

**Exploring Opportunities,  
Creating Value  
in all Directions**



# 日本の技術力と信頼性を世界へ

## A Reliable Outsourcing Partner with Japanese Precision

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

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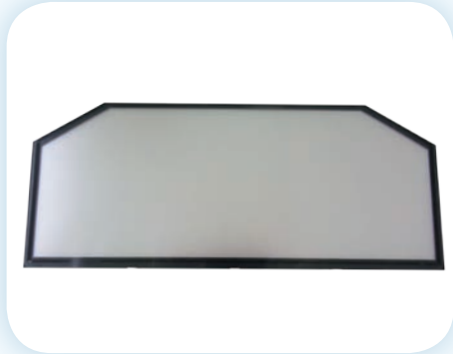
# Corporate Profile



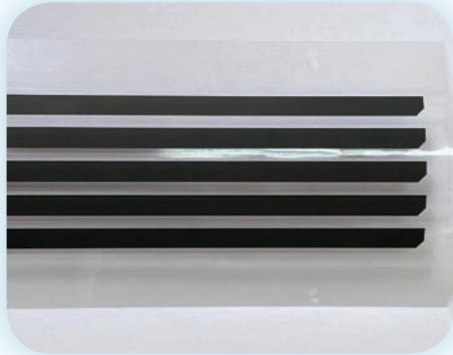
## APPLICATIONS

## OUR PRODUCTS

### LCD Backlight Units



### OEM and Accessories



### Office Automation



# Locations of Operations



A Biotech Co., Limited



CDW Life Science Limited in Okayama Research Park Incubation Center



Crystal Display Components (Shanghai) Co., Limited



Menkobo Muguruma Co., Limited



Minami Tec (Wuxi) Co., Limited



Tomoike Industrial Co., Limited



Tomoike Industrial (Philippines) Incorporated



Tomoike Precision Machinery (Dongguan) Co., Limited



Tomoike Precision Machinery (Shanghai) Co., Limited



Wah Hang Precision Machinery (Dongguan) Limited

# Corporate Milestones

1991

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

1996

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

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.

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.

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

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.

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.

2001

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

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.

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.

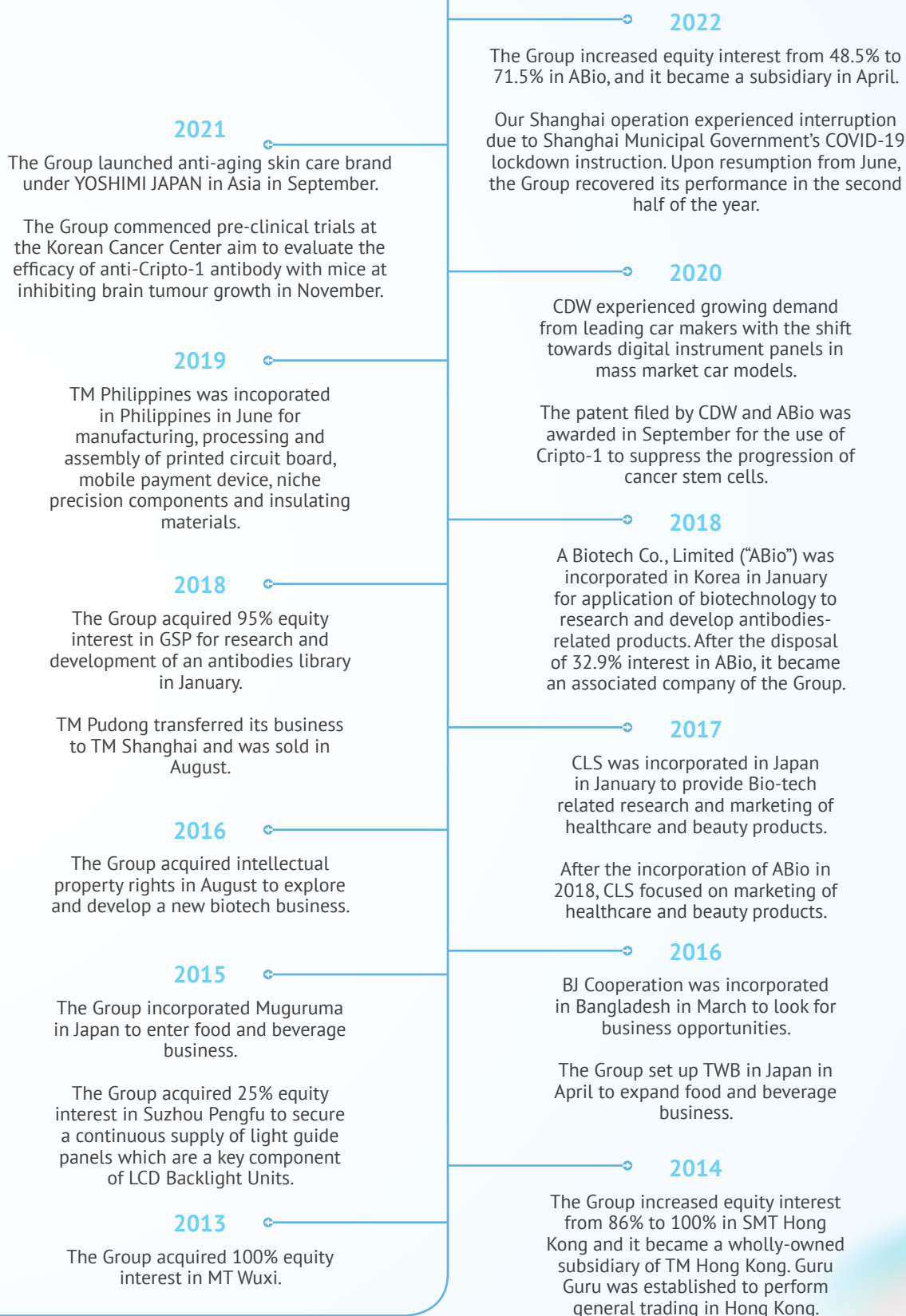
2010

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

2012

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

# Corporate Milestones



# Letter to Shareholders

## Dear Shareholders,

On behalf of the Board and the Management of CDW Holding Limited, I am pleased to present our annual report for the financial year ended 31 December 2022 ("FY2022").

For the year under review, the Group overcame disruptions arising from the COVID-19 pandemic to continue delivering value and further explore existing and new opportunities as part of its diversification strategy. While the pandemic appears to have passed its peak with deregulation underway in many countries to re-establish travel and trade, it remains a key concern.

Our brush with the virus was in April 2022 when our factories in Shanghai which housed our LCD Backlight Unit production had to halt production in compliance with the Chinese central government directives as they sought to contain an outbreak. The work stoppage came into force in April 2022 and lasted until May 2022.

It was a quandary as we also saw strong customer demand especially for automotive-related products. As an examine to our strong relationship with our key customer, we were able to reschedule delivery of backlogged orders to before closing of September 2022. This was in addition to the key customer's existing normal orders. This allowed us to avoid any significant gap in deliveries for the year. In order to ensure punctual delivery, we arranged to subcontract part of the work.

Despite the temporary suspension of LCD Backlight Unit production, the total delivery volume of units for automotive digital instrument panels in the financial year ended 31 December 2022 was 4.5% higher than the same period in the previous year. Furthermore, more than half of the units sold were larger automotive digital instrument panels. These panels measure over 10 inches and command higher selling price per unit and offer better margins. The delivery of larger panels for FY2022 was 19.1% higher than the year before while delivery volume for LCD Backlight Units for high-end personal computers remained relatively stable during this period.

Meanwhile, OEM and Accessories segment recorded a noteworthy performance as it received a steady stream of orders throughout FY2022 likely due to expectations of a strong economic recovery from the COVID-19 pandemic in the United States of America. This allowed us to maximise the full-scale mass production capabilities which were brought online in the second half of FY2021.

**“As the foundations are laid to strengthen the long-term resilience and flexibility of our core business, we made further strides in diversifying and exploring non-core business opportunities.”**

In contrast, the rest of the OEM and Accessories segment and Office Automation segment reported a dip in number of models manufactured during FY2022 due to continued intense price competition and model obsolescence. The Group will adopt a two-pronged approach of making higher-end models with higher margins and take measures to control costs so as to maintain profitability for the segments.

On the numbers front, Group revenue grew by 3.3% to US\$148.0 million largely due to an increase in orders for larger-sized LCD backlight units and the increased revenue contribution from the OEM unit which increased from US\$19.9 million in FY2021 to US\$31.8 million in FY2022.

The Group's gross profit decreased by 1.7% to US\$25.7 million as compared to US\$26.1 million in FY2021. Although the Group continues to receive pricing pressures from our customers for the old model LCD backlight products, this has been eased by the higher margin in our OEM business and development of new backlight models and large size LCD backlight units for use in premium automobile instrumental panels.

During the year, the Group acquired a controlling shareholding in ABio, and incorporated the post-acquisition results of the company into the Group. The acquisition of ABio shares also contributed a gain on deemed disposal of previously held 48.5% equity interest of ABio of US\$10.3 million.

As a result of the above, the Group recorded a profit before tax of US\$16.1 million compared to the US\$4.0 million recorded in FY2021.



## Letter to Shareholders



As an added feather in our cap, we were honoured and humbled to be awarded the Most Transparent Company Award 2022 (Technology Category) by the Securities Investors Association (“SIAS”) at the Investors’ Choice Awards in recognition of our efforts in improving Transparency and Disclosure practices.

Since listing on the SGX-ST, we have strived to maintain the practice of providing timely and comprehensive disclosure of material information to keep shareholders and investors informed about our developments, whether it is about the progress of our diversification efforts into life sciences and green businesses, or the impact of the recent Shanghai lockdown on our operations. As we operate and develop our businesses in a challenging operating environment, we will continue to improve our transparency and disclosure practices to keep our stakeholders informed and repay the trust and support they have shown us.

### OUTLOOK & STRATEGY

For the coming financial year, the COVID-19 pandemic remains a key concern for our operations especially in China as the sudden relaxation of the “Zero COVID-19 Policy” has led to a drastic rise in infections which has affected our operations. We hope that collective immunity will be achieved soon for the benefit of all.

Nonetheless, we have adopted a proactive stance and accelerated our regional diversification plans by launching a feasibility study for future production in Vietnam. In November 2022, we opened a representative office in Ho Chi Minh City to conduct of a full-scale field survey. Personnel from our LCD Backlight Unit segment will travel there and conduct various on-site surveys such as reviewing the availability of parts and materials, and visiting industrial parks.

Innovating new products and solutions to cater for changing customer needs is an essential part of our long-term strategy. On that note, we are developing a high-luminance type technology that is usually used in computers, to our automotive digital instrument panels. Mass production and delivery are scheduled to start in 1Q2023 for US automobile brands. These backlight units will also be the largest ever to be produced by the Group.

In the area of the smartphone accessories, we have started mass production for an anti-reflective laminate for a leading Japanese telecommunication company. We have also obtained certification from a Japanese conglomerate and are currently awaiting further audits.

As the foundations are laid to strengthen the long-term resilience and flexibility of our core business, we made further strides in diversifying and exploring non-core business opportunities. One such foray is the securing of exclusive rights to market in Japan and distribute electric boat propulsion systems that are developed by Electrine – a leading Korean electric boat building company. The system was the first electric propulsion unit in Japan to qualify for pre-inspection and has the advantage of not requiring fossil fuels and is thus better aligned with the global decarbonisation drive. Additionally, the Company will also develop and sell fuel-efficient and environment-friendly ship-bottom paints which use nanomaterial technology. Further research is currently underway to improve the efficacy of ship-bottom paints with samples being tested on marine vessels. We have inked the agreement in April 2022 and in November 2022, signed a similar agreement for Southeast Asian countries.

Work on this business had actually begun earlier and by March 2022, we passed marine inspection which builds on the success of obtaining of parts certification the year before, making us now ready for sales. We have also set up a test boat in the Hyogo Prefecture in Japan and made inroads into the market by participating in exhibitions such as the Japan International Boat Show, Japan’s largest ship-related exhibition. The response has been encouraging and negotiations with potential customers are underway. We look forward to providing updates when there are material developments.

In 2023, we will set up test boat venues in Singapore and Hong Kong, where we are currently active, and also aim to expand our sales capabilities after concluding contracts with potential clients. We are also working to increase the number of evaluation samples for the ship-bottom paints under development, and to establish specifications so that we can sell the product as a manufacturer’s product.

# Letter to Shareholders

Another new business the Group has delved into is alkaline water generators. FY2022 saw the Group obtain global distributorship rights to Japanese alkaline water generator brand, Nihon Trim Co., Ltd. This deal will allow the Group to capture new opportunities as the demand for alkaline water generators grows around the world. According to market research firm Global Information Inc., the global water ionizer market is estimated to grow at a CAGR of 4.22% to reach over US\$ 1.6 billion by 2027. The global distributorship will see the Group distribute TRIM's products in overseas countries, excluding Indonesia and Guangdong province in China. The Group is already exporting and selling its products to some countries and regions.

Lastly, our life sciences business is making progress. The researchers at A Biotech Co., Ltd. are now conducting genetic re-engineering to modify our patented anti-Cripto 1 antibody genetic structure, in order to enhance the efficiency and effectiveness of the antibody towards cancer stem cells.

## STRENGTHENING DIVERSIFICATION WITH SUSTAINABILITY

At CDW, we have been keen on exploring opportunities outside of our core businesses, especially those in the areas of health and environment. Furthermore, there is a growing focus over the past few years among institutional investors on environmental, social, and governance, or ESG standards. The Bloomberg forecasts that ESG Assets Under Management ("AUM") could grow to US\$53 trillion by end-2025, having already reached US\$30.6 trillion by end-2021.

We believe that this new strategic change is in line with our stand on sustainability and the right step forward, which also allowed us to better pursue opportunities to strengthen our revenue streams and diversify our competencies beyond LCD Backlight Units.

Moving forward, we anticipate that the past year challenges will continue to persist and some have evolved into new obstacles to overcome. The COVID-19 pandemic, long-drawn geopolitical instability between Russia and Ukraine, US-China trade tensions and concerns of a global economic slowdown are among the more prominent issues we will track closely. We remain confident of our capabilities, assets and networks to tailor strategies and responses to best address the opportunities and challenges alike.



## CONCLUSION

On behalf of the Board, I would like to thank the management, staff and shareholders for another year of support. Their continued faith and hard work are key enablers of our constant progress.

I would also like to thank Mr Dy Mo Hua Cheung, Philip who has stepped down as Executive Director and Chief Financial Officer of the Company to pursue new career opportunities. We wish him all the best in his future ventures. I would also like to welcome aboard Mr Cheung Chi Ming as the Executive Director and Chief Financial Officer.

In appreciation of shareholder support, 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 earlier this year, this amount to total dividend of 1.2 US cents per ordinary share for FY2022.

Yours Sincerely,

**YOSHIKAWA Makoto**

*Chairman and Chief Executive Officer*

## STATEMENT OF PROFIT OR LOSS

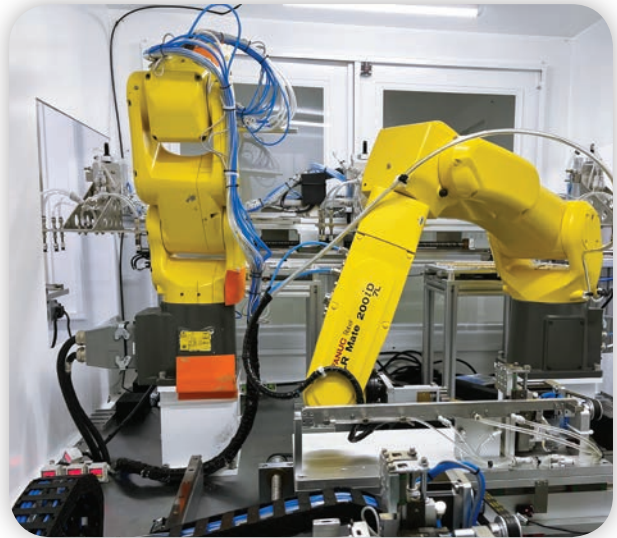
For the financial year ended 31 December 2022 (“FY2022”), Group revenue amounted to US\$148.0 million, a US\$4.8 million or 3.3% increase from the US\$143.2 million recorded in the previous year. The higher revenue was achieved despite a temporary work stoppage at our major backlight production base in Shanghai in April 2022 and May 2022 due to COVID-19 lockdown instructions. The Group’s key customer played a key role by allowing the backlog orders for digital instrument panels for premium automotive cars to be completed by September 2022, on top of existing orders. With the use of subcontractors, this enabled us to deliver a higher volume of LCD backlight units for automotive digital instrument panels as compared to the year before. Incidentally, more than 50% of the LCD Backlight Units delivered were for larger automotive digital instrument panels (over 10-inches), compared with 33% in the prior year and this has boosted the segment’s performance for FY2022.

Another contribution for increased revenue comes from the OEM business. With the expectation of economic recovery from the COVID-19 pandemic in the United States of America, the Group received substantial orders for mobile payment devices under its OEM business. Orders for advanced model payment devices also enhanced the performance of the segment.

While our top line improved, gross profit for the year dipped by 1.7% to US\$25.7 million due to continued pricing pressures from customers for older model LCD backlight products. These pressures were eased with the sale of higher margin models in our OEM business and the newer backlight models and large size LCD backlight units for use in premium automobile instrumentation panels.

Meanwhile, the Group’s other income which mainly consisted of fair value change of financial instruments, together with foreign exchange gain, gain on disposal of assets, government subsidy fund, and interest income was higher by 196.4% at US\$3.2 million for the year due to a US\$0.7 million profit from the disposal of a residential property and valuation gain on convertible bonds of US\$1.1 million.

Distribution costs likewise increased to US\$4.2 million from US\$4.0 million the year before due to increased freight and storage costs due to the abovementioned lockdown. In contrast, administrative expenses fell from US\$18.5 million in FY2021 to US\$18.2 million due to a combination of increase in salary related expenses, and reduced exchange loss arising from translation of USD dominated payables in China as US dollar depreciating against Renminbi during the year.



The Group’s finance costs double to US\$0.6 million for the year due to increased bank borrowings and higher interest rates during the year.

For FY2022, income tax expenses increased to US\$1.9 million from US\$1.7 million in FY2021 in line with the higher profit generated by our profitable subsidiaries.

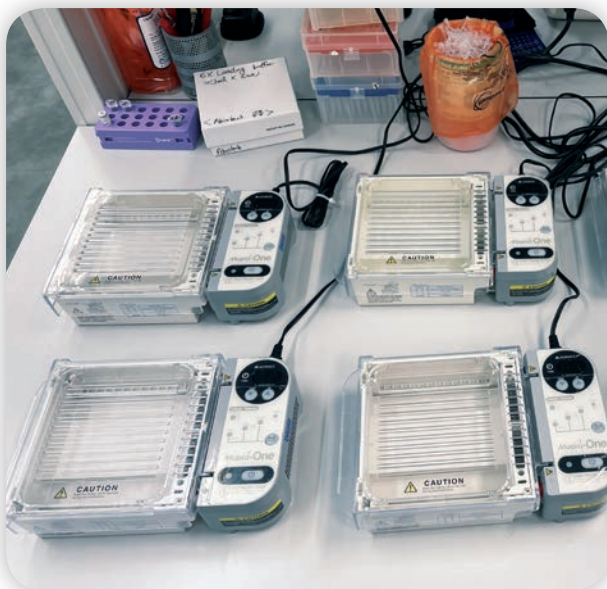
During the year, the Group acquired a controlling shareholding in ABio and incorporated the post-acquisition results of the company into the Group. The acquisition of ABio shares also contributed to a gain on deemed disposal of the previously held 48.5% equity interest in ABio, which amounts to US\$10.3 million. This in turn results in our net profit rising by 506.0% to US\$14.2 million from US\$2.4 million in FY2021.

Excluding this one-off and non-cash gain on deemed disposal of US\$10.3 million, the Group’s profit after income tax for FY2022 would be US\$3.9 million, a 67.1% increase from FY2021. Earnings per share would in turn be 1.83 US cents, a 72.6% increase from FY2021. The gain on deemed disposal will not have any impact on the operating cash flows of the Group.

## LCD BACKLIGHT UNITS (“LCD BLUs”)

The Group’s LCD Backlight Units segment edged up from US\$95.4 million in FY2021 to US\$96.1 million for FY2022. Its improvement in operating profit was more notable with a 31.7% or US\$1.8 million increase to US\$7.3 million from US\$5.5 million the year before.

# Financial and Operations Review



The total number of units sold declined to 7.5 million backlight units sold as compared to the 8.4 million units sold previously. However, there is steady progress in shifting the orders to larger sized LCD backlight units used in digital instrument panels of premium automobiles and ultrathin notebook computers. LCD Backlight Unit models that are over 8 inches constituted 86.6% of the sales in FY2022 whereas these only accounted for 69.8% of the sales in FY2021.

## OEM AND ACCESSORIES

The OEM and Accessories segment was previously categorised as the LCD Parts and Accessories segment and has been renamed to better reflect the continuous improvement of the Group's OEM business which now comprises a significant portion of the segment's turnover. The makeup of the segment continues to include manufacturing and trading of mobile payment devices under the OEM business, and sales of parts and precision accessories for smartphone, tablets, and ultrathin notebook computers under the Accessories business.

For the year under review, revenue from the segment increased significantly, rising from US\$33.0 million in FY2021 to US\$40.5 million, with an operating profit of US\$4.0 million (FY2021: US\$2.8 million). This was attributable to the strong relationship and trust with the Group's key customer, BBPOS International Limited ("BBPOS"). The OEM business was able to fulfil BBPOS's increased orders and high-quality product requirements to support BBPOS's growing business. The segment's performance was also strengthened by customer orders for advanced model mobile payment devices which require high-standard security specifications.

## OFFICE AUTOMATION

The Office Automation segment reported a lower revenue of US\$10.5 million as compared to US\$13.9 million the year before. The softening demand is attributable to customer reluctance to develop new models in view of the ongoing COVID-19 pandemic. Furthermore, production for this segment was also affected by the aforementioned lockdown in China that affected the LCD Backlight unit.

## OTHERS

Diversification into new business 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 business.

## OTHERS - LIFE SCIENCES

The Life Sciences Business is still in its initial stage of development and reported a small revenue increase to US\$0.6 million (FY2021: US\$0.5 million). As it builds the foundation for future growth, it continues to incur R&D expenses as it develops which lead to losses of US\$1.6 million in FY2022 (FY2021: US\$1.3 million).

## OTHERS - OTHERS BUSINESS

The revenue for Other Business dropped slightly to US\$0.4 million for FY2022 due to reduced operations in Japan, while the operating loss maintained at a marginal loss of US\$10,000 (FY2021: US\$0.1 million).

## STATEMENT OF FINANCIAL POSITION

For the year under review, the Group's consolidated total assets and liabilities amounted to US\$117.5 million and US\$58.9 million respectively, as compared to the US\$108.8 million and US\$58.1 million recorded as at 31 December 2021.

Current assets declined by US\$3.6 million or 3.7% to US\$93.1 million from US\$96.7 million in FY2021. Cash and bank balances along with pledged bank deposit increased by US\$1.5 million or 5.5% to US\$28.8 million, compared to US\$27.2 million recorded as at 31 December 2021.

# Financial and Operations Review

Our inventory levels stood at US\$26.4 million, compared to US\$26.9 million for the year before. Trade receivables was slightly decreased from US\$35.7 million to US\$34.4 million, with the debtor turnover term at around 86 days. The Group did not change its credit term of between 60 days to 90 days to customers.

The Group's other receivables and prepayments which are mainly utility deposits, advances to staff, prepaid expenses, income tax refund and VAT recoverable, was lower at US\$3.5 million as compared to US\$3.9 million previously.

Non-current assets doubled from US\$12.1 million as at 31 December 2021, to US\$24.4 million in FY2022. This was due to the Group acquired additional shares in ABio and has obtained control. Goodwill of US\$14.4 million has risen from the business combination. There was no impairment loss on goodwill during the year.

Property, plant and equipment amounted to US\$5.3 million (31 December 2021: US\$6.1 million) with a new addition of US\$0.9 million plant and machinery and leasehold improvements etc, which was netted off against the depreciation charge of US\$1.3 million and disposal of assets with net book value of US\$0.1 million. During the period, the disposal of a residential property in Shanghai was completed which resulted in a post-tax gain of US\$0.7 million. There were depreciation of right-of-use assets amounting to US\$1.7 million, addition of right-of-use assets amounting to US\$1.7 million, which led to the right-of-use assets slightly changed to US\$2.5 million (US\$2.6 million as at 31 December 2021). Other intangible assets included in-process research and development and registered patent rights held by ABio, were consolidated into the Group during the year.

Total liabilities was nearly unchanged at US\$58.9 million as compared to US\$58.1 million for FY2021.

In relation to the right-of-use assets mentioned above, lease liabilities amounted to US\$2.6 million (31 December 2021: US\$2.7 million), of which US\$1.5 million was payable within one year and was classified under current liabilities (31 December 2021: US\$1.4 million). The decrease in lease liabilities represented the repayment of lease liabilities amounting to US\$1.7 million (FY2021: US\$1.8 million), new leases during the year amounting to US\$1.7 million (FY2021: US\$0.6 million).

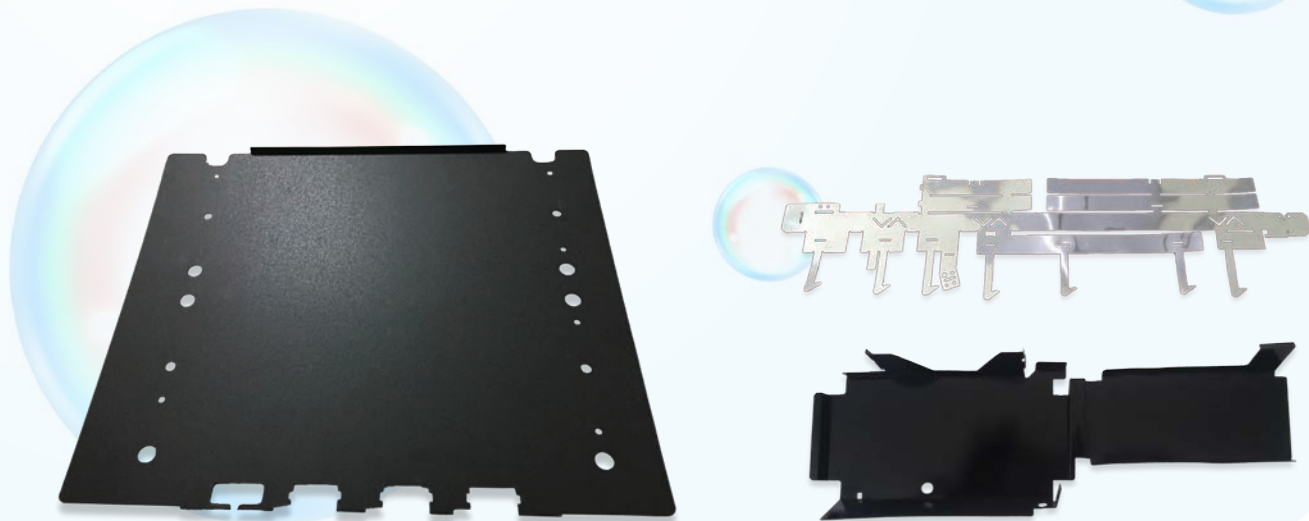
With regards to debt, the Group redrew bank borrowings amounting to US\$21.6 million, including a US\$3.0 million 3-year long-term loan repayable by quarterly instalment, while settling bank borrowings amounting to US\$18.7 million with a net drawdown of US\$2.9 million during FY2022. Total outstanding bank borrowings was US\$13.7 million (31 December 2021: US\$10.8 million) of which US\$11.2 million is payable within one year (31 December 2021: US\$9.1 million).

Trade payables for the fiscal year was reduced by US\$4.5 million to US\$31.8 million (31 December 2021: US\$36.3 million). There was no material change in the credit terms offered by the Group's suppliers and the settlement was done in accordance with the agreed credit terms. Other payables and accruals, mainly comprised accruals for expenses, wage payable and VAT payable, accrual cost for business operations and deposits from customers, increased to US\$8.6 million (US\$6.5 million as at 31 December 2021). The increase was mainly attributable to the deposits received for the orders of mobile payment devices to be delivered.

## KEY FINANCIAL DATA

US\$mn	FY2022	FY2021	FY2020	FY2019	FY2018
Total assets	117.5	108.8	102.3	88.0	88.9
Total liabilities	58.9	58.1	50.7	37.4	31.4
Current assets	93.1	96.7	88.3	74.8	76.7
Current liabilities	54.3	53.9	44.5	34.3	29.9
Shareholders' equity	59.5	50.7	51.6	50.6	57.5
Revenue	148.0	143.2	111.8	101.5	90.2
Profit/(loss) before tax	16.1	4.0	3.4	(0.6)	2.6
Profit/(loss) after tax	14.2	2.4	1.5	(1.9)	0.8
Earnings/(loss) per share (US cents)	6.43	1.06	0.66	(0.83)	0.39

# Financial and Operations Review



Income tax payable was provided and adjusted under tax rules of different jurisdictions. The income tax charge net of payment slightly increased from last year at US\$0.6 million to US\$0.8 million in current year.

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

## STATEMENT OF CASH FLOWS

For FY2022, the Group generated operating cash flow of US\$7.0 million, a 24.2% increase from the previous year which amounted to US\$5.6 million. Net cash generated from operating activities was US\$5.0 million (FY2021: US\$3.8 million). The net cash from operating activities were mainly attributable to the settlement from trade receivables net of trade payables after deducting the funding for the increase in inventory. During the year, the Group paid income tax amounting to US\$1.6 million (FY2021: US\$1.7 million).

For investing activities, there was a net cash outflow of US\$1.2 million (FY2021: US\$2.6 million) over the year under review, mainly attributable to purchase of property, plant and equipment amounting to US\$0.9 million (FY2021: US\$1.3 million), net cash consideration paid for acquisition of further shares of an associate of US\$1.1 million and placement of restricted bank deposit of US\$1.5 million. During the year, the Group received sales proceeds from the disposal of property, plant and equipment together with asset classified as held for sale amounting to US\$0.8 million and recovery of loan and other receivables of US\$1.4 million.

For financing activities, there was a net cash outflow of US\$1.4 million during the year under review (FY2021: US\$6.9 million). The financing activities mainly comprised the net proceeds from bank borrowings amounting to US\$2.9 million during the year under review (FY2021: net repayments of bank borrowing US\$2.5 million). During the year under review, the Group did not purchase any shares under Shares Purchase Mandate, and repaid lease liabilities amounting to US\$1.7 million (FY2021: US\$1.8 million). Lastly, the Group paid out dividends to shareholders to the amount of US\$2.7 million (FY2021: US\$2.7 million).



## KEY OPERATIONAL INFORMATION/DATA

### LCD Backlight Units Operating Subsidiaries

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

US\$m	FY2022	FY2021	FY2020	FY2019	FY2018
Revenue (US\$m)	96.1	95.4	83.7	61.7	38.4
Earnings before interest and taxes (EBIT) (US\$m)	7.3	5.5	5.8	2.5	1.1
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	4,096
Number of staff	84	87	88	91	95
Number of workers	454	572	612	574	502
Production capacity (units/mth)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

### OEM and Accessories Operating Subsidiaries

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

US\$m	FY2022	FY2021	FY2020	FY2019	FY2018
Revenue (US\$m)	40.5	33.0	13.8	16.8	25.3
EBIT (US\$m)	4.0	2.8	1.2	0.8	0.8
Gross floor area (sqm)	5,673	5,673	5,673	5,673	5,673**
Clean room area (sqm)	2,167	2,167	2,167	2,167	2,167**
Number of staff	59	55	48	49	58
Number of workers	181	101	104	93	221

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

### Office Automation Operating Subsidiaries

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

US\$m	FY2022	FY2021	FY2020	FY2019	FY2018
Revenue (US\$m)	10.5	13.9	13.2	21.2	25.2
EBIT (US\$m)	(0.7)	(0.5)	0.1	1.2	1.6
Gross floor area (sqm)	7,236	7,236	7,236	7,236	7,236
Clean room area (sqm)	827	827	827	1,091	1,091
Number of staff	87	94	107	115	128
Number of workers	156	168	174	220	255

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

# Financial and Operations Review

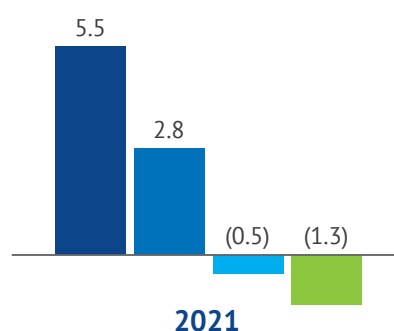
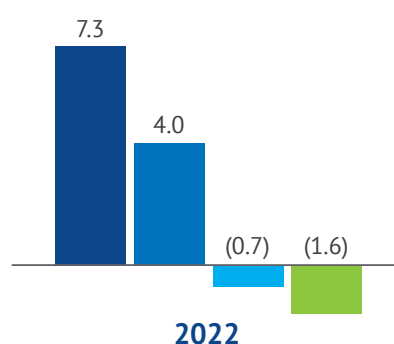
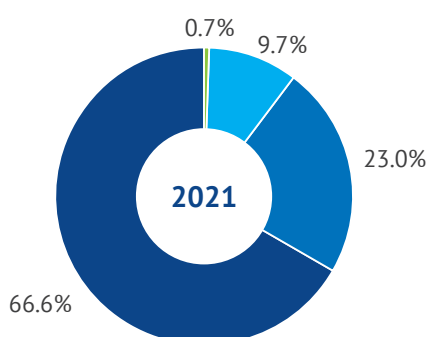
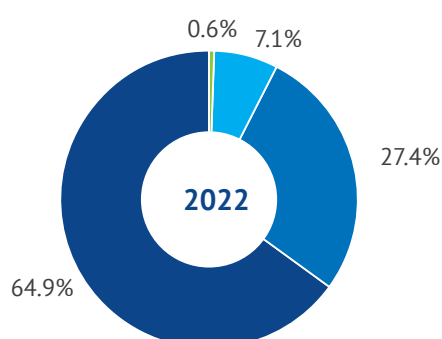
## SEGMENTAL FINANCIAL HIGHLIGHTS

### Revenue By Business Segment

Revenue (US\$mn)	FY2022	FY2021	% Change
LCD Backlight Units	96.1	95.4	0.7
OEM and Accessories	40.5	33.0	22.7
Office Automation	10.5	13.9	(24.5)
Others	0.9	0.9	(0.0)

### EBIT By Business Segment

EBIT (US\$mn)	FY2022	FY2021	% Change
LCD Backlight Units	7.3	5.5	32.7
OEM and Accessories	4.0	2.8	42.9
Office Automation	(0.7)	(0.5)	(40.0)
Others	(1.6)	(1.3)	(23.1)



## LATEST FIVE YEARS DIVIDEND RECORD

(US cent)	FY2022	FY2021	FY2020	FY2019	FY2018
Interim Dividend	0.5	0.5	0.4	0.4	0.4
Final Dividend	0.7*	0.7	0.7	0.7	0.7
Total	1.2	1.2	1.1	1.1	1.1

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



## Board of Directors

### **YOSHIKAWA Makoto**

#### ***Chairman and Chief Executive Officer***

(Appointment: 1 February 2017 Last re-election: 29 April 2022)

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

**Present directorship in other listed companies**

Nil

**Present other principal commitments**

Nil



### **KATO Tomonori**

#### ***Executive Director and Chief Operating Officer***

(Appointment: 30 April 2018 Last re-election: 29 April 2022)

Mr Kato has been appointed as the Group's Chief Operating Officer since 30 April 2018. He is 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



#### *Note:*

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

## Board of Directors



### **CHEUNG Chi Ming**

#### ***Executive Director and Chief Financial Officer***

(Appointment: 1 October 2022)

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)

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## INDEPENDENT DIRECTORS

### **CHONG Pheng**

#### **Lead Independent Non-executive Director**

(Appointment: 31 May 2011 Last re-election: 30 April 2021)

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

**Present directorship in other listed companies**  
Nil

**Present other principal commitments**  
Wellness Pte Ltd. (Director)



### **LAI Shi Hong, Edward**

#### **Independent Non-executive Director**

(Appointment: 5 August 2004 Last re-election: 30 June 2020)

Mr Lai was re-designated from Executive Director to Non-Executive Director on 28 October 2011, and currently served as an Independent Director with effect from 26 February 2015. He has more than 35 years of experience in finance, accounting and business management, and is currently the chief financial officer and the company secretary of Wuling Motors Holdings Limited, a main-board listed company in Hong Kong. He graduated from the University of Hong Kong with a Bachelor of Arts and holds a Master of Science Degree in Corporate Governance and Directorship from the Hong Kong Baptist University. He is currently a fellow member of each of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants.

**Present directorship in other listed companies**  
Nil

#### **Present other principal commitments**

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



#### *Note:*

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## Board of Directors



**MITANI Masatoshi**  
**Independent Non-executive Director**

(Appointment: 31 May 2011 Last re-election: 30 April 2021)

Mr Mitani is a professional accountant by training and a certified public accountant. He has more than 27 years of experience in accounting, auditing, taxation and corporate secretarial work in Japan, Hong Kong and Singapore. He is currently the managing partner of an accounting and consultancy firm in Singapore. He is a permanent resident in Singapore since 2001. Mr Mitani graduated from the Kyoto University. He is a member of the Japanese Institute of Certified Public Accountants.

**Present directorship in other listed companies**

Nil

**Present other principal commitments**

SCS Global Professionals (S) Pte Ltd. (Director)



**CHIA Seng Hee**  
**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 Company  
(Sole Shareholder and Legal Representative)

*Note:*

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

## Key Executive Officers

### **CHAN Kam Wah**

#### *Head of Operations in Southern China*

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



### **SHINJO Kunihiko**

#### *Head of Finance (Group Coordinator)*

Mr Shinjo is responsible for coordinating financial activities across the Group and establishing relationships with financial institutions overseas. He has more than 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.



**IMAI Junya**

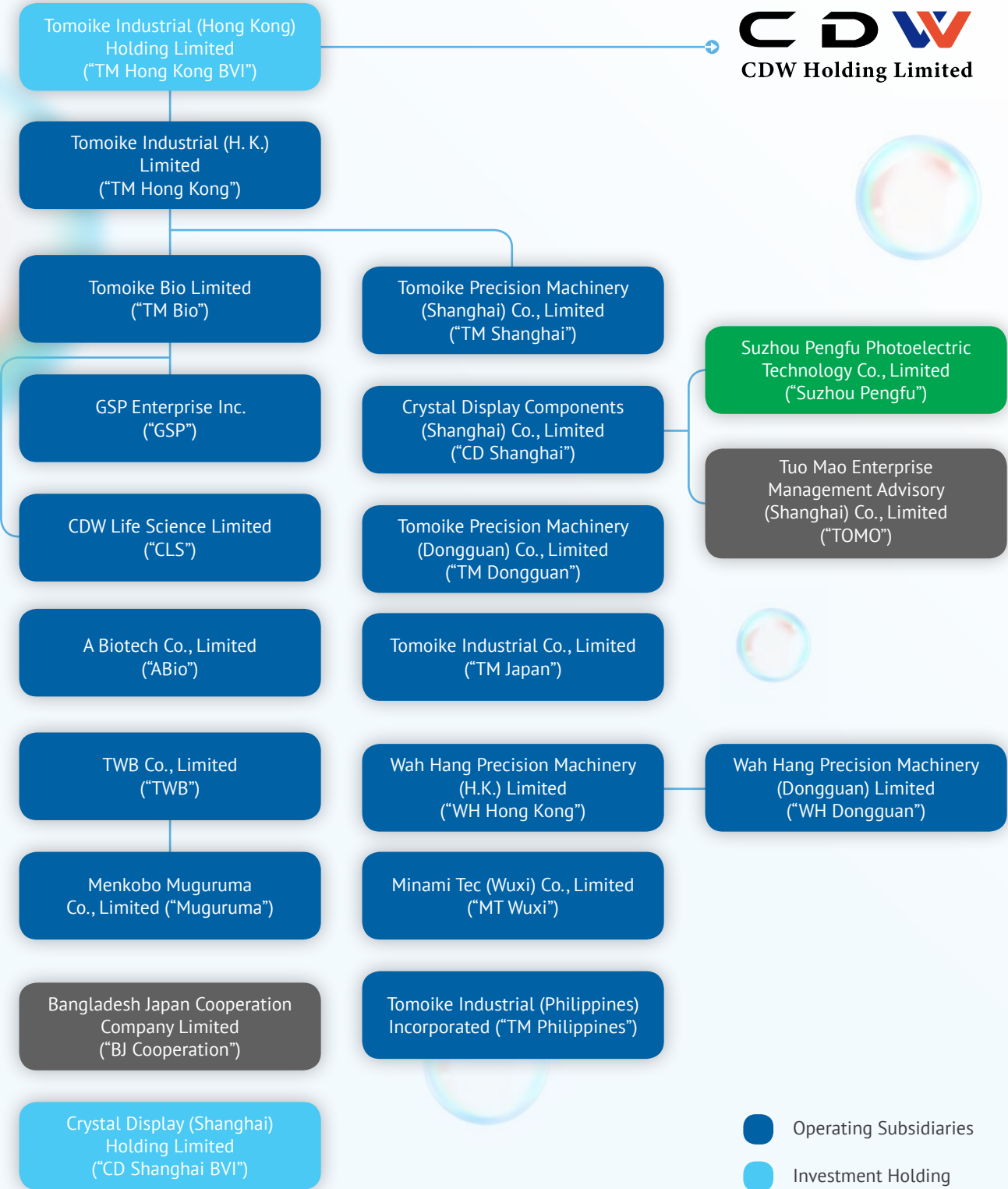
*Head of Operations for the Biotechnology related Business*

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



- Operating Subsidiaries
- Investment Holding
- Associated Companies
- Dormant Companies

# Sustainability Report

## ABOUT THIS REPORT

### Reporting Scope and Boundary

This sustainability report seeks to report CDW's sustainability performance and policies in the reporting year from 1 January 2022 to 31 December 2022. Sustainability disclosures reported in this report covers Environmental, Social and Governance ("ESG") matters and covers the operations of CDW ("CDW" or the "Company") and our subsidiaries (the "Group"). The report scope covers the business segments of LCD Backlight units of CDW- specifically our principal manufacturing facility in Shanghai related to LCD backlight units operated by Crystal Display Components (Shanghai) Co., Ltd ("CD Shanghai"), and the headquarters office in Hong Kong Tomoike Industrial (H.K.) Limited ("HK Office"). In line with previous reports' reporting scope, other manufacturing facilities, locations or operations included in our financial reporting are excluded from this sustainability report.

### Reporting Cycle

CDW publishes its sustainability report each year along our Annual Report. We have published our annual sustainability report since our inaugural Sustainability Report 2017, and hope to demonstrate our continued commitment to sustainability. This reporting year covers our performance from 1 January to 31 December 2022. As per the Singapore Exchange Securities Trading Limited's ("SGX-ST") SGX 711A rule update, CDW's sustainability report will be published no later than 4 months after the end of the financial year

### Reporting Standards

The sustainability report is prepared in accordance with SGX Listing Rule 711A on sustainability reporting, and developed with reference to the five primary components set in SGX-ST Listing Rule 711B on the "comply or explain" basis. This report has been prepared with reference to the Global Reporting Initiative ("GRI") Universal Standards 2021. We recognise the updates to the GRI Standards 2021 and will continue to align our report to the most updated guidelines. Under the SGX's "comply or explain" requirements for climate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), CDW seeks to fully align our reporting with the TCFD recommendations in the near future, and is currently preparing our data for comprehensive TCFD disclosures. CDW continues to select the GRI Standards as its choice of sustainability reporting framework due to the following key reasons:

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

There are over 10,000 GRI reporters in over 100 countries across many different industries for reporters of all 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:

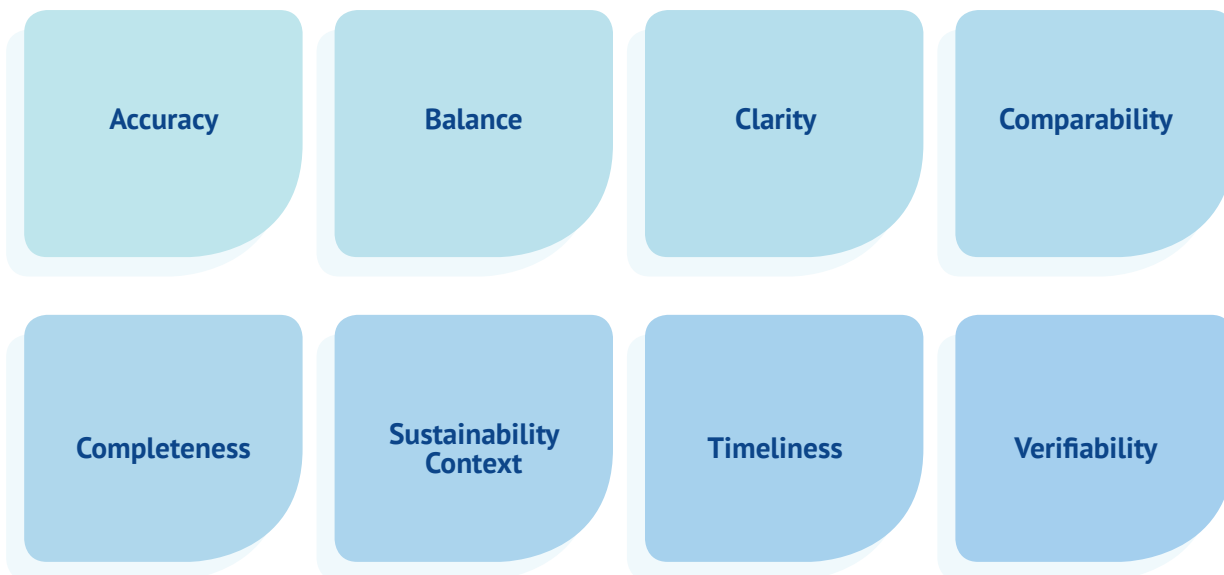
The GRI Standards have evolved and improved over the years under its Global Sustainability Standards Board and Stakeholder Council since its launch in 1997. The latest revisions are reflected in the GRI Universal Standards 2021. Today, it still remains an independent organisation and its standards are 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. The first reporting standards is targeted to be released in June 2023. This collaboration and flexibility allows CDW to align with these standards in the future.



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



As with our previous reports, CDW continues to engage professional consultancy to engage our stakeholders, consolidate our ESG data and compile the report to ensure the independence, credibility and transparency of this latest sustainability report. Stakeholders and readers may refer to the GRI-SGX Content Index at the end of this report for reference to the GRI topics disclosed.

#### **External Assurance and Internal Review**

CDW is committed to ensuring the credibility and accuracy of our sustainability report development and relevant data collection procedures. Although we have not sought external assurance for our sustainability report this year, we remain committed to maintain credibility of our disclosures and seek to gradually adopt external assurance and internal review in the near future. We shall engage an external qualified professional to conduct an internal audit on our sustainability reporting in the coming years.

#### **Confirmation and Approval**

CDW confirms the policy, practice and performance data presented in this report are obtained from official documents and operational statistics derived from various business units. This 2022 sustainability report received endorsement from the CDW Board of Directors on 6 April 2023.

#### **Opinion and Feedback**

We value any constructive and meaningful feedback from our stakeholders to ensure continued improvements to our sustainability performance and reporting. Please contact CDW Holding Limited through the following channels if you have any questions or feedback:

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

Email: [mail@cdw-holding.com.hk](mailto:mail@cdw-holding.com.hk)

Tel: +852 2634 1511

Fax: +852 2690 3349

# Sustainability Report

## OUR APPROACH TO SUSTAINABILITY

### BOARD STATEMENT

In 2022, the world began to reopen its borders and welcomed the beginnings of a post COVID-19 recovery journey. While 2022 had its upsides, it was certainly not spared from the downsides as well, as the world felt the far-reaching impacts of the Russian-Ukraine conflict on our energy and resources supply.

Met with global energy shortages and increasing extreme weather events, the year 2022 also saw the world come together at the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change(COP27) to renew global commitment in combating climate change. Countries where CDW operates in have also aligned with this global commitment in strengthening their goals and putting forth new solutions to combat the impacts of climate change. For example, China has renewed its commitment in tackling the climate crisis during COP27 and has announced new renewable energy targets in 2022. Announced in Budget 2022, Singapore also raised its national climate target to achieve net zero emissions by 2050. For Hong Kong, 2022 also saw the launch of Core Climate- Hong Kong's international carbon market place as well as the launch of a three-year Pilot Green and Sustainable Finance support scheme. Finally, Japan also announced its intentions to set up the Asia Zero Emissions Community (Azec) to accelerate energy transition across Asia-Pacific. In order to further improve transparency and accountability of corporations, the International Sustainability Standards Board also announced various updates during COP27 of its development of a harmonised global baseline of climate disclosure standards. CDW remains cognisant of the evolving targets and regulatory requirements and strives to continue aligning our sustainability strategy and reporting with global ambition.

CDW has always greatly valued the feedback and opinion of our external and internal stakeholders. In this reporting year, we have continued to seek the opinions of our stakeholders in identifying critical and material topics to our business. We have factored in the changes in the material topics according to the GRI Standards 2021 and will include three new material topics for this reporting year: Anti-competition, Employment System and Emissions. We recognise the evolving concerns of our stakeholders and will continue to update our material topics to incorporate their latest feedback. The Board has carefully considered the sustainability issues impacting our business this year, and have determined the material ESG topics as well as ensuring oversight over the management and monitoring of these ESG issues.

As the world continues to face the harsh impacts of climate change and puts forth dynamic policies and regulatory requirements, the Board would like to sincerely thank our stakeholders for supporting us on our continuous sustainability journey. We strive to continue working together with our stakeholders and create a sustainable future for all.

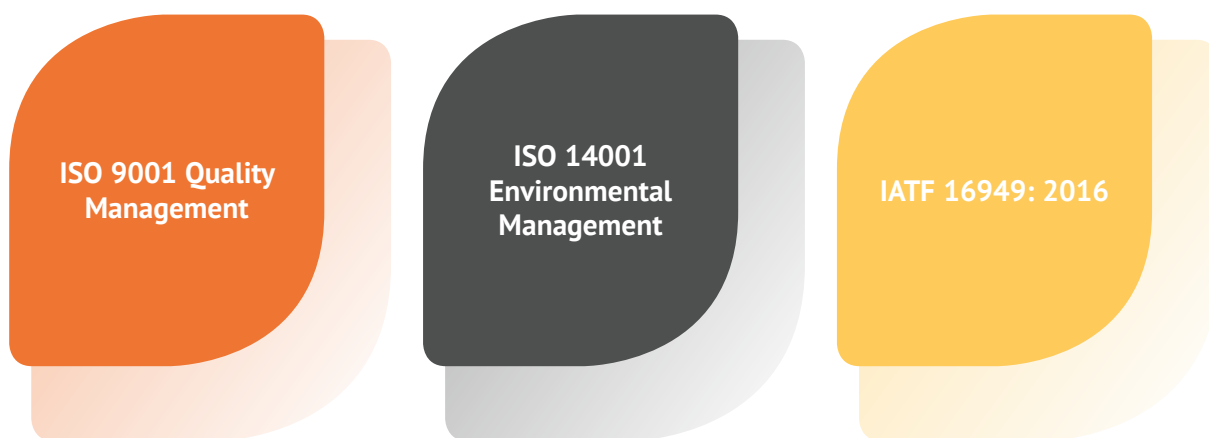
### **YOSHIKAWA Makoto**

Chairman and Chief Executive Officer  
CDW Holding Limited  
Hong Kong, 6 April 2023

## **SUSTAINABILITY GOVERNANCE**

CDW continues to enhance its sustainability governance capabilities. In FY2022, our directors attended sustainability training conducted by the Singapore Institute of Directors. The Board ensures oversight over sustainability performance and management of ESG issues. Various committees work on the ground level to carry out the sustainability initiatives and report back to the Board. CDW's Audit Committee, which comprises independent directors, oversees all sustainability initiatives at the Group level. We continue to explore the possibility of establishing sustainability working groups among our subsidiaries, which cover both our Hong Kong and Shanghai operations. CDW also maintains a range of working committees to oversee the daily execution of sustainability initiatives, such as the Environmental Management Committee. At CD Shanghai, the Deputy General Manager works closely with the Environmental Management Committee to oversee environmental impact assessments, risk management, and the execution of sustainability programmes. Similarly, the Hong Kong Office's management regularly communicates with the Board to identify ESG issues to manage.

CD Shanghai is accredited with the following ISO standards that uphold our commitment to sound sustainability governance:



Moving forward, CDW seeks to explore the possibility to establish specialised sustainability working groups among our subsidiaries and will continue to work towards the formal establishment of a sustainability committee to improve our sustainability governance in the coming years.

## **SUSTAINABILITY RISKS AND OPPORTUNITIES**

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

## RISKS

## OPPORTUNITIES AND RESPONSES

### Climate Change and the Environment

Climate change can bring various physical risks to the business operations- such as rising sea levels and increased frequency of extreme weather events. This could lead to production or supply disruptions for operations and the markets where the Group sell its products to.

To combat climate change, various transition risks in the form of new regulatory policies are also present. CDW needs to ensure its continued compliance to regulations, and might face monetary fines or other penalties for non-compliance. New regulations and increased expectations by stakeholders to improve sustainability performance could also bring market and reputation risks for CDW.

The Group continues to carefully monitor and review emissions and materials usage. The data collected helps to inform the hotspots to direct its initiatives at.

Emissions reduction and responsible resource usage can help CDW reduce overall costs and reduces its negative impact on the environment. It would also demonstrate to the stakeholders of CDW's strong sustainability commitment. Effective management strategies can also help CDW to stay on top on regulatory requirements and ensures it remain compliant to all regulations.

### Occupational Health and Safety

Health and safety of the workers has always been a top priority for CDW. Occupational hazards, including spread of infectious diseases with improper management can lead to decreased wellbeing and productivity for its workers. With climate change, increased temperatures and extreme weather events may threaten the health and safety of the workers.

Even as CDW enter a post COVID-19 recovery, it continues to ensure that proper health and safety policies are enforced and communicated to all employees to prevent any outbreaks. It will take into account any concerns its employees have, and put forth efforts to support their overall health promotion.

### Talent Retention and Employee Management

A skilled and well-trained workforce is essential for its business. Low retention of workers and lack of career development opportunities can lead to overall low morale or productivity among employees. Loss of highly skilled employees may also lead to disruptions of its operations and greater costs and time spent to train replacement workers.

Turnover rates and talent retention has always been carefully monitored and reviewed by CDW. It will continue to hold regular reviews with staff and reward them with attractive compensation packages and professional career development.

### Customer Privacy and Data Management

To prevent reputation risks to CDW, prudent client data management is vital to maintain trust between CDW and its clients or partners. With greater cyber-attacks and data leakage in recent times, serious data breaches would not only lead to decreased trust and reputation of CDW, it would also lead to monetary fines or penalties.

CDW continues to reassure its customers that client's data remains highly protected and well managed. It's IT systems and data storage are carefully managed by its teams with additional security measures to protect data. CDW's Information Security Policy governs its approach to IT and data integrity. CDW will continue to review this policy to ensure it is up to date with the latest data management approaches.

## STAKEHOLDER ENGAGEMENT

CDW maintains regular engagement with our stakeholders, and we greatly value the feedback provided on our performance and initiatives. Stakeholder engagement allows us to better understand our stakeholders' evolving expectations as well as gather suggestions for improvement. In FY2022, we conducted a materiality refreshment to identify material sustainability topics for the reporting year. Similar to past years, an independent consultant was engaged to conduct a focus group discussion and distribute questionnaires to our external and internal stakeholders.

Key Stakeholder Groups		Engagement Platforms and Channels
Internal Stakeholders	CDW Board of Directors	<ul style="list-style-type: none"> <li>• Training and development programmes</li> <li>• Annual company events and festival celebrations</li> <li>• Internal company discussions</li> <li>• Interviews and focus groups</li> <li>• Corporate emails and announcements</li> </ul>
	CDW senior management	
	CDW employees	
External Stakeholders	Shareholders	<ul style="list-style-type: none"> <li>• Communication through investor relations team</li> <li>• Announcements and circulars on SGX</li> <li>• AGM</li> <li>• Annual and interim reports</li> </ul>
	Investors	<ul style="list-style-type: none"> <li>• Communication through investor relations team</li> <li>• AGM</li> <li>• Annual and interim reports</li> <li>• Financial results announcements</li> </ul>
	Customers	<ul style="list-style-type: none"> <li>• Participation in conferences, meetings and discussions</li> <li>• Factory site visits and office meetings</li> <li>• Feedback channels and project briefings</li> </ul>
	Suppliers	<ul style="list-style-type: none"> <li>• Regular supplier visits and meetings</li> <li>• Procurement process or meetings</li> </ul>
	Government	<ul style="list-style-type: none"> <li>• Email communication with SGX</li> </ul>
	Regulatory agencies	
	Academic institutes	<ul style="list-style-type: none"> <li>• Seminars participation</li> </ul>
	Civil society groups	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Marketing Events</li> </ul>
	Banks/Financial Institutions	<ul style="list-style-type: none"> <li>• Annual and interim reports</li> <li>• Financial results announcements</li> <li>• Meetings with banking representatives</li> </ul>
	Media	<ul style="list-style-type: none"> <li>• PR and marketing promotions</li> <li>• Press releases</li> </ul>
	CDW Employees' families	<ul style="list-style-type: none"> <li>• Employee family events</li> <li>• Charity events</li> <li>• Community surveys</li> </ul>
	Consulting professionals	<ul style="list-style-type: none"> <li>• Working meetings</li> <li>• Seminars and industry conferences</li> </ul>

# Sustainability Report

## **MATERIALITY REFRESHMENT**

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:

### **Identify relevant topics**

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

### **Solicit stakeholder feedback**

External and internal stakeholders are invited to participate in an online survey on sustainability topics to assess actual and potential impacts. A total of 91 valid responses were collected (as compared to 97 in FY2021) in a 1-month survey period. A focus group discussion with stakeholders was also conducted to gather more detailed responses.

### **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.

### **Validate and endorse material topics**

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

Aligned with the revised GRI 2021 standards, we have shifted the focus of identifying material topics onto the significance of economic, environmental and social impacts- including human rights. We define 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. 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 FY2022.

## Highlights of Key Topics raised up in Focus Group Interviews with Stakeholders

Highlights of Key Topics raised up in Focus Group Interviews with Stakeholders	
Question	Topics highlighted
<b>What topics do you wish CDW to focus more on?</b>	Talent attraction/retention
	Carbon Reduction
	Occupational Health and Safety
	Training and Development
	Energy
	Water
<b>Which topics do you see as having the greatest potential opportunities for CDW?</b>	Occupational Health and Safety
	Emissions
	Marketing and Labelling
	Economic Performance
	Training and Development
	Materials
	Market Presence
<b>Which topics do you see as having the greatest potential risks for CDW?</b>	Emissions
	Water
	Materials

### Highlights of comments raised in Focus Group Interviews with Stakeholders

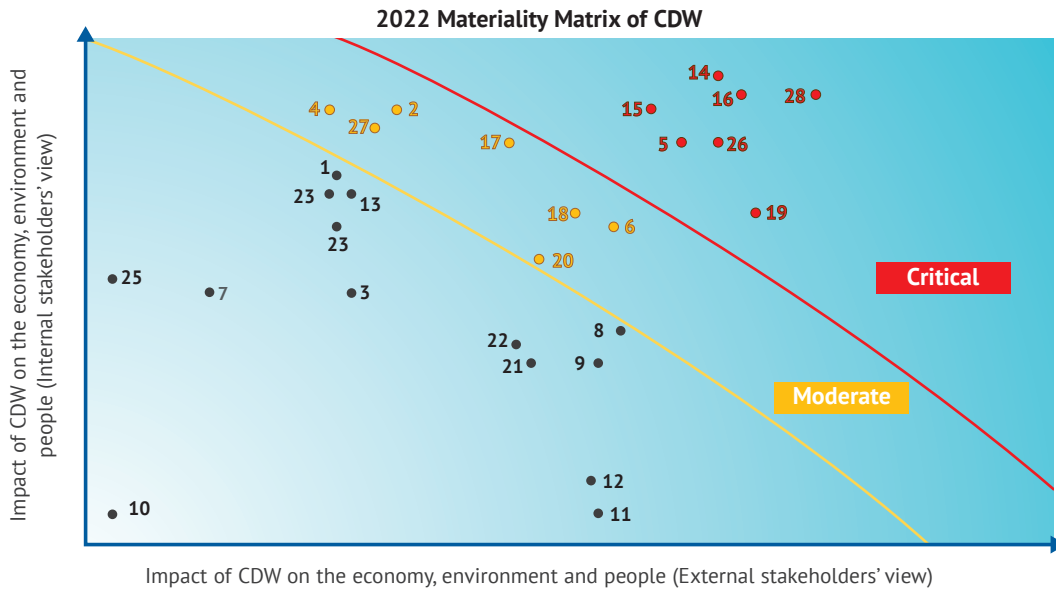
**People are the most important part of CDW business, there should be more trainings for all employees and further improvements to the health and safety of the workers.**

**There are great risks that the environmental impact and carbon emissions can bring to the business. CDW need to take great considerations of carbon emissions and quickly adapt to any regulatory changes.**

**Hopes that future sustainability development can help CDW to make a positive impact and boost their reputation. Future expectations are for CDW to enhance sustainability performance, ensure greater work conditions for employees and to meet shareholder expectations.**

# Sustainability Report

Materiality Matrix illustrating stakeholders' responses from questionnaires distributed



Topics		Critical	Material
<b>Economy</b>	1 Economic performance		
	2 Market presence		
	3 Indirect economic impacts		
	4 Procurement practices		
	5 Anti-corruption	✓	✓
	6 <b>Anti-competition</b>		✓
<b>Environment</b>	7 Materials		✓
	8 Energy		
	9 Water and effluents		
	10 Biodiversity		
	11 Emissions		✓
	12 Waste		

Topics		Critical	Material
<b>Society</b>	14 <b>Employment system</b>	✓	✓
	15 <b>Labour/ management relations</b>	✓	✓
	16 <b>Occupational health and safety</b>	✓	✓
	17 Training and development		✓
	18 Diversity and equal opportunity		✓
	19 <b>Non-discrimination</b>	✓	✓
	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 <b>Customer health and safety</b>	✓	✓	
27 Marketing and labelling		✓	
28 <b>Customer data protection and customer privacy</b>	✓	✓	



Material Topics	Impact Boundaries <sup>1</sup>							Corresponding Sections in the Report
	Within the Operations <sup>2</sup>			Outside the Operations <sup>3</sup>				
	CDW Board Directors	CDW Senior Management	CDW Employees	Suppliers	Banks/Financial institutions	Consulting Professionals	Customers	
5	Anti-corruption	✓	✓	✓	✓	✓		Business Responsibility
6	Anti-competition	✓	✓				✓	Business Responsibility
26	Customer health and safety		✓	✓	✓			Business Responsibility
27	Marketing and Labelling		✓		✓			Business Responsibility
28	Customer data protection and customer privacy			✓	✓		✓	Business Responsibility
14	Employment System	✓	✓	✓			✓	Caring Employer and Inclusive Workplace
15	Labour/ management relations		✓	✓		✓		Caring Employer and Inclusive Workplace
16	Occupational health and safety		✓	✓		✓	✓	Caring Employer and Inclusive Workplace
17	Training and development		✓	✓			✓	Caring Employer and Inclusive Workplace
18	Diversity and equal opportunity	✓	✓	✓				Caring Employer and Inclusive Workplace
19	Non-discrimination	✓	✓	✓				Caring Employer and Inclusive Workplace
21	Child labour		✓	✓	✓			Caring Employer and Inclusive Workplace
22	Forced or compulsory labour		✓	✓	✓			Caring Employer and Inclusive Workplace
7	Materials		✓	✓		✓		Environmental Stewardship
11	Emissions	✓	✓	✓	✓	✓		Environmental Stewardship

<sup>1</sup> Similar to 2021 and 2020 Sustainability Report, CDW has not received survey responses from external stakeholder groups “Regulatory Agencies”, “Academic Institutes”, “Civil Society Groups/NGOs” for this year’s report.

<sup>2</sup> The boundary for impacts within the Operation aligns with the reporting boundary.

<sup>3</sup> The boundary for impacts outside the Operation takes reference from the key external stakeholders identified for this reporting year.

# Sustainability Report

Overall, CDW has identified and introduced three new material topics for this year's sustainability report. The new material topics identified are:

- Anti-competition
- Employment System
- Emissions

Three material topics from last year's sustainability report have also been phased out in this report, following the withdrawal of the topic standards from the GRI Universal Standards 2021. The three material topics phased out are:

- Environmental Compliance
- Human Rights Assessment
- Socioeconomic Compliance

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.

## BUSINESS RESPONSIBILITY

### OVERVIEW

CDW has always been committed to ensuring fair and responsible operations, and we pride ourselves for being a responsible business. Reflecting our high standards for business operations, we have in place a range of strictly enforced policies.

### ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

#### **GRI 205: Anti-corruption 2016, GRI 206: Anti-competitive behaviour 2016**

##### *Management Approach*

Ensuring anti-corruption and business responsibility is important to CDW. It ensures good corporate governance and that everyday business decisions are being made in accordance with company and employees' best interests. Furthermore, CDW believes in fair market competition and fair business practices for all in the industry. We believe that corruption and unethical practices will tarnish our reputation in the industry and among employees and may lead to barriers for entry to the sector.

CDW holds a no tolerance stance against corruption and bribery, and has in place risk assessment and Standard Operating Procedures (SOP) to properly investigate any potential corruption cases. In accordance with the "Code of Business Conduct" and the "Information Security Policy", good corporate governance is ensured and maintained. We monitor the percentage of training given for anti-corruption and ethical practices, as well as any cases of corruption at CDW. We closely monitor any violations of anti-trust and monopoly legislations and regularly review our practices for anti-competitive behaviour. Any changes in business strategy are carefully reviewed and approved via regular meetings by the Board of Directors to ensure no anti-competitive behaviour is present.

We take into account employee's feedback and have an open-door policy for any employee to feedback any potential cases of unethical behaviour they observe without fear of repercussions. Under our Whistle Blowing Policy, all stakeholders and employees can report cases to our designated channels and the reports will be handled by the senior management of the Group with appropriate follow up actions. The Whistleblowing policy also specifies the Audit Committee to act on and investigate such anonymous complaints with the help of an internal auditor. Our strong stance and policies against corruption and unethical business practices is communicated and readily accessible via our Employee Handbook.

##### *FY2022 Performance*

In FY2022, we have assessed 100% of our operations at CD Shanghai and each principal operational site at the HK Office and have identified no significant risks related to corruption through the risk assessment. CDW reports zero cases of corruption and unethical practices in FY2022. We do not engage in any anti-competitive behaviours, including anti-trust and monopoly practices. There have been no legal actions taken regarding anti-competitive behaviour or violations of anti-trust and monopoly legislation.

Percentage of members who have received communication and training on anti-corruption policies and procedures	
	CD Shanghai
Members of Board of Directors	100%
Senior Management	100%
Middle Management	100%
Entry-level/ General Staff	100%
Suppliers	100%
Customers	100%
Banks/ professional service providers	100%
Other business partners	100%

At the HK Office, new employees are provided anti-corruption trainings as part of their orientation program. For managers, the General Manager will provide regular briefings on anti-corruption.

## MARKETING AND LABELLING

### GRI 417: Marketing and labelling 2016

#### Management Approach

For CDW, our relationship and communication with customers is always a priority. We seek to produce high quality and safe Japanese technologies worldwide, and to be transparent with customers regarding our products. This ensures a good reputation and trust between us and our customers. We constantly strive for product reliability and excellence. Should any complaints or incidents of non-compliance arise regarding our product marketing and labelling, an emergency report will be prepared, and the authorised personnel will be informed to enact necessary remediations.

#### FY2022 Performance

In FY2022, there have been no incidents of non-compliance with regulations or voluntary codes concerning our product and service information and labelling. Likewise, there have been no incidents of non-compliance with regulations or voluntary codes concerning our marketing communications. The following details the types of information required by CDW for our product information and labeling:

Requirements for product and service information and labelling		
	CD Shanghai	HK Office
The sourcing of components of the product or service	Yes	Yes
Content, particularly with regard to substances that might produce an environmental or social impact	No	Not applicable
Safe use of the product or service	Yes	Not applicable
Disposal of the product and environmental or social impacts	No	Not applicable

# Sustainability Report

## **CUSTOMER WELFARE**

### **Customer Health and Safety**

**GRI 416: Customer health and safety 2016**

#### *Management Approach*

In line with our mission to produce high quality and safe technologies worldwide, customer health and safety has always been our top priority. Our stakeholders also view this topic as an important issue, with Customer Health and Safety being a critically material topic in this year's stakeholder surveys. We are committed in ensuring high quality products that uphold the highest health and safety standards. At CD Shanghai, the management is committed to ensuring product quality and safety. CD Shanghai has been certified under ISO 9001: 2015 and IATF 16949: 2016 for its quality management system, and performs regular risk assessments across all our processes. We regularly review our operations and products for any breaches to customer health and safety, whereby the General Manager would take necessary actions accordingly. We welcome suggestions and feedback from our stakeholders and employees on our production processes, and regular assessment reports are reported back to departmental heads for evaluation and review for continuous improvements. Any feedback or complaints regarding our labelling or products are welcomed via email (mail@cdw-holding.com.hk). We value customer feedback and actively take steps to improve.

#### *FY2022 Performance*

We regular review all our product categories for health and safety impacts and improvements. In FY2022, we report no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our products.

### **Customer Data Protection and Customer Privacy**

**GRI 418: Customer privacy 2016**

#### *Management Approach*

With the spread of technology and the advent of the digital age, there have been increasing cases of data breaches. Similar to customer health and safety, our stakeholders also view customer data protection and privacy as a critically material topic for CDW. We are committed in respecting and safeguarding our customer's personal data and privacy. It is important for us to maintain trust and reliability with our customers and maintain positive business relations. We communicate our stance on customer privacy regularly with CDW's employees via the Group's Code of Business Conduct. No CDW employees are to disclose any confidential information, especially sensitive contractual and procurement details, under any circumstances. This is strictly enforced at CDW, and any breaches are dealt with in a timely manner with appropriate repercussions.

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

#### *FY2022 Performance*

During the reporting year, CDW reports no incidents of substantiated complaints concerning breaches of customer privacy and zero identified leaks, thefts, or losses of customer data.

## CARING EMPLOYER AND INCLUSIVE WORKPLACE

### OVERVIEW

CDW has in place various employment policies and measures to enhance the capacity and welfare of our workforce. CDW values a diverse team which works together to promote long term sustainable development. CDW is committed in creating an inclusive culture where all employees feel supported personally and professionally. Additionally, CDW believes in empowering continuous learning and career growth and provides its employees with the tools and training to maximise their potential. The company is also committed to workplace and employee safety, and strives to cultivate a safe, positive and enriching work environment for all.

### EMPLOYMENT SYSTEM

#### Employment

#### GRI 401: Employment 2016

#### Management Approach

A new material topic included in FY2022 identified as a critical topic among stakeholders, CDW recognises the importance of talent retention and development in its success. We are committed to investing in our people's development- providing decent work and supporting our employees by creating meaningful and holistic careers. This allows for a strong team spirit in our employees and boost work productivity, strengthening the belief of developing long-term careers here with us. At CDW, we are an equal opportunities employer. The recruitment process focuses on qualifications and experience of the candidate regardless of gender, disability, family status and race. We bring together people from diverse expertise, experience and socio-cultural backgrounds to enhance our human capital and better serve consumer groups from different markets.

In the past five years, there has been no major reorganisation which resulted in a significant loss of jobs. We have in place various policies and practices cover hiring and employment aspects, such as compensation, benefits, learning and development, and diversity and inclusion initiatives. The Human Resources department regularly evaluates our policies and procedures to ensure clear understanding of our employment needs and identification of skills gaps. Our employees and our Board of Directors are regularly engaged for feedback on the Company's employment and human resources policy and practices. At CD Shanghai, we conducted our 2022 Employee Satisfaction Survey which revealed a 95% employee satisfaction rate. Key areas for improvement identified via the survey include improving conditions of the workplace canteen, improving training programs to suit employee's needs and to increase sense of job recognition among employees. Results and feedback from the survey will serve to guide the management with future policies and improvements.

#### FY2022 Performance

As of December 31, 2022, CD Shanghai has a workforce of 499 employees and, and HK Office has 42. In FY2022, there were 229 and 40 full time permanent employees at CD Shanghai and HK Office respectively. Kindly refer to "Key Sustainability Figures" on page 50 for further breakdowns of our employee numbers.

	FY2021		FY2022	
	CD Shanghai	HK Office	CD Shanghai	HK Office
<b>New hires</b>	309	20	193	10
<b>Turnover</b>	365	12	316	13

# Sustainability Report



## Labour/ Management Relations

### GRI 402: Labour/Management relations 2016

#### Management Approach

At CDW, we aim to establish a positive and collaborative relationship between our employees and the management. We believe that a strong partnership between our staff and management is critical in fostering effective teamwork and maximising productivity. This serves as the foundation for creating a skilled and supportive workforce. We strive to continue to ensure all our employees are fairly treated in the workplace and they have access to the correct channels to reflect their concerns and feedback. We ensure regular communication with our employees and value any feedback provided. The Employee Handbook specifies the notice period and provisions for consultation and negotiation for employees.

#### FY2022 Performance

In FY2022, we report no negative impacts or complaints regarding our labour and management relations. At CD Shanghai, we implement a minimum of 4 weeks' notice provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them. At our HK Office, there will be a meeting held for the explanation of any major policy changes, followed by 1 month consultation period before concluding if the new policy is to be effective. The total number of employees covered by collective bargaining agreements<sup>4</sup> at CD Shanghai is as follows for FY2022:

Collective bargaining agreements at CD Shanghai		
	Number	Percentage
Number of employees covered by collective bargaining agreements	230	46

## OCCUPATIONAL HEALTH AND SAFETY

### GRI 403: Occupational health and safety 2018

#### Management Approach

The health and safety of our people is the heart of our business and is a fundamental right for all employees. Workplace accidents and injuries should be avoided at all costs. Ensuring a safe working environment for all allows for a productive and high morale workspace, ultimately benefiting the quality of services and business we provide. In response to the continuation of the COVID-19 pandemic, CDW has deepened our focus on occupational health and safety by allowing for working from home arrangements and adjusting to flexible working hours in order to avoid potential outbreaks. Our established Risk Management Policy also contains a framework for risk management protocols relating to maintaining safety at the workplace. There are three key risk management principles that the executives and employees follow 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 risks immediately to superiors and follow their instructions for subsequent handling.
3. To take proper measures that prepares for new risks caused by the existing ones.

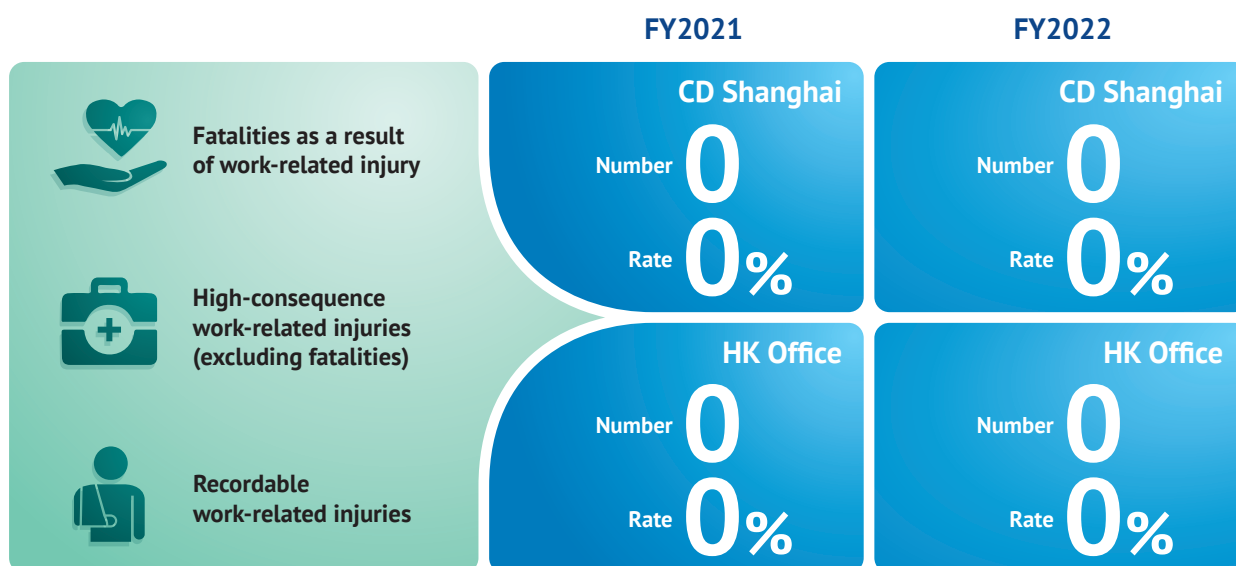
<sup>4</sup> Collective bargaining agreement: Collective bargaining refers to all negotiations which take place between one or more employers or employers' organizations, on the one hand, and one or more workers' organizations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers. Therefore, a collective bargaining agreement represents a form of joint decision-making concerning the organization's operations

Additionally, CDW's occupational health and safety management system includes safety training as a crucial aspect. To raise awareness of occupational health and safety, CD Shanghai organised quarterly workshops for all employees who were exposed to workplace hazards. The workshops covered topics such as workers' legal rights, employer responsibilities, occupational diseases, and health hazards. CD Shanghai also has a Safety Management Committee that oversees employee safety, and regular risk assessments are performed to identify and assess risks at an early stage. Meanwhile, the Hong Kong Office has taken steps to ensure a safe workplace. They have installed fire extinguishers and emergency exits as required by regulations, and conduct regular fire drills and evacuation drills. All employees and work-related activities are covered under labor insurance as required by the law. Aside from physical health, we also prioritise our employee's mental health and work-life balance. We offer work from home arrangements and flexible office hours during COVID-19 pandemic times. We also hold regular staff social gathering activities such as Company Annual dinners and Company Barbeque activities. We target to organise at least one social gathering activity for employees every year.

Our occupational health and safety management policies, procedures and incidents are regularly reviewed by the relevant safety committees, with areas of concern brought up to the Board of Directors. Employees have the option to report any incidents that have occurred or could potentially occur by using incident report forms. These forms are reviewed by the safety committees, who suggest and carry out appropriate measures to rectify the situation.

### FY2022 Performance

During the reporting period, the company reported no recordable work-related injuries or illnesses, high-consequence work-related injuries, or work-related fatalities for all employees and workers.



Regarding medical coverage, the senior management is provided with Overseas Travel Accident Insurance, while the other employees in CD Shanghai are covered by the National Compulsory Social Insurance of the People's Republic of China. Additionally, 20 employees are covered by Employer's Liability Insurance.

Performance in Occupational Health and Safety		
	CD Shanghai	HK Office
Number of employees covered by medical insurance	208	30
Number of employees covered by other occupational health and safety policies	291	8

# Sustainability Report

## Natural Disasters and Serious Accidents Protocols

Some examples of CDW 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 in our organisational culture and promoting equal opportunities are part of our company DNA. CDW values diversity in its workforce and has employees from various backgrounds, including different nationalities, races, and genders. The company believes that diversity brings vibrancy and innovation, and each employee's unique experiences and background contribute to this. CDW is an equal opportunity employer and have formulated an Equal Opportunity Policy. This policy is accessible by all employees in the Employee Handbook. Our senior management have regular interactions and private meetings with respective employees to obtain feedback on our workplace diversity and satisfaction.

#### FY2022 Performance

Ratio of the basic salary and remuneration of women to men for each employee category <sup>5</sup>		
	CD Shanghai	HK Office
Permanent female staff versus Permanent male staff	0.51	0.33
Temporary/ fixed-term female staff versus temporary/ fixed-term male staff	0.49	<sup>6</sup>
Senior Management female staff versus Senior Management male staff	0.05	0.15
Middle Management female staff versus Middle Management male staff	0.15	0.32
Entry-level/ General female Staff versus Entry-level/ General male staff	0.80	1.89

<sup>5</sup> The ratio is calculated as follows: Average salary of female staff of the employee category/ Average salary of male staff of the employee category

<sup>6</sup> We do not have male temporary employees at the HK Office



## Non-discrimination

### GRI 406: Non discrimination 2016

#### Management Approach

Besides promoting equality and diversity within our organisation, CDW does not tolerate any form of discrimination or harassment in the workplace. CDW is committed to maintaining a workplace free from discrimination, harassment, and retaliation. Harassment based on various factors such as race, religion, gender, or disability is not tolerated. The Employee Handbook of our company includes a section called "Policy against Discrimination and Harassment based on Sexual Orientation, Disability, Race, and Family Status". Our management continue to regular inspect and review our non-discrimination policy and would inform our employees when changes are made. If any incidents of discrimination occur, the employees are directed to follow the procedures outlined in the handbook:

#### STEP 1

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

#### STEP 2

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

#### STEP 3

**If the Superior is not in a position to comment, the Employee concerned may direct his compliants to the General Manager or via the Whistle Blowing System. Confidentiality is assured.**

#### FY2022 Performance

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

## TRAINING AND DEVELOPMENT

### GRI 404: Training and education 2016

#### Management Approach

Developing the skills and abilities of CDW's current employees is just as crucial as recruiting new ones from outside the company. To promote the professional and personal growth of its staff, CDW believes it is essential to provide training and courses that help enhance their key competencies. By aligning the growth of its employees with the company's business objectives, CDW aims to boost their loyalty and commitment to the organisation. CDW is committed to providing employees with professional and personal development opportunities to advance their careers. As the company navigates changes in working modes due to COVID-19, a variety of training programs are available for employees to attend both in-person and remotely. Based on the Code of Business Conduct, the management encourages all its employees to participate in seminars organised by CDW to constantly improvise their soft skills.

At the HK Office, we offer to sponsor employees' tuition fees for relevant courses, subject to management's approval. Examples of courses sponsored include language courses to improve the communication between Hong Kong and Japanese colleagues and professional development courses offered by various professional bodies such as the Singapore Institute of Directors and Hong Kong Institute of Certified Public Accountants. On the other hand, examples of training programs offered at CD Shanghai this reporting year include:

- 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
- 5S workplace organisation method education for all staff
- Trainings on compliance and maintenance checks
- Waste training on electrostatic discharge control (ESD)
- Occupational health education and training

# Sustainability Report

We frequently evaluate the training programs we offer to make sure they align with current business requirements. This aids in enhancing the learning and development potential of our employees, resulting in a competent and adaptable workforce. Feedback from training programs conducted is collected and incorporated into the next iterations where applicable. The feedback collected also serves as a tracker of participant satisfaction, where an overall increase in participant satisfaction and opinion of effectiveness of training programs was recorded.

## *FY2022 Performance*

In FY2022, average training hours at CD Shanghai were 11.5 and 1.31 hours for HK Office. Average training hours have gone down slightly from FY2021 (14.35 and 1.51 hours respectively). This was mainly due to difficulties in arranging trainings during the COVID-19 pandemic and its associated lockdowns due to outbreak controls in FY2022.

Training and Education			
		CD Shanghai	HK Office
Average training hours by gender	Male	10.2	1.6
	Female	11.7	1.0
	Male+Female	11.5	1.3
Average training hours by employee category	Senior Management	4.0	2.9
	Middle Management	8.0	1.0
	General Staff	12.0	1.0

To allow for greater communication with our employees regarding their performance and career development, CDW is committed to provide regular performance reviews for all our employees. Percentage of employees who receive regular performance reviews in CD Shanghai has increased to 46% in FY2022 from 39% in FY2021. However, the percentage for HK Office decreased slightly to 95% in FY2022 from 100% in FY2021. We strive to continue increasing feedback and communication to all employees and increasing these rates in years to come.

Performance and Career Development Reviews					
		CD Shanghai		HK Office	
		Number	Percentage <sup>7</sup>	Number	Percentage
By gender	Male	46	82%	22	100%
	Female	183	41%	18	90%
	Male+Female	229	46%	40	95%
By employee category	Senior Management	5	100%	7	100%
	Middle Management	52	100%	17	100%
	General Staff	172	39%	16	89%

<sup>7</sup> Percentage is calculated as follows: Number of employees who have received performance and career development reviews/ Total number of employees in FY2022

## **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 unequivocally committed to protecting human rights and conducting business in an ethical and responsible manner. We ensure strict labour employment management and control, and do not tolerate any forms of child, forced or compulsory labour. We seek to build a productive and fair working space for all. CDW strictly prohibits the employment of child labour across its operations. CDW's Human Resources Department requires a copy of candidates' identification when they apply for job opportunities at the Hong Kong Office. To eradicate any type of forced labour within its activities, the CD Shanghai management and the Hong Kong Office have both conveyed the official working schedule to their staff members, which aligns with the labour laws currently in place. Any work completed beyond these established hours is remunerated with overtime compensation. We regularly monitor and review working hours of employees, to ensure that there are no violations and work done outside formal working hours is properly compensated according to our policies. The senior management frequently engages in discussions and meetings with their individual staff members to gather input regarding our workplace's labour management and working hours. As necessary, subsequent measures will be arranged.

#### *FY2022 Performance*

As of FY2022, there has been no incidents that occurred pertaining to child and forced labor within CDW.

## **ENVIRONMENTAL STEWARDSHIP**

### **OVERVIEW**

CDW recognises the urgent need to address climate change and reduce environmental impacts. The latest report from the United Nations Intergovernmental Panel on Climate Change (IPCC) warns that the window to keep global warming below 2°C in pursuit of 1.5°C is closing rapidly, and current global emissions reductions are not sufficient. The company supports the global transition to a sustainable economy and is committed in reducing our own environmental impacts. In particular, we recognise the importance of proper emissions and resource management. CDW's Environmental Management System continues to work effectively in terms of monitoring key environmental indicators across the Group's operations.

### **EMISSIONS**

**GRI 305: Emissions 2016**

#### *Management Approach*

Climate change remains to be one of the key sustainability risks that the Group faces. CDW recognises that greenhouse gas (GHG) emissions is a significant contributing factor to climate change, and is a key issue for many people across the regions we operate in. With our stakeholder's strong prioritisation of carbon reduction and emissions during the engagement sessions as well, the topic of "Emissions" is a newly included material topic for FY2022. We recognise that CDW's services, facilities, and activities can have a detrimental impact on the environment and community if not appropriately managed. Furthermore, given the worldwide energy supply interruptions, proper management of energy consumption is critical. We believe that increasing energy efficiency can bring several benefits for the company such as lower operating costs and decreased emissions.

We have in place various emissions reduction initiatives, including carbon reduction strategy and performance monitoring, and an energy savings plan. CDW is working towards further reduction of our GHG emissions through the use of more energy efficient equipment and user behavioural changes. CDW has changed to LED lighting in its Hong Kong office and has renovated a section of the office to be a "smart office" with automated energy saving functions. The HK Office targets to achieve a 10% reduction of electricity usage from FY2022 to FY2023. We have also provided training to our employees on energy saving habits and reducing consumption of resources. Regular feedback and suggestions from our employees and operations is sought regarding our emissions reduction initiatives for continuous improvement.

# Sustainability Report

## FY2022 Performance

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

		CD Shanghai				HK Office			
		2022	2021	2020	2019	2022	2021	2020	2019
Scope 1: Direct GHG Emissions <sup>8</sup> (tonnes CO <sub>2</sub> -e)	Combustion of fuels in stationary sources	NA	NA	NA	NA	28.38	32.9	25.4	22.7
	Combustion of fuels in mobile sources	3.1	7.4	-	-	60.1	145.9	138.3	136.1
	Fugitive emissions from refrigeration equipment <sup>9</sup>	3.4	5.7	6.1	3.8	113.7	102.1	102.1	102.1
	Sub-total	6.4	13.1	6.1	3.8	202.2	281	266	261
Scope 2: Energy Indirect GHG <sup>10</sup> Emissions(tonnes CO <sub>2</sub> -e)	CO <sub>2</sub> emissions from the generation of purchased electricity	38.8	40.0	52.9	45.8	2114.8	2596.5	2297.1	2182.8
	Sub-total	38.8	40.0	52.9	45.8	2114.8	2597	2297.1	2182.8
Scope 3: Other Indirect GHG Emissions <sup>11</sup> (tonnes CO <sub>2</sub> -e)	Business travel by air	11.8	3.9	10.1	66.0	3.4	1.9	1.6	8.1
	Freshwater consumption	0.06	0.09	0.07	0.06	34.7	-	-	-
	Sewage	0.03	0.04	0.03	0.03	17.0	-	-	-
	Paper waste disposal to landfill	4.5	6.2	5.4	5.4	22.8	-	-	-
	Sub-total	16.4	10.2	15.6	71.5	77.9 <sup>12</sup>	1.9	1.6	8.1
<b>Total GHG Emissions (tonnes CO<sub>2</sub>-e)</b>		<b>63.0</b>	<b>63.2</b>	<b>74.6</b>	<b>121.1</b>	<b>2394.9</b>	<b>2879.3</b>	<b>2564.5</b>	<b>2451.7</b>
<b>GHG Emissions Intensity (tonnes CO<sub>2</sub>-e per thousand units of products)</b>		-	-	-	-	0.29	0.31	0.34	0.33
<b>GHG Emissions Intensity (tonnes CO<sub>2</sub>-e per thousand dollar of income)</b>		-	-	-	-	0.0037	0.0046	0.0044	0.01

<sup>8</sup> The emission factors are obtained from the EMSD Guidelines and NDRC Guidelines for the Hong Kong office and CD Shanghai respectively.

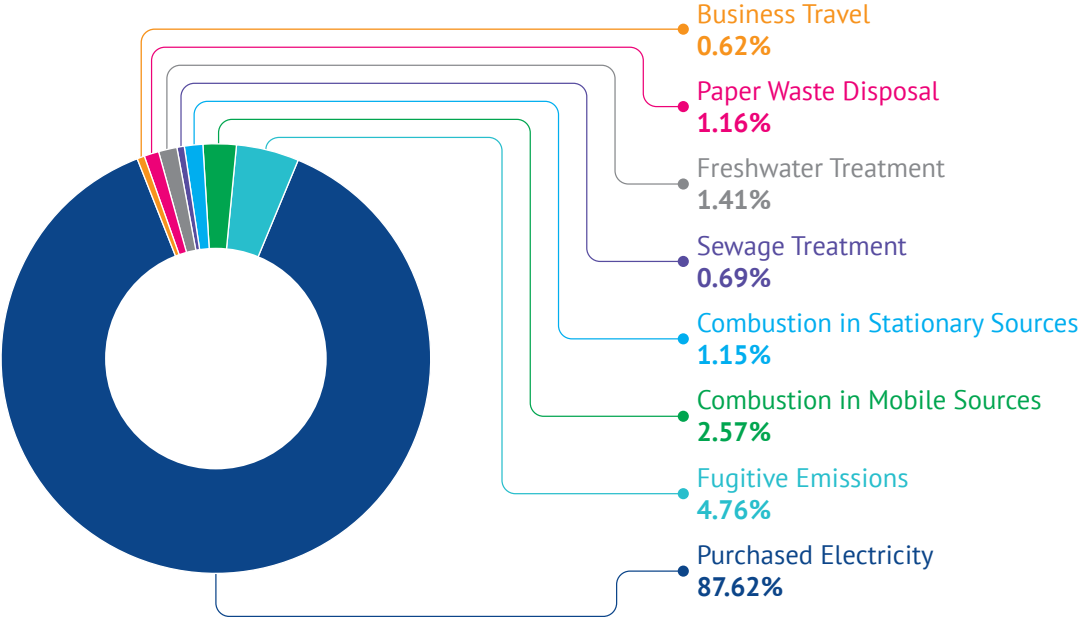
<sup>9</sup> Although refrigerant R-22 used in the refrigeration equipment is not within the six GHGs covered in the Kyoto Protocol, emissions from its leakage is included in the assessment to provide a true and fair account of GHG-related information

<sup>10</sup> The calculation of GHG emissions of purchased electricity for CD Shanghai is based on the China national average grid electricity GHG emission factor, obtained from "Greenhouse Gas Emission Accounting Method and Reporting Guidelines for Enterprises Power Generation Facilities 2021", while that of purchased electricity for the Hong Kong office is based on GHG emission factor from the CLP Sustainability Report 2021

<sup>11</sup> 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 2020/21, DSD Sustainability Report 2020/21 and EMSD Guidelines respectively

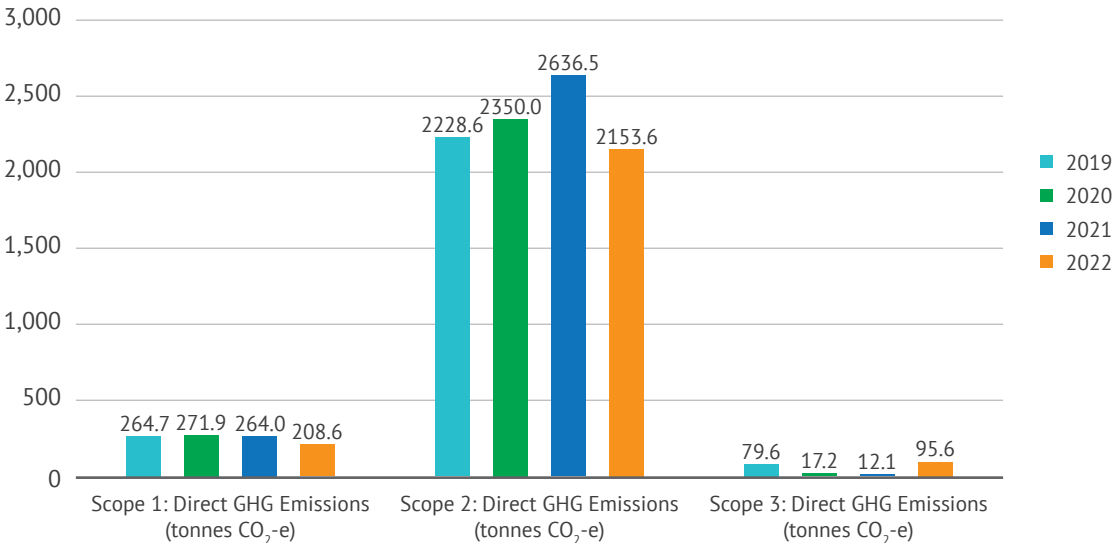
<sup>12</sup> Data on freshwater consumption, sewage and paper waste disposal to landfill are newly collected from CD Shanghai in FY2022

Greenhouse Gas Emission (by emission source)



In 2022, the total GHG emissions of CD Shanghai was approximately 2,394.9 tonnes CO<sub>2</sub>-e. Similar to past years, the primary source of GHG emissions was Scope 2 energy indirect emissions derived from purchased electricity, consisting of 88% of CD Shanghai’s emissions. For the Hong Kong Office, the total emissions was 63.0 tonnes CO<sub>2</sub>-e and the primary source of GHG emissions was Scope 2 energy indirect emissions, which made up 62% of the Hong Kong Office’s emissions. Total Scope 2 emissions from both CD Shanghai and the HK Office accounted for around 87% of total emissions, as illustrated in the above diagram.

GHG Emission Comparison with Previous Years (2019-2022)



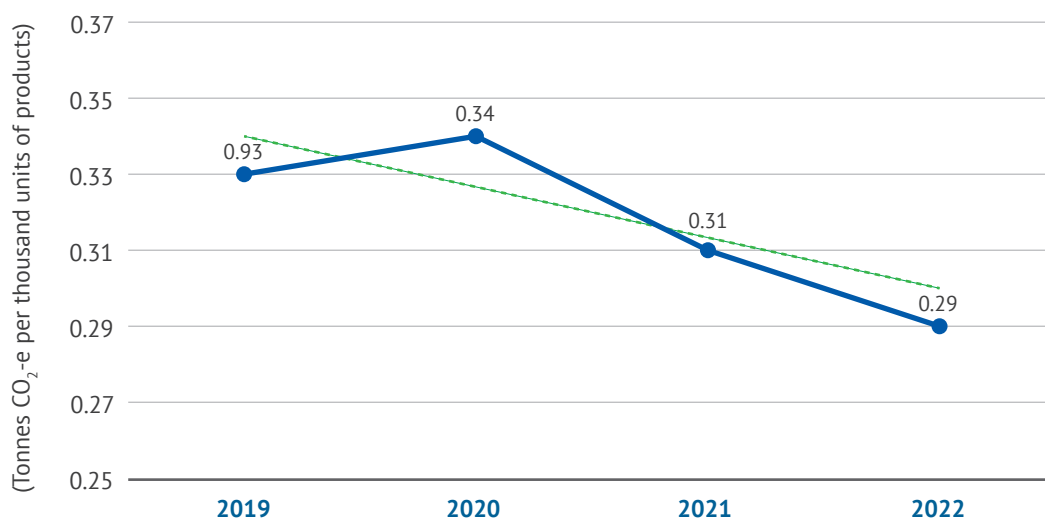
# Sustainability Report

There has been a 17% decrease in absolute emissions of CD Shanghai compared to FY2021. This can be attributed in the general decrease in energy consumption between FY2022 and FY2021, attributed to our conservation initiatives and periods of lockdowns of our facilities during COVID-19 outbreaks. Emissions from purchased electricity decreased 19% from FY2021 and emissions from fuel consumption for mobile vehicles also decreased by 59% from FY2021 due to COVID-19 arrangements reducing the need for travel as online meetings were preferred instead. Additionally, we note a 11% increase in fugitive emissions from refrigeration equipment even though our refrigerant inventory has remained the same from FY2021. This is attributed to an update in Global Warming Potential values of the refrigerants we utilise as stated in the IPCC's Sixth Assessment Report. We also managed to expand our data collection for CD Shanghai to include Scope 3 emissions from freshwater, sewage and paper waste disposal in FY2022.

For the Hong Kong Office, absolute GHG emissions remained around the same levels as compared to FY2021. We note an increase in emissions from business travel following re-opening of international borders and more frequent air travel post COVID-19. Emissions from business travel have tripled since FY2021 and while it only made up 6.2% of the Hong Kong Office's total emissions in FY2021, it now contributes 19% of its total emissions. Decreases in emissions from fuel combustion for mobile sources and electricity were observed for FY2022, stemming from the same reasons as CD Shanghai- overall energy conservation initiatives and period of facility lockdowns. Overall car usage decreased due to restrictions in cross-border travel between Hong Kong and Guangzhou.

In FY2021, CDW was unable to achieve its absolute target for CD Shanghai to reduce its absolute GHG emissions by 2% as compared to 2019 levels. However, it was able to achieve its target of reducing its GHG emissions intensity by 2% as compared to 2019 levels. To achieve the target in optimal direction, CD Shanghai's 2022 target for reduction of its absolute GHG emissions would be by 4.2% linear and for reduction of its GHG emissions intensity (in tonnes CO<sub>2</sub>-e per thousand dollars of income) would be by 4.2% linear. In FY2022, CD Shanghai was able to achieve a 17% reduction in absolute GHG emissions and 6% decrease in GHG emissions intensity as compared to FY2021. When compared to the FY2019's goal baseline levels in 2019, CD Shanghai was able to achieve a 2% decrease in absolute GHG emissions and 11% decrease in GHG emissions intensity. Although CD Shanghai has successfully achieved its reduction target set in 2019, we note that operations were not operating at full capacity in FY2022 due to facility lockdowns. We will continue to monitor our absolute emissions and GHG intensity going forward, and to maintain our GHG reduction goal set in 2019.

## GHG Emissions Intensity Comparison with Previous Years (2019-2022)



Considering the impacts that air pollutants have on the ecosystem and human health, CDW seeks to monitor the air emissions emitted from its business activities. During the reporting year, CDW did not produce, import, use or export any ozone-depleting substances in its operations. In the reporting year, air pollutants generated from the operations of Hong Kong and CD Shanghai were:

Type of air pollutant	Emissions (kg)					
	Hong Kong		CD Shanghai			
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2020	Year 2019
Nitrogen oxides (NOx)	1.11	2.65	188.99	594.80	617.60	654.50
Sulphur oxides (SOx)	0.02	0.04	8.43	18.40	19.20	17.80
Respirable suspended particles (RSP)	0.08	0.20	2.98	5.98	11.20	16.20

For FY2022, we note a decrease in air pollutants for both Hong Kong Office and CD Shanghai. This can be mainly attributed to the drop in fuel consumption for and distance travelled by mobile vehicles due to facility lockdowns and COVID-19 arrangements reducing the need for travel. We continue to monitor our emissions of air pollutants and to look into less pollutant emitting machinery and vehicles whenever appropriate.

## MATERIALS

### GRI 301: Materials 2016

#### *Management Approach*

Materials and resources play a significant part of our daily operations and overall business. We understand the value of our finite resources, and take steps to ensure all resources are used responsibly in order to achieve long-term sustainable development. CDW has always prioritised using renewable materials for our production and operations over non-renewable ones. Internally, our Hong Kong Green Office program also aims to educate and encourage our staff to reduce wastage and to properly dispose of waste in categorised recycling bins. We have set in place strict procedures to monitor the purchase and usage of all materials, as well as the proper disposal of any unwanted materials. Feedback from consumers regarding product our products and packaging guides us in making any changes to the materials and overall packaging. We seek to provide overall high quality and safe products to everyone.

#### *FY2022 Performance*

We do not report any significant misuse or mismanagement of materials this year. We note that there has been an increase in materials used from FY2021 to FY2022 due to increase in dimensions of one of our products, leading to increase in packaging material too. We continue to track overall material usage yearly and hope to explore ways to minimise packaging and materials needed, while continuing to ensure quality and safety of our products.

# Sustainability Report

	CD Shanghai			Total Category Weight (kg) FY2021	Total Category Weight (kg) FY2022
Raw materials	Non-renewable	Tapes	51,118.00	283,509	351,274
		Diaphragm	294,342.00		
		LED-FPC	5,814.10		
	Renewable	Sheet Metal	682,148.00	1,025,863	1,356,232
		Light Guide Plate	626,100.00		
		Plastic Frame	47,984.00		
Packaging materials	Non-renewable	N/A			
	Renewable	Plastic Tray	651,827.00	766,423	1,053,681
		Carton	317,087.00		
		Plastic Pallet	36,680.00		
		Wooden Pallet	48,087.00		

## STRATEGIC PROGRESS

### TARGETS OF OUR SUSTAINABILITY MATERIAL ISSUES

The table below outlines our updated short term<sup>13</sup> targets on the various sustainability material issues, including detailing our progress status on the FY2022 targets set last year:

Material Issue	Target(s) set for FY2022	Status of Progress	New Target(s) for FY2023
<b>Anti-corruption</b>	<p>CD Shanghai: Maintain a track record of zero confirmed incidents related to corruption</p> <p>HK Office: Join relevant seminars at least once a year and introduce some measures to existing employees</p>	Achieved. No corruption incidents. HK office joined several related webinars hosted by professional firms such as the PwC risk assurance seminar	<p>CD Shanghai: Maintain a track record of zero confirmed incidents related to corruption, bribery or unethical practices.</p> <p>HK Office: Join relevant seminars at least once a year and introduce some measures to existing employees</p>
<b>Anti-competition</b>	Maintain a track record of zero substantiated cases regarding anti-competition	Achieved. Confirmed as zero substantial cases.	Maintain a track record of zero substantiated cases regarding anti-competition
<b>Marketing and Labelling</b>	Maintain a track record of not more than three times of customer complaints each month in terms of product marketing and labelling	Achieved. Confirmed as zero substantial cases.	Maintain a track record of not more than three times of customer complaints each month in terms of product marketing and labelling

<sup>13</sup> We define short term as a one year time horizon



Material Issue	Target(s) set for FY2022	Status of Progress	New Target(s) for FY2023
<b>Customer Data Protection and Customer Privacy</b>	<p>CD Shanghai: Maintain a track record of zero incidents involving customer privacy</p> <p>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</p>	Achieved. No substantial complaints or incidents and administration department staff at HK Office attended a customer privacy seminar.	<p>CD Shanghai: Maintain a track record of zero incidents involving customer privacy</p> <p>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</p>
<b>Customer Health and Safety</b>	<p>CD Shanghai: Maintain a track record of not more than three times of customer complaints each month and work towards to zero customer complaints</p> <p>HK Office: Administration department staff members to attend customer health and safety related seminar</p>	In Progress. No incidents or complaints on customer health and safety. No appropriate seminar found for HK Office in 2022.	<p>CD Shanghai: Maintain a track record of not more than three times of customer complaints each month and work towards to zero customer complaints</p> <p>HK Office: Administration department staff members to attend customer health and safety related seminar</p>
<b>Child Labour</b>	Zero incident in employing underage workers, in full compliance with local laws and regulations	Achieved. Zero incidents of child labour.	Zero incident in employing underage workers, in full compliance with local laws and regulations
<b>Forced or Compulsory Labour</b>	<p>CD Shanghai: Maintain zero incidents of forced or compulsory labour</p> <p>HK Office: Actively address work-life balance of employees and do not encourage overtime work. If the employee needs to work overtime, it has to submit an application form for approval.</p>	Achieved. Zero incidents of forced labour. CDW is actively encouraging work-life balance of employees	<p>CD Shanghai: Maintain zero incidents of forced or compulsory labour</p> <p>HK Office: Actively address work-life balance of employees and do not encourage overtime work. If the employee needs to work overtime, it has to submit an application form for approval.</p>
<b>Employment System</b>	New material topic	N/A	Full compliance with local laws and regulations

# Sustainability Report

Material Issue	Target(s) set for FY2022	Status of Progress	New Target(s) for FY2023
<b>Labour/Management Relations</b>	<p>CD Shanghai:</p> <p>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</p> <p>b) Conduct regular employee satisfaction surveys</p> <p>HK Office: Look into preparing an employee satisfaction questionnaire</p>	<ul style="list-style-type: none"> <li>In progress. HK employee satisfaction questionnaire is in preparation stage</li> <li>A suggestion box has already been established to collect staff feedback</li> <li>CD Shanghai has conducted its FY2022 employee satisfaction questionnaire, with a 95% employee satisfaction rate</li> </ul>	<p>CD Shanghai:</p> <p>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</p> <p>b) Conduct regular employee satisfaction surveys and implement feedback raised during the survey</p> <p>HK Office: Look into preparing an employee satisfaction questionnaire</p>
<b>Occupational Health and Safety</b>	<p>CD Shanghai:</p> <p>a) Continue improving the occupational health and safety management system</p> <p>b) Provide training opportunities on occupational health and safety for employees</p> <p>HK Office:</p> <p>a) Participate in evacuation drills conducted by office building management; Increase the number of employees participating in the above evacuation drills.</p> <p>b) Actively address work-life balance of employees and do not encourage overtime work. If the employee needs to work overtime, it has to submit an application form for approval.</p>	<p>In Progress. No recordable significant workplace injuries or fatalities.</p> <p>Safety production certification maintained at CD Shanghai.</p> <p>Evacuation drill at HK Office rescheduled for 2023.</p> <p>Total number of overtime hours in FY2022 for HK Office decreased 8.8%.</p>	<p>CD Shanghai:</p> <p>a) Continue improving the occupational health and safety management system</p> <p>b) Provide training opportunities on occupational health and safety for employees</p> <p>HK Office:</p> <p>a) Conduct 2023 evacuation drills by office building management; Increase the number of employees participating in the above evacuation drills.</p> <p>b) Continue monitoring 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.</p>

Material Issue	Target(s) set for FY2022	Status of Progress	New Target(s) for FY2023
<b>Training and Development</b>	<p>HK Office:</p> <p>a) Join relevant seminars and introduce appropriate measures to existing employees.</p> <p>b) Sponsor the tuition fee to the employees to enhance their work-related skills and knowledge</p>	Achieved, employees have attended various training programs, of which the tuition fees are sponsored with Management's approval	<p>CD Shanghai: Continue developing annual training plan to provide continuous training to employees for their professional development</p> <p>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</p>
<b>Non-discrimination</b>	Zero incident, in full compliance with local laws and regulations	Achieved	Zero incident, in full compliance with local laws and regulations
<b>Diversity and Equal Opportunity</b>	Zero incident, in full compliance with local laws and regulations	Achieved	Zero incident, in full compliance with local laws and regulations
<b>Emissions</b>	<p>CD Shanghai's 2022 target for reduction of its absolute GHG emissions would be by 4.2% linear and for reduction of its GHG emissions intensity (in tonnes CO<sub>2</sub>-e per thousand dollars of income) would be by 4.2% linear</p>	<p>Achieved. 17% reduction in absolute GHG emissions and 6% decrease in GHG emissions intensity as compared to FY2021.</p> <p>Compared to baseline levels in 2019, CD Shanghai was able to achieve a 2% decrease in absolute GHG emissions and 11% decrease in GHG emissions intensity.</p>	<p>To continue monitoring absolute GHG emissions and GHG intensity in FY2023 where operations are not disrupted by facility lockdowns.</p> <p>Maintain target to reduce its absolute GHG emissions by 2% and for reduction of its GHG emissions intensity (in tonnes CO<sub>2</sub>-e per thousand dollars of income) would be by 2% (as compared to 2019 levels)</p>
<b>Materials</b>	CD Shanghai: Reduce non-renewable material usage	Not achieved. Increase in dimensions of products led to increase in packaging material	CD Shanghai: Continue to explore ways to reduce non-renewable material usage and ensure compliance with customer requirements

# Sustainability Report

## KEY SUSTAINABILITY FIGURES

HK Office		
	Number of Males	Number of Females
<b>Grade</b>	<b>Number of employees</b>	
Senior Management	6	1
Middle Management	10	7
Entry-level or General Staff	6	12
<b>Age</b>	<b>Number of employees</b>	
< 30	2	1
30-50	14	10
> 50	6	9
<b>Age</b>	<b>New Employee Hires</b>	
< 30	1	1
30-50	3	4
> 50	0	1
<b>New Employee Hire Rate<sup>14</sup></b>	24%	
<b>Age</b>	<b>Employee Turnover</b>	
< 30	0	3
30-50	3	4
> 50	2	1
<b>Grade</b>	<b>Total training hours</b>	
Senior Management	20	0
Middle Management	10	7
Entry-level or General Staff	6	12

CD Shanghai		
	Number of Males	Number of Females
<b>Grade</b>	<b>Number of employees</b>	
Senior Management	5	0
Middle Management	15	37
Entry-level or General Staff	36	406
<b>Age</b>	<b>Number of employees</b>	
< 30	3	54
30-50	34	371
> 50	19	18
<b>Age</b>	<b>New Employee Hires</b>	
< 30	0	94
30-50	2	92
> 50	4	1
<b>Turnover Rate<sup>15</sup></b>	63%	
<b>Age</b>	<b>Employee Turnover</b>	
< 30	3	119
30-50	0	186
> 50	3	5
<b>Grade</b>	<b>Total training hours</b>	
Senior Management	20	0
Middle Management	120	296
Entry-level or General Staff	432	4,872

<sup>14</sup> New Employee Hire Rate is calculated as follows: Total number of new employees/ Total number of employees in FY2022

<sup>15</sup> Turnover Rate is calculated as follows: Total number of employee turnover/ Total number of employees in FY2022

## 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		There are no restatements	
2-5	External assurance	PN7.6- 5	23	
2-6	Activities, value chain and other business relationships	PN7.6- 4.6	2-3, 22	
2-7	Employees		35, 50	
2-8	Workers who are not employees	Not applicable for entities covered in this report		
2-9	Governance structure and composition	PN7.6- 3.1	25, 61	
2-10	Nomination and selection of the highest governance body	PN7.6- 3.1	Corporate Governance Report, 63	
2-11	Chair of the highest governance body	PN7.6- 3.1	Corporate Governance Report, 63	
2-12	Role of the highest governance body in overseeing the management of impacts	PN7.6- 3.1	25	
2-13	Delegation of responsibility for managing impacts	PN7.6- 3.1	25	
2-14	Role of the highest governance body in sustainability reporting	PN7.6- 3.1	25	
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2-26	Mechanisms for seeking advice and raising concerns		Corporate Governance Report, 74	
2-27	Compliance with laws and regulations		32-33	
2-28	Membership associations		Not applicable	
2-29	Approach to stakeholder engagement	PN7.6- 3.6	27	
2-30	Collective bargaining agreements		36	
<b>GRI 3: Material Topics 2021</b>				
3-1	Process to determine material topics	PN7.6- 3.1	28-30	
3-2	List of material topics	LR711B-1a, PN7.6- 4.1a	31-32	
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<b>GRI 205: Anti-corruption 2016</b>				
3-3	Management approach disclosures	LR711B-1 b, PN7.6- 4.1c	32	
205-2	Communication and training about anti-corruption policies and procedures	PN7.6- 4.4	32-33	
205-3	Confirmed incidents of corruption and actions taken	PN7.6- 4.4	32-33	
<b>GRI 206: Anti-competitive Behaviour 2016</b>				
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206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	PN7.6- 4.4	32	

Index	GRI Disclosure	SGX	Page Number(s)	Remark(s)
<b>CATEGORY: ENVIRONMENT</b>				
<b>GRI 301: Materials 2016</b>				
3-3	Management of material topics	LR711B-1 b, PN7.6- 4.1c	45	
301-1	Materials used by weight or volume	PN7.6- 4.3	46	
<b>GRI 305: Emissions 2016</b>				
3-3	Management of material topics	LR711B-1 b, PN7.6- 4.1c	41	
305-1	Direct (Scope 1) GHG emissions	PN7.6- 4.3	42-44	
305-2	Energy indirect (Scope 2) GHG emissions	PN7.6- 4.3	42-44	
305-3	Other indirect (Scope 3) GHG emissions	PN7.6- 4.3	42-44	
305-4	GHG emissions intensity	PN7.6- 4.3	42-44	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		45	
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401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	PN7.6- 4.3	37	
<b>GRI 402: Labor/Management Relations 2016</b>				
3-3	Management of material topics	LR711B-1 b, PN7.6- 4.1c	36	
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<b>GRI 403: Occupational Health and Safety 2018</b>				
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403-2	Hazard identification, risk assessment, and incident investigation	PN7.6- 4.3	36-37	

# Sustainability Report

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403-9	Work-related injuries	PN7.6- 4.3	37	
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3-3	Management of material topics	LR711B-1 b, PN7.6- 4.1c	39	
404-1	Average hours of training per year per employee	PN7.6- 4.3	39-40	
404-2a	Type and scope of programs implemented, and assistance provided to upgrade employee skills	PN7.6- 4.3	39-40	
404-3	Percentage of employees receiving regular performance and career development reviews	PN7.6- 4.3	39-40	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>				
3-3	Management of material topics	LR711B-1 b, PN7.6- 4.1c	38	
405-1	Diversity of governance bodies and employees	PN7.6- 4.5	50	Key Sustainability Figures
405-2	Ratio of basic salary and remuneration of women to men	PN7.6- 4.5	38	
<b>GRI: 406 Non-discrimination 2016</b>				
3-3	Management of material topics	LR711B-1 b, PN7.6- 4.1c	39	
406-1	Incidents of discrimination and corrective actions taken	PN7.6- 4.3	39	
<b>GRI 408: Child Labour 2016</b>				
3-3	Management of material topics	LR711B-1 b, PN7.6- 4.1c	41	
408-1	Operations and suppliers at significant risk for incidents of child labour	PN7.6- 4.3	41	
<b>GRI 409: Forced or Compulsory Labour 2016</b>				
3-3	Management of material topics	LR711B-1 b, PN7.6- 4.1c	41	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	PN7.6- 4.3	41	



Index	GRI Disclosure	SGX	Page Number(s)	Remark(s)
<b>GRI 416: Customer Health and Safety</b>				
3-3	Management of material topics	LR711B-1 b, PN7.6- 4.1c	34	
416-1	Incidents of non-compliance concerning the health and safety impacts of products and services	PN7.6- 4.3	34	
<b>GRI 417: Marketing and Labelling 2016</b>				
3-3	Management of material topics	LR711B-1 b, PN7.6- 4.1c	33	
417-1	Requirements for product and service information and labelling	PN7.6- 4.3	33	
417-2	Incidents of non-compliance concerning product and service information and labelling	PN7.6- 4.3	33	
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<b>GRI 418: Customer Privacy 2016</b>				
3-3	Management of material topics	LR711B-1 b, PN7.6- 4.1c	34	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	PN7.6- 4.3	34	
<b>Others</b>				
	Climate Disclosures	LR711B-1 Aa, LR711B-2, PN7.6- 4b		CDW seeks to fully align our reporting with the TCFD recommendations in the near future, and is currently preparing our data for comprehensive TCFD disclosures
	Targets	LR711B-1 c, PN7.6- 4d	46-49	Refer to Strategic Progress section
	Sustainability Reporting Framework	LR711B-1 d, 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
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# Financial Contents

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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 2022 (“FY2022”) and as at the date of this CG Report are:

YOSHIKAWA Makoto	(Chairman, Executive Director and Chief Executive Officer)
KATO Tomonori	(Executive Director and Chief Operating Officer)
CHEUNG Chi Ming	(Executive Director and Chief Financial Officer – Appointed on 1 October 2022)
CHONG Pheng	(Lead Independent Non-Executive Director)
LAI Shi Hong, Edward	(Independent Non-Executive Director)
MITANI Masatoshi	(Independent Non-Executive Director)
CHIA Seng Hee	(Independent Non-Executive Director)

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

- i. playing an effective role in formulating the overall long-term strategic plans, performance objectives and direction for the Group, including appropriate focus on value creation, innovation and sustainability;
- ii. overall responsibility for corporate governance, with oversight on day-to-day operations of management and Management’s affairs;
- iii. approaching sustainability issues by considering and balancing the needs and interests of material stakeholders as part of its overall strategy to ensure that the best interests of the Company are served. The Company is committed to sustainability and incorporates the key principles of environmental and social responsibility, and corporate governance in setting its business strategies and operations. More details will be disclosed in the Company’s sustainability report for the financial year ended 31 December 2022 (“SR 2022”) which is set out on page 22 to page 55 of this Annual Report;
- iv. reviewing periodic financial reports to assess its financial performance and implementing policies for risk management, internal controls and compliance;

# Corporate Governance Report

- 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 timely manner, certain functions have been delegated to various Board Committees, which submit their recommendations or decisions to the Board. The Board Committees constituted by the Board, namely, Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC"), Risk Committee ("RIC") and Investment Committee (collectively, the "Board Committees"). Each Board Committee has been constituted with a clearly written terms of reference ("TOR") that has been approved by the Board. The TORs are reviewed on a regular basis to ensure continued relevance and consistency. The entire Board retains overall control even though it has established these Board Committees to support and to assist it in the discharge of its oversight function and the execution of its responsibilities. The effectiveness of each Board Committee is also reviewed by the Board annually.

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

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

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

KATO Tomonori (Chairman)  
YOSHIKAWA Makoto  
CHEUNG Chi Ming (Appointed on 1 October 2022)

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 FY2022 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 FY2022 is set out below:

	Board	AC	NC	RC	RIC	Annual General Meeting	Special General Meeting
Numbers of meetings held	7	5	3	1	4	1	1
<b>Names of Director</b>	<b>Numbers of meetings attended</b>						
YOSHIKAWA Makoto	7	–	–	–	–	1	1
KATO Tomonori	7	–	–	–	–	1	1
DY MO Hua Cheung, Philip (Note 1)	6	–	–	–	–	1	1
CHEUNG Chi Ming (Note 2)	1	–	–	–	–	–	–
LAI Shi Hong, Edward	7	5	3	–	4	1	1
CHONG Pheng	7	5	3	1	4	1	1
MITANI Masatoshi	7	5	3	1	–	1	1
CHIA Seng Hee	7	5	–	1	4	1	1

Notes:

1. DY MO Hua Cheung, Philip resigned as Executive Director and Chief Financial Officer on 30 September 2022.
2. CHEUNG Chi Ming was appointed as Executive Director and Chief Financial Officer on 1 October 2022.

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 FY2022, some of the external courses attended by the Directors include:-

- Environmental, Social & Governance Essentials - conducted by Singapore Institute of Directors
- Certificate in Sustainability for Directors – conducted by Institute of Singapore Chartered Accountants and SAC Capital
- Directors' Role and Duties – conducted by Rajah & Tann Singapore LLP
- ESG Assurance Reporting in HK - conducted by Hong Kong Institute of Certified Public Accountants

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- HKFRS 3 Business Combinations - conducted by Hong Kong Institute of Certified Public Accountants
- Limited Partnership Funds – A view from legal perspective - conducted by Hong Kong Institute of Certified Public Accountants
- Listing Qualifications in HK, Company Secretary role in IPO and change to CG Requirements - - conducted by Hong Kong Institute of Certified Public Accountants
- Preparing Annual Report with Ease - conducted by Hong Kong Institute of Certified Public Accountants
- Proper Management with emphasis on conducting directors and shareholders meetings - conducted by Hong Kong Institute of Certified Public Accountants
- Valuation for CB - conducted by Hong Kong Institute of Certified Public Accountants
- Understanding disclosure of interests - conducted by Hong Kong Institute of Certified Public Accountants
- How to Manage Insider Dealings? – conducted by The Hong Kong Chartered Governance Institute
- Webinar on “Business Diversify / Cultural Diversify” – conducted by The Association of Hong Kong Accountants
- Special Purpose Acquisition Company (SPAC) - conducted by CPA Australia
- Whistleblowing: Key compliance and Cultural Requisites – Practical Overview and Case Sharing - conducted by The Hong Kong Chartered Governance Institute
- Sanctions: Key Concepts & Sanctions Compliance - 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 CHEUNG Chi Ming has made arrangements to attend such training courses.

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.**

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

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

The NC also review the independence of each Independent Director annually with reference to the Code’s definition of what constitutes an Independent Director and any other salient factors. The Independent Directors, namely Messrs CHONG Pheng, LAI Shi Hong, Edward, MITANI Masatoshi, and CHIA Seng Hee, have confirmed that they and their family members do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors’ independent business judgement with a view to the best interest of the Company. The Independent Directors have also confirmed that they do not have any relationship with the Company or its related companies as set out under LR 210(5)(d)(i) and 210(5)(d)(ii) other than those as set out in the Directors’ Interests in Shares and Debentures in Directors’ Statement on page 88. 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 FY2022. 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.

Messrs MITANI Masatoshi, CHONG Pheng and LAI Shi Hong, Edward, having been Independent Directors for an aggregate period of more than 9 years. Pursuant to LR210(5)(d)(iv), they may continue to be Independent Directors until the conclusion of the next annual general meeting of the Company for the financial year ending 31 December 2023. In view of the LR 210(5)(d)(iv) which came into effect on 11 January 2023, the NC has taken the steps to renew its Board composition and will consider to engage the assistance of Council for Board Diversity, the SID, the relevant professional associations and external recruiting firm where appropriate, in search for candidates to be appointed as new independent directors in their place.

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 15 to page 18 of this Annual Report.

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The Board has adopted, with the recommendation of the NC, a Board Diversity Policy (“BDP”). In this connection, the NC will strive to identify a new Director for the Board with either legal, cybersecurity risk or sustainability knowledge and/or experience. In addition, NC will focus on identifying candidate where the Group has operations or investment in by 2025. The Board is of the view that gender is an important aspect of diversity and will source for a suitable female director within the next 5 years. 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 FY2022 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.**

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

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

The single leadership structure adopted by the Group is to ensure that the decision-making process of the Group would not be unnecessarily hindered, with such structure approved by the Board following rigorous and thorough consideration. The Board is satisfied that one person is able to effectively discharge the duties of both positions.

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

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

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



## Principle 4: Board Membership

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

Nominating Committee

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

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

- a) To review, assess and make recommendations to the Board on the appointment and re-appointment of Directors (including alternate directors, if applicable) including making recommendations on any changes to the composition of the Board or Board Committees generally;
- b) To regularly review and make recommendations to the Board on the structure, size and composition of the Board and Board Committees, having regard to the scope and nature of the operations, requirements of the business, diversity of skills, experience, gender and knowledge of the Company and the core competencies of the Directors as a group;
- c) To review, assess and recommend nominee(s) or candidate(s) for appointment or election as Directors to the Board having regard to their competencies, commitment, contribution, performance and independence;
- d) To conduct succession-planning, in particular, the appointment and/or replacement of the Chairman, the CEO and KMP;
- e) To determine annually if a Director is independent having regard to the circumstances set forth in the Listing Rules of the SGX-ST and the Code;
- f) To decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly where a Director has multiple board representations, and/or other principal commitments;
- g) To recommend to the Board guidelines to address any competing time commitments faced by Directors who serve on multiple boards and to determine the maximum number of listed company board representations to be held by each Director; and
- h) To review the training and professional development programs for the Board and its Directors.

The responsibilities of the NC are, among other things, to make recommendations to the Board on all Board selection, appointment and re-appointment and/or changes to the composition of the Board and Board Committees and oversee the Board and succession and leadership development plans of the KMP. The NC 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").

# Corporate Governance Report

The NC has reviewed and recommended the re-nomination and re-election of Messrs LAI Shi Hong, Edward and CHONG Pheng, following their retirement from office at the upcoming AGM pursuant to Bye-law 104. Pursuant to Bye-law 107(B), Mr CHEUNG Chi Ming will be retiring at the Company's forthcoming AGM and the NC has reviewed and recommended the re-election of Mr CHEUNG Chi Ming at the AGM.

The Board has accepted the recommendation of the NC. The Board's comments on the re-election of Messrs LAI Shi Hong, Edward, CHONG Pheng and Mr CHEUNG Chi Ming are provided in the "Supplemental Information on Re-election of Directors" section of this Annual Report as set out on page 79 to page 86.

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.

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 FY2022.

Key information regarding Directors as set out pursuant to Provision 4.5 of the Code is detailed on page 15 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. 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 is no external facilitator involved in the Board evaluation process in FY2022. When relevant and when the need arises, NC will consider such engagement.

## REMUNERATION MATTERS

### Principle 6: Procedures for Developing Remuneration Policies

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

### Principle 7: Level and Mix of Remuneration

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

Remuneration Committee

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

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

- a) Review and recommend to the Board a remuneration framework for the Board and KMP;
- b) Review and recommend to the Board the specific remuneration packages and terms of employment for each Director and each KMP in the Group;
- c) Carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors;
- d) Review the following:
  - (i) that no Director or KMP is involved in deciding his/her own remuneration;
  - (ii) that all aspects of remuneration, including termination terms are fair and avoiding rewarding any poor performance;
  - (iii) to review the Company's obligations arising from any termination of Executive Directors and KMP to ensure that their respective service contracts contain fair and reasonable termination clauses;
  - (iv) an appropriate level and structure of remuneration for the Board and all KMP; and
- (e) the remuneration packages of employees related to Executive Directors, CEO (if CEO is not a director) and substantial or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibility.

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

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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 FY2022. When relevant and when the need arises, RC will consider to engage an independent external firm.

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

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 FY2022 is set out below:

## DIRECTOR'S REMUNERATION

Name of Directors (Remuneration in SG\$)	Salary	Benefits- in-kind	Directors' Fees	Performance bonus	Share options
YOSHIKAWA Makoto (SG\$461,549)	92%	8%	-	-	-
DY MO Hua Cheung, Philip (Note 1) (SG\$264,249)	100%	-	-	-	-
CHEUNG Chi Ming (Note 2) (SG\$67,312)	80%	20%	-	-	-
KATO Tomonori (SG\$517,103)	97%	-	-	3%	-
CHONG Pheng (SG\$80,000)	-	-	100%	-	-
LAI Shi Hong, Edward (SG\$80,000)	-	-	100%	-	-
MITANI Masatoshi (SG\$70,000)	-	-	100%	-	-
CHIA Seng Hee (SG\$70,000)	-	-	100%	-	-

Notes:

1. DY MO Hua Cheung, Philip resigned as Executive Director and Chief Financial Officer on 30 September 2022.
2. CHEUNG Chi Ming was appointed as Executive Director and Chief Financial Officer on 1 October 2022.

# Corporate Governance Report

## 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
<b>SG\$500,000 to SG\$749,999</b>					
CHAN Kam Wah	58%	9%	–	33%	–
<b>Below SG\$250,000</b>					
SHINJO Kunihiro	100%	–	–	–	–
OCHI Shinichi	100%	–	–	–	–
YAMADA Tomokazu	86%	14%	–	–	–
WATANABE Katsuhiko	85%	10%	–	5%	–
KONO Isao	98%	2%	–	–	–
IMAI Junya	100%	–	–	–	–

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 FY2022 was approximately SG\$1,620,000.

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

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

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

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

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

There were no employees who are immediate family members of the Directors, the CEO, and whose remuneration exceeded SG\$100,000 during FY2022.

## 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 152 to page 154 of this annual report. No shares options and performance shares have been granted during FY2022.

## ACCOUNTABILITY AND AUDIT

### Principle 9: Risk Management and Internal Controls

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

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

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

Given that the AC reports directly to the Board, the Board has an oversight of the risk framework and system of internal controls in FY2022. RIC, as part of the efforts to strengthen its risk management processes and framework in overseeing the Company’s risk assessment of potential investments, is to determine the type and level of business risks that the Company undertakes on an integrated basis to achieve its strategic objectives and value creation and to manage risks via the frameworks and policies in place that are consistent with the Company’s risk appetite. RIC acts as a progressive step to minimise risks and loss attributable to the proposed or potential investments. As at the date of this report, members of the RIC are Mr CHONG Pheng (Chairman of the RIC), Mr LAI Shi Hong, Edward and Mr CHIA Seng Hee. All members of the RIC are Independent Directors.

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

# Corporate Governance Report

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 FY2022, the Board was promptly informed of the Company's Covid-19 business continuity plan which was implemented to ensure appropriate systems and procedures within the Group to specifically address the impact of the pandemic on business operational risks. Management closely monitored developments on the Covid-19 situation within the Group and coordinated the escalation of information regarding any impact and mitigation measures to the RIC and the Board.

The Company has two wholly-owned subsidiaries located in Shanghai namely Crystal Display Component (Shanghai) Co., Limited ("**SHCD**") and Tomoike Precision Machinery (Shanghai) Co., Limited ("**SHTP**") respectively. They were affected by the Shanghai Municipal Government's COVID-19 lockdown (the "**Shanghai Lockdown**"), which commenced on 1 April 2022. Management took the necessary measures to mitigate the risk in accordance with government regulations by arranging necessary workers for "close loop" manufacturing, and also adopt subcontracting for logistic and part of the manufacturing works.

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

In FY2022, 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 FY2022 on the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and written assurances from the CEO and other KMP were also received on the Group's risk management and internal controls systems are adequate and effective.

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

The Board and the AC 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.

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

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

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

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

- a) Review the audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions taken by Management on the recommendations and observations;
- b) Review the assistance given by Management to the external auditors and internal auditors;
- c) Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company’s financial performance;
- d) Determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation;
- e) Review and report to the Board at least annually, the adequacy and effectiveness of the Company’s risk management and internal control systems and provide concurrence to the Board’s comments on the adequacy and effectiveness of the same (including financial, operational, compliance and information technology controls) in the Company’s Annual Report;
- f) Review the assurance from the CEO and the CFO on the financial records and financial statements;
- g) Review the audited financial statements of the Company and consolidated financial statements before approval by the Board;
- h) Approve the hiring, removal, evaluation and compensation of the Head of the Internal Audit function, or accounting/auditing firm or corporation if the internal audit function is outsourced. The AC shall ensure that internal audit function has unfettered access to all the Company’s documents, records, properties and personnel, including the AC, and has appropriate standing within the Company;
- i) Make recommendations to the Board on proposals to Shareholders on the appointment and removal of the external auditors and the remuneration and terms of engagement of the external auditors;
- j) Review annually the adequacy, effectiveness, independence, scope and results of the external audit and the Company’s internal audit function;

# Corporate Governance Report

- k) Review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- l) Review the quarterly/half-year and annual financial statements to ensure integrity of the said financial statements before submission to the Board for approval, focusing in particular, on:
  - (i) significant financial reporting issues and judgements;
  - (ii) changes in accounting policies and practices;
  - (iii) major risk areas;
  - (iv) significant adjustments resulting from the audit;
  - (v) the going concern statement;
  - (vi) compliance with accounting standards;
  - (vii) compliance with stock exchange and statutory/regulatory requirements;
- m) Review any significant issues to ensure integrity of any announcements relating to the Company's financial performance;
- n) To discuss problems and concerns, if any, arising from the quarterly/half-year and final audits, in consultation with the internal auditors and in the case of final audits only, in consultation with the external auditors as well, where necessary;
- o) To meet with the external auditors and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have;
- p) To review annually the scope and results of the external audit and its cost effectiveness as well as the independence and objectivity of the external auditors;
- q) Where the auditors also provide non-audit services to the Company, the AC has to review the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be affected;
- r) To review the internal audit programme and the adequacy and effectiveness of the Company's internal audit function, as well as to ensure co-ordination between the internal and external auditors and Management;
- s) To oversee and advise the Board in formulating its risks policies to effectively identify and manage the Company's current (and future) risks in its financial, operational, compliance and information technology systems and all strategic transactions to be undertaken by the Company;
- t) To oversee Management in the design and implementation of the overall risk management systems and internal control systems (including financial, operational, compliance and information technology controls);
- u) To review the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls) and to report to the Board annually;
- v) To review the scope and results of the internal audit procedures including the effectiveness of the internal audit function and ensure that the internal audit function is adequately resourced and has appropriate standing within the company;
- w) To report to the Board its findings from time to time on matters arising and requiring the attention of the Committee;

- x) To review interested person transactions (IPTs) falling within the scope of the Listing Rule of the SGX-ST;
- y) To approve the hiring, removal, evaluation and compensation of the internal audit function; and
- z) To undertake such other functions and duties as may be required by statute or the LR of the SGX-ST, and by such amendments made thereto from time to time.

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

The AC meets at least quarterly during FY2022 and also holds informal meetings and discussions with Management from time to time. The AC has full discretion to invite any Director or executive officer to attend its meetings. The external auditor was also present at the relevant junctures. In its review of the audited financial statements for FY2022, the AC discussed with Management and external auditors the audit work performed and accounting principles applied. The following significant matters impacting the financial statements were discussed with Management and external auditors and were reviewed by the AC:

Significant matters	How the AC reviewed these matters and what decisions were made
Accounting for business combination achieved in stages	The AC considered the approach and methodology applied to the accounting for business combination achieved in stages. It reviewed the reasonableness of the gain on deemed disposal of an associate and also the goodwill arising from business combination achieved in stages. The external auditors have included this item as a key audit matter in its audit report for FY2022. Please refer to pages 94 to 95 of this Annual Report.
Impairment assessment of goodwill	The AC 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 its audit report for FY2022. Please refer to page 96 of this Annual Report.
Impairment assessment of trade receivables	The AC considered the approach and methodology applied to the impairment assessment of trade receivables when indicators of impairment are identified. It reviewed ageing of the trade receivables, historical collection patterns, existence of any disputes, trading history with customers and other available information concerning the creditworthiness of customers. The impairment assessment of trade receivables was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2022. Please refer to page 97 of this Annual Report.

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

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 subsidiaries are audited by RSM. The Group is in compliance with Rule 712 and Rule 715 of LR.

# Corporate Governance Report

The AC has reviewed, amongst others, the independence of the external auditor, the standard of work, the quantum of fees for its non-audit services provided to the Group and the external auditor's confirmation of its independence. The AC has reviewed the volume of non-audit services to the Group by the external auditors and is satisfied that the nature and extent of such services not prejudice the independence and objectivity of the external auditors. The aggregate amount of fees for audit and non-audit fees paid to external auditors for FY2022 can be referred to page 149 of this Annual Report. Taking into consideration the foregoing, AC is pleased to recommend the re-appointment of the external auditors for the financial year ending 31 December 2023.

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

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

## **Whistle-Blowing Framework**

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

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

## **Internal Audit**

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

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

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

In 2011, the Company engaged an external qualified professional, Protiviti Hong Kong Co., Limited (“Protiviti”) under the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, to perform an external quality assessment (“EQA”) of its internal audit function at least once (1) in every five (5) years and to make recommendations in formulating the risk based internal audit approach and strategy to cover all high risk areas. In this regard, the AC had recommended to the Board and Management to adopt and implement its recommendations. Consequently, the internal audit team worked with the Management to implement the recommendations to the satisfaction of AC. Based on the aforementioned review of the internal audit function, subsequent follow up on recommendations and review of the internal audit scope of work and reports, the AC is satisfied that the internal audit function is effective, adequately resourced and has appropriate standing within the Group. Pursuant to Rule 1207(10C), the AC had assessed and is satisfied with the adequacy, effectiveness independence, scope and results of the Company’s internal audit function. 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 FY2022, the IA performed reviews on the areas of management system, sales plan, sales activity management, employee management, account receivable management, budget management, transport and delivery management.

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

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Principle 11: Shareholder Rights and Conduct of General Meetings

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

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

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

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

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

# Corporate Governance 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.

In light of the Covid-19 pandemic, the Company's FY2021 AGM had been convened and held by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 Temporary Act 2020"). Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of AGM, addressing of substantial and relevant questions at or prior to the AGM, will be put in place for the forthcoming AGM of the Company.

The minutes of such general meetings is prepared by the Company Secretary and approved by the Chairman. In compliance with the "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation" issued by SGX-ST, the minutes of the AGM since FY2021 have been published on the SGXNet and its Company website within one (1) month from the date of AGM.

The Company currently does not have a formal or fixed policy on the payment of dividends. The Company is of the view that a fixed dividend policy can hinder the long-term growth strategy of the Group. The form, frequency and amount of dividends declared each year will take into consideration the Group's performance in the relevant financial period, cash position, projected capital requirements, working capital requirements and others factors as the Board may deem appropriate. As mentioned by the Chairman in his message, we intend to declare and distribute dividends of 0.7 US cents per ordinary share as final dividend for FY2022 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 ([pchong@zhongxing.sg](mailto:pchong@zhongxing.sg)).

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 responds 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 27 to page 31 of this Annual Report.

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

## MATERIAL CONTRACTS

Save for the service agreements between the Executive Directors and the Company, there are no material contracts of the Company or its subsidiaries involving the interest of the CEO or any Directors or controlling Shareholders subsisting at the end of FY2022 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.

# Corporate Governance Report

## INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are on an arm's length basis and on normal commercial terms which 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)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SG\$100,000)
		US\$'000	US\$'000
A Biotech Co., Limited - Interest on financial assistance	Associate of controlling shareholder (ceased to be an associate and became a subsidiary on 6 April 2022)	45	-
Mr YOSHIMI Kunikazu - Payment of advisory fee	Controlling shareholder	57	-
Mr YOSHIMI Koichi - Interest on outstanding consideration of disposal of 280,000 shares of A Biotech Co., Limited  - Consideration of acquisition of 200,000 shares of A Biotech Co., Limited	Associate of controlling shareholder	13  1,517	-  -
<b>Total</b>		1,530	-



## Supplemental Information on Re-election of Directors

Pursuant to Listing Rule 720(6)

Name of Director	LAI Shi Hong Edward	CHONG Pheng	CHEUNG Chi Ming
Date of first appointment as a Director	5 August 2004	31 May 2011	1 October 2022
Date of last re-appointment/re-election as a Director	30 June 2020	30 April 2019	N/A
Age	58	57	44
Country of principal residence	Hong Kong	Singapore	Hong Kong
The Board's comments on the re-election	<p>Mr Lai Shi Hong, Edward is the Chairman of the Audit Committee and has continued to discharge his duties well and continued to positively contribute to the Group. He is instrumental in assisting the Board to achieve and maintain effective corporate governance.</p> <p>The Board of Directors of the Company (save for Mr Lai 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 Lai for re-election as Non-Executive and Independent Director.</p>	<p>Mr Chong Pheng is the Lead Independent Director and has continued to discharge his duties well and continued to positively contribute to the Group. He is instrumental in assisting the Board to achieve and maintain effective corporate governance and also serves as an independent channel available to shareholders where they have concerns for which contact through normal channels of the Chairman, Chief Executive Officer or Chief Financial Officer may be inappropriate.</p> <p>The Board of Directors of the Company (save for Mr Chong 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 Chong for re-election as Non-Executive and Independent Director.</p>	<p>Mr Cheung Chi Ming is Executive Director and Chief Financial Officer and is instrumental for the overall management of the Group's financial, management reporting, treasury and compliance functions and processes.</p> <p>The Board of Directors of the Company (save for Mr Cheung 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 Cheung for re-election as Executive Director.</p>

## Supplemental Information on Re-election of Directors

Pursuant to Listing Rule 720(6)

Name of Director	LAI Shi Hong Edward	CHONG Pheng	CHEUNG Chi Ming
Whether appointment is executive and if so, the area of responsibility	Non-executive	Non-executive	Executive. Mr Cheung is the Executive Director and Chief Financial Officer of the Company and he oversees the overall management of the Group's financial and management reporting, budgeting, treasury, internal control, auditing functions and accounting and compliance processes.
Job title	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Audit Committee (Chairman)</li> <li>Nominating Committee (Member)</li> <li>Risk Committee (Member)</li> </ul>	<ul style="list-style-type: none"> <li>Lead Independent Director</li> <li>Risk Committee (Chairman)</li> <li>Nominating Committee (Member)</li> <li>Audit Committee (Member)</li> <li>Remuneration Committee (Member)</li> </ul>	<ul style="list-style-type: none"> <li>Executive Director and Chief Financial Officer</li> <li>Investment Committee (Member)</li> </ul>
Professional qualifications	<ul style="list-style-type: none"> <li>Bachelor of Arts, University of Hong Kong</li> <li>Master of Science Degree in Corporate Governance and Directorship, Hong Kong Baptist University</li> <li>Fellow of the Hong Kong Institute of Certified Public Accountants</li> <li>Fellow of the Institute of Chartered Accountants in England and Wales</li> <li>Fellow of the Association of Chartered Certified Accountants</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor of Electronic and Electrical Engineering (First Class Honours), National Defense Academy, Japan</li> <li>Master of Science Degree in Defense Technology (Electronics), Cranfield University (Royal Military College of Science), England</li> <li>Graduate Diploma in the Organisation Learning, Civil Service College</li> </ul>	<ul style="list-style-type: none"> <li>Fellow member of the Association of Chartered Certified Accountants</li> <li>Associate member of The Hong Kong Chartered Governance Institute</li> <li>Associate member of The Chartered Governance Institute</li> <li>Master of Corporate Governance, The Hong Kong Polytechnic University</li> </ul>

## Supplemental Information on Re-election of Directors

Pursuant to Listing Rule 720(6)

Name of Director	LAI Shi Hong Edward	CHONG Pheng	CHEUNG Chi Ming
Working experience and occupation(s) during the past 10 years	<p>Mr Lai has more than 32 years of experience in finance and business management, and he is currently the chief financial officer and the company secretary of Wuling Motors Holdings Limited, a main-board listed company in Hong Kong. Mr Lai was re-designated from the Company's executive director to a non-executive director in October 2011.</p> <ul style="list-style-type: none"> <li>• Director, Liuzhou Wuling Motors Industrial Company Limited (From 2007 to Present)</li> <li>• Director, Xing Hua (Hong Kong) CPAs Limited (From 2011 to Present)</li> <li>• Director, Xing Hua Consulting Services Limited (From 2011 to Present)</li> </ul>	<ul style="list-style-type: none"> <li>• Director, Zhong Xing Venture Pte Ltd (From 2007 to Present)</li> <li>• Director, Blue Forest Echo Pte Ltd. (From 2007 to Present)</li> <li>• Independent non-executive Director, CMON Ltd., a listed company on GEM of the Stock Exchange of Hong Kong Limited (From Nov 2016 to Present)</li> <li>• Director, Wellness Pte Ltd (From Mar 2019 to Present)</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Controller, Tomoike Industrial (H.K.) Limited (From Aug 2022 to Present)</li> <li>• Financial Controller, OVM International Development Company Limited (From Oct 2018 to Jul 2022)</li> <li>• Assistant General Manager, Financial Controller, Hong Kong OVM Engineering Company Limited (From Jun 2014 to Sep 2018)</li> <li>• Assistant Financial Controller, Wuling Motors Holdings Limited (From Oct 2008 to Jun 2014)</li> </ul>
Shareholding interest in the Company and its subsidiaries	<ul style="list-style-type: none"> <li>• 300,000 ordinary shares of the Company</li> <li>• 250,000 share options to subscribe for the Company's ordinary shares</li> </ul>	<ul style="list-style-type: none"> <li>• 250,000 share options to subscribe for the Company's ordinary shares</li> </ul>	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

## Supplemental Information on Re-election of Directors

Pursuant to Listing Rule 720(6)

Name of Director	LAI Shi Hong Edward	CHONG Pheng	CHEUNG Chi Ming
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes
Other principal commitments (including directorships) – Present	<ul style="list-style-type: none"> <li>• Director, Liuzhou Wuling Motors Industrial Company Limited</li> <li>• Director, Xing Hua (Hong Kong) CPAs Limited</li> <li>• Director, Xing Hua Consulting Services Limited</li> <li>• Director, Dragon Hill Development (Hong Kong) Limited</li> <li>• Director, DH Corporate Services Limited</li> <li>• Director, Dragon Hill (HK) Limited</li> <li>• Director, Tech Rhino International Limited</li> <li>• Director, Supreme Leader International Limited</li> <li>• Director, King Power Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Director and Owner, Blue Forest Echo Pte Ltd.</li> <li>• Director, Zhong Xing Venture Pte Ltd.</li> <li>• Director, Share Taxi Pte Ltd.</li> <li>• Independent nonexecutive Director, CMON Ltd., a listed company on Mainboard of the Stock Exchange of Hong Kong Ltd.</li> <li>• Director, Wellness Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Independent and Non-Executive Director, Chairman of Audit Committee and Remuneration Committee, Chinese People Holdings Co., Ltd.</li> <li>• Director, CM Consultancy Company Limited</li> <li>• Director, Bennett Management Group Limited</li> <li>• Director, Guo Fu Enterprises Limited</li> <li>• Director, Central Mark Hong Kong Investment Limited</li> <li>• Director, Foshan Nanhai Used Motor Vehicle Trading Centre Co., Ltd.</li> </ul>
Other principal commitments (including directorships) – Past, for the last 5 years	No	No	<ul style="list-style-type: none"> <li>• Independent Non-Executive Director, Chairman of Audit Committee, Mingyuan Medicare Development Company Limited (Jul 2017 to Jan 2020)</li> </ul>

## Supplemental Information on Re-election of Directors

Pursuant to Listing Rule 720(6)

Name of Director	LAI Shi Hong Edward	CHONG Pheng	CHEUNG Chi Ming
<b>Disclosure on the following matters concerning the Director</b>			
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	LAI Shi Hong Edward	CHONG Pheng	CHEUNG Chi Ming
<p>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?</p>	No	No	No
<p>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?</p>	No	No	No
<p>f. Whether at any time during the last 10 years, judgement 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?</p>	No	No	No

## Supplemental Information on Re-election of Directors

Pursuant to Listing Rule 720(6)

Name of Director	LAI Shi Hong Edward	CHONG Pheng	CHEUNG Chi Ming
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
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

## Supplemental Information on Re-election of Directors

Pursuant to Listing Rule 720(6)

Name of Director	LAI Shi Hong Edward	CHONG Pheng	CHEUNG Chi Ming
(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
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,  in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No



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 2022.

## 1. Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors

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

YOSHIKAWA Makoto	(Chairman, Executive Director and Chief Executive Officer)
KATO Tomonori	(Executive Director and Chief Operating Officer)
CHEUNG Chi Ming	(Executive Director and Chief Financial Officer)
CHONG Pheng	(Lead Independent Non-Executive Director)
LAI Shi Hong, Edward	(Independent Non-Executive Director)
MITANI Masatoshi	(Independent Non-Executive Director)
CHIA Seng Hee	(Independent Non-Executive Director)

In accordance with Bye-Laws 104 of the bye-laws of the Company, CHONG Pheng and LAI Shi Hong, Edward retire and, being eligible, offer themselves for re-election. In accordance with Bye-Laws 107(B) of the bye-laws of the Company, CHEUNG Chi Ming retire, and being eligible 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.

# Directors' Statement

## 4. Directors' Interests in Shares and Debentures

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

Name of directors and companies in which interests are held	Direct interests		Deemed interests	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<b>The Company</b>				
Ordinary shares of US\$0.04 each				
YOSHIKAWA Makoto	500,000	500,000	-	-
LAI Shi Hong, Edward	300,000	300,000	-	-
CHIA Seng Hee	500	500	-	-

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2023.

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 2022, 2,000,000 share options were exercised and no share options lapsed or were cancelled. The number of outstanding share options as at 31 December 2022 was 4,250,000 with exercise price of SG\$0.14 (31 December 2021: 6,250,000 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, CHONG Pheng, LAI Shi Hong, Edward and MITANI Masatoshi.

### *Unissued shares under options and options exercised*

The number of shares available under the Share Option Scheme and the Performance Scheme (as defined below) shall not exceed 15% of the issued share capital of the Company. There were no share options granted or exercised during the period from 1 January to 31 December 2022 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 2022	Cancelled/ Lapsed	Granted	Exercised	Balance at 31 December 2022	Exercise price per share	Exercisable period
Share Option Scheme							
21 August 2019	6,250,000	-	-	2,000,000	4,250,000	SG\$0.140	21 August 2021 to 20 August 2024

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

# Directors’ Statement

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:

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

## 7. Share Performance

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

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

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

During the year ended 31 December 2022, no Award was granted and no share was issued under the Performance Scheme.

## 8. Audit Committee (“AC”)

The AC of the Company is chaired by LAI Shi Hong, Edward, an independent director, and includes CHONG Pheng, MITANI Masatoshi and CHIA Seng Hee, all of whom are independent directors. The AC has met 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 auditor’s report on those financial statements;
- (d) the half yearly and annual announcements as well as the related press releases on the results and the financial position of the Group and the financial position of the Company;
- (e) the interested person transactions (as defined in chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual);
- (f) the co-operation and assistance given by the management to the Group’s external and internal auditors; and
- (g) the re-appointment of the external auditor of the Group.

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

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

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

# Directors' Statement

## 9. Auditors

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

On behalf of the Board of Directors

YOSHIKAWA Makoto  
Chairman and Chief Executive Officer

CHEUNG Chi Ming  
Executive Director and Chief Financial Officer

6 April 2023

# Independent Auditor's Report



RSM Chio Lim 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

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

## Opinion

We have audited the consolidated financial statements of CDW Holding Limited (the “Company”) and its subsidiaries (collectively, the “Group”) set out on pages 100 to 180, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (“IFRSs”).

## Basis for Opinion

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

## Key Audit Matters

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

1. Accounting for business combination achieved in stages
2. Impairment assessment of goodwill
3. Impairment assessment of trade receivables

# Independent Auditor's Report

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
Accounting for business combination achieved in stages	
<p>Refer to notes 38 and 39 to the consolidated financial statements.</p> <p>On 6 April 2022, the Group acquired additional shares in A Biotech Co., Ltd. ("ABio"), the then 48.46% owned associate, and has obtained control over ABio. ABio ceased to be an associate and has been accounted for as a subsidiary of the Company since then.</p> <p>(a) Gain on deemed disposal of an associate</p> <p>The Group's 48.46% equity interests in ABio were re-measured based on the fair value of its shares of ABio on 6 April 2022 amounting to approximately US\$11,035,000. As a result, a gain on deemed disposal of an associate of approximately US\$10,315,000 was recognised in profit or loss during the year ended 31 December 2022.</p> <p>We identified the gain on deemed disposal of an associate as a key audit matter due to the degree of complexity involved in valuing the fair value of shares of ABio, the judgements and estimations required in establishing the valuation techniques and the key inputs thereof, combining with the significance of this balance to the consolidated financial statements as a whole.</p> <p>Management engaged a firm of qualified external valuers to assist in the determination of the fair value of the shares of ABio on 6 April 2022.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>● Assessing the risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity;</li> <li>● Understanding and evaluating key internal controls over the Group's valuation process for the 48.46% equity interests in ABio;</li> <li>● Obtaining and examining the valuation report prepared by the external valuer engaged by the Group;</li> <li>● Assessing the competency, capabilities and objectivity of the external independent valuers engaged by management;</li> <li>● With the assistance of our in-house valuation specialists: <ul style="list-style-type: none"> <li>(i) assessing whether the valuation methodologies adopted by management were appropriate; and</li> <li>(ii) testing the evidence supporting the unobservable inputs utilised in the fair value measurement.</li> </ul> </li> <li>● Assessing the appropriateness of the accounting treatments and compliance with disclosure requirements in accordance with the requirements in IFRS 3 Business Combination.</li> </ul>



# Independent Auditor's Report

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
Accounting for business combination achieved in stages (continued)	
<p>(b) Goodwill arising from business combination achieved in stages</p> <p>The aforesaid business combination achieved in stages also has given rise to a goodwill of approximately US\$14,410,000.</p> <p>Management engaged a firm of qualified external valuers to assist in identifying intangible assets and to perform the valuations of the identified assets and liabilities of ABio at date of acquisition, and based on which, management performed a purchase price allocation exercise for the acquisition.</p> <p>Significant judgements and estimates were involved in the fair value assessment of the identified other intangible assets and the recognition of goodwill arising from the business combination. These significant judgements and estimates include the adoption of appropriate valuation methodologies and the use of key assumptions in the valuation, which are subject to a high degree of estimation uncertainty. The inherent risk in relation to the purchase price allocation for business combination is considered significant due to uncertainty of significant assumptions used.</p> <p>We focused on this area because the magnitude of the identified goodwill recognised arising from the business combination, and the significant judgements and estimates involved in the fair value assessment of the identified other intangible assets and the recognition of goodwill arising from the business combinations.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding and evaluating of management's internal control and fair value assessment process of assets acquired and liabilities assumed at acquisition date and assessed the inherent risk of material misstatement by considering the degree of complexity and subjectivity involved;</li> <li>• Assessing the appropriateness of the accounting treatments in accordance with the requirements of IFRS 3 by reviewing the key terms of the acquisition agreements and other relevant documents;</li> <li>• Obtaining and examining the valuation report in relation to the purchase price allocation for the acquisition prepared by the external valuers engaged by the Group;</li> <li>• Assessing the competency, capabilities and objectivity of the external independent valuers engaged by management; and</li> <li>• With the assistance of our in-house valuation specialists: <ul style="list-style-type: none"> <li>(i) assessing whether the valuation methodologies adopted by management were appropriate; and</li> <li>(ii) testing the evidence supporting the unobservable inputs utilised in the fair value measurements.</li> </ul> </li> </ul>

# Independent Auditor's Report

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	
<p>Refer to Note 28 to the consolidated financial statements.</p> <p>As at 31 December 2022, the carrying amount of goodwill amounted to approximately US\$14,410,000 which was arisen from the business combination of ABio.</p> <p>Management engaged a firm of qualified external valuers to assist in the impairment assessment of goodwill. Based on the assessment, there is no impairment of goodwill as at 31 December 2022.</p> <p>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(z). The recoverable amount of CGU has been determined based on the higher of their fair value less costs to sell and their value in use amounts.</p> <p>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.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>● 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;</li> <li>● Obtaining and examining the valuation report in relation to the goodwill impairment assessment of ABio prepared by the external valuers engaged by the Group;</li> <li>● Assessing the competency, capabilities and objectivity of the external independent valuers engaged by management; and</li> <li>● With the assistance of our in-house valuation specialists: <ul style="list-style-type: none"> <li>(i) assessing the appropriateness of the valuation methodologies used by management based on our industry knowledge and relevant market practice; and</li> <li>(ii) testing the evidence supporting the assumptions and inputs utilised in the calculation of the recoverable amount of the CGUs to which goodwill has been allocated.</li> </ul> </li> </ul>

# Independent Auditor's Report

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 trade receivables	
<p>Refer to Notes 6(c) and 25 to the consolidated financial statements.</p> <p>The carrying amount of the Group's net trade receivables was US\$34,444,000 at 31 December 2022.</p> <p>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.</p> <p>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. Reversal of impairment losses of US\$86,000 was recognised during the year.</p> <p>Management engaged a firm of qualified external valuers to assist in the impairment assessments of trade receivables.</p> <p>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.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>● Assessing the risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity;</li> <li>● Understanding and evaluating key internal controls over the Group's process for determining impairment of trade receivables;</li> <li>● Obtaining and examining the ECL assessment report for trade receivables prepared by the external valuers engaged by the Group;</li> <li>● Assessing the external valuers' qualifications, experience and expertise, and considering their objectivity and independence;</li> <li>● Assessing whether trade receivables was appropriately grouped by management into categories with shared credit risk characteristics;</li> <li>● 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;</li> <li>● Testing, on a sample basis, the accuracy of the ageing of trade receivables to supporting documents; and</li> <li>● With the assistance of our in-house valuation specialists: <ul style="list-style-type: none"> <li>(i) assessing the appropriateness of the impairment model used by the Group;</li> <li>(ii) testing inputs to the model to market data;</li> <li>(iii) assessing the appropriateness of forward-looking adjustments to the model; and</li> <li>(iv) testing the calculation of the ECL provisions.</li> </ul> </li> </ul>

# Independent Auditor's Report

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

## Other Information

The 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 auditor's report thereon.

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

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

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

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

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

## Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# Independent Auditor's Report

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

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

- 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

6 April 2023

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

6 April 2023

# Consolidated Statement of Profit or Loss

Year ended 31 December 2022

	Notes	Group	
		2022 US\$'000	2021 US\$'000
<b>Revenue</b>	9	147,992	143,239
<b>Cost of sales</b>		(122,317)	(117,127)
<b>Gross profit</b>		25,675	26,112
Other income	10	3,192	1,077
Distribution costs		(4,160)	(3,971)
Administrative expenses	11	(18,230)	(18,463)
Finance costs	12	(589)	(305)
Gain on deemed disposal of an associate	38	10,315	-
Share of losses of associates	21	(95)	(431)
<b>Profit before tax</b>	13	16,108	4,019
Income tax expense	14A	(1,867)	(1,669)
<b>Profit for the year</b>		14,241	2,350
<b>Profit/(loss) attributable to:</b>			
Owners of the Company		14,410	2,350
Non-controlling interests		(169)	-
		14,241	2,350
<b>Earnings per share (US cents)</b>			
Basic	16	6.43	1.06
Diluted	16	6.36	1.04

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

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	Notes	Group	
		2022 US\$'000	2021 US\$'000
<b>Profit for the year</b>		14,241	2,350
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(2,933)	(958)
		<u>(2,933)</u>	<u>(958)</u>
<i>Item that will not be reclassified to profit or loss:</i>			
Equity investments designated at fair value through other comprehensive income:			
Fair value (loss)/gain arising during the year	22(a)	(191)	245
Income tax effect	22(a)	24	(55)
		<u>(167)</u>	<u>190</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>(3,100)</u>	<u>(768)</u>
<b>Total comprehensive income for the year</b>		<u>11,141</u>	<u>1,582</u>
<b>Attributable to:</b>			
Owners of the Company		11,310	1,582
Non-controlling interests		(169)	–
<b>Total comprehensive income for the year</b>		<u><u>11,141</u></u>	<u><u>1,582</u></u>

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

# Statements of Financial Position

As at 31 December 2022

	Notes	Group		Company	
		2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	18	5,265	6,078	-	-
Right-of-use assets	19	2,517	2,557	-	-
Investments in subsidiaries	20(a)	-	-	11,334	11,334
Amount due from a subsidiary	20(b)	-	-	15,492	15,624
Investments in associates	21	-	1,048	-	-
Goodwill	28	14,410	-	-	-
Other intangible assets	29	617	-	-	-
Investments	22	1,063	2,052	-	-
Other assets	23	458	248	-	-
Deferred tax assets	14B	107	145	-	-
<b>Total non-current assets</b>		<b>24,437</b>	<b>12,128</b>	<b>26,826</b>	<b>26,958</b>
<b>Current assets</b>					
Inventories	24	26,368	26,879	-	-
Trade and other receivables	25	37,976	39,578	17	14
Amount due from an associate	21(b)	-	1,579	-	-
Investments	22	-	1,356	-	-
Pledged bank deposit	26	1,500	-	-	-
Cash and bank balances	26	27,257	27,248	160	100
		93,101	96,640	177	114
<b>Asset classified as held for sale</b>	27	-	52	-	-
<b>Total current assets</b>		<b>93,101</b>	<b>96,692</b>	<b>177</b>	<b>114</b>
<b>TOTAL ASSETS</b>		<b>117,538</b>	<b>108,820</b>	<b>27,003</b>	<b>27,072</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Income tax payable		775	576	-	-
Bank borrowings	30	11,170	9,050	-	-
Lease liabilities	31	1,471	1,426	-	-
Trade and other payables	32	40,429	42,860	278	150
Amount due to an associate	21(b)	487	26	-	-
<b>Total current liabilities</b>		<b>54,332</b>	<b>53,938</b>	<b>278</b>	<b>150</b>
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>		<b>38,769</b>	<b>42,754</b>	<b>(101)</b>	<b>(36)</b>

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



# Statements of Financial Position

As at 31 December 2022

	Notes	Group		Company	
		2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
<b>Non-current liabilities</b>					
Bank borrowings	30	2,500	1,750	-	-
Lease liabilities	31	1,084	1,250	-	-
Retirement benefit obligations	15(a)	594	479	-	-
Deferred tax liabilities	14B	426	707	-	-
<b>Total non-current liabilities</b>		<b>4,604</b>	<b>4,186</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>58,936</b>	<b>58,124</b>	<b>278</b>	<b>150</b>
<b>NET ASSETS</b>		<b>58,602</b>	<b>50,696</b>	<b>26,725</b>	<b>26,922</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	33(a)	10,087	10,087	10,087	10,087
Treasury shares	33(b)	(4,091)	(4,392)	(4,091)	(4,392)
Reserves	34	53,502	44,990	20,729	21,227
		59,498	50,685	26,725	26,922
Non-controlling interests		(896)	11	-	-
<b>TOTAL EQUITY</b>		<b>58,602</b>	<b>50,696</b>	<b>26,725</b>	<b>26,922</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>117,538</b>	<b>108,820</b>	<b>27,003</b>	<b>27,072</b>

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

# Statements of Changes in Equity

Year ended 31 December 2022

	Share capital Note 33(a) US\$'000	Share premium of the Company US\$'000	Share capital reserve Note 34 US\$'000	Treasury shares Note 33(b) US\$'000	Employee share option reserve Note 15(b) US\$'000	Merger reserve Note 34 US\$'000
<b>GROUP</b>						
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	-	-	-	-	-	-
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)
Balance at 1 January 2021	10,087	18,994	(193)	(4,542)	155	(7,020)
Profit for the year	-	-	-	-	-	-
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	-	-	-	-	-	-
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Transfer on share options exercised	-	-	-	-	(32)	-
Treasury shares transferred out to satisfy share options exercised	-	-	(47)	150	-	-
Share-based payment expense	-	-	-	-	75	-
Transfer	-	-	-	-	-	-
Dividends paid (Note 17)	-	-	-	-	-	-
Balance at 31 December 2021	10,087	18,994	(240)	(4,392)	198	(7,020)

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

# Statements of Changes in Equity

Year ended 31 December 2022

Statutory reserve fund	Enterprise expansion fund	Other reserves	Fair value adjustment reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
Note 34	Note 34	Note 34	Note 34	Note 34				
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
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
3,971	318	1,193	(223)	4,008	24,841	51,589	11	51,600
-	-	-	-	-	2,350	2,350	-	2,350
-	-	-	-	(958)	-	(958)	-	(958)
-	-	-	190	-	-	190	-	190
-	-	-	190	(958)	2,350	1,582	-	1,582
-	-	-	-	-	32	-	-	-
-	-	-	-	-	-	103	-	103
-	-	-	-	-	-	75	-	75
12	-	3	-	-	(15)	-	-	-
-	-	-	-	-	(2,664)	(2,664)	-	(2,664)
3,983	318	1,196	(33)	3,050	24,544	50,685	11	50,696

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

# Statements of Changes in Equity

Year ended 31 December 2022

	Share capital Note 33(a) US\$'000	Share premium US\$'000	Share capital reserve Note 34 US\$'000	Treasury shares Note 33(b) US\$'000	Employee share option reserve Note 15(b) US\$'000	Retained earnings US\$'000	Total equity US\$'000
<b>COMPANY</b>							
Balance at 1 January 2021	10,087	18,994	(193)	(4,542)	155	1,684	26,185
Profit for the year and total comprehensive income for the year	-	-	-	-	-	3,223	3,223
Treasury shares transferred out to satisfy share options exercised	-	-	(47)	150	-	-	103
Transfer on share options exercised	-	-	-	-	(32)	32	-
Share-based payment expense	-	-	-	-	75	-	75
Dividends paid (Note 17)	-	-	-	-	-	(2,664)	(2,664)
Balance at 31 December 2021 and 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	10,087	18,994	(338)	(4,091)	135	1,938	26,725

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

# Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Notes	Group	
		2022 US\$'000	2021 US\$'000
<b>Operating Activities</b>			
Profit before tax		16,108	4,019
Adjustments for:			
Interest income	10	(62)	(137)
Finance costs	12	589	305
Net loss on disposal of property, plant and equipment	13	46	149
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	-	(2)
Increase in provision for inventories	13	334	43
Depreciation of property, plant and equipment	18	1,319	1,389
Depreciation of right-of-use assets	19	1,716	1,783
Amortisation of other intangible assets	29	4	-
Share of losses of associates	21	95	431
Share-based payment expense	15(b)	-	75
Gain on deemed disposal of an associate	13	(10,315)	-
Retirement benefit obligations	15(a)	97	116
(Reversal of)/allowance for expected credit losses on trade receivables, net	13	(86)	17
Reversal of expected credit losses on amount due from an associate	13	(11)	(10)
Operating cash flows before movements in working capital		8,048	8,178
Changes in working capital:			
Other assets		(142)	168
Trade and other receivables		2,020	(875)
Amounts due to/from associates		469	(243)
Inventories		(1,512)	(13,296)
Trade and other payables		(1,885)	11,704
Cash generated from operations		6,998	5,636
Net income tax paid		(1,571)	(1,681)
Interest paid		(463)	(171)
Net cash from operating activities		4,964	3,784

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

# Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Notes	Group	
		2022 US\$'000	2021 US\$'000
<b>Investing Activities</b>			
Proceeds from disposal of property, plant and equipment		9	255
Proceeds from disposal of asset classified as held for sale		778	-
Investment in convertible bond	22(b)	-	(800)
Purchases of property, plant and equipment	18	(868)	(1,279)
Decrease in loans and receivables		1,356	-
Additional investment in equity investment designated at fair value through other comprehensive income		(2)	(6)
Interest income received		62	137
Placement of restricted bank deposits		(1,500)	-
Net cash outflow arising on business combination	39	(1,135)	-
Decrease/(increase) in time deposit with original maturity of over three months		145	(909)
Net cash used in investing activities		(1,155)	(2,602)
<b>Financing Activities</b>			
Proceeds from share options exercised		203	103
Proceeds from bank borrowings	36(b)	21,622	10,400
Repayment of bank borrowings	36(b)	(18,684)	(12,850)
Repayment of principal portion of lease liabilities	31	(1,732)	(1,782)
Repayment of interest element on lease liabilities	31	(126)	(134)
Dividends paid	17	(2,700)	(2,664)
Net cash used in financing activities		(1,417)	(6,927)
Net increase/(decrease) in cash and cash equivalents		2,392	(5,745)
Net effect of currency translation differences		(2,238)	(912)
Cash and cash equivalents at 1 January		26,170	32,827
<b>Cash and cash equivalents at 31 December</b>	26	26,324	26,170
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALANTS</b>			
Cash at banks and on hand		24,838	21,814
Short-term deposits		1,486	4,356
Non-pledged time deposits with original maturity of over three months		933	1,078
Cash and bank balances as stated in the consolidated statement of financial position		27,257	27,248
Less: Time deposit with original maturity of over three months		(933)	(1,078)
Cash and bank balances as stated in the consolidated statement of cash flows		26,324	26,170

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

# Notes to Financial Statements

Year ended 31 December 2022

## 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 below. The Company and its subsidiaries are collectively referred to as the “Group”.

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

## 2. STATEMENT OF COMPLIANCE

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

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

## 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

### (a) Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 16 (March 2021)	COVID-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements to IFRS Standards 2018-2020

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

# Notes to Financial Statements

Year ended 31 December 2022

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

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

The Group has not applied any amendments to standards that have been issued but are not yet effective for the financial year beginning 1 January 2022. The amendments to standards include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
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 IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	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 Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## 4. SIGNIFICANT ACCOUNTING POLICIES

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

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



## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

### (a) Consolidation

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

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

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

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

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

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of 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.

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

# Notes to Financial Statements

Year ended 31 December 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

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

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

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

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

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.

# Notes to Financial Statements

Year ended 31 December 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

#### (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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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%	10%
Plant and machinery	10% to 20%	Nil to 10%
Furniture, fixtures and equipment	12.5% to 33%	Nil to 10%
Leasehold improvements	12.5% to 33%	Nil
Motor vehicles	20% to 25%	Nil

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

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

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

### (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.

# Notes to Financial Statements

Year ended 31 December 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) Leases (continued)

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.

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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) Leases (continued)

The Group as a lessee (continued)

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

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

### (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.

### (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(aa) 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.

# Notes to Financial Statements

Year ended 31 December 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (j) Contract assets and contract liabilities (continued)

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.

### (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.



## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Financial assets (continued)

#### Debt investments (continued)

- 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.

### (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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

# Notes to Financial Statements

Year ended 31 December 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (o) Non-current assets held for sale

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

Non-current assets or disposal groups classified as held for sale are measured at the lower of the asset's or disposal group's previous carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

### (p) Financial liabilities and equity instruments

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

### (q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

### (r) 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (s) 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.

### (t) Revenue and other income

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

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

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

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

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

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

### (u) 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.

# Notes to Financial Statements

Year ended 31 December 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (u) Employee benefits (continued)

#### (ii) Pension obligations

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

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

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

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

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 statements 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 statements 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.

### (v) 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (w) Borrowing costs

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

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

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

### (x) 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.

### (y) Taxation

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

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

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

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

# Notes to Financial Statements

Year ended 31 December 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (y) Taxation (continued)

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. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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

### (z) 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 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (aa) 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.

#### *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.

# Notes to Financial Statements

Year ended 31 December 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (aa) Impairment of financial assets (continued)

#### *Significant increase in credit risk (continued)*

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

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

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there 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.



## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (aa) Impairment of financial assets (continued)

#### *Credit-impaired financial assets*

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

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

#### *Write-off policy*

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

#### *Measurement and recognition of ECL*

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

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

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

# Notes to Financial Statements

Year ended 31 December 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (ab) 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.

### (ac) 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.

### (ad) 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).

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

### Critical judgements in applying accounting policies (continued)

#### *Significant increase in credit risk*

As explained in note 4(aa), 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.

#### *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. There was no impairment recognised for the year ended 31 December 2022 (2021:Nil).

The carrying amount of goodwill is disclosed in note 28 to the financial statements.

#### *Impairment of trade receivables and other receivables*

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

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in note 6(c) to the financial statements.

# Notes to Financial Statements

Year ended 31 December 2022

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

### Key sources of estimation uncertainty (continued)

#### *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 2022 amounted to US\$632,000 (2021: US\$328,000) and the carrying amount of inventories is disclosed in note 24 to the financial statements.

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

The Group assesses the impairment of the property, plant and equipment and right-of-use assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Such assessment requires management's judgements in forecasting industry trends, general market, economic conditions and other available information. The carrying amount of the property, plant and equipment and right-of-use assets is disclosed in notes 18 and 19, respectively, to the financial statements. There was no impairment recognised for the years ended 31 December 2022 and 2021.

## 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	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
JPY	4	17	1,938	692
US\$	29,977	26,861	41,210	39,158
SG\$	-	-	119	60
RMB	-	-	19	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.

## 6. FINANCIAL RISK MANAGEMENT (continued)

### (a) Foreign currency risk (continued)

#### *Foreign currency sensitivity*

The following table details the sensitivity to a 10% (2021: 10%) increase/decrease in exchange rates of the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans.

If the following foreign currencies strengthened by 10% (2021: 10%) against the functional currency of each Group entity, profit before tax would increase by:

	2022 US\$'000	2021 US\$'000
JPY	193	68
US\$	1,123	1,230
SG\$	12	6
RMB	2	2

If the following foreign currencies weakened by 10% (2021: 10%) against the functional currency of each Group entity, profit before tax would decrease by:

	2022 US\$'000	2021 US\$'000
JPY	(193)	(68)
US\$	(1,123)	(1,230)
SG\$	(12)	(6)
RMB	(2)	(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% (2021: 10%) higher/lower with all other variables held constant, the Group's other comprehensive income would have been US\$6,000 (2021: US\$9,000) higher/lower, arising as a result of the higher/lower fair value of quoted equity securities classified as equity investments designated at FVTOCI.

# Notes to Financial Statements

Year ended 31 December 2022

## 6. FINANCIAL RISK MANAGEMENT (continued)

### (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.

#### Trade receivables

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

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

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2022:

		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%	-	-
		<u>34,483</u>	<u>39</u>

## 6. FINANCIAL RISK MANAGEMENT (continued)

### (c) Credit risk (continued)

Trade receivables (continued)

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

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the 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:

	2022	2021
	US\$'000	US\$'000
As at 1 January	128	111
(Reversal of)/allowance for ECL (Note 13)	(86)	17
Exchange differences	(3)	–
As at 31 December (Note 25)	<u>39</u>	<u>128</u>

### Other financial assets at amortised cost

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

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

# Notes to Financial Statements

Year ended 31 December 2022

## 6. FINANCIAL RISK MANAGEMENT (continued)

### (c) Credit risk (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)	Other receivables (Note 25)	Amount due from an associate (Note 21)	Total
	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January 2021	–	–	21	21
Reversal of impairment losses for the year	–	–	(10)	(10)
As at 31 December 2021 and 1 January 2022	–	–	11	11
Reversal of impairment losses for the year	–	–	(11)	(11)
<b>As at 31 December 2022</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### (d) Liquidity risk

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

At the end of the reporting period, approximately 84% (2021: 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.



# Notes to Financial Statements

Year ended 31 December 2022

## 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 financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	31 December 2022				31 December 2021			
	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
<b>GROUP</b>								
<b>Financial assets:</b>								
Trade and other receivables	35,749	-	-	35,749	37,940	-	-	37,940
Cash and short-term deposits	28,828	-	-	28,828	27,278	-	-	27,278
Loans and receivables	-	-	-	-	1,549	-	-	1,549
Total undiscounted financial assets	<u>64,577</u>	<u>-</u>	<u>-</u>	<u>64,577</u>	<u>66,767</u>	<u>-</u>	<u>-</u>	<u>66,767</u>
<b>Financial liabilities:</b>								
Trade and other payables	40,760	-	-	40,760	42,704	-	-	42,704
Lease liabilities	1,530	1,124	-	2,654	1,486	1,314	-	2,800
Bank borrowings	13,763	2,600	-	16,363	9,228	1,798	-	11,026
Total undiscounted financial liabilities	<u>56,053</u>	<u>3,724</u>	<u>-</u>	<u>59,777</u>	<u>53,418</u>	<u>3,112</u>	<u>-</u>	<u>56,530</u>

### *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% (2021: 25%) of the Group's bank borrowings were at fixed rate interest.

# Notes to Financial Statements

Year ended 31 December 2022

## 6. FINANCIAL RISK MANAGEMENT (continued)

### (d) Liquidity risk (continued)

#### *Interest rate sensitivity*

At 31 December 2022, if interest rates had been 50 (2021: 50) basis points higher/lower with all other variables held constant, the Group's profit before tax would have been US\$78,000 (2021: US\$68,000) 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.

### (e) Fair values

Except as disclosed in note 7(a) 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 2022

	2022	2021
	US\$'000	US\$'000
<b>Financial assets</b>		
Financial assets measured at amortised cost	64,506	66,545
Financial assets measured at FVTPL	–	800
Financial assets measured at FVTOCI	1,063	1,252
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	56,985	56,180

## 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.

# Notes to Financial Statements

Year ended 31 December 2022

## 7. FAIR VALUE MEASUREMENTS (continued)

### (a) Disclosures of level in fair value hierarchy at 31 December 2022 and 2021:

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

Group	2022			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant observable inputs (Level 3) US\$'000	Total US\$'000
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
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

Group	2021			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant observable inputs (Level 3) US\$'000	Total US\$'000
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
Equity investments designated at FVTOCI (Note 22)				
Listed equity investment at fair value	92	-	-	92
Unlisted equity investment at fair value	-	-	1,160	1,160
Financial assets at FVTPL (Note 22) Convertible bonds	-	-	800	800
Financial assets as at 31 December 2021	92	-	1,960	2,052

# Notes to Financial Statements

Year ended 31 December 2022

## 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 US\$'000	Financial assets at FVTPL - Convertible bonds US\$'000	2022 Total 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 39)	–	(1,860)	(1,860)
As at 31 December 2022	1,004	–	1,004

	Equity investments designated at FVTOCI - unlisted equity investment US\$'000	Financial assets at FVTPL - Convertible bonds US\$'000	2021 Total US\$'000
As at 1 January 2021	990	–	990
Total gains or losses recognised in other comprehensive income	264	–	264
Purchases	–	800	800
Exchange differences	(94)	–	(94)
As at 31 December 2021	1,160	800	1,960

During the years ended 31 December 2022 and 2021, 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 2022 and 2021:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including Level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

# Notes to Financial Statements

Year ended 31 December 2022

## 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 2022 and 2021: (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 2022 and 2021.

#### 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
		Discount for lack of marketability ("DLOM")	3% to 16%	5% increase in DLOM would result in decrease in fair value by US\$41,630

#### 2021

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investment at fair value	Recent transaction method under market approach and equity allocation model	Equity volatility	40% to 65%	5% increase in volatility would result in decrease in fair value by US\$16,329
		DLOM	9% to 20%	5% increase in DLOM would result in increase in fair value by US\$23,159
Convertible bonds	Trending analysis under market approach	Equity volatility	60% to 70%	5% increase in volatility would result in increase in fair value by US\$21,709

# Notes to Financial Statements

Year ended 31 December 2022

## 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 2022 and 2021 but for which fair value is disclosed:

	2022				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant observable inputs	Total	Carrying amount
	(Level 1)	(Level 2)	(Level 3)		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000

#### Group

#### Liabilities

Fixed rate bank borrowings	-	4,451	-	4,451	4,500
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	2021				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant observable inputs	Total	Carrying amount
	(Level 1)	(Level 2)	(Level 3)		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000

#### Group

#### Liabilities

Fixed rate bank borrowings	-	2,780	-	2,780	2,750
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# Notes to Financial Statements

Year ended 31 December 2022

## 7. FAIR VALUE MEASUREMENTS (continued)

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

	2022				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant observable inputs	Total	Carrying amount
	(Level 1)	(Level 2)	(Level 3)		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>					
<b>Assets</b>					
Amount due from a subsidiary	–	15,492	–	15,492	15,492

	2021				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant observable inputs	Total	Carrying amount
	(Level 1)	(Level 2)	(Level 3)		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>					
<b>Assets</b>					
Amount due from a subsidiary	–	15,624	–	15,624	15,624

#### 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 2022 and 2021 was assessed to be insignificant. The credit risk of the amount due from a subsidiary was considered insignificant.

# Notes to Financial Statements

Year ended 31 December 2022

## 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 (formerly known as "LCD Parts and Accessories"); and (4) Others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the Board of Directors (who are identified as the chief operating decision makers) in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Two or more operating segments may be aggregated into a single operating segment if in the judgement of management the segments have similar economic characteristics, and the segments are similar in some aspects such as the nature of the products and services; production processes; type or class of customer; distribution methods.

The segments and the types of products and services are as follows:

LCD Backlight Units segment is a manufacturer of LCD backlight units for LCD modules.

Office Automation segment is a manufacturer and a seller of parts and precision accessories for office equipment and electrical appliances.

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 significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation and amortisation, interest and income taxes (called "Recurring EBITDA") and (2) operating results before interest income and income taxes and other unallocated items (called "ORBIT").



# Notes to Financial Statements

Year ended 31 December 2022

## 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
<b>Year ended 31 December 2022</b>						
<b>Revenue by segment</b>						
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
<b>Recurring EBITDA</b>						
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 associates	-	-	-	(95)	-	(95)
Gain on deemed disposal of an associate	-	-	-	-	10,315	10,315
Profit before tax						16,108
Income tax expense						(1,867)
<b>Profit for the year</b>						<b>14,241</b>

# Notes to Financial Statements

Year ended 31 December 2022

## 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
<b>Year ended 31 December 2021</b>						
<b>Revenue by segment</b>						
Total revenue by segment	95,401	17,500	34,294	960	–	148,155
Inter-segment sales	–	(3,579)	(1,337)	–	–	(4,916)
Total revenue	95,401	13,921	32,957	960	–	143,239
<b>Recurring EBITDA</b>	7,280	85	3,674	(1,241)	(2,008)	7,790
Finance costs	–	–	–	–	(305)	(305)
Depreciation of property, plant and equipment	(798)	(276)	(306)	(9)	–	(1,389)
Depreciation of right-of-use assets	(946)	(260)	(563)	(14)	–	(1,783)
ORBIT	5,536	(451)	2,805	(1,264)	(2,313)	4,313
Interest income	–	–	–	–	137	137
Share of losses of associates	–	–	–	(431)	–	(431)
Profit before tax						4,019
Income tax expense						(1,669)
<b>Profit for the year</b>						<u>2,350</u>

# Notes to Financial Statements

Year ended 31 December 2022

## 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
<b>2022</b>						
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	<u>63,220</u>	<u>8,754</u>	<u>27,804</u>	<u>16,265</u>	<u>1,495</u>	<u>117,538</u>
<b>2021</b>						
Total assets for reportable segments	62,659	10,356	30,239	1,116	-	104,370
Unallocated:						
Elimination of intercompany balances	-	-	-	-	(560)	(560)
Other unallocated amounts	-	-	-	-	5,010	5,010
Total Group assets	<u>62,659</u>	<u>10,356</u>	<u>30,239</u>	<u>1,116</u>	<u>4,450</u>	<u>108,820</u>

### 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
<b>2022</b>						
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	<u>25,947</u>	<u>3,400</u>	<u>11,182</u>	<u>178</u>	<u>18,229</u>	<u>58,936</u>
<b>2021</b>						
Total liabilities for reportable segments	30,526	4,774	7,769	201	-	43,270
Unallocated:						
Elimination of intercompany balances	-	-	-	-	(560)	(560)
Other unallocated amounts	-	-	-	-	15,414	15,414
Total Group liabilities	<u>30,526</u>	<u>4,774</u>	<u>7,769</u>	<u>201</u>	<u>14,854</u>	<u>58,124</u>

# Notes to Financial Statements

Year ended 31 December 2022

## 8. FINANCIAL INFORMATION BY OPERATING SEGMENTS (continued)

### 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:						
2022	708	36	110	14	-	868
2021	1,200	21	52	6	-	1,279
Additions to right-of-use assets:						
2022	704	431	527	-	-	1,662
2021	351	68	142	10	-	571
Increase in provision for inventories:						
2022	85	48	201	-	-	334
2021	23	18	2	-	-	43

### 8F. Geographical information

	Revenue		Non-current assets	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Mainland China	73,896	86,945	4,276	5,411
Hong Kong	50,792	33,449	734	1,637
Japan	20,376	21,844	1,983	1,894
Others	2,928	1,001	16,274	989
	147,992	143,239	23,267	9,931

### 8G. Revenue from major customers

	Revenue	
	2022 US\$'000	2021 US\$'000
<u>LCD Backlight Units</u>		
Customer A	52,580	56,782
Customer B	8,442	11,324
<u>OEM and Accessories</u>		
Customer C	26,973	16,772

# Notes to Financial Statements

Year ended 31 December 2022

## 9. REVENUE

An analysis of revenue is as follows:

	Group	
	2022	2021
	US\$'000	US\$'000
Revenue from contracts with customers		
LCD Backlight Units	96,077	95,401
Office Automation	10,486	13,921
OEM and Accessories	40,510	32,957
Others	919	960
	147,992	143,239

### 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 (2021: 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	
	2022	2021
	US\$'000	US\$'000
Interest income	62	137
Gain on disposal of property, plant and equipment	-	11
Gain on disposal of asset classified as held for sale	726	-
Gain on fair value changes of convertible bonds	1,060	-
Compensation from government	182	51
ECL of trade receivables written back	86	72
ECL of amount due from an associate written back	11	10
Foreign exchange gain	986	691
Sundry income	79	105
	3,192	1,077

# Notes to Financial Statements

Year ended 31 December 2022

## 11. ADMINISTRATIVE EXPENSES

	Group	
	2022	2021
	US\$'000	US\$'000
Employee-related expenses	11,236	10,606
Travelling and entertainment expenses	1,006	921
Professional fees	1,795	1,770
Short-term lease expenses	412	334
Utilities and office expenses	1,109	920
Depreciation of property, plant and equipment	478	352
Depreciation of right-of-use assets	820	854
ECL of trade receivables	–	89
Development expenses	232	482
Loss on disposal of property, plant and equipment	46	160
Foreign exchange loss	728	1,602
Miscellaneous	368	373
	18,230	18,463

## 12. FINANCE COSTS

	Group	
	2022	2021
	US\$'000	US\$'000
Interest expense on:		
Bank borrowings	463	171
Lease liabilities	126	134
	589	305

# Notes to Financial Statements

Year ended 31 December 2022

## 13. PROFIT BEFORE TAX

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

	Group	
	2022	2021
	US\$'000	US\$'000
Audit fees paid to:		
Auditors of the Company	247	302
Other auditors	128	154
Non-audit fees paid to:		
Auditors of the Company	14	15
Other auditors	6	13
Employee benefits expense (Note 15)	23,534	25,139
Depreciation of property, plant and equipment (Note 18)	1,319	1,389
Depreciation of right-of-use assets (Note 19)	1,716	1,783
Increase in provision for inventories (Note 24)	334	43
Inventories recognised as an expense in cost of sales (Note 24)	122,317	117,127
Net loss on disposal of property, plant and equipment	46	149
Gain on disposal of asset classified as held for sale	(726)	-
Gain on termination of lease contracts	-	(2)
Net foreign exchange (gain)/loss	(258)	911
(Reversal of)/allowance for ECL on trade receivables, net (Note 6(c))	(86)	17
Reversal of ECL on amount due from an associate (Note 6(c))	(11)	(10)
Gain on deemed disposal of an associate	(10,315)	-

# Notes to Financial Statements

Year ended 31 December 2022

## 14. INCOME TAX EXPENSE

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

	Group	
	2022	2021
	US\$'000	US\$'000
<u>Current tax expense:</u>		
Current income tax	1,847	1,699
<u>Deferred tax expense:</u>		
Deferred tax	20	(30)
	1,867	1,669

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	
	2022	2021
	US\$'000	US\$'000
Profit before tax	16,108	4,019
Tax at the domestic rates applicable to profits in the countries where the Group operates	3,263	1,350
Adjustments:		
Non-deductible expenses	424	480
Income not subject to taxation	(1,765)	(45)
Tax losses not recognised	258	186
Effect of withholding tax at 5% on the undistributed earnings of the PRC subsidiaries (Note 14B)	-	(53)
Utilisation of prior year's tax losses	(494)	(288)
Others	181	39
Income tax expense recognised in profit or loss	1,867	1,669

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



# Notes to Financial Statements

Year ended 31 December 2022

## 14. INCOME TAX EXPENSE (continued)

### 14B. DEFERRED TAX

	Group			
	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Deferred tax liabilities</b>				
Withholding tax on undistributed earnings of the PRC subsidiaries (Note 14A)	(172)	(172)	–	53
Fair value gain on equity investments designated at FVTOCI	(46)	(70)	–	–
Fair value adjustment arising from disposal of a subsidiary	–	(415)	–	–
Fair value adjustment arising from deemed disposal of an associate	(164)	–	–	–
Others	(50)	(54)	(2)	–
Exchange differences	6	4	–	–
	<u>(426)</u>	<u>(707)</u>	<u>(2)</u>	<u>53</u>
<b>Deferred tax assets</b>				
Difference in depreciation for tax purposes	5	7	–	11
Directors' insurance	5	6	–	9
Others	116	151	(18)	(43)
Exchange differences	(19)	(19)	–	–
	<u>107</u>	<u>145</u>	<u>(18)</u>	<u>(23)</u>
	<u>(319)</u>	<u>(562)</u>		
Deferred tax charge (Note 14A)			<u>(20)</u>	<u>30</u>

#### 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 2022 (2021: 5%).

#### Unrecognised tax losses

At the end of the reporting period, the Group had tax losses of approximately US\$6,948,000 (2021: US\$8,154,000) 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.

# Notes to Financial Statements

Year ended 31 December 2022

## 15. EMPLOYEE BENEFITS EXPENSE

	Note	Group	
		2022 US\$'000	2021 US\$'000
<b>Employee benefits expense, including directors:</b>			
Salaries and bonuses		21,459	22,889
Share-based payment		–	75
Defined contribution plans		1,978	2,059
Defined retirement benefit plan	(a)	97	116
		<u>23,534</u>	<u>25,139</u>

### (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\$97,000 (2021: US\$116,000) has been charged to profit or loss. The retirement benefit obligations with a carrying amount of US\$594,000 (2021: US\$479,000) 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 2022, the Company has one share option scheme, CDW Employee Share Option Scheme 2018 (“Share Option Scheme”), for all employees and directors of the Group. The option scheme was administrated by the committee comprising three directors who are the members of the Remuneration Committee (“RC”). Options are exercisable at a price based on the average of the last dealt prices for the shares of the Company on the SGX-ST for the five consecutive market days immediately preceding the date of grant (the “Market Price”) with a vesting period of one year from the date of grant. The committee may at its discretion fix the exercise price at a discount not exceeding 20% of the Market Price with a vesting period of two years from the date of grant. If the options remain unexercised after a period of five years from the date of grant, the options expire. Options are forfeited if an employee leaves the Group before the options vest.

Information about share-based payment arrangements is as follows:

Option series	Number	Grant date/ Acceptance date	Expiry date	Exercise price	Fair value at grant date
<u>Share Option Scheme</u>					
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:

Grant date/ Acceptance date	Group and Company					Balance as at 31 December	Exercise price per share	Exercisable period
	Balance as at 1 January	Cancelled/ lapsed	Granted	Exercised				
<u>Share Option Scheme</u>								
21 August 2019	250,000	-	-	-	250,000	SG\$0.140	21 August 2021 to 20 August 2024	
22 August 2019	1,250,000	-	-	1,000,000	250,000	SG\$0.140	21 August 2021 to 20 August 2024	
27 August 2019	4,750,000	-	-	1,000,000	3,750,000	SG\$0.140	21 August 2021 to 20 August 2024	
Total	<u>6,250,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>4,250,000</u>			

The weighted average share price at the date of exercise for share options exercised during the year was SG\$0.285.

As at 31 December 2022, the number of share options outstanding was 4,250,000 (2021: 6,250,000) which had a weighted average remaining contractual life of approximately 1.6 years (2021: 2.6 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.

# Notes to Financial Statements

Year ended 31 December 2022

## 15. EMPLOYEE BENEFITS EXPENSE (continued)

### (b) Share-based payments - Share options (continued)

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For the year ended 31 December 2021, the Group recognised an equity-settled share-based payment expense of US\$75,000.

### (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 2022 and 2021, 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	
	2022	2021
	US\$'000	US\$'000
Salaries, allowances and benefits in kind	2,307	2,073
Defined contribution plans	37	49
Share-based payment	-	75
	2,344	2,197
Comprise amounts paid to:		
Directors of the Company	1,168	1,132
Other key management personnel	1,176	1,065
	2,344	2,197

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

# Notes to Financial Statements

Year ended 31 December 2022

## 16. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the year ended 31 December 2022 and 2021:

	2022	2021
	US\$'000	US\$'000
Profit attributable to owners of the Company	14,410	2,350
	<b>Number of shares</b>	
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the basic earnings per share computation*	224,275	222,245
Effect of dilutive share options	2,241	3,086
Weighted average number of ordinary shares for the diluted earnings per share computation*	226,516	225,331

\* The weighted average number of ordinary shares for basic and diluted earnings per share excludes treasury shares which had been purchased on the SGX-ST under the Share Purchase Mandate (Note 33).

## 17. DIVIDENDS

	Group and Company	
	2022	2021
	US\$'000	US\$'000
<b>Declared and paid during the financial year:</b>		
<i>Dividends on ordinary shares:</i>		
Interim exempt dividend for 2022: US0.5 cents per share	1,125	-
Final exempt dividend for 2021: US0.7 cents per share	1,575	-
Interim exempt dividend for 2021: US0.5 cents per share	-	1,110
Final exempt dividend for 2020: US0.7 cents per share	-	1,554
	2,700	2,664

# Notes to Financial Statements

Year ended 31 December 2022

## 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
<b>GROUP</b>							
<b>Cost</b>							
As at 1 January 2021	2,426	13,344	2,206	6,925	743	729	26,373
Additions	-	1,131	95	20	-	33	1,279
Disposals	-	(874)	(251)	-	(38)	-	(1,163)
Transfer to held for sale	(242)	-	-	-	-	-	(242)
Reclassifications	-	3	(3)	-	-	-	-
Exchange differences	(222)	173	(41)	(12)	11	(41)	(132)
As at 31 December 2021 and 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	1,698	13,070	2,014	6,473	676	655	24,586
<b>Accumulated depreciation and impairment loss</b>							
As at 1 January 2021	770	10,208	1,795	6,216	566	-	19,555
Depreciation	42	811	119	362	55	-	1,389
Disposals	-	(475)	(248)	-	(36)	-	(759)
Transfer to held for sale	(190)	-	-	-	-	-	(190)
Reclassifications	-	(4)	(2)	9	(3)	-	-
Exchange differences	(60)	132	(35)	(3)	8	-	42
As at 31 December 2021 and 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	512	10,387	1,636	6,203	583	-	19,321
<b>Net carrying amount</b>							
As at 31 December 2021	1,400	3,105	377	349	126	721	6,078
As at 31 December 2022	1,186	2,683	378	270	93	655	5,265

# Notes to Financial Statements

Year ended 31 December 2022

## 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 2021	3,833	73	3,906
Additions	571	–	571
Termination of contracts	(144)	–	(144)
Depreciation charge	(1,756)	(27)	(1,783)
Exchange differences	13	(6)	7
As at 31 December 2021 and 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	2,489	28	2,517

## 20. INVESTMENTS IN SUBSIDIARIES

(a)	Company	
	2022 US\$'000	2021 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\$15,492,000 (2021: US\$15,624,000) included in the Company's non-current assets is unsecured and interest free (2021: bore interest at 2% per annum) and is not repayable within 12 months from the end of the reporting period.

Management considered the fair value of the amount due from a subsidiary is US\$15,492,000 (2021: US\$15,624,000). 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.

# Notes to Financial Statements

Year ended 31 December 2022

## 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	
			2022 %	2021 %
<b>Held by the Company</b>				
Tomoike Industrial (Hong Kong) Holding Limited <sup>(iv)</sup> ("TM Hong Kong BVI")	British Virgin Islands ("BVI")	Investment holding	100.0	100.0
<b>Held by TM Hong Kong BVI</b>				
Tomoike Industrial (H.K.) Limited <sup>(i)</sup> ("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
<b>Held by TM Hong Kong</b>				
Tomoike Precision Machinery (Shanghai) Co., Limited <sup>(ii)</sup> ("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 <sup>(iii)</sup> ("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 <sup>(iv)</sup> ("CD Shanghai BVI")	BVI	Investment holding	100.0	100.0
Wah Hang Precision Machinery (H.K.) Limited <sup>(i)</sup> ("WH Hong Kong")	Hong Kong	Trading of parts and precision accessories for office equipment, electrical appliances and LCD modules	100.0	100.0



# Notes to Financial Statements

Year ended 31 December 2022

## 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	
			2022 %	2021 %
<b>Held by TM Hong Kong (continued)</b>				
Minami Tec (Wuxi) Co., Limited <sup>(iii)</sup> ("MT Wuxi")	Wuxi, PRC	Provision of plastic injection for electronic consumer products and automobiles	100.0	100.0
Crystal Display Components (Shanghai) Co., Limited <sup>(ii)</sup> ("CD Shanghai")	Shanghai, PRC	Manufacture of LCD backlight units for LCD modules	100.0	100.0
Tomoike Precision Machinery (Dongguan) Co., Limited <sup>(iii)</sup> ("TM Dongguan")	Dongguan, PRC	Manufacture and trading of parts and precision accessories for LCD modules and manufacture of LCD backlight units for LCD modules	100.0	100.0
Tomoike Bio Limited <sup>(i)</sup> ("TM Bio")	Hong Kong	Marketing and promotion of the application of bio-related patents	100.0	100.0
TWB Co., Limited <sup>(iv)</sup> ("TWB")	Osaka, Japan	Provision of food and beverage	99.9	99.9
Tomoike Industrial (Philippines) Incorporated <sup>(iv)</sup> ("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 <sup>(v)</sup> ("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	–

# Notes to Financial Statements

Year ended 31 December 2022

## 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	
			2022 %	2021 %
<b>Held by TM Hong Kong and TM Bio</b>				
Bangladesh Japan Cooperation Company Limited <sup>(iv)</sup> ("BJ Cooperation")	Bangladesh	Liaison office, general trading and other businesses	100.0	100.0
<b>Held by TM Bio</b>				
CDW Life Science Limited <sup>(iv)</sup> ("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. <sup>(iv)</sup> ("GSP")	Osaka, Japan	Provision of Bio-Tech related research and development	95.0	95.0
<b>Held by WH Hong Kong</b>				
Wah Hang Precision Machinery (Dongguan) Limited <sup>(iii)</sup> ("WH Dongguan")	Dongguan, PRC	Manufacture and trading of parts and precision accessories for office equipment and electrical appliances	100.0	100.0
<b>Held by TWB</b>				
Menkobo Muguruma Co., Limited <sup>(iv)</sup> ("Muguruma")	Kagawa, Japan	Provision of food and beverage	99.9	99.9
<b>Held by CD Shanghai</b>				
Tuo Mao Enterprise Management Advisory (Shanghai) Co., Limited <sup>(iv)</sup> ("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 result as at 31 December 2022 are immaterial, hence, not audited.

## 21. INVESTMENTS IN ASSOCIATES

The Group's investments in associates are summarised below:

	Group	
	2022	2021
	US\$'000	US\$'000
Movement in carrying value:		
As at 1 January	1,048	1,598
Share of losses for the year	(95)	(431)
Eliminated on business combination	(933)	-
Exchange differences	(20)	(119)
As at 31 December	-	1,048
Carrying value comprising:		
Share of net assets/(liabilities)	36	(492)
Goodwill on acquisition	1,486	3,245
	1,522	2,753
Less: Impairment loss*	(1,522)	(1,522)
Exchange differences	-	(183)
	-	1,048

\* 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.

# Notes to Financial Statements

Year ended 31 December 2022

## 21. INVESTMENTS IN ASSOCIATES (continued)

(a) Particulars of the associates are as follows:

Name	Registered share capital held	Place of establishment	Principal activities	Proportion of ownership interest	
				2022 %	2021 %
Suzhou Pengfu	RMB1,080,000	Suzhou, PRC	Manufacture of light guide panels	25.0	25.0
ABio	KRW2,100,000,000	Seoul, Korea	Application of biotechnology to research and development of antibody related products, and their manufacturing and sale and provision of service	–	48.5

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

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

	2022 US\$'000	2021 US\$'000
Share of the associates' losses for the year	(95)	(431)
Share of the associates' total comprehensive income	(95)	(431)
Aggregate carrying amount of the Group's investments in the associates	–	1,048

# Notes to Financial Statements

Year ended 31 December 2022

## 21. INVESTMENTS IN ASSOCIATES (continued)

(b)	Group	
	2022	2021
	US\$'000	US\$'000
Amount due from an associate	-	1,590
Allowance for ECL (Note 6(c))	-	(11)
	-	1,579
Amount due to an associate	487	26

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.

For the year ended 31 December 2021, the amount due from an associate, ABio, of US\$1,590,000 was unsecured, bore interest at the prevailing US\$ best lending rate plus 1% and was repayable within 12 months from the end of the reporting period.

For the year ended 31 December 2021, the ECL of the amount due from an associate, ABio, was assessed with reference to the probability of default rate in biotechnology industry and average corporate debt recovery rates in the market. The allowance of the loss was adjusted to reflect the current conditions and forecasts of future economic conditions. As such, the Group provided allowance of ECLs of US\$11,000 as at 31 December 2021.

## 22. INVESTMENTS

	Notes	Group	
		2022	2021
		US\$'000	US\$'000
<b>Non-current:</b>			
Equity investments designated at FVTOCI			
Listed equity investment at fair value Sharp Corporation ("Sharp")	(a)	59	92
Unlisted equity investment at fair value ELECTRINE INC. (formerly known as LGM Co., Limited)	(a)	1,004	1,160
Financial assets at FVTPL			
Convertible bonds	(b)	-	800
		1,063	2,052
<b>Current:</b>			
Loans and receivables, at amortised cost	(c)	-	1,356

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

# Notes to Financial Statements

Year ended 31 December 2022

## 22. INVESTMENTS (continued)

Notes:

- (a) During the year ended 31 December 2022, an aggregate fair value loss of US\$191,000 (2021: fair value gain of US\$245,000) and deferred tax impact of US\$24,000 (2021: US\$55,000) were recognised in other comprehensive income.
- (b) On 17 December 2021, HK Tomoike subscribed for an aggregate principal amount of US\$800,000 of unregistered convertible bonds issued by ABio at the coupon rate at 1% per annum higher than the US\$ best lending rate of Hongkong and Shanghai Banking Corporation Limited, which is calculated quarterly, for an aggregate subscription consideration of US\$800,000 on the terms and conditions of the Subscription Agreement. Assuming conversion on 17 December 2024, the maximum amount of the Consideration will be US\$800,000.
- (c) Upon the Group's disposal of certain equity interest in ABio to an associated person of the Group's controlling shareholder (the "Buyer") at consideration of US\$2,559,000 during the year ended 31 December 2018, the consideration receivable of US\$2,133,000 was recorded as at 31 December 2018 after settlement of US\$426,000 by the Buyer. Pursuant to the share purchase agreement entered into between the Group and the Buyer for the disposal of the equity interest in ABio, the settlement of US\$2,133,000 was scheduled in two installments of US\$1,066,000 and US\$1,067,000 repayable by 31 May 2019 and 31 October 2019, respectively.

During the year ended 31 December 2019, the Buyer negotiated and agreed with the Group to extend the settlement dates of the aggregate balances of US\$2,133,000, with a pledge of a property (the "Property") as collateral with fair value not less than the receivable balances (the "Extension"). In December 2019, the Buyer has further partially settled an amount of US\$634,000 to the Group, resulting in the outstanding balance of US\$1,499,000 as at 31 December 2019.

Subsequent to 31 December 2019, the Group and the Buyer formalised the Extension by entering into a supplemental agreement to extend the repayment date of the outstanding balance of US\$1,499,000 to 31 December 2020, bearing interest at a rate of the US dollar best lending rate plus 1%, with a pledge of the Property as collateral.

During the year ended 31 December 2020, the Group and the Buyer further extended the repayment date from 31 December 2020 to 31 August 2021 by entering into another supplemental agreement. The outstanding balance of US\$1,499,000 was interest-bearing at a rate of the US\$ best lending rate plus 1%, with a pledge of the Property as collateral.

On 6 April 2022, the outstanding balance and the related interest were fully settled.

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

	Group	
	2022	2021
	US\$'000	US\$'000
Korean Won ("KRW")	1,004	3,316

# Notes to Financial Statements

Year ended 31 December 2022

## 23. OTHER ASSETS

	Group	
	2022	2021
	US\$'000	US\$'000
Directors' insurance	69	64
Rental and utility deposits	389	184
	458	248

Directors' insurance represents the surrender values of an insurance policy taken by TM Japan, a subsidiary of the Company. Under the policy, TM Japan pays premiums, incurs a portion of such payments and records a recoverable amount approximating to the surrender values of the insurance policy. Upon maturity of the insurance policy, the payouts by the insurance company will be retained by TM Japan. Payouts by the insurance company on any death claims during the insured period will be made to TM Japan.

## 24. INVENTORIES

	Group	
	2022	2021
	US\$'000	US\$'000
<b>Consolidated statement of financial position:</b>		
Raw materials	19,465	19,495
Work-in-progress	206	137
Finished goods	6,697	7,247
	26,368	26,879

### Inventories are stated after allowance. Movements in allowance are as follows:

As at 1 January	328	288
Charge to profit or loss included in cost of sales	334	43
Exchange differences	(30)	(3)
At at 31 December	632	328

### Consolidated statement of profit or loss:

Inventories recognised as an expense in cost of sales	122,317	117,127
Inclusive of the increase in provision for inventories included in cost of sales (Note 13)	334	43

# Notes to Financial Statements

Year ended 31 December 2022

## 25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Trade receivables	34,483	35,808	-	-
Other receivables	1,305	682	-	-
Prepayments	1,404	2,252	17	14
Value-added tax recoverable	651	669	-	-
Deposits	172	295	-	-
	38,015	39,706	17	14
Allowance for ECL				
- Trade receivables	(39)	(128)	-	-
	37,976	39,578	17	14

### Trade receivables

Trade receivables are non-interest-bearing and are generally on terms ranging from 30 to 150 days (2021: 30 to 150 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

### Other receivables

Included in other receivables are interest receivables related to amount due from an associate of US\$Nil (2021: US\$97,000).

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

	Group	
	2022 US\$'000	2021 US\$'000
US\$	27,434	28,308



# Notes to Financial Statements

Year ended 31 December 2022

## 26. PLEDGED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at banks and on hand	24,838	21,814	160	100
Short-term deposits	1,486	4,356	-	-
	26,324	26,170	160	100
Time deposits with original maturity of over three months	933	1,078	-	-
	27,257	27,248	160	100
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 (2021: 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 2022 for the Group was 1.4% (2021: 0.1%) per annum.

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

	Group	
	2022	2021
	US\$'000	US\$'000
JPY	1,938	692
US\$	9,617	7,655
RMB	9	9
SG\$	119	60

# Notes to Financial Statements

Year ended 31 December 2022

## 27. ASSET HELD FOR SALE

A residential premise was presented as held for sale following the decision of management to sell the residential premise as it had been idle and unoccupied for a long time. The sale was completed in June 2022.

	Group	
	2022	2021
	US\$'000	US\$'000
Residential premise building		
At net book value and carrying value in consolidated statement of financial position	-	52

## 28. GOODWILL

	Group	
	2022	2021
	US\$'000	US\$'000
<b>Cost</b>		
As at 1 January	1,632	1,632
Arising on business combination (Note 39)	14,410	-
As at 31 December	16,042	1,632
<b>Accumulated impairment</b>		
As at 1 January and 31 December	(1,632)	(1,632)
<b>Net carrying amount</b>		
As at 1 January	-	-
As at 31 December	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:

	2022	2021
	US\$'000	US\$'000
LCD Backlight Units:		
TM Japan	-	-
Others - Life Sciences:		
GSP	-	-
ABio	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.

# Notes to Financial Statements

Year ended 31 December 2022

## 28. GOODWILL (continued)

The recoverable amount of goodwill allocated to ABio has been determined 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 2022 (2021: Nil).

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

## 29. OTHER INTANGIBLE ASSETS

	IPR&D US\$'000	Patents US\$'000	Total US\$'000
<b>Cost</b>			
As at 1 January 2021, 31 December 2021 and 1 January 2022	–	–	–
Arising on business combination (Note 39)	636	9	645
Exchange differences	(23)	(1)	(24)
As at 31 December 2022	613	8	621
<b>Accumulated amortisation and impairment losses</b>			
As at 1 January 2021, 31 December 2021 and 1 January 2022	–	–	–
Amortisation for the year	–	4	4
As at 31 December 2022	–	4	4
<b>Carrying amount</b>			
As at 31 December 2022	613	4	617
As at 31 December 2021	–	–	–

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 28).

The average remaining amortisation period of the patents are 1 year.

# Notes to Financial Statements

Year ended 31 December 2022

## 30. BANK BORROWINGS

	Maturity	Group	
		2022 US\$'000	2021 US\$'000
<b>Current:</b>			
Bank borrowings, secured	2023	2,235	–
Bank borrowings, unsecured	2023 (2021: 2022)	8,435	3,000
Bank borrowings, unsecured	On demand	500	6,050
		<u>11,170</u>	<u>9,050</u>
<b>Non-current:</b>			
Bank borrowings, unsecured	2025 (2021: 2024)	2,500	1,750
Total bank borrowings		<u>13,670</u>	<u>10,800</u>

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

	Group	
	2022 US\$'000	2021 US\$'000
Bank borrowings, fixed rate	4,500	2,750
Bank borrowings, floating rate	9,170	8,050
	<u>13,670</u>	<u>10,800</u>

The bank borrowings are interest bearing at rates ranging from 2.65% to 6.89% (2021: 0.91% to 2.65%) per annum.

Management considered the fair value of the Group's fixed rate bank borrowings is US\$4,451,000 (2021: US\$2,780,000).

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

	Group	
	2022 US\$'000	2021 US\$'000
US\$	<u>11,795</u>	<u>10,800</u>

# Notes to Financial Statements

Year ended 31 December 2022

## 31. LEASE LIABILITIES

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

	Group	
	2022	2021
	US\$'000	US\$'000
As at 1 January	2,676	3,998
New leases	1,662	571
Acquisition through business combination	167	–
Termination of contracts	(26)	(146)
Interest expense	126	134
Principal portion of lease payments	(1,732)	(1,782)
Interest element on lease liabilities	(126)	(134)
Exchange differences	(192)	35
As at 31 December	<u>2,555</u>	<u>2,676</u>
Analysed into:		
Current portion	1,471	1,426
Non-current portion	1,084	1,250
	<u>2,555</u>	<u>2,676</u>

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:

	2022	2021
	US\$'000	US\$'000
Interest on lease liabilities (Note 12)	126	134
Depreciation charge of right-of-use assets (Note 19)	1,716	1,783
Expense related to short-term leases (included in administrative expenses) (Note 11)	412	334
Gain on termination of lease contracts (Note 13)	–	(2)
Total amount recognised in profit or loss	<u>2,254</u>	<u>2,249</u>

The weighted average incremental borrowing rates applied to lease liabilities range from 1.17% to 4.81% (2021: from 1.50% to 4.08%).

# Notes to Financial Statements

Year ended 31 December 2022

## 31. LEASE LIABILITIES (continued)

Lease liabilities of US\$2,555,000 (2021: US\$2,676,000) are recognised with related right-of-use assets of US\$2,517,000 (2021: US\$2,557,000) as at 31 December 2022. 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 (2021: 2 years to 5 years), but may have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The related right-of-use assets are disclosed in note 19.

## 32. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Trade payables	31,815	36,330	-	-
Other payables	8,036	5,483	136	118
Accruals	578	1,047	142	32
	<u>40,429</u>	<u>42,860</u>	<u>278</u>	<u>150</u>

### Trade payables

Trade payables are non-interest-bearing and are generally settled on terms of 30 to 120 days (2021: 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	
	2022 US\$'000	2021 US\$'000
JPY	4	17
US\$	<u>18,139</u>	<u>16,061</u>

# Notes to Financial Statements

Year ended 31 December 2022

## 32. TRADE AND OTHER PAYABLES (continued)

### Contract liabilities

Details of contract liabilities included in other payables as at 31 December 2022 and 2021 are as follows:

	Group	
	2022	2021
	US\$'000	US\$'000
Short-term advances received from customers		
Sales of goods	3,872	2,162

Contract liabilities included short-term advances received from customers to deliver industrial products.

## 33. SHARE CAPITAL AND TREASURY SHARES

### (a) Share capital

	Group and Company			
	2022		2021	
	Number of ordinary shares of US\$0.04 each	US\$	Number of ordinary shares of US\$0.04 each	US\$
<b>Authorised</b>				
As at 1 January and 31 December	750,000,000	30,000,000	750,000,000	30,000,000
<b>Issued and fully paid up</b>				
As at 1 January and 31 December	252,177,110	10,087,000	252,177,110	10,087,000

As at 31 December 2022, 27,189,702 (2021: 29,189,702) 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 2022 and 2021.

# Notes to Financial Statements

Year ended 31 December 2022

## 33. SHARE CAPITAL AND TREASURY SHARES (continued)

### (b) Treasury shares

	Group and Company			
	2022		2021	
	Number of ordinary shares	US\$'000	Number of ordinary shares	US\$'000
As at 1 January	29,190	4,392	30,190	4,542
Treasury shares transferred out to satisfy share options exercised	(2,000)	(301)	(1,000)	(150)
As at 31 December	27,190	4,091	29,190	4,392

Treasury shares relate to ordinary shares of the Company that are held by the Company.

## 34. 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.

### 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.



## 34. NATURE AND PURPOSES OF RESERVES (continued)

### 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.

## 35. 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 2022 and 2021.

As disclosed in note 34, 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 2022 and 2021.

The Group monitors capital using a gearing ratio, which is total bank borrowings and lease liabilities (2021: total bank borrowings and lease liabilities) for the Group, divided by shareholders' equity. The gearing ratio as at 31 December 2022 was 27.3% (2021: 26.6%).

## 36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

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

During the year ended 31 December 2021, the Group had non-cash additions to right-of-use assets and lease liabilities of US\$571,000 and US\$571,000, respectively, in respect of lease arrangement for leased properties.

# Notes to Financial Statements

Year ended 31 December 2022

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

### (b) Changes in liabilities arising from financing activities

	2022	
	Bank borrowings	Lease liabilities
	US\$'000	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	<u>13,670</u>	<u>2,555</u>
	2021	
	Bank borrowings	Lease liabilities
	US\$'000	US\$'000
As at 1 January 2021	13,250	3,998
Proceeds from bank borrowings	10,400	–
Repayment of bank borrowings	(12,850)	–
New leases	–	571
Termination of contracts	–	(146)
Interest expense	–	134
Repayment of principal portion of lease payments	–	(1,782)
Repayment of interest element on lease liabilities	–	(134)
Exchange differences	–	35
As at 31 December 2021	<u>10,800</u>	<u>2,676</u>

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

### (c) Total cash outflow for leases

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

	2022 US\$'000	2021 US\$'000
Within operating activities	412	334
Within financing activities	1,858	1,916
	<u>2,270</u>	<u>2,250</u>

## 37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the Group to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

### (a) Related parties

Name	Relationship	Country of incorporation
Suzhou Pengfu	Associated company	The PRC
ABio	Associated company (ceased to be an associate and became a subsidiary on 6 April 2022)	Korea

### (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.

# Notes to Financial Statements

Year ended 31 December 2022

## 37. RELATED PARTY RELATIONSHIPS 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:

	Notes	Group	
		2022 US\$'000	2021 US\$'000
Controlling shareholder:			
Advisory fee	(i)	57	–
Associates:			
Interest income	(ii)	45	58
Purchases of products	(iii)	842	484
Sales of products	(iv)	–	10
Associated person of the controlling shareholder:			
Interest income	(v)	13	52
Consideration of acquisition	(vi)	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.
- (iii) The Group has purchased goods from Suzhou Pengfu according to the conditions offered by the associate to major customers.
- (iv) The Group has sold goods to Suzhou Pengfu at mutually agreed terms.
- (v) The Group received interest from the relevant party for the loan due from the relevant party at mutually agreed terms.
- (vi) The Group acquired 200,000 shares of ABio on a willing buyer - willing seller basis on normal commercial terms.

## 38. 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.

# Notes to Financial Statements

Year ended 31 December 2022

## 39. BUSINESS COMBINATION

As stated in note 38 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 US\$'000	Fair value adjustment US\$'000	Fair value 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	<u>(3,087)</u>	<u>491</u>	<u>(2,596)</u>
Non-controlling interests			738
Goodwill			<u>14,410</u>
Total consideration			<u><u>12,552</u></u>
Total consideration, satisfied by:			
Cash consideration			1,517
Fair value of 48.46% equity interest by deemed disposal			<u>11,035</u>
			<u><u>12,552</u></u>
Net cash outflow arising on business combination:			
Cash consideration			(1,517)
Less: cash and cash equivalents acquired			<u>382</u>
Net cash outflow			<u><u>(1,135)</u></u>

# Notes to Financial Statements

Year ended 31 December 2022

## 39. 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 reporting period. ABio incurred a loss of approximately US\$594,000 for the period from the date of business combination to the end of the reporting period and reduced the Group's profit for the reporting period by approximately US\$739,000.

If the business combination had been completed on 1 January 2022, total Group's revenue for the year from continuing operations would have been approximately US\$148,021,000, and profit for the year 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 2023

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	17	1.27	804	0.00
100 - 1,000	279	20.87	206,355	0.09
1,001 - 10,000	391	29.24	2,378,050	1.06
10,001 - 1,000,000	634	47.42	53,593,050	23.82
1,000,001 AND ABOVE	16	1.20	168,809,149	75.03
<b>TOTAL</b>	<b>1,337</b>	<b>100.00</b>	<b>224,987,408</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MIKUNI CO., LIMITED	95,500,000	42.45
2	PHILLIP SECURITIES PTE LTD	21,474,499	9.54
3	DBS NOMINEES (PRIVATE) LIMITED	16,770,750	7.45
4	SBS NOMINEES PRIVATE LIMITED	7,935,500	3.53
5	LAI WENG KAY	4,595,950	2.04
6	OCBC SECURITIES PRIVATE LIMITED	3,908,500	1.74
7	UOB KAY HIAN PRIVATE LIMITED	3,661,750	1.63
8	NG HWEI KOON	3,059,250	1.36
9	ENG KOON HOCK	2,888,000	1.28
10	RAFFLES NOMINEES (PTE.) LIMITED	1,851,650	0.82
11	MAYBANK SECURITIES PTE. LTD.	1,407,150	0.63
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	LEOW BENG LEE (LIAO MINGLI)	1,089,000	0.48
16	LIM BUAN HUA	1,025,150	0.46
17	LEE CHUE CHYE, LIONEL	1,000,000	0.44
18	WONG KIEN CHORN	1,000,000	0.44
19	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	974,450	0.43
20	YONG WOON CHONG	892,000	0.40
	<b>TOTAL</b>	<b>170,185,300</b>	<b>76.74</b>

# Statistics of Shareholdings

As at 20 March 2023

Class of equity securities	:	Ordinary share
No. of equity securities (excluding treasury shares)	:	224,987,408
Voting rights	:	One vote per share. The Company cannot exercise any voting rights in respect of the shares held by it as treasury shares.

As at 20 March 2023, the total number of treasury shares held is 27,189,702. The treasury shares as a percentage of the total number of issued shares excluding treasury shares is 12.08%.

## LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2023

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Mikuni Co., Limited	112,505,650 <sup>(Note 1)</sup>	50.01	–	–
Yoshimi, Kunikazu	–	–	112,505,650 <sup>(Note 2)</sup>	50.01

### Notes:

- 17,005,650 shares owned are held through a nominee account.
- 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 2023, 48.97% of the Company’s shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of CDW Holding Limited (the “**Company**”) will be held by way of electronic means on Friday, 28 April 2023 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 2022 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 2022 (2021: 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 LAI Shi Hong, Edward	(Retiring under Bye-law 104)	<b>(Resolution 3)</b>
Mr CHONG Pheng	(Retiring under Bye-law 104)	<b>(Resolution 4)</b>
Mr CHEUNG Chi Ming	(Retiring under Bye-law 107(B))	<b>(Resolution 5)</b>

[See Explanatory Note (i)]
4. To approve the payment of Directors' fees up to SG\$375,000 for the year ending 31 December 2023 (2022: SG\$300,000). **(Resolution 6)**
5. To re-appoint RSM Chio Lim LLP and RSM Hong Kong as the Joint Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

### 7. Authority to issue shares

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Directors of the Company be empowered to

- (a) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

# Notice of Annual General Meeting

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (aa) new shares arising from the conversion or exercise of any convertible securities;
  - (bb) new shares arising from the exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and
  - (cc) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (aa) or (bb) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

**(Resolution 8)**

## 8. Authority to issue shares under the CDW Employee Share Option Scheme 2018

That authority be and is hereby given for the Directors of the Company to offer and grant options under the CDW Employee Share Option Scheme 2018 (the “**ESOS**”) and to allot and issue and/or deliver (including through the transfer of shares held in treasury by the Company) from time to time such number of fully paid-up ordinary shares as may be required to be allotted, issued and/or delivered pursuant to the exercise of options granted under the ESOS, provided that the total number of ordinary shares over which an option granted or may be granted under the ESOS, when added to the total number of ordinary shares issued and issuable or delivered and deliverable in respect of (a) all options granted under the ESOS and (b) all awards, shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the number of all issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding such date, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

**(Resolution 9)**

# Notice of Annual General Meeting

## 9. Authority to issue shares under the CDW Share Performance Scheme 2018

That approval be and is hereby given to the Directors of the Company to offer and grant awards under the CDW Share Performance Scheme 2018 (the “SPS”) and to allot and issue and/or deliver (including through the transfer of shares held in treasury by the Company) from time to time such number of fully paid-up ordinary shares as may be required to be allotted, issued and/or delivered pursuant to awards granted under the SPS, provided that the total number of ordinary shares over which an award granted or may be granted under the SPS, when added to the total number of ordinary shares issued and issuable or delivered and deliverable in respect of (a) all awards granted under the SPS and (b) all awards, shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the number of all issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding such date, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

**(Resolution 10)**

By Order of the Board

Cho Form Po  
Company Secretary

Singapore  
6 April 2023

### Explanatory Notes:

- (i) The information on other directorships held by Mr Lai Shi Hong, Edward, Mr Chong Peng and Mr Cheung Chi Ming 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 2022.
- (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.

# Notice of Annual General Meeting

- (iv) The Ordinary Resolution 10 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue and/or deliver (including through the transfer of shares held in treasury by the Company) fully paid-up ordinary shares in the Company pursuant to the awards granted or may be granted under the SPS. The total number of ordinary shares to be allotted, issued and/or delivered over which an award granted or may be granted under the SPS, when added to the total number of ordinary shares issued and issuable or delivered and deliverable in respect of all other share-based incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the number of all issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding such date.

## Notes:

1. The AGM is being convened, and will be held by way of electronic means pursuant to the Covid-19 (Temporary Measures) Act 2020 and the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. This Notice of AGM will also be sent to members by way of electronic means via publication on the Company's website at <https://cdw-holding.com.hk/> and the SGXNet.
3. The proceedings of this AGM will be broadcasted "live" through an audio-and-video webcast and an audio-only feed. Persons who hold shares and wish to follow the proceedings must pre-register at <https://go.lumiengage.com/cdw2023agmsgm> no later than 3.00 p.m. on 26 April 2023. Following verification, an email containing instructions on how to join the "live" broadcast will be sent to authenticated persons by 3.00 p.m. on 27 April 2023.

Members are advised to also check the junk folder of their emails in case the emails are directed there instead of the inbox. Members who registered but do not receive an email response by 3.00 p.m. on 27 April 2023 may contact our Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at +65 6536 5355 (Mondays to Fridays, excluding Public Holidays, from 3.00 p.m. to 5.30 p.m.) or by email at [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com).

4. In light of the current Covid-19 measures in Singapore and the Company's effort to minimise physical interactions and risk of community spread of Covid-19, members will NOT be able to attend the AGM in person. Members will be able to vote online on the resolutions tabled for approval at the AGM.
5. A member (whether individual or corporate) may participate in the AGM by voting (i) "live" by the members or by their duly appointed proxy(ies) (other than the Chairman of the AGM); or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM.
6. The accompanying proxy form for the AGM may be accessed at the Company's website at <https://cdw-holding.com.hk/> and the SGXNet. In addition, where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
7. If a member of the Company, being a Depositor whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) wishes to appoint 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 forty-eight (48) hours before the time of the Meeting.
8. The Proxy Form must be submitted in the following manner:
  - (a) if submitted by post, be deposited at the Registered Office of the Company's Share 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 [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com); or
  - (c) via the pre-registration website at the URL: <https://go.lumiengage.com/cdw2023agmsgm>

in either case, by 3.00 p.m. on 26 April 2023, being not less than forty-eight (48) 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.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

# Notice of Annual General Meeting

9. Members and/or their proxy(ies) will be able to submit textual questions “live” during the “live” broadcast of the AGM. All members may also submit their questions relating to the business of the AGM no later than 3.00 p.m. on 14 April 2023:
- (a) via the pre-registration website at <https://go.lumiengage.com/cdw2023agmsgm>; or
  - (b) by email to [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com); or
  - (c) by post to the Registered Office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

When sending in your questions, please also provide us with the following details:

- (a) your full name;
- (b) your address;
- (c) number of shares held; and
- (d) the manner in which you hold shares (e.g., via CDP, CPF or SRS).

We will endeavour to address all substantial and relevant questions received from members by 21 April 2023 by publishing our responses before the AGM on the Company's website at <https://cdw-holding.com.hk/> and the SGXNet.

10. Printed copies of the Annual Report 2022, this Notice of AGM and 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.
11. 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.

## Board of Directors

### Chairman and Chief Executive Officer

YOSHIKAWA Makoto

### Executive Directors

KATO Tomonori

CHEUNG Chi Ming

### Lead Independent Director

CHONG Pheng

### Independent Directors

LAI Shi Hong, Edward

MITANI Masatoshi

CHIA Seng Hee

## Key Executive Officers

CHAN Kam Wah

SHINJO Kunihiro

KONO Isao

IMAI Junya

## Company Secretary

CHO Form Po

## Audit Committee

LAI Shi Hong, Edward (Chairman)

CHONG Pheng

MITANI Masatoshi

CHIA Seng Hee

## Remuneration Committee

CHIA Seng Hee (Chairman)

CHONG Pheng

MITANI Masatoshi

## Nominating Committee

MITANI Masatoshi (Chairman)

CHONG Pheng

LAI Shi Hong, Edward

## Risk Committee

CHONG Pheng (Chairman)

LAI Shi Hong, Edward

CHIA Seng Hee

## Investment Committee

KATO Tomonori (Chairman)

YOSHIKAWA Makoto

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 Chio Lim LLP

Public Accountants and Chartered Accountants

8 Wilkie Road, #03-08 Wilkie Edge

Singapore 228095

Audit Partner: CHONG Cheng Yuan

Date of appointment: 28 December 2021

RSM Hong Kong

Certified Public Accountants

29th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay, Hong Kong

Audit Partner: NG Wai Kwun

Date of appointment: 28 December 2021

## Investor Relations


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203 Henderson Road #12-08

Singapore 159546

Tel: 65 6704 9288

Email: [staff@cogentcomms.com](mailto:staff@cogentcomms.com)





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