)**	(2,700)
Net cash used in financing activities		**(10,537)**	(1,417)
Net increase in cash and cash equivalents		**937**	2,392
Net effect of currency translation differences		**(742)**	(2,238)
Cash and cash equivalents at 1 January	26	**26,324**	26,170
Cash and cash equivalents at 31 December	26	**26,519**	26,324
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at banks and on hand	26	**19,024**	24,838
Short-term deposits	26	**7,495**	1,486
Non-pledged time deposits with original maturity of over three months	26	**879**	933
Cash and bank balances as stated in the consolidated statement of financial position		**27,398**	27,257
Less: Time deposits with original maturity of over three months	26	**(879)**	(933)
Cash and bank balances as stated in the consolidated statement of cash flows		**26,519**	26,324

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

1. GENERAL INFORMATION

CDW Holding Limited (Registration number 35127) (the "Company") 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. The Company and its subsidiaries are collectively referred to as the "Group".

Mr. YOSHIMI Kunikazu, by virtue of his 100% shareholding in Mikuni Co., Limited, is the controlling shareholder of the Company.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), which include all applicable IFRS Accounting Standards, International Accounting Standards ("IAS") and the Interpretations.

The IASB has issued certain new and revised IFRS Accounting Standards 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 IFRS ACCOUNTING STANDARDS

(a) Application of new and revised IFRS Accounting Standards

The IASB has issued a new IFRS Accounting Standards and a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group. Of these, the following revised IFRS Accounting Standards are relevant to the Group:

Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

3. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (continued)

(b) Revised IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following amendments to standards and interpretation that are relevant to the Group that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 - Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB

The directors of the Company anticipate that the application of all amendments to IFRS Accounting Standards will not have material impact on the consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared on a going concern basis 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 accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

The preparation of financial statements in conformity with IFRS Accounting Standards 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 material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(a) Consolidation (continued)

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.

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 profit or loss and other 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.

(b) Separate financial statements

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). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) 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, with limited exceptions, 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(c) Business combination and goodwill (continued)

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.

(d) 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(d) Associates (continued)

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other 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.

(e) 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Foreign currency translation (continued)

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) 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.

(f) 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%	Nil to 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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Property, plant and equipment (continued)

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.

(g) 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.

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. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. 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.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Leases (continued)

The Group as a lessee (continued)

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

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.

(h) Other intangible assets

(i) Intangible assets acquired separately – In-Process research and development ("IPR&D")

IPR&D are stated at cost less accumulated amortisation and impairment losses. IPR&D acquired in a business combination are recognised at fair value at the acquisition date. Acquired IPR&D are not amortised, since it is not available for use until an approved product is commercialised.

(ii) Intangible assets acquired separately - Patents

Patents are stated at cost less accumulated amortisation and impairment losses. Patents acquired in a business combination are recognised at fair value at the acquisition date. Amortisation is calculated on a straight-line basis over their estimated useful lives of 2 years.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(i) 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. The costs of purchased inventory are determined after deducting rebates and discounts. 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.

(j) 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") in accordance with the policy set out in note 4(z) 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.

(k) 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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(l) 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.

(m) 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.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(n) 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. Cash and cash equivalents are assessed for ECL.

(o) 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 IFRS Accounting Standards. 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) Revenue and other income (continued)

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 recognised when the shareholders' rights to receive payment are established.

(t) 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.

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(t) Employee benefits (continued)

(ii) Pension obligations (continued)

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.

A subsidiary in Japan maintains an unfunded defined retirement benefit for its directors. All directors of the subsidiary are entitled to lump-sum payments based on salary rates and length of service at the time they leave the subsidiary. The subsidiary's estimated liability under the plan, which would be payable if all directors left at the end of the reporting period, is accrued in the consolidated statement of financial position.

A subsidiary in Korea maintains a retirement allowance under Korean labor law. Employees who have been with the subsidiary for more than one year are entitled to lump-sum payments based on salary rates and length of service at the time they leave the subsidiary. The subsidiary's estimated liability under the plan, which would be payable if all employees left at the end of the reporting period, is accrued in the consolidated statement of financial position.

(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.

(u) 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.

(v) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(w) 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(x) 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 temporary 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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences 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 and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

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.

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. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

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 either to settle its current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(y) Impairment of non-financial assets

Intangible assets that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of other 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.

(z) 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 and other 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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(z) Impairment of financial assets (continued)

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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(z) Impairment of financial assets (continued)

Significant increase in credit risk (continued)

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 are 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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(z) Impairment of financial assets (continued)

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.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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.

(aa) 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. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(ab) 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.

(ac) Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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(z), 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.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the fair value less costs to sell of the CGUs to which goodwill has been allocated.

Management determined that the fair value less costs to sell should be calculated by the implied equity value arising from the prior ordinary shares' transactions of the CGUs and then adjusted by market adjustment factor derived from the median of the percentage change of the comparable companies' market capitalisation. Where the recoverable amount is less than the carrying amount of the CGUs, a material impairment loss or further impairment loss may arise.

The carrying amount of goodwill at the end of the reporting period was amounted to US$14,410,000 (2022: US$14,410,000). There was no impairment recognised for the year ended 31 December 2023 (2022: Nil).

The carrying amount of goodwill is disclosed in note 27 to the financial statements.

Impairment of trade receivables and other receivables

The Group uses practical expedient in estimating ECL on trade receivables and other receivables using a provision matrix. The provision rates are based on ageing of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

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 6(c) 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 2023 amounted to US$576,000 (2022: US$632,000) and the carrying amount of inventories is disclosed in note 24 to the financial statements.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

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 years ended 31 December 2023 and 2022.

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	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
JPY	**2**	4	**362**	1,938
US$	**15,831**	29,977	**37,541**	41,210
SG$	**–**	–	**76**	119
RMB	**–**	–	**85**	19

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% (2022: 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.

6. FINANCIAL RISK MANAGEMENT (continued)

(a) Foreign currency risk (continued)

Foreign currency sensitivity (continued)

If the following foreign currencies strengthened by 10% (2022: 10%) against the functional currency of each Group entity, (loss)/profit before tax would (decrease)/increase by:

	2023	2022
	US$'000	US$'000
JPY	**(36)**	193
US$	**(2,171)**	1,123
SG$	**(8)**	12
RMB	**(9)**	2

If the following foreign currencies weakened by 10% (2022: 10%) against the functional currency of each Group entity, (loss)/profit before tax would increase/(decrease) by:

	2023	2022
	US$'000	US$'000
JPY	**36**	(193)
US$	**2,171**	(1,123)
SG$	**8**	(12)
RMB	**9**	(2)

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% (2022: 10%) higher/lower with all other variables held constant, the Group's other comprehensive income would have been US$6,000 (2022: US$6,000) 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's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 72% (2022: 60%) of the total trade receivables as at 31 December 2023. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

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 2023:

		2023	
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**US$'000**	**US$'000**
Current (not past due)	**0.04%**	**22,790**	**8**
1 - 30 days past due	**0.16%**	**1,597**	**3**
31 - 60 days past due	**0.16%**	**300**	**–**
61 - 90 days past due	**0.16%**	**1**	**–**
91 - 180 days past due	**1.69%**	**6**	**–**
More than 180 days past due	**28.23%**	**–**	**–**
		24,694	**11**

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Trade receivables (continued)

	2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**US$'000**	**US$'000**
Current (not past due)	0.06%	24,324	14
1 - 30 days past due	0.25%	10,034	25
31 - 60 days past due	0.25%	114	–
61 - 90 days past due	0.25%	11	–
91 - 180 days past due	1.45%	–	–
More than 180 days past due	35.29%	–	–
		34,483	39

Expected loss rates are based on actual loss experience over a period of 36 months before 31 December 2023 or 1 January 2023 respectively. These rates are adjusted to reflect differences between economic conditions during the period over which the historical 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:

	2023	2022
	US$'000	US$'000
As at 1 January	**39**	128
Reversal of ECL (Note 13)	**(28)**	(86)
Exchange differences	**–**	(3)
As at 31 December (Note 25)	**11**	39

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 other receivables, pledged bank deposit, cash and bank balances and amount due from an associate.

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Other financial assets at amortised cost (continued)

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

	Pledged bank deposit and cash and bank balances (Note 26) US$'000	Other receivables (Note 25) US$'000	Amount due from an associate US$'000	Total US$'000
As at 1 January 2022	–	–	11	11
Reversal of impairment losses for the year	–	–	(11)	(11)
As at 31 December 2022, 1 January 2023 and 31 December 2023	–	–	–	–

(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 90% (2022: 84%) of the Group's bank borrowings would mature in less than one year based on the carrying amount reflected in the consolidated 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.

6. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturity

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

	31 December 2023				31 December 2022			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
GROUP								
Financial assets:								
Trade and other receivables	27,158	–	–	27,158	35,749	–	–	35,749
Cash and short-term deposits	27,763	–	–	27,763	28,828	–	–	28,828
Total undiscounted financial assets	54,921	–	–	54,921	64,577	–	–	64,577
Financial liabilities:								
Trade and other payables	30,920	–	–	30,920	40,760	–	–	40,760
Lease liabilities	1,216	1,226	–	2,442	1,530	1,124	–	2,654
Bank borrowings	7,133	784	–	7,917	13,763	2,600	–	16,363
Total undiscounted financial liabilities	39,269	2,010	–	41,279	56,053	3,724	–	59,777

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 33% (2022: 33%) of the Group's bank borrowings were at fixed rate interest.

Interest rate sensitivity

At 31 December 2023, if interest rates had been 50 (2022: 50) basis points higher/lower with all other variables held constant, the Group's (loss)/profit before tax would have been US$70,000 (2022: US$78,000) higher/lower (2022: lower/higher), arising mainly as a result of higher/lower 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.

6. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair values

Except as disclosed in note 7(d) to the consolidated financial statements, 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 2023

	2023 **US$'000**	2022 US$'000
Financial assets		
Financial assets measured at amortised cost	**54,556**	64,506
Financial assets measured at FVTOCI	**617**	1,063
Financial liabilities		
Financial liabilities at amortised cost	**41,145**	56,985

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 2023 and 2022:

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

	2023			
	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	59	–	–	59
Unlisted equity investment at fair value	–	–	558	558
Financial assets as at 31 December 2023	59	–	558	617

	2022			
	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	59	–	–	59
Unlisted equity investment at fair value	–	–	1,004	1,004
Financial assets as at 31 December 2022	59	–	1,004	1,063

7. FAIR VALUE MEASUREMENTS (continued)

(b) Reconciliation of assets measured at fair value based on Level 3:

	Equity investments designated at FVTOCI - unlisted equity investment	Financial assets at FVTPL - Convertible bonds	2023 Total
	US$'000	US$'000	US$'000
As at 1 January 2023	**1,004**	**–**	**1,004**
Total gains or losses recognised in other comprehensive income	**(446)**	**–**	**(446)**
As at 31 December 2023	**558**	**–**	**558**

	Equity investments designated at FVTOCI - unlisted equity investment	Financial assets at FVTPL - Convertible bonds	2022 Total
	US$'000	US$'000	US$'000
As at 1 January 2022	1,160	800	1,960
Total gains or losses recognised in other comprehensive income	(156)	–	(156)
Total gains recognised in profit or loss	–	1,060	1,060
Eliminated on business combination (Note 38)	–	(1,860)	(1,860)
As at 31 December 2022	1,004	–	1,004

During the years ended 31 December 2023 and 2022, 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 2023 and 2022:

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 annually.

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 2023 and 2022: (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 2023 and 2022.

2023

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investment at fair value	Trending analysis under market approach and equity allocation model	Equity volatility	35% to 75%	5% increase in volatility would result in decrease in fair value by US$8,320
		Discount for lack of marketability ("DLOM")	1% to 17%	5% increase in DLOM would result in decrease in fair value by US$40,543

2022

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investment at fair value	Trending analysis under market approach and equity allocation model	Equity volatility	45% to 50%	5% increase in volatility would result in decrease in fair value by US$10,358
		DLOM	3% to 16%	5% increase in DLOM would result in decrease in fair value by US$41,630

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 2023 and 2022 but for which fair value is disclosed:

	2023				
	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	Carrying amount
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
Liabilities					
Fixed rate bank borrowings (Note 29)	–	2,491	–	2,491	2,500

	2022				
	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	Carrying amount
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
Liabilities					
Fixed rate bank borrowings (Note 29)	–	4,451	–	4,451	4,500

7. FAIR VALUE MEASUREMENTS (continued)

(d) Financial assets and financial liabilities not carried at fair value but for which fair value is disclosed (continued)

	2023				
	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	Carrying amount
	US$'000	US$'000	US$'000	US$'000	US$'000
Company					
Assets					
Amount due from a subsidiary (Note 20(b))	–	15,827	–	15,827	15,827

	2022				
	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	Carrying amount
	US$'000	US$'000	US$'000	US$'000	US$'000
Company					
Assets					
Amount due from a subsidiary (Note 20(b))	–	15,492	–	15,492	15,492

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 2023 and 2022 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.

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) OEM 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.

OEM and Accessories segment is an original equipment manufacturer, a manufacturer and a seller of parts and precision accessories for LCD modules.

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 material accounting policy information.

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, interest and income taxes (called "Recurring EBITDA") and (2) operating results before interest income 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	OEM and Accessories US$'000	Others US$'000	Unallocated US$'000	Group US$'000
Year ended 31 December 2023						
Revenue by segment						
Total revenue by segment	70,874	12,096	29,741	2,211	–	114,922
Inter-segment sales	–	(5,313)	(391)	–	–	(5,704)
Total revenue	70,874	6,783	29,350	2,211	–	109,218
Recurring EBITDA	4,397	(1,200)	3,365	(1,889)	(2,312)	2,361
Finance costs	–	–	–	–	(434)	(434)
Depreciation of property, plant and equipment	(773)	(37)	(575)	(123)	–	(1,508)
Depreciation of right-of-use assets	(781)	(151)	(612)	(77)	–	(1,621)
ORBIT	2,843	(1,388)	2,178	(2,089)	(2,746)	(1,202)
Interest income	–	–	–	–	204	204
Loss before tax						(998)
Income tax expense						(421)
Loss for the year						(1,419)

8. FINANCIAL INFORMATION BY OPERATING SEGMENTS (continued)

8B. Segment profit or loss and reconciliations (continued)

	LCD Backlight Units US$'000	Office Automation US$'000	OEM and Accessories US$'000	Others US$'000	Unallocated US$'000	Group US$'000
Year ended 31 December 2022						
Revenue by segment						
Total revenue by segment	96,077	16,923	41,213	919	–	155,132
Inter-segment sales	–	(6,437)	(703)	–	–	(7,140)
Total revenue	96,077	10,486	40,510	919	–	147,992
Recurring EBITDA	8,956	(311)	4,857	(1,462)	(2,590)	9,450
Finance costs	–	–	–	–	(589)	(589)
Depreciation of property, plant and equipment	(827)	(137)	(229)	(126)	–	(1,319)
Depreciation of right-of-use assets	(840)	(237)	(632)	(7)	–	(1,716)
ORBIT	7,289	(685)	3,996	(1,595)	(3,179)	5,826
Interest income	–	–	–	–	62	62
Share of losses of associate	–	–	–	(95)	–	(95)
Gain on deemed disposal of an associate	–	–	–	–	10,315	10,315
Profit before tax						16,108
Income tax expense						(1,867)
Profit for the year						14,241

8. FINANCIAL INFORMATION BY OPERATING SEGMENTS (continued)

8C. Segment assets and reconciliations

	LCD Backlight Units US$'000	Office Automation US$'000	OEM and Accessories US$'000	Others US$'000	Unallocated US$'000	Group US$'000
2023						
Total assets for reportable segments	44,171	1,889	32,008	16,505	–	94,573
Unallocated:						
Elimination of intercompany balances	–	–	–	–	(219)	(219)
Other unallocated amounts	–	–	–	–	1,613	1,613
Total Group assets	44,171	1,889	32,008	16,505	1,394	95,967
2022						
Total assets for reportable segments	63,220	8,754	27,804	16,265	–	116,043
Unallocated:						
Elimination of intercompany balances	–	–	–	–	(556)	(556)
Other unallocated amounts	–	–	–	–	2,051	2,051
Total Group assets	63,220	8,754	27,804	16,265	1,495	117,538

8. FINANCIAL INFORMATION BY OPERATING SEGMENTS (continued)

8D. Segment liabilities and reconciliations

	LCD Backlight Units US$'000	Office Automation US$'000	OEM and Accessories US$'000	Others US$'000	Unallocated US$'000	Group US$'000
2023						
Total liabilities for reportable segments	19,928	1,942	8,908	509	–	31,287
Unallocated:						
Elimination of intercompany balances	–	–	–	–	(219)	(219)
Other unallocated amounts	–	–	–	–	11,486	11,486
Total Group liabilities	19,928	1,942	8,908	509	11,267	42,554
2022						
Total liabilities for reportable segments	25,947	3,400	11,182	178	–	40,707
Unallocated:						
Elimination of intercompany balances	–	–	–	–	(556)	(556)
Other unallocated amounts	–	–	–	–	18,785	18,785
Total Group liabilities	25,947	3,400	11,182	178	18,229	58,936

8E. Other material items and reconciliations

	LCD Backlight Units US$'000	Office Automation US$'000	OEM and Accessories US$'000	Others US$'000	Unallocated US$'000	Group US$'000
Capital expenditure:						
2023	540	97	742	33	–	1,412
2022	708	36	110	14	–	868
Additions to right-of-use assets:						
2023	431	247	979	43	–	1,700
2022	704	431	527	–	–	1,662
(Decrease)/increase in provision for inventories:						
2023	(101)	14	41	–	–	(46)
2022	85	48	201	–	–	334

8. FINANCIAL INFORMATION BY OPERATING SEGMENTS (continued)

8F. Geographical information

	Revenue		Non-current assets	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Mainland China	**67,005**	73,896	**4,188**	4,276
Hong Kong	**22,150**	50,792	**453**	734
Japan	**16,574**	20,376	**1,821**	1,983
Others	**3,489**	2,928	**15,903**	16,274
	109,218	147,992	**22,365**	23,267

8G. Revenue from major customers

	Revenue	
	2023	2022
	US$'000	US$'000
LCD Backlight Units		
Customer A	**56,710**	52,580
Customer B	**8,265**	9,156
Customer C	**2,273**	8,442
Customer D	**4,026**	17,920
OEM and Accessories		
Customer E	**8,868**	26,973
Customer F	**8,320**	–

9. REVENUE

An analysis of revenue is as follows:

	Group	
	2023	2022
	US$'000	US$'000
Revenue from contracts with customers		
LCD Backlight Units	**70,874**	96,077
Office Automation	**6,783**	10,486
OEM and Accessories	**29,350**	40,510
Others	**2,211**	919
	109,218	147,992

9. REVENUE (continued)

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 (2022: 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	
	2023	2022
	US$'000	US$'000
Interest income	**204**	62
Gain on disposal of asset classified as held for sale	**–**	726
Gain on fair value changes of convertible bonds	**–**	1,060
Compensation from government	**30**	182
ECL of trade receivables written back	**28**	86
ECL of amount due from an associate written back	**–**	11
Gain on termination of lease contracts	**11**	–
Net foreign exchange gain	**–**	258
Sundry income	**172**	79
	445	2,464

11. ADMINISTRATIVE EXPENSES

	Group 2023 US$'000	2022 US$'000
Employee-related expenses	**10,511**	11,236
Travelling and entertainment expenses	**1,029**	1,006
Professional fees	**1,551**	1,795
Short-term lease expenses	**564**	412
Utilities and office expenses	**854**	1,109
Depreciation of property, plant and equipment	**813**	478
Depreciation of right-of-use assets	**761**	820
Development expenses	**166**	232
Net loss on disposal of property, plant and equipment	**66**	46
Net foreign exchange loss	**701**	–
Miscellaneous	**261**	368
	17,277	17,502

12. FINANCE COSTS

	Group 2023 US$'000	2022 US$'000
Interest expense on:		
Bank borrowings	**319**	463
Lease liabilities	**115**	126
	434	589

13. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is stated after charging/(crediting) the following:

	Group	
	2023	2022
	US$'000	US$'000
Audit fees paid to:		
Auditors of the Company	**243**	247
Other auditors	**104**	128
Non-audit fees paid to:		
Auditors of the Company	**–**	14
Other auditors	**14**	6
Employee benefits expense (Note 15)	**19,661**	23,534
Depreciation of property, plant and equipment (Note 18)	**1,508**	1,319
Depreciation of right-of-use assets (Note 19)	**1,621**	1,716
(Decrease)/increase in provision for inventories (Note 24)	**(46)**	334
Inventories recognised as an expense in cost of sales (Note 24)	**70,154**	94,837
Net loss on disposal of property, plant and equipment	**66**	46
Gain on disposal of asset classified as held for sale	**–**	(726)
Gain on termination of lease contracts	**(11)**	–
Net foreign exchange loss/(gain)	**701**	(258)
Reversal of ECL on trade receivables, net (Note 6(c))	**(28)**	(86)
Reversal of ECL on amount due from an associate (Note 6(c))	**–**	(11)
Gain on deemed disposal of an associate	**–**	(10,315)

14. INCOME TAX EXPENSE

14A. Components of income tax expense recognised in profit or loss include:

	Group	
	2023	2022
	US$'000	US$'000
Current tax expense:		
Current income tax	**407**	1,684
Withholding tax	**189**	163
Deferred tax expense:		
Deferred tax (Note 14B)	**(175)**	20
	421	1,867

14. INCOME TAX EXPENSE (continued)

14A. Components of income tax expense recognised in profit or loss include: (continued)

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	
	2023	2022
	US$'000	US$'000
(Loss)/profit before tax	**(998)**	16,108
Tax at the domestic rates applicable to profits in the countries where the Group operates	**(320)**	3,263
Adjustments:		
Non-deductible expenses	**508**	424
Income not subject to taxation	**(119)**	(1,765)
Deferred tax asset on tax losses not recognised	**483**	258
Effect of withholding tax at 5% on the undistributed earnings of the PRC subsidiaries (Note 14B)	**(131)**	–
Utilisation of prior year's tax losses	**(168)**	(494)
Withholding tax	**189**	163
Others	**(21)**	18
Income tax expense recognised in profit or loss	**421**	1,867

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The weighted average applicable tax rate is 32.06% (2022: 20.25%). The change of the applicable tax rate was mainly due to the change of the composition of profitable subsidiaries in different countries of the Group.

14. INCOME TAX EXPENSE (continued)

14B. DEFERRED TAX

	Group			
	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Deferred tax liabilities				
Withholding tax on undistributed earnings of the PRC subsidiaries (Note 14A)	**(41)**	(172)	**131**	–
Fair value gain on equity investments designated at FVTOCI	**–**	(46)	**–**	–
Fair value adjustment arising from deemed disposal of an associate	**(164)**	(164)	**–**	–
Others	**(74)**	(50)	**(24)**	(2)
Exchange differences	**9**	6	**–**	–
	(270)	(426)	**107**	(2)
Deferred tax assets				
Difference in depreciation for tax purposes	**4**	5	**(1)**	–
Directors' insurance	**3**	5	**(2)**	–
Others	**187**	116	**71**	(18)
Exchange differences	**(25)**	(19)	**–**	–
	169	107	**68**	(18)
	(101)	(319)		
Deferred tax charge (Note 14A)			**175**	(20)

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 2023 (2022: 5%).

At 31 December 2023, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries operated in the PRC for which deferred tax liabilities have been recognised is approximately US$830,000 (2022: US$3,452,000).

Unrecognised tax losses

At the end of the reporting period, the Group had tax losses of approximately US$8,408,000 (2022: US$7,568,000) 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	
		2023	2022
		US$'000	US$'000
Employee benefits expense, including directors:			
Salaries and bonuses		**17,630**	21,459
Defined contribution plans		**1,965**	1,978
Defined retirement benefit plan	(a)	**66**	97
		19,661	23,534

(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$66,000 (2022: US$97,000) has been charged to profit or loss. The retirement benefit obligations with a carrying amount of US$619,000 (2022: US$594,000) 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 material.

(b) Share-based payments - Share options

During the year ended 31 December 2023, the Company has an 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 as at 1 January and 31 December of the financial year:

	Group and Company						
Grant date/ Acceptance date	Balance as at 1 January	Cancelled/ lapsed	Granted	Exercised	Balance as at 31 December	Exercise price per share	Exercisable period
Share Option Scheme							
21 August 2019	250,000	–	–	(250,000)	–	SG$0.140	21 August 2022 to 20 August 2024
22 August 2019	250,000	(250,000)	–	–	–	SG$0.140	21 August 2022 to 20 August 2024
27 August 2019	3,750,000	–	–	(250,000)	3,500,000	SG$0.140	21 August 2022 to 20 August 2024
Total	4,250,000	(250,000)	–	(500,000)	3,500,000		

The weighted average share price at the date of exercise for share options exercised during the year was SG$0.194.

As at 31 December 2023, the number of share options outstanding was 3,500,000 (2022: 4,250,000) which had a weighted average remaining contractual life of approximately 0.6 years (2022: 1.6 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)	14.0
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.

There was no equity-settled share-based payment expense recognised for the year ended 31 December 2023 (2022: Nil).

(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 2023 and 2022, 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	
	2023	2022
	US$'000	US$'000
Salaries, allowances and benefits in kind	**2,381**	2,307
Defined contribution plans	**37**	37
	2,418	2,344
Comprise amounts paid to:		
Directors of the Company	**1,257**	1,168
Other key management personnel	**1,161**	1,176
	2,418	2,344

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. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing loss (2022: profit), net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/earnings per share is calculated by dividing loss (2022: 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 (loss)/profit and share data used in the computation of basic and diluted loss/(earnings) per share for the year ended 31 December 2023 and 2022:

	2023	2022
	US$'000	US$'000
(Loss)/profit attributable to owners of the Company	**(1,072)**	14,410
	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the basic (loss)/earnings per share computation*	**225,000**	224,275
Effect of dilutive share options	**–**	2,241
Weighted average number of ordinary shares for the diluted (loss)/earnings per share computation*	**225,000**	226,516

* The weighted average number of ordinary shares for basic and diluted (loss)/earnings per share excludes treasury shares which had been purchased on the SGX-ST under the Share Purchase Mandate (Note 32).

The effects of potential ordinary shares for the Company's share options are anti-dilutive for the year ended 31 December 2023. Diluted loss per share was same as the basic loss per share for the year ended 31 December 2023.

17. DIVIDENDS

	Group and Company	
	2023	2022
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Interim exempt dividend for 2023: US0.5 cents per share	**1,125**	–
Final exempt dividend for 2022: US0.7 cents per share	**1,575**	–
Interim exempt dividend for 2022: US0.5 cents per share	**–**	1,125
Final exempt dividend for 2021: US0.7 cents per share	**–**	1,575
	2,700	2,700

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							
As at 1 January 2022	1,962	13,777	2,006	6,933	716	721	26,115
Additions	–	525	117	224	–	2	868
Disposals	–	(401)	(23)	(83)	(12)	(7)	(526)
Acquisition through business combination	–	185	63	–	18	–	266
Exchange differences	(264)	(1,016)	(149)	(601)	(46)	(61)	(2,137)
As at 31 December 2022 and 1 January 2023	1,698	13,070	2,014	6,473	676	655	24,586
Additions	–	569	388	423	5	27	1,412
Disposals	–	(1,673)	(322)	(399)	(151)	–	(2,545)
Reclassifications	478	23	183	–	–	(684)	–
Exchange differences	(98)	(194)	349	(139)	(25)	2	(105)
As at 31 December 2023	2,078	11,795	2,612	6,358	505	–	23,348
Accumulated depreciation and impairment loss							
As at 1 January 2022	562	10,672	1,629	6,584	590	–	20,037
Depreciation	27	818	154	279	41	–	1,319
Disposals	–	(365)	(23)	(73)	(10)	–	(471)
Exchange differences	(77)	(738)	(124)	(587)	(38)	–	(1,564)
As at 31 December 2022 and 1 January 2023	512	10,387	1,636	6,203	583	–	19,321
Depreciation	237	715	285	245	26	–	1,508
Disposals	–	(1,489)	(284)	(395)	(131)	–	(2,299)
Exchange differences	(29)	(151)	359	(128)	(25)	–	26
As at 31 December 2023	720	9,462	1,996	5,925	453	–	18,556
Net carrying amount							
As at 31 December 2022	1,186	2,683	378	270	93	655	5,265
As at 31 December 2023	1,358	2,333	616	433	52	–	4,792

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
As at 1 January 2022	2,517	40	2,557
Additions	1,647	15	1,662
Acquisition through business combination	229	–	229
Termination of contracts	(26)	–	(26)
Depreciation charge	(1,694)	(22)	(1,716)
Exchange differences	(184)	(5)	(189)
As at 31 December 2022 and 1 January 2023	2,489	28	2,517
Additions	1,673	27	1,700
Termination of contracts	(368)	–	(368)
Depreciation charge	(1,599)	(22)	(1,621)
Exchange differences	53	(1)	52
As at 31 December 2023	2,248	32	2,280

20. INVESTMENTS IN SUBSIDIARIES

(a)

	Company	
	2023	2022
	US$'000	US$'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$15,827,000 (2022: US$15,492,000) included in the Company's non-current assets is unsecured and interest free 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$15,827,000 (2022: US$15,492,000). 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 2023 %	Proportion of ownership interest 2022 %
Held by the Company				
Tomoike Industrial (Hong Kong) Holding Limited (iv) ("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 (i) ("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
Tomoike Industrial Co., Limited (iii) ("TM Japan")	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 (iv) ("CD Shanghai BVI")	BVI	Investment holding	**100.0**	100.0
Wah Hang Precision Machinery (H.K.) Limited (i) ("WH Hong Kong")	Hong Kong	Trading of parts and precision accessories for office equipment, electrical appliances and LCD modules	**100.0**	100.0
Minami Tec (Wuxi) Co., Limited (iii) ("MT Wuxi")	Wuxi, PRC	Provision of plastic injection for electronic consumer products and automobiles	**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	
			2023	2022
			%	%
Held by TM Hong Kong (continued)				
Crystal Display Components (Shanghai) Co., Limited (ii) ("CD Shanghai")	Shanghai, PRC	Manufacture of LCD backlight units for LCD modules	**100.0**	100.0
Tomoike Industrial (Hong Kong) Holding Limited (iv) ("TM Hong Kong BVI")	British Virgin Islands ("BVI")	Investment holding	**100.0**	100.0
Tomoike Precision Machinery (Dongguan) Co., Limited (iii) ("TM Dongguan")	Dongguan, PRC	Manufacture and trading of parts and precision accessories for LCD modules and electrical appliances and manufacture of LCD backlight units for LCD modules	**100.0**	100.0
Tomoike Bio Limited (i) ("TM Bio")	Hong Kong	Marketing and promotion of the application of bio-related patents	**100.0**	100.0
TWB Co., Limited (iv) ("TWB")	Osaka, Japan	Provision of food and beverage	**99.9**	99.9
Tomoike Industrial (Philippines) Incorporated (iv) ("TM Philippines")	Philippines	Manufacture, processing and assembly of printed circuit board, mobile payment device, niche precision components and insulating materials	**100.0**	100.0
A Biotech Co., Ltd (v) ("ABio")	Seoul, Korea	Application of biotechnology to research and development of antibody related products, and their manufacturing and sale and provision of service	**71.5**	71.5

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	
			2023	2022
			%	%
Held by TM Hong Kong and TM Bio				
Bangladesh Japan Cooperation Company Limited (iv) ("BJ Cooperation")	Bangladesh	Liaison office, general trading and other businesses	**100.0**	100.0
Held by TM Bio				
CDW Life Science Limited (iv) ("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	**99.9**	99.9
GSP Enterprise Inc. (iv) ("GSP")	Osaka, Japan	Provision of Bio-Tech related research and development	**95.0**	95.0
Held by WH Hong Kong				
Wah Hang Precision Machinery (Dongguan) Limited (iii) ("WH Dongguan")	Dongguan, PRC	Manufacture and trading of parts and precision accessories for office equipment and electrical appliances	**100.0**	100.0
Held by TWB				
Menkobo Muguruma Co., Limited (iv) ("Muguruma")	Kagawa, Japan	Provision of food and beverage	**99.9**	99.9
Held by CD Shanghai				
Tuo Mao Enterprise Management Advisory (Shanghai) Co., Limited (iv) ("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) Audited by RSM Hong Kong, a member of RSM International.

(ii) Audited by member firms of RSM International.

(iii) Audited by member firms of RSM International for consolidation purpose.

(iv) Not audited, as it is immaterial.

(v) Member firms of RSM International audited the completion account as of 6 April 2022 for the purpose of the purchase price allocation exercise. The financial results for the year ended 31 December 2023 are immaterial, hence, not audited.

21. INVESTMENT IN AN ASSOCIATE

The Group's investment in an associate is summarised below:

	Group	
	2023	2022
	US$'000	US$'000
Movement in carrying value:		
As at 1 January	**–**	1,048
Share of losses for the year	**–**	(95)
Eliminated on business combination	**–**	(933)
Exchange differences	**–**	(20)
As at 31 December	**–**	–
Carrying value comprising:		
Share of net assets	**36**	36
Goodwill on acquisition	**1,486**	1,486
	1,522	1,522
Less: Impairment loss (*)	**(1,522)**	(1,522)
	–	–

* 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 consecutive years of losses made since incorporation.

(a) Particulars of the associate is as follows:

Name	Registered share capital held	Place of establishment	Principal activity	Proportion of ownership interest	
				2023	2022
				%	%
Suzhou Pengfu	RMB1,080,000	Suzhou, PRC	Manufacture of light guide panels	**25.0**	25.0

21. INVESTMENT IN AN ASSOCIATE (continued)

(a) Particulars of the associate is as follows: (continued)

The Group's shareholdings in the associate comprise equity shares held by a wholly-owned subsidiary of the Company.

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

	2023 US$'000	2022 US$'000
Share of the associate' losses for the year	–	(95)
Share of the associate' total comprehensive income	–	(95)
Aggregate carrying amount of the Group's investment in the associate	–	–

(b)

	Group	
	2023 US$'000	2022 US$'000
Amount due to an associate	384	487

The amount due to an associate is unsecured, non-interest bearing and is repayable within 12 months from the end of the reporting period for both years.

22. INVESTMENTS

	Group	
	2023 US$'000	2022 US$'000
Non-current:		
Equity investments designated at FVTOCI		
Listed equity investment at fair value Sharp Corporation	59	59
Unlisted equity investment at fair value ELECTRINE INC.	558	1,004
	617	1,063

The above equity investments under non-current assets were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

During the year ended 31 December 2023, an aggregate fair value loss of US$441,000 (2022: US$191,000) and deferred tax impact of US$46,000 (2022: US$24,000) were recognised in other comprehensive income.

The Group's investments denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2023 US$'000	2022 US$'000
Korean Won ("KRW")	558	1,004

23. OTHER ASSETS

	Group	
	2023	2022
	US$'000	US$'000
Directors' insurance of a subsidiary	**80**	69
Rental and utility deposits	**200**	389
	280	458

Directors' insurance of a subsidiary 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	
	2023	2022
	US$'000	US$'000
Raw materials	**11,284**	19,465
Work-in-progress	**64**	206
Finished goods	**4,709**	6,697
	16,057	26,368
Inventories are stated after allowance. Movements in allowance are as follows:		
As at 1 January	**632**	328
(Credit)/charge to profit or loss included in cost of sales	**(46)**	334
Exchange differences	**(10)**	(30)
As at 31 December	**576**	632
Consolidated statement of profit or loss:		
Inventories recognised as an expense in cost of sales	**70,154**	94,837
Inclusive of the (decrease)/increase in provision for inventories included in cost of sales (Note 13)	**(46)**	334

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables	**24,694**	34,483	**–**	–
Other receivables	**2,475**	1,305	**–**	–
Prepayments	**1,131**	1,404	**35**	17
Value-added tax recoverable	**717**	651	**–**	–
Deposits	**355**	172	**–**	–
	29,372	38,015	**35**	17
Allowance for ECL				
- Trade receivables	**(11)**	(39)	**–**	–
	29,361	37,976	**35**	17

Trade receivables

Trade receivables are non-interest-bearing and are generally on terms ranging from 30 to 150 days (2022: 30 to 150 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables

The Group's trade and other receivables denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2023	2022
	US$'000	US$'000
US$	**20,520**	27,434

26. PLEDGED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Cash at banks and on hand	**19,024**	24,838	**103**	160
Short-term deposits	**7,495**	1,486	**–**	–
	26,519	26,324	**103**	160
Time deposits with original maturity of over three months	**879**	933	**–**	–
	27,398	27,257	**103**	160
Pledged bank deposit	**–**	1,500	**–**	–

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 the fixed deposits.

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 (2022: 30 days and 180 days), depending on the immediate cash requirements of the Group and the Company, and earns interest at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2023 for the Group was 2.2% (2022: 1.4%) per annum.

The Group's cash and bank balances denominated in foreign currencies of the respective entities at 31 December are as follows:

	Group	
	2023	2022
	US$'000	US$'000
JPY	**362**	1,938
US$	**14,807**	9,617
RMB	**75**	9
SG$	**76**	119

27. GOODWILL

	Group	
	2023	2022
	US$'000	US$'000
Cost		
As at 1 January	**16,042**	1,632
Arising on business combination (Note 38)	**–**	14,410
As at 31 December	**16,042**	16,042
Accumulated impairment		
As at 1 January and 31 December	**(1,632)**	(1,632)
Net carrying amount		
As at 1 January	**14,410**	–
As at 31 December	**14,410**	14,410

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2023	2022
	US$'000	US$'000
LCD Backlight Units:		
TM Japan	**–**	–
Others - Life Sciences:		
GSP	**–**	–
ABio	**14,410**	14,410
	14,410	14,410

In addition to goodwill, property, plant and equipment, right-of-use assets and other intangible assets that generate cash flows together with the related goodwill are also included in the respective CGU for the purpose of impairment assessment.

The recoverable amount of goodwill allocated to ABio has been determined at fair value less cost of disposal, on the basis of the implied equity value arising from the prior ordinary shares' transactions of the CGU and then adjusted by market adjustment factor derived from the median of the percentage change of the comparable companies' market capitalisation. There was no impairment recognised for the year ended 31 December 2023 (2022: Nil).

Full impairment on the goodwill of TM Japan and GSP was made in prior years.

The fair value measurement of the CGU is categorised within Level 3 of the fair value hierarchy as at 31 December 2023 and 2022.

28. OTHER INTANGIBLE ASSETS

	IPR&D US$'000	Patents US$'000	Total US$'000
Cost			
As at 1 January 2022	–	–	–
Arising on business combination (Note 38)	636	9	645
Exchange differences	(23)	(1)	(24)
As at 31 December 2022 and 1 January 2023	613	8	621
Exchange differences	(11)	–	(11)
As at 31 December 2023	602	8	610
Accumulated amortisation and impairment losses			
As at 1 January 2022	–	–	–
Amortisation for the year	–	4	4
As at 31 December 2022 and 1 January 2023	–	4	4
Amortisation for the year	–	3	3
As at 31 December 2023	–	7	7
Carrying amount			
As at 31 December 2023	602	1	603
As at 31 December 2022	613	4	617

Other intangible assets included IPR&D which are not ready for use, therefore, these intangible assets have not been amortised. The IPR&D is assessed for impairment together with the related goodwill (Note 27).

The average remaining amortisation period of the patents are less than 1 year. (2022: 1 year)

29. BANK BORROWINGS

	Maturity	Group 2023 US$'000	Group 2022 US$'000
Current:			
Bank borrowings, secured	2024	**–**	2,235
Bank borrowings, unsecured	2024 (2022: 2023)	**6,750**	8,435
Bank borrowings, unsecured	On demand	**–**	500
		6,750	11,170
Non-current:			
Bank borrowings, unsecured	2025 (2022: 2025)	**750**	2,500
Total bank borrowings		**7,500**	13,670

29. BANK BORROWINGS (continued)

Further analysis of the principal amount of bank borrowings are set out below:

	Group	
	2023	2022
	US$'000	US$'000
Bank borrowings, fixed rate	**2,500**	4,500
Bank borrowings, floating rate	**5,000**	9,170
	7,500	13,670

The bank borrowings are interest bearing at rates ranging from 2.75% to 6.52% (2022: 2.65% to 6.89%) per annum.

Management considered the fair value of the Group's fixed rate bank borrowings is US$2,491,000 (2022: US$4,451,000). (Note 7(d))

The Group's bank borrowings denominated in foreign currencies of the respective entities as at 31 December are as follows:

	Group	
	2023	2022
	US$'000	US$'000
US$	**7,500**	11,795

30. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movements during the year are as follows:

	Group	
	2023	2022
	US$'000	US$'000
As at 1 January	**2,555**	2,676
New leases	**1,700**	1,662
Acquisition through business combination	**–**	167
Termination of contracts	**(379)**	(26)
Interest expense	**115**	126
Principal portion of lease payments	**(1,626)**	(1,732)
Interest element on lease liabilities	**(115)**	(126)
Exchange differences	**91**	(192)
As at 31 December	**2,341**	2,555
Analysed into:		
Current portion	**1,167**	1,471
Non-current portion	**1,174**	1,084
	2,341	2,555

30. LEASE LIABILITIES (continued)

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:

	2023	2022
	US$'000	US$'000
Interest on lease liabilities (Note 12)	**115**	126
Depreciation charge of right-of-use assets (Note 19)	**1,621**	1,716
Expense related to short-term leases (included in administrative expenses) (Note 11)	**564**	412
Gain on termination of lease contracts (Note 10)	**(11)**	–
Total amount recognised in profit or loss	**2,289**	2,254

The weighted average incremental borrowing rates applied to lease liabilities range from 1.68% to 4.75% (2022: from 1.17% to 4.81%).

Lease liabilities of US$2,341,000 (2022: US$2,555,000) are recognised with related right-of-use assets of US$2,280,000 (2022: US$2,517,000) as at 31 December 2023. 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 terms of 2 years to 10 years (2022: 2 years to 10 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**	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**18,242**	31,815	**–**	–
Other payables	**11,486**	8,036	**19**	136
Accruals	**1,471**	578	**113**	142
	31,199	40,429	**132**	278

31. TRADE AND OTHER PAYABLES (continued)

Trade payables

Trade payables are non-interest-bearing and are generally settled on terms of 30 to 120 days (2022: 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	
	2023	2022
	US$'000	US$'000
JPY	**2**	4
US$	**8,263**	18,139

Contract liabilities

Details of contract liabilities included in other payables as at 31 December 2023 and 2022 are as follows:

	Group	
	2023	2022
	US$'000	US$'000
Short-term advances received from customers		
Sales of goods	**9,231**	3,872

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			
	2023		2022	
	Number of ordinary shares of US$0.04 each	**US$**	Number of ordinary shares of US$0.04 each	US$
Authorised				
As at 1 January and 31 December	**750,000,000**	**30,000,000**	750,000,000	30,000,000
Issued and fully paid up				
As at 1 January and 31 December	**252,177,110**	**10,087,000**	252,177,110	10,087,000

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(a) Share capital (continued)

As at 31 December 2023, 26,689,702 (2022: 27,189,702) 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 2023 and 2022.

(b) Treasury shares

	Group and Company			
	2023		2022	
	Number of ordinary shares	**US$'000**	Number of ordinary shares	US$'000
As at 1 January	**27,190**	**4,091**	29,190	4,392
Treasury shares transferred out to satisfy share options exercised	**(500)**	**(75)**	(2,000)	(301)
As at 31 December	**26,690**	**4,016**	27,190	4,091

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 ("SRF")

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the PRC, a subsidiary is required to make appropriation to the 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.

33. NATURE AND PURPOSES OF RESERVES (continued)

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 2023 and 2022.

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 2023 and 2022.

The Group monitors capital using a gearing ratio, which is total bank borrowings and lease liabilities (2022: total bank borrowings and lease liabilities) for the Group, divided by shareholders' equity. The gearing ratio as at 31 December 2023 was 18.0% (2022: 27.3%).

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of US$1,700,000 (2022: US$1,662,000) and US$1,700,000 (2022: US$1,662,000), respectively, in respect of lease arrangement for leased properties and motor vehicles.

(b) Changes in liabilities arising from financing activities

	2023	
	Bank borrowings US$'000	**Lease liabilities US$'000**
As at 1 January 2023	**13,670**	**2,555**
Proceeds from bank borrowings	**7,764**	**–**
Repayment of bank borrowings	**(13,912)**	**–**
New leases	**–**	**1,700**
Termination of contracts	**–**	**(379)**
Interest expense	**–**	**115**
Repayment of principal portion of lease payments	**–**	**(1,626)**
Repayment of interest element on lease liabilities	**–**	**(115)**
Exchange differences	**(22)**	**91**
As at 31 December 2023	**7,500**	**2,341**

	2022	
	Bank borrowings US$'000	Lease liabilities US$'000
As at 1 January 2022	10,800	2,676
Proceeds from bank borrowings	21,622	–
Repayment of bank borrowings	(18,684)	–
New leases	–	1,662
Acquisition through business combination	–	167
Termination of contracts	–	(26)
Interest expense	–	126
Repayment of principal portion of lease payments	–	(1,732)
Repayment of interest element on lease liabilities	–	(126)
Exchange differences	(68)	(192)
As at 31 December 2022	13,670	2,555

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2023	2022
	US$'000	US$'000
Within operating activities	**564**	412
Within financing activities	**1,741**	1,858
	2,305	2,270

36. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the Group to disclose: (a) related party relationship, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between these related party. 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.

(a) Related party

Name	**Relationship**	**Country of incorporation**
Suzhou Pengfu	Associated company	The PRC

(b) 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.

36. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

(b) Related party transactions (continued)

In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, this item includes the following significant related party transactions:

	Note	Group	
		2023	2022
		US$'000	US$'000
Controlling shareholder:			
Advisory fee	(i)	**230**	57
Associate:			
Interest income	(ii)	**–**	45
Purchases of products	(iii)	**1,150**	842
Associated person of a controlling shareholder:			
Interest income	(iv)	**–**	13
Consideration of acquisition	(v)	**–**	1,517

Notes:

(i) The Group received advisory service from the controlling shareholder at mutually agreed terms.

(ii) The Group received interest from ABio on the amount due from ABio at mutually agreed terms. ABio ceased to be an associate and has become a subsidiary of the Company since 6 April 2022.

(iii) The Group has purchased goods from Suzhou Pengfu according to the conditions offered by the associate to major customers.

(iv) The Group received interest from the relevant party for the loan due from the relevant party at mutually agreed terms.

(v) The Group acquired 200,000 shares of ABio on a willing buyer - willing seller basis on normal commercial terms.

37. GAIN ON DEEMED DISPOSAL OF AN ASSOCIATE

Pursuant to a Share Purchase Agreement (the "Agreement") dated 4 April 2022 entered into between TM Hong Kong (the "Purchaser"), a wholly-owned subsidiary of the Company and Mr. Yoshimi Koichi (the "Seller"), an associated person of the Company's controlling shareholder, the Purchaser acquired 200,000 shares of ABio, the then associate of the Company, from the Seller of a consideration of KRW1,840,000,000 (approximately US$1,517,000).

The shareholding percentage in ABio increased from 48.46% to 71.54%. In the opinion of the directors of the Company, the Group obtained control in ABio, and as a result, ABio ceased to be an associate of the Group on 6 April 2022 and has become and was accounted for as a subsidiary of the Company effective from that date. The Group's interests in ABio were re-measured based on the fair value of the shares of ABio held by the Group on 6 April 2022. Accordingly, a gain on deemed disposal of approximately US$10,315,000 was recognised in profit or loss during the year ended 31 December 2022.

The fair value of ABio has been arrived at on the basis of a valuation carried out by an independent qualified professional valuer which is not connected to the Group.

38. BUSINESS COMBINATION

As stated in note 37 to the consolidated financial statements, ABio ceased to be an associate of the Company and is accounted for as a subsidiary of the Group effective from 6 April 2022.

The above business combination has been accounted for using the acquisition method. ABio is engaged in the application of biotechnology to research and development of antibody related products. ABio has an antibody library which can be used to research and create new antibodies. Revenue is anticipated to be generated from the antibody library by licensing out these antibodies to other pharmaceutical companies for drug development. ABio is also a joint owner of a patented antibody for inhibiting self-proliferation of cancer stem cells. Goodwill arising on the acquisition of ABio is attributable to the anticipated profitability of ABio's research and development projects on antibody related products.

The fair value of the identifiable assets and liabilities of ABio acquired as at the date of business combination is as follows:

	Acquiree's carrying amount before combination	Fair value adjustment	Fair value
	US$'000	US$'000	US$'000
Net liabilities acquired:			
Property, plant and equipment	247	19	266
Right-of-use assets	229	–	229
Other intangible assets	9	636	645
Other receivables and prepayments	1,066	–	1,066
Other assets	80	–	80
Cash and bank balances	382	–	382
Other payables and accruals	(1,487)	–	(1,487)
Income tax payable, net	(3)	–	(3)
Amount due to group company	(1,583)	–	(1,583)
Convertible bonds	(1,860)	–	(1,860)
Lease liabilities	(167)	–	(167)
Deferred tax liabilities	–	(164)	(164)
Net liabilities	(3,087)	491	(2,596)
Non-controlling interests			738
Goodwill			14,410
Total consideration			12,552
Total consideration, satisfied by:			
Cash consideration			1,517
Fair value of 48.46% equity interest by deemed disposal			11,035
			12,552
Net cash outflow arising on business combination:			
Cash consideration			(1,517)
Less: cash and cash equivalents acquired			382
Net cash outflow			(1,135)

38. BUSINESS COMBINATION (continued)

ABio contributed revenue of approximately US$61,000 to the Group's revenue for the period from the date of business combination to the end of the financial year ended 31 December 2022. ABio incurred a loss of approximately US$594,000 for the period from the date of business combination to the end of the financial year ended 31 December 2022 and reduced the Group's profit for the financial year ended 31 December 2022 by approximately US$739,000.

If the business combination had been completed on 1 January 2022, total Group's revenue for the financial year ended 31 December 2022 from continuing operations would have been approximately US$148,021,000, and profit for the financial year ended 31 December 2022 from continuing operations would have been approximately US$13,911,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the business combination been completed on 1 January 2022, nor is intended to be a projection of future results.

STATISTICS OF **SHAREHOLDINGS**

As at 20 March 2024

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	17	1.29	824	0.00
100 - 1,000	276	20.91	201,755	0.09
1,001 - 10,000	380	28.79	2,314,650	1.03
10,001 - 1,000,000	630	47.72	53,583,880	23.76
1,000,001 AND ABOVE	17	1.29	169,386,299	75.12
TOTAL	**1,320**	**100.00**	**225,487,408**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MIKUNI CO.,LIMITED	95,500,000	42.35
2	PHILLIP SECURITIES PTE LTD	19,428,950	8.62
3	DBS NOMINEES (PRIVATE) LIMITED	16,970,650	7.53
4	KWOK HOI SUI	9,044,650	4.01
5	LAI WENG KAY	4,643,550	2.06
6	OCBC SECURITIES PRIVATE LIMITED	3,888,500	1.72
7	UOB KAY HIAN PRIVATE LIMITED	3,461,750	1.54
8	ENG KOON HOCK	3,219,000	1.43
9	NG HWEE KOON	3,059,250	1.36
10	RAFFLES NOMINEES (PTE.) LIMITED	1,872,449	0.83
11	MAYBANK SECURITIES PTE. LTD.	1,448,150	0.64
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,297,000	0.58
13	KHOR KIAN BENG	1,180,000	0.52
14	QUAH SIEW ENG EILEEN	1,165,000	0.52
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,093,250	0.48
16	LEOW BENG LEE (LIAO MINGLI)	1,089,000	0.48
17	LIM BUAN HUA	1,025,150	0.45
18	LEE CHUE CHYE, LIONEL	1,000,000	0.44
19	WONG KIEN CHORN	1,000,000	0.44
20	YONG WOON CHONG	892,000	0.40
	TOTAL	**172,278,299**	**76.40**

STATISTICS OF **SHAREHOLDINGS**

As at 20 March 2024

Class of equity securities	:	Ordinary share
No. of equity securities (excluding treasury shares)	:	225,487,408
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 20 March 2024, the total number of treasury shares held is 26,689,702. The treasury shares as a percentage of the total number of issued shares excluding treasury shares is 11.84%.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2024

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Mikuni Co., Limited	110,802,250(Note 1)	49.14	–	–
Yoshimi, Kunikazu	–	–	110,802,250(Note 2)	49.14

Notes:

1. 15,302,250 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 20 March 2024, 50.86% 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

This Notice has been made available on SGXNet and the Company's website at https://cdw-holding.com.hk.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CDW Holding Limited (the "**Company**") will be held at Sentosa Room, Level 3, Holiday Inn Singapore Atrium, 317 Outram Road, Singapore 169075 on Monday, 29 April 2024 at 3.00 p.m. (Singapore time) for the purpose of considering and, if thought fit, passing (with or without modifications) 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 2023 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 2023 (2022: 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-laws 104 and 107(B) of the Bye-laws of the Company:

Mr. KATO Tomonori	(Retiring under Bye-law 104)	**(Resolution 3)**
Mr. YAP Tong Teck	(Retiring under Bye-law 107(B))	**(Resolution 4)**
Mr. ENDO Mamoru	(Retiring under Bye-law 107(B))	**(Resolution 5)**

[See Explanatory Note (i)]

4. To approve the payment of Directors' fees up to SG$220,000 for the year ending 31 December 2024 (2023: SG$375,000). **(Resolution 6)**

5. To re-appoint RSM SG Assurance LLPand 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;

(ab) 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

(ac) 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)**

10. **Proposed Renewal of the Share Purchase Mandate**

That:

(a) Pursuant to Bye-law 7(B) of the Company's bye-laws and the Listing Manual of the SGX-ST, the Directors of the Company be and are hereby authorised to make purchases of or otherwise acquire ordinary shares in the issued share capital of the Company ("**Shares**") from time to time (whether by way of Market Purchases or Off-Market Purchases on an equal excess scheme) of up to ten per cent. (10%) of the issued ordinary share capital (excluding treasury shares and subsidiary holdings) of the Company (ascertained as at the date of the last annual general meeting ("**AGM**") of the Company, whichever is the later) during the Relevant Period, or within any one (1) financial year of the Company, whichever is earlier, at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price, in accordance with all other laws, regulations and rules of the SGX-ST, and this mandate ("**Circular**") shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next AGM of the Company is held or is required by law to be held, whichever is earlier.

(b) in this Resolution:

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the earlier of (i) the date the next AGM of the Company is held or is required by law to be held, or (ii) the date the said mandate is revoked or varied by the Company in general meeting;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Market Purchases**" means on-market acquisitions of Shares on the SGX-ST through the Central Limit Order Book trading system during the Relevant Period. For the purposes of this definition, a market acquisition means an on-market purchase transacted on SGX-ST through the Central Limit Order Book trading system;

"**Maximum Price**" means the maximum price at which the Shares can be purchased pursuant to the Share Purchase Mandate, which shall:

(i) in the case of a Market Purchase not exceed the sum constituting five per cent. (5%) above the average closing price of the Shares over the period of five (5) Market Days in which transactions in the Shares on the SGX-ST were recorded before the day on which such purchase is made and deemed to be adjusted for any corporate actions occurring after the relevant 5-day period; and

(ii) in the case of an Off-Market Purchase not exceed the sum constituting five per cent. (5%) above the average closing price of the Shares over the period of five (5) Market Days in which transactions in the Shares on the SGX-ST were recorded immediately preceding the date of offer by the Company and deemed to be adjusted for any corporate actions occurring after the relevant 5-day period.

"**Off-Market Purchases**" means off-market acquisitions of Shares undertaken by the Company during the Relevant Period on an equal access scheme as defined in Section 76C of the Singapore Companies Act, and an "**Off-Market Purchase**" shall be construed accordingly; and

"**SGX-ST**" means the Singapore Exchange Securities Trading Limited.

[See Explanatory Note (v)] **(Resolution 11)**

By Order of the Board

Cho Form Po
Company Secretary

Singapore
5 April 2024

Explanatory Notes:

(i) The information on other directorships held by Mr. KATO Tomonori, Mr. YAP Tong Teck and Mr. ENDO Mamoru 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 2023.

(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.

(v) The Ordinary Resolution 11 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 revoked or varied by the Company in a general meeting, or within any one (1) financial year of the Company, whichever is earlier, to make purchases of or otherwise acquire ordinary shares in the issued Shares from time to time (whether by way of Market Purchases or Off-Market Purchases on an equal excess scheme) of up to ten per cent. (10%) of the issued ordinary share capital (excluding treasury shares and subsidiary holdings) of the Company, at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price, in accordance with all other laws, regulations and rules of the SGX-ST.

Information relating to this proposed resolution is set out in the Appendix dated 5 April 2024 accompanying to this notice.

Notes:

Access to Documents of Information Relating to the AGM

1. Printed copies of the Annual Report 2023, the Notice of AGM and proxy form will be sent by post to members. The Supplemental Information on Directors Seeking Re-election will NOT be sent to members of the Company. Instead, these documents will be sent to members of the Company by electronic means via publication on the Company's website at https://cdw-holding.com.hk/ and the SGXNet at https://www.sgx.com/securities/company-announcements?value=CDW%20HOLDING%20LIMITED&type=company.

Submission of Proxy Forms to Vote

2. A member (whether individual or corporate) entitled to attend and vote at the AGM is entitled to appoint another person as his/her proxy to attend and vote on his behalf. A member who is the holder of two (2) or more shares may appoint not more than two (2) proxies to attend on the same occasion. The Depository may appoint more than two (2) proxies or a corporate representative. A proxy need not be a member of the Company.

3. A member (whether individual or corporate) may appoint the Chairman of the AGM as proxy to vote on his/her/its behalf at the AGM. 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.

4. The accompanying proxy form for the AGM may be accessed at the Company's website at https://cdw-holding.com.hk/ and the SGXNet at https://www.sgx.com/securities/company-announcements?value=CDW%20HOLDING%20LIMITED&type=company.

5. 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 proxy(ies) or 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 seventy-two (72) hours before the time of the Meeting.

6. 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 Registrar, 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 CDWAGM2024@boardroomlimited.com.

   in either case, by 3.00 p.m. on 26 April 2024, being not less than seventy-two (72) hours before the time appointed for the AGM.

   A member who wishes to submit the Proxy Form must first download, 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.

   Members are encouraged to submit completed Proxy Forms electronically via email.

Submission of Questions in Advance

7. All members may also submit their questions relating to the business of the AGM no later than 3.00 p.m. on 15 April 2024:

   (a) by email to CDWAGM2024@boardroomlimited.com; or

   (b) 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 by 22 April 2024 by publishing our responses before the AGM on the Company's website at https://cdw-holding.com.hk/ and the SGXNet at https://www.sgx.com/securities/company-announcements?value=CDW%20HOLDING%20LIMITED&type=company.

8. Any reference to a time of day is made by reference to Singapore time.

Personal data privacy:

By submitting an instrument appointing proxy(ies) or 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 proxy(ies) or 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Chief Executive Officer
KATO Tomonori

Executive Director
CHEUNG Chi Ming

Lead Independent Director
CHIA Seng Hee

Independent Directors
YAP Tong Teck
ENDO Mamoru

KEY EXECUTIVE OFFICERS

YOSHIKAWA Makoto
CHAN Kam Wah
SHINJO Kunihiko
KONO Isao
IMAI Junya

COMPANY SECRETARY
CHO Form Po

AUDIT & RISK COMMITTEE
CHIA Seng Hee (Chairman)
YAP Tong Teck
ENDO Mamoru

REMUNERATION COMMITTEE
ENDO Mamoru (Chairman)
CHIA Seng Hee
YAP Tong Teck

NOMINATING COMMITTEE
YAP Tong Teck (Chairman)
CHIA Seng Hee
ENDO Mamoru

INVESTMENT COMMITTEE
KATO Tomonori (Chairman)
CHEUNG Chi Ming

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 SG Assurance 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
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203 Henderson Road #12-08
Singapore 159546
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CDW Holding Limited

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