CDW HOLDING LIMITED

Condensed Interim Consolidated Financial Statements
For the Six Months Ended 30 June 2023

CONTENTS

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2023

		Six months ended 30 June		
	Note	2023 US$'000	2022 US$'000	% Increase/ (Decrease)
Revenue	4	56,674	62,486	(9.3%)
Cost of sales		(46,580)	(51,989)	(10.4%)
Gross profit		10,094	10,497	(3.8%)
Other income	7	402	2,590	(84.5%)
Distribution costs		(1,245)	(1,833)	(32.1%)
Administrative expenses		(9,254)	(9,570)	(3.3%)
(Loss) / profit from operations		(3)	1,684	(100.2%)
Finance costs	8	(296)	(198)	49.5%
Gain on deemed disposal of an associate		-	212	N.M.*
Share of loss of associates		-	(95)	N.M.*
(Loss) / profit before tax	9	(299)	1,603	(118.7%)
Income tax expense	10	(259)	(648)	(60.0%)
(Loss) / profit for the period		(558)	955	(158.4%)
(Loss) / profit attributable to:				
Owners of the Company		(353)	1,112	(131.7%)
Non-controlling interests		(205)	(157)	30.6%
		(558)	955	(158.4%)
(Loss) / earnings per share (US cents)				
Basic	11	(0.16)	0.50	(132.0%)
Diluted		-	0.49	N.M.*

* N.M.: Not meaningful.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2023

		Six months ended 30 June		
	Note	2023 US$'000	2022 US$'000	% Increase / (Decrease)
(Loss) / profit for the period		(558)	955	(158.4%)
Other comprehensive expense:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		(1,378)	(2,380)	(42.1%)
Items that will not be reclassified to profit or loss:				
Equity investments designated at fair value through other comprehensive income:				
- Fair value loss arising during the period		(9)	(17)	(47.1%)
- Income tax effect		-	-	-
		(9)	(17)	(47.1%)
Other comprehensive expense for the period, net of tax		(1,387)	(2,397)	(42.1%)
Total comprehensive expense for the period		(1,945)	(1,442)	34.9%
Total comprehensive expense attributable to:				
Owners of the Company		(1,738)	(1,336)	30.1%
Non-controlling interests		(207)	(106)	95.3%
		(1,945)	(1,442)	34.9%

* N.M.: Not meaningful.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at 30 June 2023

	Note	The Group		The Company	
		As at 30 June 2023 US$'000	As at 31 December 2022 US$'000	As at 30 June 2023 US$'000	As at 31 December 2022 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	4,595	5,265	-	-
Right-of-use assets		1,774	2,517	-	-
Investment in subsidiaries		-	-	11,334	11,334
Amount due from a subsidiary		-	-	15,544	15,492
Goodwill		14,410	14,410	-	-
Other intangible assets		590	617	-	-
Investments	5	1,009	1,063	-	-
Other assets		296	458	-	-
Deferred tax assets		108	107	-	-
Total non-current assets		22,782	24,437	26,878	26,826
Current assets					
Inventories	15	19,724	26,368	-	-
Trade receivables		24,407	34,443	-	-
Other receivables and prepayments		3,918	3,533	19	17
Pledged bank deposit	16	1,500	1,500	-	-
Cash and bank balances	16	24,614	27,257	163	160
Total current assets		74,163	93,101	182	177
TOTAL ASSETS		96,945	117,538	27,060	27,003
LIABILITIES AND EQUITY					
Current liabilities					
Income tax payable		220	775	-	-
Bank borrowings	17	4,818	11,170	-	-
Lease liabilities		1,116	1,471	-	-
Trade payables		18,428	31,815	-	-
Other payables and accruals		13,805	8,614	217	278
Amount due to an associate	14	275	487	-	-
Total current liabilities		38,662	54,332	217	278
NET CURRENT ASSETS / (LIABILITIES)		35,501	38,769	(35)	(101)
Non-current liabilities					
Bank borrowings	17	1,500	2,500	-	-
Lease liabilities		693	1,084	-	-
Retirement benefit obligations		594	594	-	-
Deferred tax liabilities		414	426	-	-
Total non-current liabilities		3,201	4,604	-	-
TOTAL LIABILITIES		41,863	58,936	217	278
NET ASSETS		55,082	58,602	26,843	26,725
Equity attributable to owners of the Company					
Share Capital		10,087	10,087	10,087	10,087
Treasury shares		(4,091)	(4,091)	(4,091)	(4,091)
Retained earnings		34,361	36,289	2,056	1,938
Reserves		15,828	17,213	18,791	18,791
		56,185	59,498	26,843	26,725
Non-controlling interests		(1,103)	(896)	-	-
TOTAL EQUITY		55,082	58,602	26,843	26,725
TOTAL LIABILITIES AND EQUITY		96,945	117,538	27,060	27,003

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the six months ended 30 June 2023

The Group

	Share capital	Share premium of the Company	Share capital reserve	Treasury shares	Employee share option reserve	Merger reserve	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
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 January 2023	10,087	18,994	(338)	(4,091)	135	(7,020)	4,009	318	1,198	(200)	117	36,289	59,498	(896)	58,602
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(353)	(353)	(205)	(558)
Other comprehensive expense for the period:															
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	(1,376)	-	(1,376)	(2)	(1,378)
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	(9)	-	-	(9)	-	(9)
Total comprehensive expense for the period	-	-	-	-	-	-	-	-	-	(9)	(1,376)	(353)	(1,738)	(207)	(1,945)
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(1,575)	(1,575)	-	(1,575)
Balance as at 30 June 2023	10,087	18,994	(338)	(4,091)	135	(7,020)	4,009	318	1,198	(209)	(1,259)	34,361	56,185	(1,103)	55,082

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the six months ended 30 June 2023

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 period	-	-	-	-	-	-	-	-	-	-	-	1,112	1,112	(157)	955
Other comprehensive income for the period:															
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 19)	-	-	-	-	-	-	-	-	-	-	-	-	-	(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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the six months ended 30 June 2023

The Company

	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$'000	Retained earnings US$'000	Total equity US$'000
Balance as at 1 January 2023	10,087	18,994	(338)	(4,091)	135	1,938	26,725
Total comprehensive income for the period	-	-	-	-	-	1,693	1,693
Dividend paid	-	-	-	-	-	(1,575)	(1,575)
Balance as at 30 June 2023	10,087	18,994	(338)	(4,091)	135	2,056	26,843

	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$'000	Retained earnings US$'000	Total equity US$'000
Balance as at 1 January 2022	10,087	18,994	(240)	(4,392)	198	2,275	26,922
Total comprehensive expense 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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2023

	The Group	
	Six months ended 30 June	
	2023 US$'000	2022 US$'000
OPERATING ACTIVITIES		
(Loss) / profit before tax	(299)	1,603
Adjustments for:		
(Decrease) / increase in provision for inventories	(96)	74
Depreciation of property, plant and equipment	759	708
Depreciation of right-of-use assets	853	857
Amortisation of other intangible assets	2	2
Interest income	(57)	(56)
Finance costs	296	198
Net loss / (gain) on disposal of property, plant and equipment	34	(734)
Gain on fair value changes of convertible bonds	-	(1,063)
Gain on deemed disposal of an associate	-	(212)
Retirement benefit obligations	-	22
Share of losses of associates	-	95
Reversal of expected credit losses allowance on amount due from an associate	-	(11)
Operating cash flows before movements in working capital	1,492	1,483
Change in working capital:		
Other assets	148	(215)
Trade receivables, other receivables and prepayments	9,483	13,300
Inventories	6,147	(7,550)
Amounts due to / from associates	(202)	242
Trade payables, other payables and accruals	(7,757)	(10,387)
Cash generated from / (used in) operations	9,311	(3,127)
Net income tax paid	(810)	(870)
Interest paid	(236)	(139)
Net cash from / (used in) operating activities	8,265	(4,136)
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	8	825
Purchase of property, plant and equipment	(352)	(221)
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	57	56
(Increase) / decrease in time deposit with original maturity of over three months	(260)	170
Net cash (used in) / from investing activities	(547)	1,023
FINANCING ACTIVITIES		
Proceeds from share options exercised	-	203
Proceeds from bank borrowings	4,374	58,700
Repayment of interest element on lease liabilities	(60)	(59)
Repayment of principal portion of lease liabilities	(849)	(868)
Repayment of bank borrowings	(11,687)	(56,600)
Dividend paid	(1,575)	(1,575)
Net cash used in financing activities	(9,797)	(199)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,079)	(3,312)
NET EFFECT OF CURRENCY TRANSLATION DIFFERENCES	(491)	(2,050)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	26,324	26,170
CASH AND CASH EQUIVALENTS AT END OF PERIOD	23,754	20,808
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at banks and on hand	18,723	19,963
Short-term deposits	5,031	845
Non-pledged time deposits with original maturity of over three months	860	908
Cash and bank balances as stated in the consolidated statement of financial position	24,614	21,716
Less: Non-pledged time deposits with original maturity of over three months	(860)	(908)
Cash and cash equivalents as stated in the consolidated statement of cash flows	23,754	20,808

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 2023 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; biotech 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 2023 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 2022.

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 2023 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 2023 (for entities with a 31 December 2023 year-end) and could be applicable to the Group are:

<u>Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</u>
(effective from 1 January 2023)

The amendment requires deferred tax to be recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and require the recognition of additional deferred tax assets and liabilities.

Amendments to IAS 12 – International Tax Reform - Pillar Two Model Rules
(effective for annual reporting period commencing on or after 1 January 2023)

The amendment provides a temporary mandatory exception from deferred tax accounting in respect of Pillar Two income taxes and certain additional disclosure requirements. The Group is in the process of assessing the estimated impact of Pillar Two income taxes to its consolidated financial statements and appropriate disclosures will be made in the financial statements for the year ending 31 December 2023.

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 2022.

3 SEASONAL OPERATIONS

There are mild seasonal factors affecting the performance of the Group. As the Group's major production factories are located in China, major festivals in the PRC such as the Chinese New Year mainly fall in the first half of the year, the Group's production output will be affected to a certain extent due to factors such as factory workers returning to their hometowns to celebrate the Chinese New Year and going on vacation. In addition, consumer festivals such as Christmas and New Year mainly fall in the second half of the year, resulting in more production orders and new models released in the second half of the year.

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)	OEM 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 2023

	LCD Backlight Units US$'000	Office Automation US$'000	OEM 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	31,304	997	2,423	-	-	34,724
Hong Kong	705	1,015	11,642	-	-	13,362
Japan	4,267	1,098	997	740	-	7,102
Other	-	90	1,378	18	-	1,486
	36,276	3,200	16,440	758	-	56,674
Inter-segment sales	-	2,629	177	-	(2,806)	-
Total revenue	36,276	5,829	16,617	758	(2,806)	56,674
Results						
Segment result	2,101	(643)	689	(1,058)	-	1,089
Unallocated corporate expenses						(1,149)
Operating loss						(60)
Interest income						57
Finance costs						(296)
Loss before income tax						(299)
Income tax expense						(259)
Loss after income tax						(558)
Assets						
Segment assets	45,068	4,452	29,231	16,398	(168)	94,981
Unallocated assets						1,964
Consolidated total assets						96,945
Liabilities						
Segment liabilities	18,669	2,524	10,648	344	(168)	32,017
Bank borrowings and lease liabilities						8,127
Unallocated liabilities						1,719
Consolidated total liabilities						41,863
Other information						
Capital expenditure	159	24	163	6	-	352
Right-of-use assets	90	14	57	11	-	172
Depreciation of property, plant and equipment	355	15	302	87	-	759
Depreciation of right-of-use assets	397	116	300	40	-	853
Decrease in allowance for inventories	(25)	(38)	(33)	-	-	(96)

Business segment for the six months ended 30 June 2022

	LCD Backlight Units US$'000	Office Automation US$'000	OEM 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

Other Geographical Segment information for the six months ended 30 June 2023 and 2022

	Non-Current Assets		Capital Expenditure	
	Six months ended 30 June		Six months ended 30 June	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
Hong Kong	593	783	-	171
PRC	3,507	4,797	252	40
Japan	1,707	1,715	100	10
Korea	15,304	419	-	-
Others	554	850	-	-
Total	21,665	8,564	352	221

Information about major customer

Revenue from one key customer which has transactions accounted for 65.1% of the total revenue for the six months ended 30 June 2023 (Six months ended 30 June 2022: 57.5%).

5 INVESTMENTS

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 2023				
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)	46	-	-	46
Unlisted equity investment at fair value (Electrine Inc., formerly known as LGM Co., Limited)	-	-	963	963
Total non-current assets measured at fair value	46	-	963	1,009
31 December 2022				
Assets measured at fair value				
Financial assets:				
Equity investments designated at FVTOCI:				
Listed equity investment at fair value (Sharp Corporation)	59	-	-	59
Unlisted equity investment at fair value (Electrine Inc., formerly known as LGM Co., Limited)	-	-	1,004	1,004
Total non-current assets measured at fair value	59	-	1,004	1,063

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$'000	Financial assets at fair value through profit or loss - Convertible bonds US$'000	Total US$'000
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	-	(1,860)	(1,860)
At 31 December 2022	1,004	-	1,004
Total gains or losses recognised in other comprehensive income	(41)	-	(41)
At 30 June 2023	963	-	963

During the period ended 30 June 2023 and the year ended 31 December 2022, 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 2023 and 31 December 2022.

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
30 June 2023				
Unlisted equity investment at fair value	Recent transaction method under market approach and equity allocation model	Equity volatility	35% to 75%	5% increase in volatility would result in decrease in fair value by US$11,236
		Discount for lack of marketability (“DLOM”)	5% to 15%	5% increase in discount rate would result in decrease in fair value by US$53,583
31 December 2022				
Unlisted equity investment at fair value	Recent transaction method under market approach and equity allocation model	Equity volatility	45% to 50%	5% increase in volatility would result in decrease in fair value by US$10,358
		DLOM	3% to 16%	5% increase in discount rate would result in decrease in fair value by US$41,630

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 2023 and 31 December 2022.

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 2023 US$'000	31 December 2022 US$'000	30 June 2023 US$'000	31 December 2022 US$'000
Financial assets:				
Financial assets measured at FVTOCI	1,009	1,063	-	-
Financial assets measured at amortised cost	52,888	64,506	15,726	15,669
Financial liabilities:				
Financial liabilities at amortised cost	40,001	56,985	217	278

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 2023				31 December 2022			
	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
THE GROUP								
Financial assets:								
Trade and other receivables	26,773	-	-	26,773	35,749	-	-	35,749
Cash and short-term deposits	26,264	-	-	26,264	28,828	-	-	28,828
Total undiscounted financial assets	53,037	-	-	53,037	64,577	-	-	64,577
Financial liabilities:								
Trade and other payables	32,439	-	-	32,439	40,760	-	-	40,760
Lease liabilities	6,790	1,564	-	8,354	1,530	1,124	-	2,654
Bank borrowings	1,158	717	-	1,875	13,763	2,600	-	16,363
Total undiscounted financial liabilities	40,387	2,281	-	42,668	56,053	3,724	-	59,777
Total net undiscounted financial (liabilities) / assets	12,650	(2,281)	-	10,369	8,524	(3,724)	-	4,800
THE COMPANY								
Financial assets:								
Other receivables	19	-	-	19	17	-	-	17
Cash and short-term deposits	163	-	-	163	160	-	-	160
Amount due from a subsidiary	-	15,544	-	15,544	-	15,492	-	15,492
Total undiscounted financial assets	182	15,544	-	15,726	177	15,492	-	15,669
Financial liabilities:								
Other payables	217	-	-	217	278	-	-	278
Total undiscounted financial liabilities	217	-	-	217	278	-	-	278
Total net undiscounted financial (liabilities) / assets	(35)	15,544	-	15,509	(101)	15,492	-	15,391

7 OTHER INCOME

	The Group Six months ended 30 June 2023 US$'000	2022 US$'000
Gain on fair value changes of convertible bonds	-	1,063
Gain on disposal of residential property	-	734
Foreign exchange gain	307	636
Interest income	57	56
Compensation from government	12	45
Sundry income	26	56
	402	2,590

8 FINANCE COSTS

	The Group Six months ended 30 June 2023 US$'000	2022 US$'000
Interest expense on:		
Bank borrowings	236	139
Lease liabilities	60	59
	296	198

9 PROFIT/(LOSS) BEFORE TAX

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

	The Group Six months ended 30 June 2023 US$'000	2022 US$'000
Audit fees paid to:		
Auditors of the Company	122	151
Other auditors	119	106
Non-audit fees paid to:		
Auditors of the Company	22	24
Other auditors	3	6
Employee benefits expenses	11,546	11,834
Depreciation of property, plant and equipment	759	708
Depreciation of right-of-use assets	853	857
(Decrease) / increase in provision for inventories	(96)	74
Inventories recognised as an expense in cost of sales	46,580	51,989
Net loss / (gain) on disposal of property, plant and equipment	34	(734)
Gain on deemed disposal of an associate	-	(212)
Net foreign exchange loss (Note)	131	478

Note: The foreign currency exchange loss for the six months ended 30 June 2023 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 2023 and 2022 are:

	The Group Six months ended 30 June 2023 US$'000	2022 US$'000
Current income tax	278	576
Deferred tax	(19)	72
	259	648

11 (LOSS) / EARNINGS PER SHARE

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

	Six months ended 30 June 2023	2022
Based on weighted average number of ordinary shares in issue (US cents)		
- Basic	(0.16)	0.50
- Fully diluted (Note a, b)	-	0.49
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note c)	226,704,158	224,930,364

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 to the basic loss per share amounts presented for the six months ended 30 June 2023 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 2023 US$'000	2022 US$'000
Declared and paid during the period:		
Dividend on ordinary shares:		
Final exempt dividend for 2022: US$0.7 cents per share		
(Final exempt dividend for 2021: US$0.7 cents per share)	1,575	1,575

	The Group and Company Six months ended 30 June 2023 US$'000	2022 US$'000
Declared but not recognised as a liability:		
Estimated dividend on ordinary shares as at 30 June:		
Interim exempt dividend for 2023: US$0.5 cents per share		
(Interim exempt dividend for 2022: US$0.5 cents per share)	1,125	1,125

Date payable

The Company declared an interim dividend of 0.5 US cents per ordinary shares and will be payable on 22 September 2023.

Books closure date

The Share Transfer books and Register of Members of the Company will be closed on 30 August 2023 at 5:00 pm, after which no share transfer will be effected until 5:00 pm on 31 August 2023. Duly completed transfers received by the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Limited 1 Harbourfront Avenue, #14-07 Keppel Bay Tower Singapore 098632, up to the close of business at 5:00pm on 30 August 2023 will be registered to determine shareholders' entitlement to the dividend.

13 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets with a cost of US$352,000 (30 June 2022: US$221,000).

Assets with a net book value of US$42,000 were disposed by the Group during the six months ended 30 June 2023 (30 June 2022: US$63,000), resulting in a net loss on disposal of US$34,000 (30 June 2022: net gain of US$734,000).

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.

	The Group	
	30 June 2023 US$'000	**31 December 2022 US$'000**
Share of the associates' loss for the period	-	(95)
Share of the associates' total comprehensive expense	-	(95)

(b)

	The Group	
	30 June 2023 US$'000	**31 December 2022 US$'000**
Amount due to an associate	275	487

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

15 INVENTORIES

	The Group	
	30 June 2023 US$'000	**31 December 2022 US$'000**
Consolidated statement of financial position:		
Raw materials	13,812	19,465
Work-in-progress	111	206
Finished goods	5,801	6,697
	19,724	26,368

	The Group Six months ended 30 June	
	2023 US$'000	**2022 US$'000**
Consolidated statement of profit or loss:		
Inventories recognised as an expense in cost of sales	46,580	51,989
Inclusive of the (decrease) / increase in provision for inventories included in cost of sales	(96)	74

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

16 PLEDGED BANK DEPOSIT AND CASH AND BANK BALANCES

	The Group		The Company	
	30 June 2023 US$'000	31 December 2022 US$'000	30 June 2023 US$'000	31 December 2022 US$'000
Cash at banks and on hand	18,723	24,838	163	160
Short-term deposits	5,031	1,486	-	-
	23,754	26,324	163	160
Time deposit with original maturity of over three months	860	933	-	-
	24,614	27,257	163	160
Pledged bank deposit	1,500	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 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 (31 December 2022: 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 2023 for the Group was 3.2 % per annum (31 December 2022: 1.4%).

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

	The Group	
	30 June 2023 US$'000	31 December 2022 US$'000
JPY	1,082	1,938
US$	10,597	9,617
HK$	141	-
RMB	142	9
SG$	113	119

17 BANK BORROWINGS

	Maturity	The Group 30 June 2023 US$'000	31 December 2022 US$'000
Current:			
Bank borrowings, secured	N.A. (31 December 2022: 2023)	-	2,235
Bank borrowings, unsecured	2023 (31 December 2022: 2023)	4,818	8,435
Bank borrowings, unsecured	On demand	-	500
		4,818	11,170
Non-current:			
Bank borrowings, unsecured	2025 (31 December 2022: 2025)	1,500	2,500
Total bank borrowings		6,318	13,670

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

The bank borrowings are unsecured and bear interest at rates ranging from 2.75% to 7.79% per annum (31 December 2022: 2.65% to 6.89%).

Bank borrowings amounting to US$2,818,000 (31 December 2022: US$9,170,000 are unsecured and carry variable interest rates quoted by the banks with reference to their cost of fund.

Bank borrowings amounting to US$3,500,000 (31 December 2022: US$4,500,000) are unsecured and carry fixed interest rates.

Management considered the fair value of the Group's fixed rate bank borrowings is US$3,461,477 (31 December 2022: US$4,451,000).

Details of collateral

As at 30 June 2023 and 31 December 2022, the Group pledged bank deposit (note 16) to financial institutions to secure banking facilities granted to the Group.

18 RELATED PARTY TRANSACTIONS

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

	Notes	The Group Six months ended 30 June 2023 US$'000	2022 US$'000
Controlling shareholder:			
Advisory fee	(i)	115	-
Associates:			
Interest income	(ii)	-	45
Purchase of products	(iii)	492	172
Associated person of a controlling shareholder:			
Interest income	(iv)	-	13
Consideration of acquisition	(v)	-	1,517

Notes:

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

(ii) The Group received interest from A Bio for the amount due from A Bio 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 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 2023 US$'000	2022 US$'000
Salaries, allowances and benefits in kind	1,100	1,145
Defined contribution plans	19	21
Share-based payment	-	-
	1,119	1,166
Comprise amounts paid to:		
Directors of the Company	600	480
Other key management personnel	519	686
	1,119	1,166

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

19 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
Other intangible assets	9	636	645
Other receivables and prepayments	1,066	-	1,066
Other assets	80	-	80
Cash and bank balances	382	-	382
Other payables and accruals	(1,487)	-	(1,487)
Income tax payable, net	(3)	-	(3)
Amount due to group company	(1,583)	-	(1,583)
Convertible bonds	(1,860)	-	(1,860)
Lease liabilities	(167)	-	(167)
Deferred tax liabilities	-	(164)	(164)
Net liabilities	(3,087)	491	(2,596)
Non-controlling interests			738
Goodwill			14,410
Total consideration			12,552
Total consideration, satisfied by:			
Cash consideration			1,517
Fair value of 48.5% equity interest by deemed disposal			11,035
			12,552
Net cash outflow arising on business combination:			
Cash consideration			(1,517)
Less: cash and cash equivalents acquired			382
Net cash outflow			(1,135)

ABio contributed US$11,000 revenue to the Group's revenue for the period from the date of business combination to 30 June 2022. ABio incurred a loss of approximately US$550,000 for the period from the date of business combination to 30 June 2022 and reduced the Group's profit for the period for the six months ended 30 June 2022 by the same amount.

If the business combination had been completed on 1 January 2022, total Group's revenue for the period from continuing operations for the six months ended 30 June 2022 would have been approximately US$62,514,000, and profit for the period from continuing operations for the six months ended 30 June 2022 would have been approximately US$854,000.

The Group had engaged AVISTA Group, an independent qualified professional valuer, to conduct the valuation of fair value of 48.5% ABio equity interest held by the Group.

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.

20 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 2023, 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 2023 the Company did not purchase any ordinary shares under the Share Purchase Mandate.

Treasury shares

	The Company			
	2023		2022	
	Number of shares	US$'000	Number of shares	US$'000
Balance as at 1 January	27,189,702	4,091	29,189,702	4,392
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	27,189,702	4,091	27,189,702	4,091

	As at 30 June 2023	As at 31 December 2022
Issued shares	252,177,110	252,177,110
Less: Treasury shares	(27,189,702)	(27,189,702)
Total number of issued shares excluding treasury shares	224,987,408	224,987,408

During the first half year ended 30 June 2023, there were no sales, transfers, disposal and/or use of treasury shares (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 2023, there were 27,189,702 (31 December 2022: 27,189,702) 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 2023, no option was exercised and no share option was neither lapsed nor cancelled. The number of outstanding options as at 30 June 2023 was 4,250,000 (31 December 2022: 4,250,000) 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 2023 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.

2A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: - (This is not required for any audit issue that is a material uncertainty relating to going concern.)

(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

3. Review of performance of the Group

STATEMENT OF PROFIT AND LOSS

In the half year ended 30 June 2023 (“1H2023”), the Group registered a decrease in revenue by US$5.8 million to US$56.7 million as compared to the revenue of US$62.5 million in the corresponding period of previous year (“1H2022”). This was mainly caused by the performance of the Group’s LCD Backlight Units and OEM Units.

The Group's LCD Backlight Units business saw a slight decrement in revenue in the first half of 2023. During the period under review, the segment sold a total of approximately 3.29 million units of backlight products, an increment of 12% compared with 2.94 million units in 1H2022. However, the effect of this quantity increment was mitigated by pricing pressure from customers.

The sales of large-size automobile information display products continued to grow and accounted for an increasingly important part of the Group's Backlight Unit business. As large-sized automobile information display products are with higher value, the increase in this product line helped to improve the gross profit of the segment.

The Group's sales performance was also affected by the decline in sales of high-end computer backlight products as compared to the same period last year, as people's living gradually returned to normal and they spent less time working from home after the uplifting of the control measures for the COVID-19 pandemic. This has impacted on the demand for notebook computers.

Due to the uncertain economic outlook of the US market, the Group’s major customer in its OEM business delayed the mass production of new products which also had an unfavourable impact on the performance of the OEM business.

The Group’s gross profit experienced a decrement of US$0.4 million to US$10.1 million for 1H2023 (1H2022: US$10.5 million) with gross profit margin improving to 17.8% in 1H2023, as compared to 16.8% in 1H2022.

The Group generated other operating income amounting to US$0.4 million (1H2022: US$2.6 million). This included a gain on foreign exchange of US$0.3 million (1H2022: US$0.6 million), interest income earned, and compensation from government. In 1H2022, the Group had a valuation gain of a convertible bond (US$1.1 million), and profit on disposal of residential property in Shanghai (US$0.7 million). During the same time in 1H2022, 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 1H2022.

In the area of expenses for 1H2023, distribution expenses decreased by US$0.6 million to US$1.2 million (1H2022: US$1.8 million), administrative expenses decreased by US$0.3 million to US$9.3 million (1H2022: US$9.6 million). The lower distribution expenses were mainly attributable to a decrease in freight and storage costs as well as packing materials used during the period under review. The decrease in administrative expenses was mainly attributable to the decrease in salary related expenses, legal & professional fee expenses during the period, and exchange loss arising from mainly the conversion of USD and RMB in China with the

US dollar appreciating against Renminbi. Finance costs increased US$0.1 million to US$0.3 million for 1H2023 (1H2022: US$0.2 million) for the period under review, and this was mainly due to an increase in interest rates. During the period, the Group repaid short-term bank borrowings to reduce interest expenses as interest rates remained at a high level.

Before ABio became a subsidiary of the Group in April 2022, it incurred a loss in 1H2022 and the Group shared an operating loss of US$0.1 million for the period from 1 January 2022 to 5 April 2022. After it became a subsidiary of the Group, ABio incurred a loss of US$0.7 million which was included in the Group's operating loss for the period under review 1H2023.

Income tax expense for 1H2023 reduced by US$0.4 million to US$0.3 million as compared to US$0.7 million for 1H2022. The tax credits from the loss-making subsidiaries were not able to fully mitigate the income tax payable from the profit-making subsidiaries, which contributed to a high effective tax rate.

As a result, the Group in 1H2023 recorded a loss before income tax of US$0.3 million (1H2022: a profit of US$1.6 million) and registered a loss after income tax of US$0.6 million (1H2022: profit after income tax of US$1.0 million).

LCD Backlight Units ("LCD BLUs")

In 1H2023, the revenue from the LCD Backlight Units segment decreased by US$1.6 million to US$36.3 million (1H2022: US$37.9 million). The decrease was mainly caused by a reduced average price for products delivered to customers during the period. However, this was mitigated by the increased sales quantity and the increased composition of large-size automobile information display products, which continued to grow and accounted for an increasingly important part of the Group's Backlight Unit business. As large-sized automobile information display products are of higher value, the increase in this product line compensated for the decline in sales of other backlight products. For the period under review, the LCD Backlight Units segment generated an operating profit of US$2.1 million as compared to US$1.5 million in 1H2022.

In terms of quantity, the total number of units sold for the period under review was 3.3 million units (1H2022: 3.0 million units) with details of the various sizes as below:

Size of backlight units	**1H2023 (in millions of units)**	**1H2022 (in millions of units)**
Below 5 inches	0.1	0.4
5 to 8 inches	0.2	0.1
Over 8 inches	3.0	2.5
Total number of units	**3.3**	**3.0**

As previously noted, the Group expects that the smaller sized backlight units (8 inches and below) will sooner or later be phased out and that 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 automobiles (1H2023: 2.8 million units and 1H2022: 1.9 million) and ultra-thin notebook computers (1H2023: 0.2 million units and 1H2022: 0.6 million).

Office Automation ("OA")

The revenue from the OA segment decreased by US$1.9 million to US$3.2 million in 1H2023 as compared to US$5.1 million in 1H2022. The segment recorded an operating loss of US$0.6 million in 1H2023 as compared to US$0.6 million in 1H2022. This segment suffers from a lack of new products from customers during this period and is only producing parts for the old models, which have a lower margin and experience rising material costs. During the period, the Group is negotiating with the customers for a review of product pricing to improve contribution of the segment.

OEM and Accessories

The sales for the OEM and Accessories segment decreased by US$2.6 million from US$19.1 million in 1H2022 to US$16.4 million in 1H2023, in which its OEM business decreased by US$1.2 million from US$14.3 million in 1H2022 to US$13.1 million in 1H2023. Due to the uncertain economic outlook of the US market, the OEM business' major customer delayed the mass production of new products which had an unfavourable impact to the performance of the Segment. The segment nevertheless booked an operating profit of US$0.7 million for 1H2023 as compared to US$1.5 million in 1H2022.

Others

The Others segment comprises the Group's food and beverage business as well as its life science business. A revenue of US$0.8 million was generated for this segment for the period under review (1H2022: US$0.4 million). During the period, the segment recorded sales of antioxidant water system of US$0.6 million.

As the full results of ABio have consolidated into 1H2023 financials, and the Life Science business is still in its initial development stage, the Group incurred expenses related to legal matters, and research and development, which led to an operating loss of US$1.1 million (1H2022: US$1.1 million).

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023, the Group's total assets and liabilities stood at US$96.9 million and US$41.9 million respectively, as compared to US$117.5 million and US$58.9 million as at 31 December 2022.

Current assets dropped to US$74.2 million, as compared to US$93.1 million as at 31 December 2022. Cash and bank balances decreased by US$2.6 million to US$24.6 million as compared to US$27.3 million as at 31 December 2022 in order to finance working capital needs. In line with the decrement in revenue during the period, trade receivables decreased by US$10.0 million from US$34.4 million as at 31 December 2022 to US$24.4 million, while inventory decreased from US$26.4 million as at 31 December 2022 to US$19.7 million. Other receivables and prepayments of US$3.9 million (31 December 2022: US$3.5 million) mainly being other debtors, utility deposits, prepaid expenses, value added tax recoverable and prepaid sales tax. The increase was mainly due to the advance payment to vendors during the period of US$1.1 million, rental deposits for agreements maturing within 12 months of US$0.16 million, and a reduction in prepaid sales tax of US$0.8 million.

The non-current assets of the Group stood at US$22.8 million (31 December 2022: US$24.4 million). Included in property, plant and equipment amounting to US$4.6 million (31 December 2022: US$5.3 million) was a new addition of US$0.4 million, which was netted off against the depreciation charge of US$0.8 million and disposal of assets with net book value of US$0.3 million. There was an amortisation of right-of-use assets amounting to US$0.9 million net of modification of right-of-use assets amounting to US$0.1 million, which decreased the right-of-use assets from US$2.5 million as at 31 December 2022 to US$1.8 million. The equity investments designated at fair value through other comprehensive income included the equity investment in quoted shares of SHARP Inc. and investment in equity shares of a Korean company (Electrine Inc., formerly known as LGM Co., Ltd.), which offered the Group the manufacturing and distribution rights for its products.

In the period ended 30 June 2022, the Group acquired 420,000 shares of A Biotech Co., Ltd. ("ABio") and holds an aggregate of 620,000 shares or 71.5% total issued and paid-up capital of ABio, which then become a subsidiary of the Group. The aforementioned business combination has been accounted for using the acquisition method. The Group has appointed an independent professional valuer to assess the fair value of the identifiable assets and liabilities of the Target Company as at the transaction completion date. The goodwill of US$14.4 million arising on the business combination is attributable to the anticipated future economic benefits arising from the business combination that are not individually identified and separately recognized. Other intangible assets being value of registered patent rights, an In-Process Research & Development held by ABio, and were consolidated into the Group.

Total liabilities was down to US$41.9 million, representing a decrease of US$17.1 million over 1H2023 (31 December 2022: US$58.9 million). In relation to the right-of-use assets as mentioned above, there were lease liabilities of US$1.8 million (31 December 2022: US$2.6 million), of which US$1.1 million was payable within one year and was classified under current liabilities (31 December 2022: US$1.5 million). The decrease in lease liabilities represented the repayment of leased liabilities amounting to US$0.8 million (1H2022: US$0.9 million) net of modification of right-of-use assets amounting to US$0.1 million (1H2022: US$1.5 million).

Due to the high prevailing interest rates in the market in 1H2023, the Group redrew bank borrowings limited to US$4.4 million, while settling bank borrowings amounting to US$11.7 million with a net repayment US$7.3 million. Total outstanding bank borrowings was US$6.3 million (31 December 2022: US$13.7 million) in which US$4.8 million is payable within one year (31 December 2022: US$11.2 million).

As a result of less purchases orders placed to suppliers, trade payables were reduced by US$13.4 million to US$18.4 million (31 December 2022: US$31.8 million) for the period under review. There was no material change in the credit terms offered by the Group's suppliers and the settlement was done in accordance with the agreed credit terms. Other payables and accruals, mainly representing wages payable and other payables for operating expenses, increased by US$5.2 million from US$8.6 million as at 31 December 2022 to US$13.8 million. The increase was mainly attributable to the deposits received for the orders of mobile payment devices to be delivered.

The income tax for 1H2023 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$0.6 million to US$0.2 million (31 December 2022: US$0.8 million).

Included in the non-current liabilities were retirement benefit obligations for the Group's Japan subsidiary directors and employees of Korea subsidiary, 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 movements in working capital (1H2022: US$1.5 million). As the Group's backlight units production was interrupted by lockdown in Shanghai in the first half of 2022, which led to the building up of the inventory level with less sales during this period. After the Lockdown uplifted, the Group resumed normal production and gradually converted the accumulated inventory into working capital. The Group generated US$9.3 million from operations (1H2022: US$3.1 million used in operations) after taking up the net cash inflows of US$7.8 million in the working capital for 1H2023 (1H2022: US$4.6 million net cash outflows). During 1H2023, the Group paid net income tax amounting to US$0.8 million (1H2022: US$0.9 million).

For investing activities, there was a net cash outflow of US$0.5 million (1H2022: net cash inflow of US$1.0 million), which were mainly attributable to purchased property, plant and equipment amounting to US$0.4 million (1H2022: US$0.2 million), increased placement of time deposit of US$0.3 million (1H2022: decrease of US$0.2 million). Over the same period in 2022, there were also repayment of receivable from an associated person amounting to US$1.4 million, the net cash outflow on acquisition of a subsidiary of US$1.1 million, and received sales proceeds from the disposal of residential property in Shanghai amounting to US$0.8 million.

For financing activities, there was a net cash outflow of US$9.8 million over the period under review (1H2022: US$0.2 million). The financing activities mainly comprised the net repayment of bank borrowings amounting to US$7.3 million during 1H2023 (1H2022: net drawdown of US$2.1 million), and the repayment of lease liabilities amounting to US$0.8 million (1H2022: US$0.9 million). In addition, the Group paid dividends to shareholders of US$1.6 million in 1H2023 (1H2022: 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 2023	31 December 2022
Net asset value per ordinary share, excluding treasury shares (US cents)		
- The Group	24.48	26.05
- The Company	11.93	11.88

The calculation of the net asset value per ordinary share was based on total number of 224,987,408 (31 December 2022: 224,987,408) 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 environmental factors like geopolitical tensions, in particular the US-China trade tensions, raw material shortages, 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.

In response to rising labor costs and recruitment difficulties in China, the Group has increased its investment in automated production equipment at Crystal Display Components (Shanghai) Co., Limited, the Group's main backlight production base in Shanghai, and is actively considering the adoption of a production and/or logistics outsourcing strategy to meet customers' production and delivery requirements, should it become necessary.

Among the external macro-environmental factors, the trade tension between the US and China is an unavoidable challenge for all manufacturers who have set up production plants in China. The Group is also facing "China+1" production requests from the customers. Currently, apart from the two production factories in Shanghai, the Group also has factories in Wuxi, Jiangsu Province and Dongguan, Guangdong Province. In terms of overseas production bases, the Group is working with a business partner in Thailand for the manufacture of its OEM products. In response to requests from major customers, the Group has begun a feasibility study of manufacturing in Vietnam at the end of 2022. Recently, it has also begun negotiations with an OEM customer to restart its Philippine production base.

Notwithstanding market volatilities and uncertainties, 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 issues 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

LCD Backlight Units

In 1H2023, large sized LCD Backlight Units ("BLUs") used in digital instrument panels for premium automobiles continued to constitute an important part of the BLU business segment. The demand for these large sized LCD BLUs continues to grow. However, as older model products face pricing pressure from customers, the Group will face a deterioration of profit if it cannot pass on this pricing pressure to its suppliers or improve its production efficiency. With the prevalence of electric vehicles and other green energy concept vehicles, the Group believes that larger automotive backlight units shall continue to be the key component for its LCD BLU segment to grow in tandem with the market.

Office Automation

For its Office Automation segment and LCD Parts business, the Group continues to face the challenges of intense price competition and model obsolescence. During the period under review, the Group is negotiating with the customers for a review of product pricing and improve contribution of the segment. Although these may affect the performance of the segment in short term, it is a beneficial and necessary action for the Group.

OEM and Accessories

For the OEM business, due to the uncertain economic outlook of the US market, the Group's major customer delayed the mass production of new mobile payment devices which also bought unfavourable impact to the performance of the Segment. However, it is believed that the high interest rate situation of the US market will stabilise and the retail market will revitalise in the coming year, which will be beneficial to the OEM business.

Others

For its Life Science business, the Group's subsidiary, A Biotech Co., Ltd. is undertaking genetic re-engineering work to modify the patented anti-Cripto 1 antibody genetic structure, so as to enhance the efficiency and effectiveness of the antibody for a larger variety of cancer cells. Once re-engineering process is completed, the Group plans to conduct pre-clinical research using mice efficacy studies for different cancer types such as breast, lung and colon cancer, and continue to work on exploring and expanding 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 while looking to contain costs and production volatility, and increasing efficiency as it faces the external headwinds mentioned above. The Group continues to actively engage with customers in all of its 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.

Besides actively seeking to diversify its business and customer base, the Group is also exploring the opportunities to diversify the production base to Southeast Asia countries in view of US-China trade tensions. At request of its major customer, the Group has set up a representative office in Ho Chi Minh City and is conducting a feasibility study for future production in Vietnam.

As a result of all of the above, the Group is cautious about its business outlook for the current financial year ending 31 December 2023, 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 Kunikazu - Payment of advisory fee	Controlling shareholder	115	-

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 23.6%, 61.3% and 12.5% of the total revenue respectively. Total revenue decreased by 9.3% to US$56.7 million for the six months ended 30 June 2023 as compared to the corresponding period in the previous year.

As at 30 June 2023, non-current assets located in Hong Kong, the PRC, Japan and Korea accounted for 2.7%, 16.2%, 7.9% and 70.6% of the total non-current assets of the Group respectively. During the six months ended 30 June 2023, the Group invested a total capital expenditure of US$0.4 million for the purchase of equipment in 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 CHEUNG Chi Ming, 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 2023 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

YOSHIKAWA Makoto
Chairman and Chief Executive Officer
14 August 2023

CHEUNG Chi Ming
Executive Director and Chief Financial Officer