

Unaudited First Quarter Financial Statements And Dividend Announcement for the Three Months / First Quarter Ended 31 March 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS **For the period ended 31 March 2018**

	Note	Three months / first quarter ended 31 March		
		2018 US\$'000	2017 US\$'000	% Increase/ (Decrease)
Revenue		18,350	20,415	(10.1%)
Cost of sales		(14,244)	(15,212)	(6.4%)
Gross profit		4,106	5,203	(21.1%)
Other operating income		299	277	7.9%
Distribution expenses		(338)	(380)	(11.1%)
Administrative expenses		(4,847)	(4,850)	(0.1%)
Finance costs		(53)	(20)	165.0%
Share of loss of an associate		(19)	(25)	(24.0%)
(Loss)/Profit before income tax	(1)	(852)	205	(515.6%)
Income tax expense		(100)	(397)	(74.8%)
Loss after income tax		(952)	(192)	395.8%
Profit attributable to:				
Owners of the Company		(952)	(192)	395.8%
Non-controlling interests		7	-	N.M. *
		(945)	(192)	392.2%

* N.M.: Not meaningful.

Note (1)

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

	Three months / first quarter ended 31 March	
	2018 US\$'000	2017 US\$'000
Depreciation of property, plant and equipment	344	375
Interest income	(164)	(218)
Net foreign exchange loss (Note a)	193	51
(Decrease)/Increase in allowance for inventories	(159)	88
Change in fair value of derivative financial instruments	(6)	24
Net (gain)/ loss on disposal of property, plant and equipment	(2)	4
Interest on borrowings	53	20

Note a: The foreign currency exchange loss for the three months ended 31 March 2018 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 March 2018

	Three months / first quarter ended 31 March		
	2018 US\$'000	2017 US\$'000	% Increase/ (Decrease)
Loss after income tax	(952)	(192)	395.8%
Other comprehensive income:			
Available-for-sale investments:			
- Fair value (loss)/ gain arising during the period	(34)	85	(140.0%)
- Deferred tax asset/(liabilities) arising on revaluation of available-for-sale investments	12	(30)	(140.0%)
Exchange difference on translation of foreign operations	1,334	452	195.1%
Other comprehensive income for the period, net of tax	1,312	507	158.8%
Total comprehensive income for period, net of tax	360	315	14.3%
Total comprehensive income attributable to:			
Owners of the Company	366	315	16.2%
Non-controlling interests	(6)	-	N.M. *
	360	315	14.3%

* N.M.: Not meaningful.

- 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

	The Group		The Company	
	As at 31 March 2018 US\$'000	As at 31 December 2017 US\$'000	As at 31 March 2018 US\$'000	As at 31 December 2017 US\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	44,776	43,772	108	128
Trade receivables	18,754	24,014	-	-
Other receivables and prepayments	2,428	3,120	80	80
Inventories	6,295	6,863	-	-
Loans and receivables	794	1,008	-	-
Held for trading investments	15	15	-	-
Pledged bank deposit (Note b)	147	147	-	-
Total current assets	73,209	78,939	188	208
Non-current assets				
Available-for-sale investments	960	984	-	-
Other assets	529	420	-	-
Prepayment for the acquisition of intangible asset	959	962	-	-
Goodwill	116	-	-	-
Amount due from a subsidiary	-	-	16,646	16,693
Property, plant and equipment	7,571	6,656	-	-
Investment in subsidiaries	-	-	11,334	11,334
Investment in an associate	444	446	-	-
Deferred tax assets	102	136	-	-
Total non-current assets	10,681	9,604	27,980	28,027
Total assets	83,890	88,543	28,168	28,235
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank borrowings	7,848	8,004	-	-
Trade payables	8,099	11,116	-	-
Other payables and accruals	4,561	4,832	156	140
Current portion of obligation under finance leases	53	45	-	-
Income tax payable	117	1,342	-	-
Derivative financial instruments	-	6	-	-
Total current liabilities	20,678	25,345	156	140
Non-current liabilities				
Bank borrowings	1,250	1,648	-	-
Obligation under finance leases	77	52	-	-
Retirement benefit obligations	274	244	-	-
Deferred tax liabilities	334	337	-	-
Total non-current liabilities	1,935	2,281	-	-
Capital, reserves and non-controlling interests				
Issued capital	10,087	10,087	10,087	10,087
Reserves	51,187	50,821	17,925	18,008
Equity attributable to owners of the Company	61,274	60,908	28,012	28,095
Non-controlling interests	3	9	-	-
Total equity	61,277	60,917	28,012	28,095
Total liabilities and equity	83,890	88,543	28,168	28,235

Note b: As at 31 March 2018, the Group's bank deposit of approximately US\$147,000 (31 December 2017: US\$147,000) was pledged to financial institutions to secure banking facilities granted to the Group.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 31 March 2018		As at 31 December 2017	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Bank and other borrowings	-	7,848	-	8,004
Obligation under finance leases	53	-	45	-
Total	53	7,848	45	8,004

Amount repayable after one year

	As at 31 March 2018		As at 31 December 2017	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Bank and other borrowings	-	1,250	-	1,648
Obligation under finance leases	77	-	52	-
Total	77	1,250	52	1,648

Details of collateral

As at 31 March 2018, the Group's bank deposit of approximately US\$147,000 (31 December 2017: US\$147,000) was pledged to financial institutions to secure banking facilities granted to the Group. The carrying amount of the Group's property, plant and equipment includes an amount of US\$133,000 (31 December 2017: US\$97,000) in respect of assets held under finance leases which are secured by the lessor's title to the leased assets.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS For the period ended 31 March 2018		
	The Group	
	Three months / first quarter ended	
	2018 US\$'000	2017 US\$'000
OPERATING ACTIVITIES		
(Loss)/Profit before income tax	(852)	205
Adjustments for		
(Decrease)/Increase in allowance for inventories	(159)	88
Depreciation of property, plant and equipment	344	375
Interest income	(164)	(218)
Finance costs	53	20
Net (gain)/loss on disposal of property, plant and equipment	(2)	4
Retirement benefit obligations	30	40
Change in fair value of derivative financial instruments	(6)	24
Share of loss of an associate	19	25
Operating cash flows before movements in working capital	(737)	563
Change in working capital:		
Trade receivables, other receivables and prepayments	5,952	1,466
Inventories	727	(161)
Trade payables, other payables and accruals	(3,640)	(2,279)
Cash from/(used in) operations	2,302	(411)
Net income tax paid	(1,338)	(1,070)
Interest paid	(53)	(20)
Retirement benefit obligations paid	-	(194)
Net cash from/(used in) operating activities	948	(1,695)
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	9	107
(Increase) /Decrease in other assets	(109)	141
Additional investment in available-for-sale investments	(3)	(3)
Purchase of property, plant and equipment (Note c)	(936)	(14)
Decrease in loans and receivables	214	-
Interest income received	164	218
Acquisition of a subsidiary (Note d)	199	-
Net cash from/(used in) investing activities	(462)	449
FINANCING ACTIVITIES		
Payment for the share buyback	-	(311)
Proceeds from bank borrowings	4,057	16,288
Repayment of obligation under finance leases	(12)	(29)
Repayment of bank borrowings	(4,657)	(17,237)
Net cash used in financing activities	(612)	(1,289)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(163)	(2,535)
NET EFFECT OF CURRENCY TRANSLATION DIFFERENCES	1,167	402
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	43,772	45,026
CASH AND CASH EQUIVALENTS AT END OF PERIOD	44,776	42,893

Note c: During the first quarter ended 31 March 2018, the Group acquired property, plant and equipment with aggregate cost of US\$980,000 of which US\$44,000 was acquired by means of finance lease (1Q2017: the Group acquired property plant and equipment with aggregate cost of US\$121,000 of which US\$107,000 was acquired by means of finance lease.). Cash payment of US\$936,000 (1Q2017: US\$14,000) was made to purchase property, plant and equipment.

Note d: Acquisition of a subsidiary, net of cash acquired

	The Group	
	Three months / Frist quarter ended 31 March	
	2018 US\$'000	2017 US\$'000
The assets and liabilities of a subsidiary acquired during the periods are as follows:		
Non-current assets	37	-
Current assets	325	-
Current liabilities	(351)	-
Net assets acquired:	11	-
Minority interests	(1)	-
Total cost of acquisition	10	-
Net cash inflow arising on acquisition		
Cash consideration paid	126	-
Cash and cash equivalents acquired	(325)	-
Cash flow on acquisition, net of cash and cash equivalents acquired	(199)	-

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group's statement of changes in equity with a comparative statement for the corresponding period of immediately preceding financial year is as follows:

	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	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2018	10,087	18,994	(193)	(3,431)	481	(7,020)	6,015	330	1,199	69	4,682	29,695	60,908	9	60,917
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	(22)	1,333	(945)	366	(6)	360
Transfer on share options lapsed	-	-	-	-	(35)	-	-	-	-	-	-	35	-	-	-
Balance as at 31 March 2018	10,087	18,994	(193)	(3,431)	446	(7,020)	6,015	330	1,199	47	6,015	28,785	61,274	3	61,277

	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	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2017	10,087	18,994	(193)	(2,980)	608	(7,020)	6,015	330	1,196	37	3,083	30,146	60,303	9	60,312
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	55	452	(192)	315	-	315
Share purchased under Share Purchase Mandate and held in treasury shares	-	-	-	(311)	-	-	-	-	-	-	-	-	(311)	-	(311)
Balance as at 31 March 2017	10,087	18,994	(193)	(3,291)	608	(7,020)	6,015	330	1,196	92	3,535	29,954	60,307	9	60,316

The issuer's statement of changes in equity with a comparative statement for the corresponding period of immediately preceding financial year is as follows:

	Share capital	Share premium of the Company	Share capital reserve	Treasury shares	Employee share option reserve	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2018	10,087	18,994	(193)	(3,431)	481	2,157	28,095
Total comprehensive expense for the period	-	-	-	-	-	(83)	(83)
Transfer on share options lapsed	-	-	-	-	(35)	35	-
Balance as at 31 March 2018	10,087	18,994	(193)	(3,431)	446	2,109	28,012

	Share capital	Share premium of the Company	Share capital reserve	Treasury shares	Employee share option reserve	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2017	10,087	18,994	(193)	(2,980)	608	1,558	28,074
Total comprehensive expense for the period	-	-	-	-	-	(111)	(111)
Shares purchased under Share Purchase Mandate and held in treasury shares	-	-	-	(311)	-	-	(311)
Balance as at 31 March 2017	10,087	18,994	(193)	(3,291)	608	1,447	27,652

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Share Capital

As at 31 December 2017, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 229,644,908 ordinary shares (excluding treasury shares), and 22,532,202 ordinary shares held as treasury shares.

During the first quarter ended 31 March 2018, the Company did not purchase any ordinary share under the Shares Purchase Mandate and held them as treasury shares. As at 31 March 2018, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 229,644,908 ordinary shares (excluding treasury shares) and 22,532,202 ordinary shares held as treasury shares.

Treasury shares

	The Company			
	2018		2017	
	Number of shares	US\$'000	Number of shares	US\$'000
Balance as at 1 January	22,532,202	3,431	19,947,102	2,980
Ordinary Shares purchased during the first quarter	-	-	2,438,000	311
Balance as at 31 March	22,532,202	3,431	22,385,102	3,291

Share Options

On 30 May 2014, the Chief Executive Officer of the Company proposed to grant options to eight directors and twelve senior executives (the "Participants") to subscribe for a total of 19,000,000 ordinary shares of US\$0.02 each in the capital of the Company, pursuant to CDW Employees' Share Option Scheme 2013. This proposal was adopted and administrated by the Remuneration Committee. The options granted were accepted by the Participants in June 2014. The option will be exercisable at S\$0.108 per share with an exercise period commencing from 30 May 2016 to 29 May 2019 (both days inclusive).

On 26 August 2016, the Company consolidated every two (2) existing ordinary shares of par value of US\$ 0.02 each in the authorised and issued capital of the Company into one (1) ordinary share of par value of US\$ 0.04 each in the authorised and issued capital of the Company.

During the first quarter ended 31 March 2018, a total of 500,000 unexercised share options lapsed on the ground that the employees left the Group. The number of outstanding share options as at 31 March 2018 was 6,250,000 (31 December 2017: 6,750,000) with exercise price at S\$0.216.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	The Company	
	As at 31 March 2018	As at 31 December 2017
Issued shares	252,177,110	252,177,110
Less: Treasury shares	(22,532,202)	(22,532,202)
Total number of issued shares excluding treasury shares	229,644,908	229,644,908

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

The Group does not have any subsidiary holdings.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited or reviewed by any independent auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the most recently audited annual financial statements for the year ended 31 December 2017 except for the adoption of the revised International Financial Reporting Standards which came into effect this financial year from 1 January 2018. The adoption of these revised accounting policies did not give rise to any significant change to the financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Loss per ordinary share for the period based on loss attributable to owners of the Company on 1(a) above

	Three months / first quarter ended 31 March	
	2018	2017
Based on weighted average number of ordinary shares in issue (US cents)		
- Basic	(0.41)	(0.08)
- Fully diluted (Note e)	(0.41)	(0.08)
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note f)	229,644,908	230,856,675
Effect of dilutive share options	699,372	1,279,761
Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share	230,344,280	232,136,436

Note e: Diluted effect on earnings per share referred to share options granted to the participants under the Company's Employee Share Option Scheme 2013 remained outstanding as at 31 March 2018.

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

7. **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.**

	31 March 2018	31 December 2017
Net asset value per ordinary share, excluding treasury shares (US cents)		
- The Group	26.68	26.53
- The Company	12.20	12.23

The calculation of the net asset value per ordinary share as at 31 March 2018 was based on total number of 229,644,908 (31 December 2017: 229,644,908) ordinary shares (excluding treasury shares).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors, and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

STATEMENT OF PROFIT AND LOSS

In the first quarter of the financial year 2018 ("1Q2018), the Group saw a drop in revenue by US\$2.1 million to US\$18.3 million as compared to the revenue of US\$20.4 million in 1Q2017. The drop was mainly due to fewer orders attributable to inventory adjustment in the LCD Backlight Units segment. The Group's gross profit for 1Q2018 decreased by US\$1.1 million to US\$4.1 million from US\$5.2 million in 1Q2017. As a result of low utilisation, gross profit margin of the Group dropped to 22.4% in 1Q2018, as compared to 25.5% in 1Q2017.

Other operating income registered an amount of US\$0.3 million in 1Q2018 which remains the same compared to 1Q2017. This amount mainly comprises the interest income earned. In the area of expenses, distribution expenses decreased by US\$0.1 million to US\$0.3 million (1Q2017: US\$0.4 million) while administrative expenses in 1Q2018 remained at US\$4.8 million (1Q2017: US\$4.9 million). Included in administrative expenses was expense amounting to US\$0.5 million attributable to the Life Science business. Finance costs remained at a lower level during the quarter under review as the Group continues to strictly uphold a low gearing policy despite the current low interest environment.

The Group's associated company incurred an operating loss in 1Q2018 of which the Group has to share 25% of such loss amounting to US\$ 0.02 million (1Q2017: US\$ 0.03 million).

Income tax expenses for 1Q2018 decreased by US\$0.3 million to US\$0.1 million as compared to US\$0.4 million for 1Q2017. This was mainly due to tax credit from the loss-making subsidiaries not being able to fully mitigate the income tax payable from the profit-making subsidiaries even though the Group incurred an overall loss before income tax.

In 1Q2018, the Group recorded loss before income tax of US\$0.9 million (1Q2017: profit before income tax of US\$0.2 million) and registered a loss after income tax amounting to US\$1.0 million (1Q2017: US\$0.2 million).

LCD Backlight Units

In 1Q2018, revenue from the LCD Backlight Units segment was US\$ 7.3 million, a US\$3.8 million decrease as compared with US\$11.1 million in the previous corresponding period. Revenue was affected by few orders in LCD backlight units for gameset display caused by inventory adjustment. There was operating loss of US\$0.2 million in 1Q2018 while there was operating profit of US\$1.0 million in 1Q2017.

In terms of volume production, the total number of units sold for the segment amounted to 1.6 million units (1Q2017: 3.6 million units). Approximately, 0.1 million units were sold for handsets (1Q2017: 0.3 million units) and another 1.5 million units were sold for gamesets and in-vehicle displays (1Q2017: 3.3 million units). This was a 66.7% and 54.5% decrease respectively.

Office Automation

The revenue from this segment rose by 24.4% to US\$5.6 million in 1Q2018 as compared to US\$4.5 million

in 1Q2017. The segment recorded an improvement of an operating profit of US\$0.1 million in 1Q2018 as compared to operating loss of US\$0.02 in 1Q2017 as a result of orders for parts for new models in office automation and mobile phones.

LCD Parts and Accessories

The sales for the LCD Parts and Accessories segment increased by US\$0.8 million from US\$4.4 million in 1Q2017 to US\$5.2 million in 1Q2018. The segment booked an operating profit US\$0.4 million for the period under review, as compared to US\$0.06 million in the previous corresponding period. The increase in operating profit was due to new orders for parts for ultrathin notebook computer and orders for the OEM business. The operating margin increased from 1.4% for 1Q2017 to 7.5% for 1Q2018.

Other Segment

The other segment mainly includes the food and beverage business as well as the life science business. A revenue of US\$0.3 million was generated in this segment for the period under review. As the Life Science division is on its initial development stage, there was operating loss of US\$0.5 million for 1Q2018.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018, the Group's total assets and liabilities stood at US\$83.9 million and US\$22.6 million respectively, as compared to US\$88.5 million and US\$27.6 million as at 31 December 2017.

Current assets dropped to US\$73.2 million as at 31 March 2018 as compared to US\$78.9 million as at 31 December 2017. Cash and bank balances increased by US\$1.0 million due to the appreciation of Renminbi. Associated with the fall in revenue, trade receivables decreased from US\$24.0 million as at 31 December 2017 to US\$18.8 million as at 31 March 2018. There was no material change in the credit term of 60 days to 120 days offered to customers in general.

Other receivables and prepayments mainly represented utility deposits, prepaid expenses and value-added tax recoverable. It also included loan and receivables funding to a third party under a secured trade finance arrangement at an interest rate of 1% per month to generate additional interest income. Meanwhile, the held for trading investments represented listed equity investments in Hong Kong.

The non-current assets of the Group stood at US\$10.7 million for 1Q2018. Also included in property, plant and equipment was leasehold improvement and newly purchased equipment amounting to US\$1.0 million, which was netted off against the depreciation charge of US\$0.3 million. The available-for-sale investments 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. Prepayment for the acquisition of the intangible asset represented an advance payment for the application of research results related to biotech products and their related patents. A goodwill of US\$0.1 million arising from the acquisition of 95% equity interest in a Japan incorporated company known as GSP Enterprise Inc., whose principal activity is in the research and development of a new antibodies library.

Total liabilities as at 31 March 2018 was down to US\$22.6 million, representing a decrease of US\$5 million over 1Q2018 (31 December 2017: US\$27.6 million). During 1Q2018, the Group redrew bank borrowings amounting to US\$4.1 million while settled bank borrowings amounting to US\$4.7 million with a net of US\$0.6 million, with the total outstanding bank borrowings of US\$ 9.1 million as at 31 March 2018.

The trade payables were reduced by US\$3.0 million over 1Q2018 to US\$8.1 million as at 31 March 2018 (31 December 2017: US\$11.1 million). It was consistent with the reduction in revenue as explained above. There was no material change in the credit terms offered by the Group's suppliers.

The income tax on profit for 1Q2018 was provided and adjusted under tax rules for different jurisdictions. The income tax charge net of payment for the period under review had reduced the income tax payable by US\$1.2 million to US\$ 0.1 million (31 December 2017: US\$1.3 million)

Included in the non-current liabilities were retirement benefit obligations for directors in the Group's subsidiaries in Japan and deferred tax liabilities.

STATEMENT OF CASH FLOWS

The Group has net cash from operating activities amounting to US\$0.9 million for the current quarter as compared to net cash of US\$1.7 million used in operating activities in the corresponding quarter in the

previous year. The increase in net cash from operating activities was mainly due to the settlement of trade receivables.

For investing activities, there was a net cash outflow of US\$0.5 million (1Q2017: net cash inflow amounting to US\$0.4 million) over the period under review, mainly attributable to purchase of property, plant and equipment.

For financing activities, there was a net cash outflow of US\$0.6 million over 1Q2018 (1Q2017: US\$1.3 million). The financing activities mainly included the net repayment of banking borrowings amounting to US\$0.6 million during 1Q2018 (1Q2017: US\$0.9 million).

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

Not applicable.

10. 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 business environment of the Group's core business remains challenging due to factors such as intense price competition and short product life cycles. However, we are demonstrating ourselves as being a reliable partner through our close working relations with our customers in developing new products.

Business Segment Outlook

The Group's focus remains on the LCD backlight units for in-vehicle information displays and gameset displays as their order visibility is high and stable with a reasonable profit margin. Apart from the orders of LCD backlight units for gameset displays after a prolonged period of inventory adjustment, the Group's key customer has placed orders for large sized LCD backlight units for information display panels used in more premium vehicles and ultrathin notebook computers in the second half of the current financial year. It starts off with a small volume and is expected to increase gradually to the next year. A new generation light guide film, which is being co-developed with the key customer to be mainly used in LCD backlight units for ultrathin notebook computers, is proceeding at a steady pace and will open up opportunities for the Group for more mass production orders in the coming years.

The improving performance of the Group's LCD Parts and Accessories segment was mainly attributable to steady mass production orders of parts for ultrathin notebook computers and OEM orders. The Group expects orders for the OEM business to further improve in the second half of the current period under review.

The Group's Office Automation segment is seeing orders for new models from existing and new customers, which will allow the Group to grow its product line-up to further develop this segment.

The Life Sciences business continues to make steady progress. The Group is exploring various options to market its synthetic antibodies library to relevant biotech and pharmaceutical companies for research and development purposes with the aim of creating alternative treatments for diseases in the future.

The Group's food and beverage business is still suffering from insufficient business volume and is in the midst of attracting customers to increase table turnover rates and, hence, profitability.

Managing Risks

The Group is improving the cost competitiveness and efficiency of its operations through the restructuring and consolidation of operations and the deployment of more efficient equipment and methods to mitigate rising operating costs. One such measure is the automation of the production facilities in the LCD Backlight Units segment. Such increases in productivity and production consistency would translate into better returns in the longer term. The Group's OEM business of mobile payment devices has also generated contribution margins for its under-utilised Dongguan plant so as to enhance the Group's profitability.

Moving Forward

The Group continues to navigate through the challenges faced by its core business while strategically advancing its diversified segments. In the second half of the year, the Group expects more orders for its core business, particularly in the LCD backlight Units segment. These orders, once received would help to enhance the Group's profitability.

At the same time, the Group is laying foundations for the Life Sciences business in order to build up the business and offer a comprehensive suite of products and services. Such efforts would financially affect the Group's profitability to a certain extent but should be viewed as an investment in order to diversify risks. While the returns from the Life Sciences business may take some time to manifest, the Group's aim is to create sustainable long-term returns from both core and new businesses and unlock greater value for its stakeholders.

The Group is cautiously optimistic for FY2018, but should the global economic environment and market conditions worsen, its profitability will be adversely affected.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. 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.

14. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

	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)
Name of interested person	US\$'000	US\$'000
Mr YOSHIMI Kunikazu - Advisory fee	65	-
Total	65	-

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3, Q4 or Half Year Results)

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

CDW Holding Limited

Business segment for the three months / first quarter ended 31 March 2018

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

- i) LCD backlight units – Manufacturing of LCD backlight units for LCD module
- 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 module
- iv) Others – Other businesses including general trading, food and beverage and life sciences

	LCD backlight units	Office automation	LCD parts and accessories	Others	Eliminations	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>Revenue</u>						
External sales	7,252	5,588	5,225	285		18,350
Inter-segment sales	-	78	-	-	(78)	
Total revenue	7,252	5,666	5,225	285	(78)	18,350
<u>Results</u>						
Segment result	(167)	118	392	(481)		(138)
Unallocated corporate expense						(812)
Operating loss						(944)
Interest income						164
Finance costs						(53)
Share of loss of an associate						(19)
Loss before income tax						(852)
Income tax expense						(100)
Loss after income tax						(952)
<u>Assets</u>						
Segment assets	29,108	21,495	24,651	4,871	(64)	80,061
Unallocated assets						3,855
Consolidated total assets						83,916
<u>Liabilities</u>						
Segment liabilities	4,069	4,158	3,684	658	(64)	12,505
Bank borrowings and obligation under finance leases						9,228
Unallocated liabilities						905
Consolidated total liabilities						22,638
<u>Other information</u>						
Capital expenditure	180	216	349	235		980
Depreciation of property, plant and equipment	126	99	112	7		344

Business segment for the three months / first quarter ended 31 March 2017

	LCD backlight units	Office automation	LCD parts and accessories	Others	Eliminations	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue						
External sales	11,102	4,450	4,404	459	-	20,415
Inter-segment sales	-	52	3	-	(55)	-
Total revenue	11,102	4,502	4,407	459	(55)	20,415
Results						
Segment result	973	(24)	63	(103)		909
Unallocated corporate expense						(877)
Operating profit						32
Interest income						218
Finance costs						(20)
Share of loss of an associate						(25)
Profit before income tax						205
Income tax expense						(397)
Profit after income tax						(192)
Assets						
Segment assets	36,662	12,483	24,000	1,030	(40)	74,135
Unallocated assets						5,549
Consolidated total assets						79,684
Liabilities						
Segment liabilities	6,779	3,122	3,142	121	(40)	13,124
Bank borrowings and obligation under finance leases						5,288
Unallocated liabilities						956
Consolidated total liabilities						19,368
Other information						
Capital expenditure	10	107	4	-		121
Depreciation of property, plant and equipment	120	79	170	6		375

Geographical Segment for the three months / first quarter ended 31 March 2018 and 2017

	Turnover		Non-Current Assets		Capital Expenditure	
	Three months / first quarter ended 31 March		Three months / first quarter ended 31 March		Three months / first quarter ended 31 March	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Hong Kong	3,850	3,627	608	180	389	-
PRC	11,234	14,903	4,859	4,829	305	121
Japan	3,144	1,870	2,381	2,212	136	-
Others	122	15	235	-	150	-
Total	18,350	20,415	8,083	7,221	980	121

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

Information about major customer

Revenue from one key customer which has transactions with all segments accounted for 46.9% of the total revenue for 1Q2018 (1Q2017: 70.5%).

16. 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 8 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 21.0%, 61.2% and 17.1% of the total revenue respectively. Total revenue decreased by 10.1% to US\$18.4 million for the current quarter as compared to the corresponding period in the previous year.

As at 31 March 2018, non-current assets located in Hong Kong, the PRC and Japan accounted for 7.5%, 60.1% and 29.5% of the total non-current assets of the Group respectively. During this quarter, the Group invested a total capital expenditure of US\$1 million for the leasehold improvement and the purchase of equipment in Hong Kong, the PRC, Japan and Korea, and it is mainly for renovation and replacement purposes.

17. A breakdown of sales

	Three months / first quarter ended 31 March		
	2018 US\$'000	2017 US\$'000	% Increase/ (Decrease)
Sales reported for the first quarter	18,350	20,415	(10.1 %)
Operating loss after income tax for the first quarter	(952)	(192)	395.8%

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Annual Dividend (in US\$'000)	Year ended 31 December 2017	Year ended 31 December 2016
Ordinary dividend		
- Interim	1,149	475
- Final	1,149	3,324
Total	2,298	3,799

19. 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 three months / first quarter ended 31 March 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

YOSHIKAWA Makoto
Executive Director
15 May 2018

DY MO Hua Cheung, Philip
Executive Director