

CDW HOLDING LIMITED

Condensed Interim Consolidated Financial Statements
For the Six Months Ended 30 June 2022

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2022

	Note	Six months ended 30 June		
		2022 US\$'000	2021 US\$'000	% Increase/ (Decrease)
Revenue	4	62,486	63,536	(1.7%)
Cost of sales		(51,989)	(53,102)	(2.1%)
Gross profit		10,497	10,434	0.6%
Other income	7	2,590	261	892.3%
Distribution costs		(1,833)	(1,955)	(6.2%)
Administrative expenses		(9,570)	(8,776)	9.0%
Profit / (loss) from operations		1,684	(36)	(4,777.8%)
Finance costs	8	(198)	(160)	23.8%
Gain on deemed disposal of an associate		212	-	N.M.*
Share of loss of associates		(95)	(169)	(43.8%)
Profit / (loss) before tax	9	1,603	(365)	(539.2%)
Income tax expense	10	(648)	(715)	(9.4%)
Profit / (loss) for the period		955	(1,080)	(188.4%)
Profit / (loss) attributable to:				
Owners of the Company		1,112	(1,080)	(203.0%)
Non-controlling interests		(157)	-	N.M.*
		955	(1,080)	(188.4%)
Earnings / (loss) per share (US cents)				
Basic	11	0.50	(0.49)	(202.0%)
Diluted		0.49	-	N.M.*

* N.M.: Not meaningful.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2022

	Note	Six months ended 30 June		
		2022 US\$'000	2021 US\$'000	% Increase / (Decrease)
Profit / (loss) for the period		955	(1,080)	(188.4%)
Other comprehensive income / (expense):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations		(2,380)	(653)	264.5%
<i>Items that will not be reclassified to profit or loss:</i>				
Equity investments designated at fair value through other comprehensive income:				
- Fair value (loss) / gain arising during the period		(17)	29	(158.6%)
- Income tax effect		-	(10)	N.M.*
		(17)	19	(189.5%)
Other comprehensive expense for the period, net of tax		(2,397)	(634)	278.1%
Total comprehensive expense for the period		(1,442)	(1,714)	(15.9%)
Total comprehensive expense attributable to:				
Owners of the Company		(1,336)	(1,714)	(22.1%)
Non-controlling interests		(106)	-	N.M.*
		(1,442)	(1,714)	(15.9%)

* N.M.: Not meaningful.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at 30 June 2022

	Note	The Group		The Company	
		As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	5,377	6,078	-	-
Right-of-use assets		3,187	2,557	-	-
Investment in subsidiaries		-	-	11,334	11,334
Amount due from a subsidiary		-	-	13,954	15,624
Investments in associates	14	-	1,048	-	-
Investments	5	1,216	2,052	-	-
Goodwill		4,186	-	-	-
Intangible assets		598	-	-	-
Other assets		499	248	-	-
Deferred tax assets		73	145	-	-
Total non-current assets		15,136	12,128	25,288	26,958
Current assets					
Inventories	15	33,143	26,879	-	-
Trade receivables		23,382	35,680	-	-
Other receivables and prepayments		3,160	3,898	16	14
Amount due from an associate		-	1,579	-	-
Investments	5	-	1,356	-	-
Cash and bank balances	16	21,716	27,248	185	100
Asset classified as held for sale	17	-	52	-	-
Total current assets		81,401	96,692	201	114
TOTAL ASSETS		96,537	108,820	25,489	27,072
LIABILITIES AND EQUITY					
Current liabilities					
Income tax payable		347	576	-	-
Bank borrowings	18	11,650	9,050	-	-
Lease liabilities		1,608	1,426	-	-
Trade payables		25,888	36,330	-	-
Other payables and accruals		6,048	6,530	208	150
Amount due to an associate		194	26	-	-
Total current liabilities		45,735	53,938	208	150
NET CURRENT ASSETS		35,666	42,754	(7)	(36)
Non-current liabilities					
Bank borrowings	18	1,250	1,750	-	-
Lease liabilities		1,631	1,250	-	-
Retirement benefit obligations		501	479	-	-
Deferred tax liabilities		229	707	-	-
Total non-current liabilities		3,611	4,186	-	-
TOTAL LIABILITIES		49,346	58,124	208	150
NET ASSETS		47,191	50,696	25,281	26,922
Equity attributable to owners of the Company					
Share Capital		10,087	10,087	10,087	10,087
Treasury shares		(4,091)	(4,392)	(4,091)	(4,392)
Retained earnings		24,055	24,544	431	2,275
Reserves		17,926	20,446	18,854	18,952
		47,977	50,685	25,281	26,922
Non-controlling interests		(786)	11	-	-
TOTAL EQUITY		47,191	50,696	25,281	26,922
TOTAL LIABILITIES AND EQUITY		96,537	108,820	25,489	27,072

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the six months ended 30 June 2022

The Group

	Share capital US\$'000	Share premium of the Company US\$'000	Share capital reserve US\$'000	Treasury shares US\$'000	Employee share option reserve US\$'000	Merger reserve US\$'000	Statutory reserve fund US\$'000	Enterprise expansion fund US\$'000	Other reserves US\$'000	Fair value adjustment reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Equity attributable to the owners of the Company US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2022	10,087	18,994	(240)	(4,392)	198	(7,020)	3,983	318	1,196	(33)	3,050	24,544	50,685	11	50,696
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	1,112	1,112	(157)	955
Other comprehensive income for the year:															
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	(2,431)	-	(2,431)	51	(2,380)
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	(17)	-	-	(17)	-	(17)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	(17)	(2,431)	1,112	(1,336)	(106)	(1,442)
Arising on business combination (note 20)	-	-	-	-	-	-	-	-	-	-	-	-	-	(691)	(691)
Treasury shares transferred out to satisfy share option exercised	-	-	(98)	301	-	-	-	-	-	-	-	-	203	-	203
Transfer to statutory reserve fund	-	-	-	-	-	-	26	-	-	-	-	(26)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(1,575)	(1,575)	-	(1,575)
Balance as at 30 June 2022	10,087	18,994	(338)	(4,091)	198	(7,020)	4,009	318	1,196	(50)	619	24,055	47,977	(786)	47,191

The Group

	Share capital US\$'000	Share premium of the Company US\$'000	Share capital reserve US\$'000	Treasury shares US\$'000	Employee share option reserve US\$'000	Merger reserve US\$'000	Statutory reserve fund US\$'000	Enterprise expansion fund US\$'000	Other reserves US\$'000	Fair value adjustment reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Equity attributable to the owners of the Company US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2021	10,087	18,994	(193)	(4,542)	155	(7,020)	3,971	318	1,193	(223)	4,008	24,841	51,589	11	51,600
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	(1,080)	(1,080)	-	(1,080)
Other comprehensive income for the year:															
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	(653)	-	(653)	-	(653)
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	19	-	-	19	-	19
Total comprehensive expense for the period	-	-	-	-	-	-	-	-	-	19	(653)	(1,080)	(1,714)	-	(1,714)
Share-based payment expense	-	-	-	-	59	-	-	-	-	-	-	-	59	-	59
Transfer to statutory reserve fund	-	-	-	-	-	-	9	-	-	-	-	(9)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(1,554)	(1,554)	-	(1,554)
Balance as at 30 June 2021	10,087	18,994	(193)	(4,542)	214	(7,020)	3,980	318	1,193	(204)	3,355	22,198	48,380	11	48,391

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the six months ended 30 June 2022

The Company

	Share capital	Share premium of the Company	Share capital reserve	Treasury shares	Employee share option reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2022	10,087	18,994	(240)	(4,392)	198	2,275	26,922
Total comprehensive expenses for the period	-	-	-	-	-	(269)	(269)
Treasury shares transferred out to satisfy share option exercised	-	-	(98)	301	-	-	203
Dividend paid	-	-	-	-	-	(1,575)	(1,575)
Balance as at 30 June 2022	10,087	18,994	(338)	(4,091)	198	431	25,281

	Share capital	Share premium of the Company	Share capital reserve	Treasury shares	Employee share option reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2021	10,087	18,994	(193)	(4,542)	155	1,684	26,185
Total comprehensive expense for the period	-	-	-	-	-	(124)	(124)
Share-based payment expense	-	-	-	-	59	-	59
Dividend paid	-	-	-	-	-	(1,554)	(1,554)
Balance as at 30 June 2021	10,087	18,994	(193)	(4,542)	214	6	24,566

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2022

	The Group	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
OPERATING ACTIVITIES		
Profit /(Loss) before tax	1,603	(365)
Adjustments for:		
Increase in allowance for inventories	74	302
Depreciation of property, plant and equipment	708	696
Depreciation of right-of-use assets	857	905
Amortisation of intangible assets	2	-
Interest income	(56)	(64)
Interest expenses	198	160
Net gain on disposal of property, plant and equipment	(734)	(6)
Gain on fair value changes of convertible bonds	(1,063)	-
Gain on termination of lease contracts	-	(2)
Gain on deemed disposal of an associate	(212)	-
Retirement benefit obligations	22	44
Share of losses of associates	95	169
Share-based payment expense	-	59
Reversal of expected credit losses allowance on amount due from an associate	(11)	-
Operating cash flows before movements in working capital	1,483	1,898
Change in working capital:		
Trade receivables, other receivables and prepayments	13,300	5,506
Inventories	(7,550)	(4,403)
Amounts due from associates	242	(198)
Trade payables, other payables and accruals	(10,387)	(87)
Cash (used in) /generated from operations	(2,912)	2,716
Net income tax paid	(870)	(610)
Interest paid	(139)	(86)
Net cash (used in) / from operating activities	(3,921)	2,020
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	825	50
Increase in other assets	(215)	(48)
Additional investment in equity investment designated at fair value through other comprehensive income	-	(6)
Purchase of property, plant and equipment	(221)	(407)
Payment for right-of-use assets	(28)	-
Net cash outflow on acquisition of a subsidiary	(1,135)	-
Decrease in loans and receivables	1,356	-
Interest income received	56	64
Decrease in time deposit with original maturity of over three months	170	-
Net cash from / (used in) investing activities	808	(347)
FINANCING ACTIVITIES		
Proceeds from share options exercised	203	-
Proceeds from bank borrowings	58,700	5,200
Repayment of interest element on lease liabilities	(59)	(74)
Repayment of principal portion of lease liabilities	(868)	(895)
Repayment of bank borrowings	(56,600)	(8,000)
Dividend paid	(1,575)	(1,554)
Net cash used in financing activities	(199)	(5,323)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,312)	(3,650)
NET EFFECT OF CURRENCY TRANSLATION DIFFERENCES	(2,050)	(682)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	26,170	32,996
CASH AND CASH EQUIVALENTS AT END OF PERIOD	20,808	28,664
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at banks and on hand	19,963	26,357
Short-term deposits	845	2,307
Non-pledged time deposits with original maturity of over three months	908	-
Cash and bank balances as stated in the consolidated statement of financial position	21,716	28,664
Less: Time deposits with original maturity of over three months	(908)	-
Cash and cash equivalents as stated in the consolidated statement of cash flows	20,808	28,664

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

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

The registered office of the Company was located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and the principal place of business of the Company is located at Rooms 6 to 10, 11th Floor, CCT Telecom Building, 11 Wo Shing Street, Fo Tan, Shatin, New Territories, Hong Kong.

The condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “Group”). The primary activity of the Company is investment holding.

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

2 BASIS OF PREPARATION

The condensed interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”), the applicable disclosure requirements of Rule 705 of the Listing Manual (the “SGX Listing Manual”) of the SGX-ST. These condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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

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

2.1 New and amended standards adopted by the Group

There are no accounting pronouncements which have become effective from 1 January 2022 that have a significant impact on the Group’s interim condensed consolidated financial statements.

Other Standards and amendments that are effective for the first time in 2022 (for entities with a 31 December 2022 year-end) and could be applicable to the Group are:

- Amendments to IFRS 3 Business Combination - Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRSs 2018 – 2020 Cycle

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

2.2 Use of judgements and estimates

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

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

3 SEASONAL OPERATIONS

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

4 REVENUE AND SEGMENT INFORMATION

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

- i) LCD Backlight Units - Manufacturing of LCD backlight units for LCD modules
- ii) Office Automation - Manufacturing and trading of parts and precision accessories for office equipment and electrical appliances
- iii) LCD Parts and Accessories - Manufacturing and trading of parts and precision accessories for LCD modules, and of payment devices in the business of original equipment manufacturer
- iv) Others - Other businesses including general trading, food and beverage, Bio-Tech related research and development, health care and beauty products and the holding of Bio-related intellectual properties

Timing of revenue recognition

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

Business segment for the six months ended 30 June 2022

	LCD Backlight Units US\$'000	Office Automation US\$'000	LCD Parts and Accessories US\$'000	Others US\$'000	Eliminations US\$'000	Consolidated US\$'000
Revenue from contracts with customers						
External sales of goods by geographical markets						
Mainland China	25,846	1,276	3,578	-	-	30,700
Hong Kong	6,454	1,675	13,363	-	-	21,492
Japan	5,562	2,094	1,561	413	-	9,630
Other	-	88	559	17	-	664
	37,862	5,133	19,061	430	-	62,486
Inter-segment sales	-	2,273	338	-	(2,611)	-
Total revenue	37,862	7,406	19,399	430	(2,611)	62,486
Results						
Segment result	1,513	(614)	1,481	(1,055)	-	1,325
Unallocated corporate expenses						(1,494)
Operating loss						(169)
Interest income						56
Finance costs						(198)
Gain on fair value changes of convertible bonds						1,063
Gain on disposal of residential property						734
Gain on deemed disposal of an associate						212
Share of loss of an associate						(95)
Profit before income tax						1,603
Income tax expense						(648)
Profit after income tax						955
Assets						
Segment assets	59,809	7,629	21,086	6,415	(558)	94,381
Unallocated assets						2,156
Consolidated total assets						96,537
Liabilities						
Segment liabilities	20,297	2,700	8,465	823	(558)	31,727
Bank borrowings and lease liabilities						16,139
Unallocated liabilities						1,480
Consolidated total liabilities						49,346
Other information						
Capital expenditure	120	13	84	4	-	221
Right-of-use assets	601	427	435	-	-	1,463
Depreciation of property, plant and equipment	420	118	123	47	-	708
Depreciation of right-of-use assets	419	120	315	3	-	857
Increase in allowance for inventories	34	-	40	-	-	74

Business segment for the six months ended 30 June 2021

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

Other Geographical Segment information for the six months ended 30 June 2022 and 2021

	Non-Current Assets		Capital Expenditure	
	Six months ended 30 June		Six months ended 30 June	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Hong Kong	783	886	171	5
PRC	4,797	5,697	40	377
Japan	1,715	2,226	10	24
Others	1,269	1,390	-	1
Total	8,564	10,199	221	407

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

Information about major customer

Revenue from one key customer which has transactions with all segments accounted for 57.5% of the total revenue for the six months ended 30 June 2022 (Six months ended 30 June 2021: 63.6%).

5 FAIR VALUE MEASUREMENTS

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

	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
The Group				
30 June 2022				
Assets measured at fair value				
Financial assets:				
Equity investments designated at fair value through other comprehensive income ("FVTOCI"):				
Listed equity investment at fair value (Sharp Corporation)				
	64	-	-	64
Unlisted equity investment at fair value (Electrine Inc., formerly known as LGM Co., Limited)				
	-	-	1,152	1,152
Financial assets at fair value through profit or loss ("FVTPL"):				
Convertible bonds				
	-	-	-	-
Total non-current assets measured at fair value	<u>64</u>	<u>-</u>	<u>1,152</u>	<u>1,216</u>
Current assets measured at amortised cost				
Loan and receivables, at amortised cost				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2021				
Assets measured at fair value				
Financial assets:				
Equity investments designated at FVTOCI:				
Listed equity investment at fair value (Sharp Corporation)				
	92	-	-	92
Unlisted equity investment at fair value (Electrine Inc., formerly known as LGM Co., Limited)				
	-	-	1,160	1,160
Financial assets at FVTPL:				
Convertible bonds				
	-	-	800	800
Total non-current assets measured at fair value	<u>92</u>	<u>-</u>	<u>1,960</u>	<u>2,052</u>
Current assets measured at amortised cost				
Loan and receivables, at amortised cost				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,356</u>

Level 3 fair value measurements

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

	Equity investments designated at FVTOCI - unlisted equity investment US\$'000	Financial assets at FVTPL - Convertible bonds US\$'000	2022 Total US\$'000
At 1 January 2021	990	-	990
Total gains or losses recognised in other comprehensive income	264	-	264
Purchase	-	800	-
Exchange differences	(94)	-	(94)
At 31 December 2021	1,160	800	1,960
Eliminated on business combination	-	(800)	(800)
Exchange differences	56	-	56
At 30 June 2022	1,216	-	1,216

During the periods ended 30 June 2022 and 31 December 2021, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of financial assets under Level 3 fair value measurement as at 30 June 2022 and 31 December 2021.

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
30 June 2022				
Unlisted equity investment at fair value	Recent transaction method under market approach and equity allocation model	Equity volatility	50% to 55%	5% increase in volatility would result in increase in fair value by US\$15,063
		Discount for lack of marketability	9% to 20%	5% increase in discount rate would result in increase in fair value by US\$19,416
31 December 2021				
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 increase in fair value by US\$16,329
		Discount for lack of marketability	9% to 20%	5% increase in discount rate would result in increase in fair value by US\$23,159
Convertible bonds	Trending analysis under market approach	Binomial option pricing model	60% to 70%	5% increase in volatility would result in increase in fair value by US\$21,709

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

There is no significant change in the Group's and the Company's assets and liabilities not measured at fair value but for which fair value is disclosed at 30 June 2022 and 31 December 2021.

6 FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets:				
Equity investments designated at FVTOCI	1,216	1,252	-	-
Financial assets measured at FVTPL	-	800	-	-
At amortised cost (including cash and cash equivalents)	<u>45,798</u>	<u>66,545</u>	<u>14,696</u>	<u>15,738</u>
Financial liabilities:				
At amortised cost (excluding lease liabilities)	<u>44,585</u>	<u>53,504</u>	<u>208</u>	<u>150</u>

Analysis of financial instruments by remaining contractual maturity

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

	30 June 2022				31 December 2021			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
THE GROUP								
Financial assets:								
Trade and other receivables	24,082	-	-	24,082	37,940	-	-	37,940
Cash and short-term deposits	21,716	-	-	21,716	27,278	-	-	27,278
Loans and receivables	-	-	-	-	1,549	-	-	1,549
Total undiscounted financial assets	<u>45,798</u>	<u>-</u>	<u>-</u>	<u>45,798</u>	<u>66,767</u>	<u>-</u>	<u>-</u>	<u>66,767</u>
Financial liabilities:								
Trade and other payables	31,686	-	-	31,686	42,704	-	-	42,704
Lease liabilities	1,674	1,713	-	3,387	1,486	1,314	-	2,800
Bank borrowings	11,997	1,284	-	13,281	9,228	1,798	-	11,026
Total undiscounted financial liabilities	<u>45,357</u>	<u>2,997</u>	<u>-</u>	<u>48,354</u>	<u>53,418</u>	<u>3,112</u>	<u>-</u>	<u>56,530</u>
Total net undiscounted financial (liabilities) / assets	<u>441</u>	<u>(2,997)</u>	<u>-</u>	<u>(2,556)</u>	<u>13,349</u>	<u>(3,112)</u>	<u>-</u>	<u>10,237</u>
THE COMPANY								
Financial assets:								
Other receivables	16	-	-	16	14	-	-	14
Cash and short-term deposits	185	-	-	185	100	-	-	100
Amount due from a subsidiary	-	13,954	-	13,954	-	15,624	-	15,624
Total undiscounted financial assets	<u>201</u>	<u>13,954</u>	<u>-</u>	<u>14,155</u>	<u>114</u>	<u>15,624</u>	<u>-</u>	<u>15,738</u>
Financial liabilities:								
Other payables	208	-	-	208	150	-	-	150
Total undiscounted financial liabilities	<u>208</u>	<u>-</u>	<u>-</u>	<u>208</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>150</u>
Total net undiscounted financial assets	<u>(7)</u>	<u>13,954</u>	<u>-</u>	<u>13,947</u>	<u>(36)</u>	<u>15,624</u>	<u>-</u>	<u>15,588</u>

7 OTHER INCOME

	The Group	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Gain on fair value changes of convertible bonds	1,063	-
Gain on disposal of residential property	734	6
Foreign exchange gain	636	77
Interest income	56	64
Compensation from government	45	51
Sundry income	56	61
Gain on termination of leases contracts	-	2
	<u>2,590</u>	<u>261</u>

8 FINANCE COSTS

	The Group	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Interest expenses on:		
Bank borrowings	139	86
Lease liabilities	59	74
	<u>198</u>	<u>160</u>

9 PROFIT/(LOSS) BEFORE TAX

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

	The Group	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Audit fees paid to:		
Auditor of the Company	151	154
Other auditors	106	106
Non-audit fees paid to:		
Auditor of the Company	24	3
Other auditors	6	7
Employee benefit expenses	11,834	12,684
Depreciation of property, plant and equipment	708	696
Depreciation of right-of-use assets	857	905
Increase in provision for inventories	74	302
Inventories recognised as an expense in cost of sales	51,989	53,102
Net gain on disposal of property, plant and equipment	(734)	(6)
Gain on termination of lease contracts	-	(2)
Gain on deemed disposal of an associate	(212)	-
Net foreign exchange loss (Note)	478	268
	<u>478</u>	<u>268</u>

Note: The foreign currency exchange loss for the six months ended 30 June 2022 comprised mainly unrealised loss net of unrealised gain on translating monetary assets less monetary liabilities in foreign currencies, mainly United States dollars, Renminbi and Japanese yen, to functional currency at each Group entity, and realised loss net of realised gain on payments denominated in foreign currencies other than the functional currency in each Group entity.

10 INCOME TAX EXPENSE

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

The major components of income tax expense for the periods ended 30 June 2022 and 2021 are:

	The Group	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Current income tax	576	705
Deferred tax	72	10
	<u>648</u>	<u>715</u>

11 EARNINGS PER SHARE

Profit / (loss) per ordinary share for the period based on loss attributable to owners of the Company:

	Six months ended 30 June	
	2022	2021
Based on weighted average number of ordinary shares in issue (US cents)		
- Basic	0.50	(0.49)
- Fully diluted (Note a, b)	0.49	-
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note c)	<u>224,930,364</u>	<u>221,987,408</u>

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

Note b: No adjustment had been made the basic loss per share amounts presented for the six months ended 30 June 2022 and 2021 in respect of a dilution as the impact of the share options outstanding during the period had an anti-dilutive effect on the basic loss per share amounts presented.

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

12 DIVIDENDS

	The Group and Company	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Declared and paid during the period:		
Dividend on ordinary shares:		
Final exempt dividend for 2021: US\$0.7 cents per share (Final exempt dividend for 2020: US\$0.7 cents per share)	<u>1,575</u>	<u>1,554</u>

	The Group and Company	
	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Declared but not recognised as a liability:		
Estimated dividend on ordinary shares as at 30 June:		
Interim exempt dividend for 2022: US\$0.5 cents per share (Interim exempt dividend for 2021: US\$0.5 cents per share)	<u>1,125</u>	<u>1,110</u>

Date payable

The Company declared an interim dividend of 0.5 US cents per ordinary shares and will be payable on 30 September 2022.

Books closure date

The Share Transfer books and Register of Members of the Company will be closed on 30 August 2022 at 5:00 pm, after which no share transfer will be effected until 5:00 pm on 31 August 2022. Duly completed transfers received by the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Limited of 1 Harbourfront Avenue, #14-07 Keppel Bay Tower Singapore 098632, up to the close of business at 5:00pm on 30 August 2022 will be registered to determine shareholders' entitlement to the dividend.

13 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with a cost of US\$221,000 (30 June 2021: US\$407,000).

Assets with a net book value of US\$63,000 were disposed by the Group during the six months ended 30 June 2022 (30 June 2021: US\$44,000), resulting in a net gain on disposal of US\$734,000 (30 June 2021: net gain of US\$6,000).

14 INVESTMENTS IN ASSOCIATES

The Group's investments in the associates are summarised below:

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

	30 June 2022 US\$'000	The Group 31 December 2021 US\$'000
Share of the associates' loss for the period	(95)	(431)
Share of the associates' total comprehensive expense	(95)	(431)
Aggregate carrying amount of the Group's investments in the associates	<u>-</u>	<u>1,048</u>

(b)

	30 June 2022 US\$'000	The Group 31 December 2021 US\$'000
Amount due from an associate	-	1,590
Allowance for expected credit loss	-	(11)
	<u>-</u>	<u>1,579</u>

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

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

The Company's wholly-owned subsidiary, Tomoike Industrial (H.K.) Company Limited (the "Purchaser"), entered into a Share Purchase Agreement (the "Agreement") with Mr. Yoshimi Koichi, an associated person of the Group's controlling shareholder, (the "Seller" and together with the Purchaser, the "Parties") on 4 April 2022.

Pursuant to the Agreement, the Purchaser shall acquire and purchase from the Seller, a total of two hundred thousand (200,000) shares of the common stock (the "Subject Shares"), with the par value of KRW 5,000 per share, representing 23.1% of the total issued and paid-up capital in A Biotech Co., Limited (the "Target Company") on the terms and conditions of the Agreement (the "Proposed Acquisition"). The consideration of these 200,000 shares was KRW1,800,000,000 (approximately US\$1,518,000), representing a per share price of KRW9,200 for each share. The consideration was satisfied in full by way of cash and the transaction was completed on 6 April 2022.

The Purchaser hold an aggregate of 420,000 shares representing 48.5% of the total issued and paid-up capital in the Target Company. At the close of the Agreement, the Purchaser now holds an aggregate of 620,000 shares representing 71.5% of the total issued and paid-up capital in the Target Company, and the Target Company has become an indirect subsidiary of the Company via the Purchaser.

15 INVENTORIES

	The Group	
	30 June 2022 US\$'000	31 December 2021 US\$'000
Consolidated statement of financial position:		
Raw materials	25,825	19,495
Work-in-progress	186	137
Finished goods	7,132	7,247
	<u>33,143</u>	<u>26,879</u>
	The Group	
	Six months ended 30 June 2022 US\$'000	30 June 2021 US\$'000
Consolidated statement of profit or loss:		
Inventories recognised as an expense in cost of sales	51,989	53,102
Inclusive of the increase in provision for inventories included in cost of sales	74	302
	<u>74</u>	<u>302</u>

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

16 CASH AND BANK BALANCES

	The Group		The Company	
	30 June 2022 US\$'000	31 December 2021 US\$'000	30 June 2022 US\$'000	31 December 2021 US\$'000
Cash at banks and on hand	19,963	21,814	185	100
Short-term deposits	845	4,356	-	-
Time deposit with original maturity of over three months	908	1,078	-	-
	<u>21,716</u>	<u>27,248</u>	<u>185</u>	<u>100</u>

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 30 days to 180 days (2021: 30 days to 180 days), depending on the immediate cash requirements of the Group and the Company, and earns interest at the respective short-term deposit rates. The weighted average effective interest rate as at 30 June 2022 for the Group was 0.1% per annum (31 December 2021: 0.1%).

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

	The Group	
	30 June 2022 US\$'000	31 December 2021 US\$'000
JPY	220	692
US\$	6,739	7,655
HK\$	328	-
RMB	7	9
SG\$	165	60
	<u>165</u>	<u>60</u>

17 ASSET HELD FOR SALE

A residential premises is presented as held for sale following the decision of management to sell the residential premises as it has been idle and unoccupied for a long time. The sale is expected to be completed by the end of June 2022.

	The Group
	30 June 2022
	31 December 2021
	US\$'000
	US\$'000
Residential premises building	
At net book value and carrying value	
in consolidated statement of financial position	52
	-

18 BANK BORROWINGS

		The Group
		30 June 2022
		31 December 2021
		US\$'000
	Maturity	US\$'000
Current:		
Bank borrowings, unsecured	2022	7,000
	(31 December 2021: 2022)	3,000
Bank borrowings, unsecured	On demand	4,650
		6,050
		11,650
		9,050
Non-current:		
Bank borrowings, unsecured	2024	1,250
	(31 December 2021: 2024)	1,750
Total bank borrowings		12,900
		10,800

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

The bank borrowings are unsecured and bear interest at rates ranging from 0.27% to 2.65% per annum (31 December 2021: 0.91% to 2.65%).

Bank borrowings amounting to US\$10,650,000 (31 December 2021: US\$8,050,000) are unsecured and carry variable interest rates quoted by the banks with reference to their cost of fund.

Bank borrowings amounting to US\$2,250,000 (31 December 2021: US\$2,750,000) are unsecured and carry fixed interest rates.

Management considered the fair value of the Group's fixed rate bank borrowings is US\$2,268,000 (31 December 2021: US\$2,780,000).

Details of collateral

As at 30 June 2022, the Group did not pledge any bank deposits (31 December 2021: Nil) to financial institutions to secure banking facilities granted to the Group.

19 RELATED PARTY TRANSACTIONS

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

	Notes	The Group	
		Six months ended 30 June 2022	2021
		US\$'000	US\$'000
Associates:			
Provision of financial assistance	(i)	-	1,290
Interest income	(ii)	45	25
Purchase of products	(iii)	172	252
Associated person of a controlling shareholder:			
Interest income	(iv)	13	26
Consideration of acquisition	(v)	<u>1,517</u>	<u>-</u>

Notes:

- (i) The Group provide financial assistance at mutually agreed terms.
- (ii) The Group received interest from A Bio for the amount due from A Bio at mutually agreed terms.
- (iii) The Group was sold goods to Suzhou Pengfu at mutually agreed terms.
- (iv) The Group received interest from the relevant party for the loan due from the relevant party at mutually agreed terms.
- (v) The Group acquired 200,000 shares of A Biotech Co., Limited on a willing buyer – willing seller basis on normal commercial terms.

Compensation of directors and key management personnel

	The Group	
	Six months ended 30 June 2022	2021
	US\$'000	US\$'000
Salaries, allowances and benefits in kind	1,145	886
Defined contribution plans	21	16
Share-based payment	-	59
	<u>1,166</u>	<u>961</u>
Comprise amounts paid to:		
Directors of the Company	480	505
Other key management personnel	<u>686</u>	<u>456</u>
	<u>1,166</u>	<u>961</u>

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

20 BUSINESS COMBINATION

A Biotech Co., Limited (“ABio”) ceased to be an associate of the Company and it has been accounted for as a subsidiary of the Group since 6 April 2022.

The above business combination has been accounted for using the acquisition method. ABio is engaged in the research and development of antibodies-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
Intangible assets	14	628	642
Inventories	169	-	169
Other receivables and prepayments	907	-	907
Other assets	80	-	80
Cash and bank balances	382	-	382
Other payables and accruals	(1,488)	-	(1,488)
Income tax payable, net	(3)	-	(3)
Amount due to group companies	(1,583)	-	(1,583)
Convertible bonds	(811)	(1,051)	(1,862)
Lease liabilities	(167)	-	(167)
Net liabilities	<u>(2,024)</u>	<u>(404)</u>	<u>(2,428)</u>
Non-controlling interests			691
Goodwill			<u>4,186</u>
Total consideration			<u>2,449</u>
Total consideration, satisfied by:			
Cash consideration			1,517
Carrying value of 48.5% equity interest held by the Group			<u>932</u>
			<u>2,449</u>
Net cash inflow arising on business combination:			
Cash consideration			(1,517)
Less: cash and cash equivalents acquired			<u>382</u>
Net cash outflow			<u>(1,135)</u>

ABio contributed US\$11,000 revenue 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\$550,000 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 the same amount.

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\$62,514,000, and profit for the year from continuing operations would have been approximately US\$854,000.

The Group had engaged AVISTA Group, an independent qualified profession valuer, to conduct the valuation of fair value of 48.5% ABio equity interest held by the Group. Since the valuation work is still in progress, the carrying value is adopted for calculation of goodwill.

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.

21 SUBSEQUENT EVENTS

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

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

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

Share Capital

As at 30 June 2022, the Company's issued and fully paid-up share capital was US\$10,087,084 represented by 224,987,408 ordinary shares (excluding treasury shares) and 27,189,702 ordinary shares held as treasury shares.

During the first half year ended 30 June 2022 the Company did not purchase any ordinary shares under the Share Purchase Mandate and held them as treasury shares. As at 30 June 2022, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 224,987,408 ordinary shares (excluding treasury shares) and 27,189,702 ordinary shares held as treasury shares.

Treasury shares

	The Company			
	2022		2021	
	Number of shares	US\$'000	Number of shares	US\$'000
Balance as at 1 January	29,189,702	4,392	30,189,702	4,542
Ordinary Shares purchased during the first half year	-	-	-	-
Treasury shares transferred out to satisfy share options exercised	(2,000,000)	(301)	-	-
Balance as at 30 June	<u>27,189,702</u>	<u>4,091</u>	<u>30,189,702</u>	<u>4,542</u>

	As at 30 June 2022	As at 31 December 2021
Issued shares	252,177,110	252,177,110
Less: Treasury shares	(27,189,702)	(29,189,702)
Total number of issued shares excluding treasury shares	<u>224,987,408</u>	<u>222,987,408</u>

During the first half year ended 30 June 2022, 2,000,000 treasury shares which were transferred out to satisfy 2,000,000 share options being exercised under CDW Employee share option scheme 2018. As at 30 June 2022, there were 27,189,702 (31 December 2021: 29,189,702) ordinary shares held as treasury shares.

Share Options

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

During the six months ended 30 June 2022, 2,000,000 share options were exercised and no share option was neither lapsed nor cancelled. The number of outstanding options as at 30 June 2022 was 4,250,000 (31 December 2021: 6,250,000) with exercise price at S\$0.14.

Subsidiary Holdings

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

2. Review

The condensed interim statement of financial position of the Group and its subsidiaries as at 30 June 2022 and the related condensed interim consolidated statement of profit or loss and condensed interim consolidated statement of comprehensive income, condensed interim statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

3. Review of performance of the Group

STATEMENT OF PROFIT AND LOSS

In the half year ended 30 June 2022 (“1H22”), the Group registered a marginal decrease in revenue by US\$1.0 million to US\$62.5 million as compared to the revenue of US\$63.5 million in the corresponding period of previous year (“1H21”).

The growth in the LCD Backlight Units segment, particularly for orders of larger-sized LCD backlight units used in the digital instrument panels of premium automobiles and ultrathin notebook computers, had been hindered by temporary production stoppage due to the Shanghai Municipal Government’s COVID-19 lockdown (the “Shanghai Lockdown”). The reduction in revenue in the LCD Backlight Units segment for 1H22 was compensated by a rise in revenue in the LCD Parts and Accessories segment. The Group received substantial orders for mobile and desktop payment devices for its original equipment manufacturer (“OEM”) business under the LCD Parts and Accessories segment in 1H22. For reasons stated below, the stoppage led to building up the inventory level and less sales were concluded as well as less orders were placed to the Group’s suppliers during the Shanghai Lockdown.

The Group’s gross profit remained stable at US\$10.5 million for 1H22 (1H21: US\$10.4 million) with gross profit margin improving to 16.8% in 1H22, as compared to 16.4% in 1H21.

The Group generated other operating income amounting to US\$2.6 million (1H21: US\$0.3 million). It included a valuation gain of a convertible bond (US\$1.1 million), profit on disposal of residential property in Shanghai (US\$0.7 million), interest income earned, compensation from government, and an exchange gain. During 1H22, the Group acquired 200,000 shares in A Biotech Co., Limited (“ABio”). With its existing shareholding of 420,000 shares in ABio, the Group has an aggregate of 620,000 shares upon the completion of this acquisition, representing 71.5% of the total issued and paid-up capital in ABio, and ABio is now a subsidiary of the Group. As a result of this acquisition, the Group recognised a fair value gain in investment in associate amounting to US\$0.2 million.

In the area of expenses for 1H22, distribution expenses decreased by US\$0.2 million to US\$1.8 million (1H21: US\$2.0 million), while administrative expenses increased by US\$0.8 million to US\$9.6 million (1H21: US\$8.8 million). The lower distribution expenses were mainly attributable to a decrease in packing materials used during the period under review. The increase in administrative expenses was attributable to the increase in salary related expenses, and exchange loss arising from the translation of USD dominated payables in China as US dollar appreciating against Renminbi. Finance costs remained stable at a low level of US\$0.2 million for 1H22 (1H21: US\$0.2 million) for the period under review, as the Group continues to strictly uphold its low gearing policy.

Before ABio became a subsidiary of the Group, it incurred a loss in 1H22 and the Group shared an operating loss of US\$0.1 million (1H21: US\$0.2 million) for the period from 1 January 2022 to 5 April 2022. After it became a subsidiary on 6 April 2022, ABio incurred a loss of US\$0.6 million which was included in the Group’s operating profit for the period under review.

Income tax expense for 1H22 reduced by US\$0.1 million to US\$0.6 million as compared to US\$0.7 million for 1H21. The tax credits from the loss-making subsidiaries are not being able to fully mitigate the income tax payable from the profit-making subsidiaries, which were attributable to a high effective tax rate.

In 1H22, the Group recorded a profit before income tax of US\$1.6 million (1H21: US\$0.4 million) and registered a profit after income tax of US\$1.0 million (1H21: Loss after income tax of US\$1.0 million).

LCD Backlight Units (“LCD BLUs”)

In 1H22, revenue from the LCD Backlight Units segment decreased by US\$6.2 million to US\$37.9 million (1H21: US\$44.1 million). The decrease in revenue was mainly due to the interruption to production during the Shanghai Lockdown. This segment generated an operating profit of US\$1.5 million in 1H22 as compared to US\$1.9 million in 1H21.

In terms of quantity, the total number of units sold for the period under review was 3.0 million units (1H21: 4.1 million units) with details of the various sizes as below:

Unit in million	1H22	1H21
Below 5 inches	0.4	0.6
5 to 8 inches	0.1	0.8
Over 8 inches	2.5	2.7
Total	3.0	4.1

As previously noted, the Group expects the smaller sized backlight units (8 inches and below) will sooner or later be phased out and the larger sized backlight units (over 8 inches) will be the growth driver for the segment, with a focus on digital instrument panels of premium automobile (1H22: 1.9 million units and 1H21: 2.0 million) and ultra-thin notebook computers (1H22: 0.6 million units and 1H21: 0.7 million).

Office Automation (“OA”)

The revenue from the OA segment decreased by US\$1.6 million to US\$5.1 million in 1H22 as compared to US\$6.7 million in 1H21, as a result of the Shanghai Lockdown. The segment recorded a substantial operating loss of US\$0.6 million in 1H22 as compared to US\$0.5 million in 1H21. Apart from the Shanghai Lockdown, this segment suffers from a lack of new products being developed by its customers during this period, who are affected by disruptions caused by the COVID-19 pandemic. The segment is currently only producing parts for old models, which have a lower margin and experience rising material costs. As a result of higher material costs, the segment suffered a substantial loss.

LCD Parts and Accessories

The sales for the LCD Parts and Accessories segment increased by US\$6.8 million from US\$12.3 million in 1H21 to US\$19.1 million in 1H22, in which its OEM business substantially increased by US\$7.8 million from US\$6.5 million in 1H21 to US\$14.3 million in 1H22 under the expectation of a strong economic recovery from the COVID-19 pandemic in the United State of America. The segment booked an operating profit of US\$2.0 million for 1H22 as compared to US\$0.3 million in 1H21.

Others

The Others segment mainly includes the Group’s food and beverage business as well as its life science business. A revenue of US\$0.4 million was generated in this segment for the period under review (1H21: US\$0.4 million). As the Life Science division is still in its initial development stage, the Group incurred expenses related to legal matters, and research and development, leading to an operating loss of US\$1.1 million (1H21: US\$0.8 million).

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022, the Group’s total assets and liabilities stood at US\$96.5 million and US\$49.3 million respectively, as compared to US\$108.8 million and US\$58.1 million as at 31 December 2021.

Current assets dropped to US\$81.4 million as at 30 June 2022 as compared to US\$96.7 million as at 31 December 2021. Cash and bank balances decreased by US\$5.5 million to US\$21.7 million as at 30 June 2022 as compared to US\$27.2 million as at 31 December 2021 in order to finance working capital needs. As a result of the Shanghai Lockdown, the sales in April and May had been adversely affected, and in turn, accumulated inventory during the stoppage. Trade receivables decreased by US\$12.3 million from US\$35.7 million as at 31 December 2021 to US\$23.4 million as at 30 June 2022, while inventory increased from US\$26.9 million as at 31 December 2021 to US\$33.1 million as at 30 June 2022, ready to fulfill confirmed orders in second half of the current financial year. Except for the longer credit term of 120 days offered to our key customer, there was no material change in the credit term of 60 days to 90 days offered to customers in general.

Other receivables and prepayments of US\$3.2 million (31 December 2021: US\$3.9 million) mainly represented other debtors, utility deposits, prepaid expenses, value added tax recoverable and sales tax prepaid. The decrease was mainly due to the reduction in sales tax prepaid. Subsequent to the acquisition of ABio which became a subsidiary of the Group, the interest-bearing financial support of US\$2.0 million (31 December 2021: US\$1.5 million) to ABio was eliminated upon consolidation. During the period under review, the sales proceeds of US\$1.4 million for the disposal of interest in a subsidiary and classified under loan and receivables was fully settled.

The non-current assets of the Group stood at US\$15.1 million as at 30 June 2022 (31 December 2021: US\$12.1 million). Included in property, plant and equipment amounting to US\$5.4 million as at 30 June 2022 (31 December 2021: US\$6.1 million) was newly purchased equipment of US\$0.2 million, which was netted off against the depreciation charge of US\$0.7 million and disposal of assets with net book value of US\$0.1 million. During the period, the disposal of a residential property in Shanghai was completed which resulted in a post-tax gain of US\$0.7 million. There was amortisation of right-of-use assets amounting to US\$0.9 million net of modification of right-of-use assets amounting to US\$1.5 million, which increased the right-of-use assets from US\$2.6 million as at 31 December 2021 to US\$3.2 million as at 30 June 2022. The equity investments designated at fair value through other comprehensive income included the equity investment in a Korean company, which offered the Group the manufacturing and distribution rights for its products, and listed shares in Japan.

Total liabilities as at 30 June 2022 was down to US\$49.3 million, representing a decrease of US\$8.8 million over 1H22 (31 December 2021: US\$58.1 million). In relation to the right-of-use assets as mentioned above, there were lease liabilities of US\$3.2 million as at 30 June 2022 (31 December 2021: US\$2.7 million), of which US\$1.6 million was payable within one year and was classified under current liabilities (31 December 2021: US\$1.4 million). The increase in lease liabilities represented the repayment of leased liabilities amounting to US\$0.8 million (1H21: US\$0.9 million) net of modification of right-of-use assets amounting to US\$1.5 million (1H21: US\$0.4 million).

As explained in the statement of cash flows, the Group redrew bank borrowings amounting to US\$58.7 million, including a US\$3 million 3-years long-term loan repayable by quarterly instalment, while settling bank borrowings amounting to US\$56.6 million with a net drawdown US\$2.1 million during 1H22. Total outstanding bank borrowings was US\$12.9 million as at 30 June 2022 (31 December 2021: US\$10.8 million) in which US\$11.7 million is payable within one year (31 December 2021: US\$9.1 million).

As a result of less purchases orders placed to suppliers, trade payables were reduced by US\$10.4 million to US\$25.9 million as at 30 June 2022 (31 December 2021: US\$36.3 million) for the period under review. There was no material change in the credit terms offered by the Group's suppliers and the settlement was done in accordance with the agreed credit terms. Other payables and accruals, mainly representing wages payable and other payables for operating expenses, reduced by US\$0.5 million from US\$6.5 million as at 31 December 2021 to US\$6.0 million as at 30 June 2022. The decrease mainly attributable to the utilisation of deposits received for the orders of mobile payment devices to be delivered.

The income tax for 1H22 was provided and adjusted under tax rules of various jurisdictions. The income tax charge net of payment for the period under review had reduced the income tax payable by US\$0.3 million to US\$0.3 million (31 December 2021: US\$0.6 million).

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

STATEMENT OF CASH FLOWS

The Group generated operating cash flows of US\$1.5 million before movement in working capital (1H21: US\$1.9 million). As mentioned above, the production was interrupted during Shanghai Lockdown, which led to the building up of the inventory level with less sales during this period, as well as less orders being placed to the Group's suppliers. The Group used US\$2.9 million in operations (1H21: cash of US\$2.7 million generated from operations) after taking up the net cash outflows of US\$4.4 million in the working capital for 1H22. During 1H22, the Group paid income tax amounting to US\$0.9 million (1H21: US\$0.6 million).

For investing activities, there was a net cash inflow of US\$0.8 million (1H21: net cash outflow of US\$0.3 million). Over the period under review, the net cash inflows were mainly attributable to the repayment of receivable from an associated person amounting to US\$1.4 million, and the net cash outflow on acquisition of a subsidiary of US\$1.1 million. Other than the one-off events, the Group purchased property, plant and equipment amounting to US\$0.2 million (1H21: US\$0.4 million) less sales proceeds from the disposal of residential property in Shanghai amounting to US\$0.8 million (1H21: US\$0.1 million).

For financing activities, there was a net cash outflow of US\$0.2 million over the period under review (1H21: US\$5.3 million). The financing activities mainly comprised the net drawdown of bank borrowings amounting to US\$2.1 million during 1H22 (1H21: repayment of US\$2.8 million), and the repayment of lease liabilities amounting to US\$1.0 million (1H21: US\$1.0 million). In addition, the Group paid dividends to shareholders of US\$1.6 million for 1H22 (1H21: US\$1.6 million).

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

	30 June 2022	31 December 2021
Net asset value per ordinary share, excluding treasury shares (US cents)		
- The Group	20.97	22.73
- The Company	11.24	12.07

The calculation of the net asset value per ordinary share was based on total number of 224,987,408 (31 December 2021: 222,987,408) ordinary shares (excluding treasury shares).

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

Not applicable.

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

Business Environment

The Group operates in an industry with intense price competition and shortening product life cycles, and its challenging operating environment is further exacerbated by the macro factors like US – China tensions, the ongoing COVID-19 pandemic and the Russia – Ukraine war, as well as other issues like supply chain disruptions and other inflationary pressures, like rising labour costs in China. This has led to greater market volatility and uncertainty for the Group.

With the government in China favouring regional lockdowns as part of its “Zero Covid” strategy, the Group's manufacturing operations in Shanghai, Dongguan and Wuxi may be impacted should a lockdown occur. In 1H2022, the Group's two factories located in Shanghai under its two wholly-owned subsidiaries, Crystal Display Components (Shanghai) Co., Limited and Tomoike Precision Machinery (Shanghai) Co., Limited experienced temporary stoppages due to the Shanghai Municipal Government's COVID-19 lockdown from 1 April 2022 - 1 June 2022. The Group will comply with any of such regulatory actions or directives imposed by the Chinese government, whilst working closely with its customers to mitigate the situation if it occurs. In terms of mitigation, the Group may adopt a production and/or logistics outsourcing strategy to meet customer production and delivery requirements, should it become necessary. This may contribute to an increase in the Group's operating costs, adding more pressure on profits.

The Group is re-looking at its planned OEM operations in the Philippines which was previously delayed by the COVID-19 pandemic. The Group has successfully outsourced its OEM production work to Thailand where the Group's outsourcing partner there will adjust their production capacity in tandem with OEM orders.

Notwithstanding market volatility and uncertainty, and an increasingly challenging operating environment, the Group continues to focus on working with its customers to develop new products and actively grow its other businesses to diversify its revenue streams. It will also explore alternative manufacturing locations to reduce exposure to ongoing US-China tensions and will continue to keep a lookout for any new business opportunities.

The Group does not see any going concern issue and continues to maintain a healthy financial position and liquidity. So far, neither the Group nor any of its counterparties have exercised temporary relief, force majeure clauses or termination of contractual obligations for material contracts. In addition, the Group does not see any threats to contractual rights or its ability to fulfil its obligations of any material contracts.

Business Segment Outlook

In 1H2022, orders for larger-sized LCD Backlight Units (“BLUs”) used in the digital instrument panels for premium automobiles and ultrathin notebook computers continue to form the bulk of the demand and revenue.

Larger automotive backlight units continue to be the key growth driver for the LCD BLU segment in tandem with market growth. The factory stoppage at SHCD has affected this business segment in 1H2022, and the Group's key customer has taken the initiative to have the backlog of orders in April and May for digital instrument panels for the automotive industry to be completed by the second half of FY2022, on top of normal existing orders.

On the other hand, a major portion of the Office Automation business undertaken by SHTP is unlikely to recover its customer's April and May backlog orders, which were affected by SHTP's production stoppage. Furthermore, both the Office Automation segment and LCD Parts and Accessories segment continue to face the challenges of intense price competition and model obsolescence, with no immediate signs of recovery. Nevertheless, the Group will continue to look for opportunities to manufacture higher-end models with higher margins but in the interim, will take stringent measures to control costs for these two segments.

The Group has set up a small R&D department to improve the profitability of its OEM business, a subset of its LCD Parts and Accessories segment, as it steadily gears up. The establishment of the R&D department allows the Group to move up the value chain to provide value-added activities and a wider range of offerings, from OEM contract manufacturing to participating in the product development and design process of its customers. However, the growth of OEM business has been impacted by the slowdown in the US economy, with customer orders for the second half of FY2022 being shifted to next year.

For its Life Science segment, the Group's subsidiary Tomoike Bio Limited ("TBio"), together with ABio, continues to progress pre-clinical trials at the Korean National Cancer Center to evaluate the efficacy of anti-Cripto 1 antibody at inhibiting brain tumour growth. The Group is preparing to conduct pre-clinical research using mouse efficacy studies for other cancer types such as breast, lung and colon cancer, and plans to explore and expand the possibilities for its anti-Cripto 1 antibody.

The Group will also continue to work on growing its green businesses such as electric motor units, nanomaterials coating and antioxidant water system, and will share updates with shareholders on their progress in due course.

Managing Risks and Looking Forward

The Group remains cautious in managing its operations, looking to contain costs, production volatility and efficiency while facing external headwinds as mentioned above. The Group continues to actively engage with customers in all business segments to build greater rapport and working relationships, and continues its efforts to push for higher-end and higher margin models and products for its various businesses in tandem with market trends in order to augment its profitability and margins.

The Group will continue to safeguard its employees against the ongoing COVID-19 pandemic and has established the necessary precautions and hygiene protocols for its workforce, while following any Government directives to deal with COVID-19 pandemic. As a result of all of the above, the Group is cautious about its business outlook for the coming financial year ending 31 December 2022 ("FY2022"), barring unforeseen circumstances.

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

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

8. Interested Person Transactions

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

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		US\$'000	US\$'000
Mr. YOSHIMI Koichi - Interest on outstanding consideration of disposal of 280,000 shares of A Biotech Co., Limited - Consideration of acquisition of 200,000 shares of A Biotech Co., Limited	Associate of controlling shareholder	13	-
		1,517	-
A Biotech Co., Limited (Note) - Provision of financial assistance - Subscription of Convertible bond - Interest on financial assistance	Associate of controlling shareholder	1,990	-
		800	-
		45	-
Total		4,365	-

Note: Save as disclosed in Note 20 to the Condensed Interim Consolidated Financial Statements, A Biotech Co., Limited ceased to be an associate of the Group and it has been accounted for as a subsidiary of the Group since 6 April 2022.

9. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 3 for the factors leading to any material changes in contribution to revenue and earnings by business segments. In terms of geographical segments, the Group was generating revenue mainly in Hong Kong, the PRC and Japan. Revenue in Hong Kong, the PRC and Japan accounted for 34.4%, 49.1% and 15.4% of the total revenue respectively. Total revenue decreased by 1.7% to US\$62.5 million for the six months ended 30 June 2022 as compared to the corresponding period in the previous year.

As at 30 June 2022, non-current assets located in Hong Kong, the PRC and Japan accounted for 9.1%, 56.0% and 20.0% of the total non-current assets of the Group respectively. During the six months ended 30 June 2022, the Group invested a total capital expenditure of US\$0.2 million for the purchase of equipment in Hong Kong, the PRC and Japan and it was mainly for the purposes of replacement and new business.

10. Negative confirmation by the Board pursuant to Rule 705(5)

We, Yoshikawa Makoto and Dy Mo Hua Cheung, Philip, being two directors of CDW Holding Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of the directors of the Company which may render the financial statements for the six months ended 30 June 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

YOSHIKAWA Makoto
Chairman and Chief Executive Officer
14 August 2022

DY MO Hua Cheung, Philip
Executive Director