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CDW HOLDING LIMITED Annual Report 2004

CDW Holding Limited

Annual Report 2004

CDW Holding Limited

A Reliable Outsourcing Partner With Japanese Precision

日本の技術力と信頼性を世界へ

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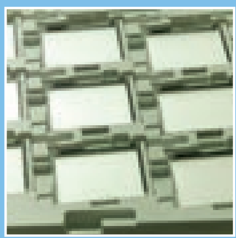
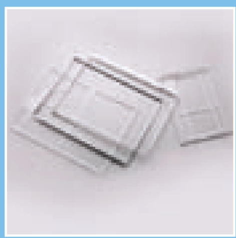



Corporate Profile

We are a Japanese-managed precision components specialist serving the global market focusing on the production and supply of niche precision components for mobile communication equipment, consumer and information technology equipment, office equipment and electrical appliances.

Our main production facilities are located within the industrial and commercial belt in Shanghai, PRC. We also carry out a trading business headquartered in Hong Kong and trade mainly in precision accessories for office equipment and electrical appliances.

Corporate Information

Board Of Directors
Mr. Kunikazu Yoshimi
(Chairman and Chief Executive Officer)
Mr. Akihiro Kiyota
(Executive Director)
Mr. Lai Shi Hong Edward
(Executive Director)
Mr. Koh Kuek Chiang
(Non-Executive Director)
Mr. Ng Wai Kee
(Independent Director)
Mr. Wong Chak Weng
(Independent Director)
Mr. Wong Yik Chung John
(Independent Director)

Joint Company Secretaries
Mr. Lee Teck Leng, Robson,
LLB (Hons)
Ms. Tan San-Ju, FCIS

Audit Committee
Mr. Ng Wai Kee
(Chairman)
Mr. Koh Kuek Chiang
Mr. Wong Chak Weng
Mr. Wong Yik Chung John

Remuneration Committee
Mr. Wong Yik Chung John
(Chairman)
Mr. Koh Kuek Chiang
Mr. Lai Shi Hong Edward
Mr. Ng Wai Kee
Mr. Wong Chak Weng

Nominating Committee
Mr. Wong Chak Weng
(Chairman)
Mr. Koh Kuek Chiang
Mr. Lai Shi Hong Edward
Mr. Ng Wai Kee
Mr. Wong Yik Chung John

Assistant Secretary
Appleby Corporate Services
(Bermuda) Ltd.
Canon's Court,
22 Victoria Street,
Hamilton HM12
Bermuda

Bermuda Company Registration Number
35127

Registered Office
Canon's Court,
22 Victoria Street,
Hamilton HM12
Bermuda

Principal Office
Units 1617 to 1621,
16th Floor, Tower II,
Grand Central Plaza,
138 Sha Tin Rural
Committee Road, Shatin,
New Territories, Hong Kong

Singapore Share Transfer Agent
Lim Associate (Pte) Ltd
10 Collyer Quay #19-08
Ocean Building
Singapore 049315

Bermuda Share Registrar
Reid Management Limited
Argyle House
41a Cedar Avenue
Hamilton HM12
Bermuda

Auditors
Deloitte & Touche
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

Audit Partner :
Ms. Wong-Yeo Siew Eng
Date of Appointment :
5 August 2004

Corporate Structure

Crystal Display Components (Shanghai) Co., Limited
in Jia Ding, Shanghai

CDW Holding Limited

- Tomoike Industrial (H.K.) Limited (100%)
- Tomoike Precision Machinery (Shanghai) Co., Limited (100%)
- Crystal Display Components (Shanghai) Co., Limited (100%)
- Crystal Display Components (Suzhou) Co., Limited (100%)
- Tomoike Electronics (Shanghai) Co., Limited (100%)

Letter to Shareholders




Letter to Shareholders

I am pleased to report to our shareholders a strong set of financial results for FY2004 with revenue increasing significantly by 85.2% to US$98.5 million. The Group net profit rose from US$8.2 million in FY2003 to US$15.2 million this year representing an impressive growth of 85.4% despite the highly competitive market environment. The growth in revenue and net profit was buoyed by improvements in all of our four business segments namely LCD backlight units, LCD frame products, precision accessories manufacturing and parts trading.

Our robust financial performance this year was the result of the strategies we put in place, which primarily, were based on the increasing trend of outsourcing operations of the Japanese manufacturers to low cost production centres in the People's Republic of China ("PRC").

Since our initial setup as a sourcing agent in the early 90's and the subsequent diversification into manufacturing in the mid-90's, we have been able to leverage on our strength as a Japanese-managed company to meet the stringent requirements of our Japanese customers and to further strengthen our long-standing working relationships with them through our sound track record.

As a leading sourcing partner to our customers who are mainly large Japanese corporations, our production facilities are strategically located close to them to ensure efficient service, including timely and responsive delivery of products. In addition, we also offer high scalability in our production capability to meet the acute rising demands of our customers on favorable market trends.

Meanwhile, we have been able to maintain our competitiveness through a series of measures including broadening our product mix, especially to higher value-added products, expansion in capacity with vertically integrated processes and more efficient cost management. As a result, we are able to sustain our margins through economies of scale, cost control and product and customer diversification.

Dividends

The Board of Directors has recommended a final dividend of 0.623 US cent per ordinary share for the year. This represents a dividend payout of 20% of the Group's net profit which was stated in our listing prospectus dated 14 January 2004 ("Prospectus").

Outlook and Strategy

We remain optimistic on our business prospects as the industries we focus on such as the mobile communication, consumer and information technology equipment markets have strong growth potential.

As our ongoing strategy, the Group will continue to identify new products and industries with good growth potential and strive to be at the forefront of global market trends and consumer preferences. For example, we started production of LCD backlight units for gamebox entertainment equipment and precision accessories for LCD TVs in 2004.

Expansion of product range and customer base will remain a priority for the Group in 2005. The Group will also look into more ways of vertical integration by producing plastic frames for our LCD backlight units consumption in 2005. We will also commence assembly of camera lens units for mobile phones in 2005.

The cornerstone of our expansion plan is to increase our current production facilities to support our increasing product range and to meet the greater outsourcing demands of our existing and new customers.

Currently, we have two production facilities for LCD backlight units and related components, one facility for precision accessories and one cutting facility for LCD backlight components in Shanghai. We also have one metal pressing and injection moulding facility for metal and plastic frames in Suzhou and one production facility for diffusers and adhesive tapes in Hong Kong.

We will expand our Suzhou facility by setting up a new plant to cater for the production of metal and plastic frames to meet the growing demand for notebook monitors and other consumer and information technology equipment. We will also establish a new plant with clean room facilities in Dongguan, Guangdong province, to produce LCD backlight units and related components for Japanese manufacturers located in the southern region of the PRC.

Listing on the SGX-ST

I am also pleased to announce the successful listing of our Company on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 26 January 2005. We offered 128 million shares at S$0.38 each and raised new funds amounting to approximately S$28.8 million for the Company.

Acknowledgments

Finally, I would like to take this opportunity to thank all our employees for their invaluable contribution to the success of the Company in 2004. To our shareholders, business associates and customers, I would also like to sincerely thank them for their support and look forward to their continued support in the coming year.

Kunikazu Yoshimi
Chairman and Chief Executive Officer

Financial and Operational Review

FINANCIAL REVIEW

Profit and Loss

The growth in revenue and net profit was broad-based with improvements in all our four business segments namely LCD backlight units, LCD frame products, precision accessories manufacturing and parts trading.

Group revenue rose 85.2% to US$98.5 million from US$53.2 million, whereas, net profit achieved a similar percentage increase of 85.4% to US$15.2 million from US$8.2 million.

Reflecting the higher level of business, distribution and administration expenses rose less vigorously by 46.0% to US$9.2 million from US$6.3 million. Finance costs remained at a low level of US$0.3 million.

As regards to margins, due to pricing pressure on LCD backlight units, Group gross margin fell 2.2 percentage points to 26.7% from 28.9%. However, operating margin edged up to 17.6% as a result of economies of scale from increased business volume, better cost control and shift to higher-end products. This enabled the Group to maintain a net margin at 15.4% this year.

Group weighted average EPS was 3.8 US cents this year. The Board of Directors has recommended a dividend of 0.623 US cent per ordinary share representing a 20% dividend payout ratio which was stated in the listing Prospectus.

Balance Sheet

As at 31 December 2004, the Group had net cash of US$5.6 million. Total assets and liabilities stood at US$53.7 million and US$29.2 million respectively. Current assets increased 82.2% to US$43.9 million from US$24.1 million, whereas, current liabilities increased 72.2% to US$26.0 million from US$15.1 million. Such increases were in line with the increase in the business volume during the year. Accordingly, current ratio improved moderately from 1.60 to 1.69 by end of 2004.

During the year, the Group had a net increase in borrowings of US$8.4 million mainly for working capital to finance the increase in operations and to pay a dividend pursuant to the Restructuring Exercise (as defined in the Prospectus) prior to the initial public offering ("IPO") of the Company.

The Group remains in a strong cash position in its operations. Capital expenditure for the future expansion programmes as described below will be funded by the proceeds raised from the IPO.

The total shareholders' equity was US$24.5 million as at 31 December 2004 compared to US$16.5 million as at 31 December 2003, representing an increase of 48.5%. The Group's net asset value (NAV) per share was 6.12 US cents as at 31 December 2004 compared to 4.11 US cents as at 31 December 2003.

OPERATIONAL REVIEW

LCD Backlight Units (LCD BLU)

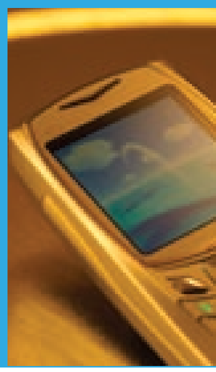
LCD BLU remained the main driving force for the Group's strong performance in 2004, accounting for 47.3% of our Group's revenue, up from 36.3% in the previous year. Revenue from this business segment grew 141.5% to US$46.6 million due to rising demand for mobile handsets and introduction of new products such as the gamebox entertainment equipment.

Despite the pricing pressures and slower growth in the mobile handset market resulting in lower average selling prices, the Group was able to maintain its competitiveness and sustain growth by moving into higher-end products like larger screen handsets and gamebox entertainment equipment.

The Group continues to enjoy economies of scale and lower production costs in its production facilities in Shanghai, PRC. The facilities are currently operating at a high utilization rate of 90%.

In 2005, the Group will focus on broadening its customer base and product range for LCD BLU. We expect to see steady growth in the mobile handsets market from new models to be launched in the second half of 2005. For gamebox entertainment equipment, the Group will see stable orders and full year contribution in 2005.

The Group will continue to vertically integrate its operations and reduce costs to stay competitive. The new production facilities in Dongguan, Guangdong province will be set up to meet demand from Japanese manufacturers in southern PRC. The new facilities are



expected to commence operations in the last quarter of 2005, and when fully-operational, it will double the Group's current capacity of LCD BLU to 8 million units per month. The cost of these new facilities of S$7.7 million will be financed from the IPO proceeds.

LCD Frame Products

Revenue from sales of metal and plastic frames increased 22.6% to US$10.3 million due mainly to full year contribution from the production of frames for LCDs used in notebook computer monitors in 2004. The facilities are currently running at full capacity with extensions made to existing production facilities at the end 2004 also fully utilized.

The outlook for LCD frame products is very promising with the strong growth in the notebook monitors and other new product models. The production facilities in Suzhou is expected to be augmented by the setting up of a new plant to cater for the production of metal and plastic frames to meet the growing demand from existing and new customers. The plant is expected to be ready in early 2006 and will double current capacity. The total cost of the plant is S$8.8 million and will be financed from the IPO proceeds.

Precision Accessories

Revenue from the production and sale of precision accessories for office equipment and electrical appliances rose a more moderate 15.0% to US$13.0 million on the back of the increase in production of higher value-added products.

In 2005, precision accessories manufacturing will continue to see steady growth. It will benefit from the growth of the Group LCD BLU and metal frame divisions by acting as an ancillary services provider.

Parts Trading & Others

Revenue from the trading of precision accessories for office equipment and electrical appliances doubled from US$14.2 million to US$28.6 million in FY2004 due primarily to an increase in sales of flexible printed circuits.

However, going forward, the Group expects to see lower revenue contribution (as a percentage of Group revenue) from the low margin parts trading business as it moves towards the higher value added manufacturing activities.

A new lens units assembly will commence in 2005. This will not contribute significantly to the Group profitability as it will only generate assembly fee but will provide the Company future business opportunities and serve to further diversify our product range and customer base.

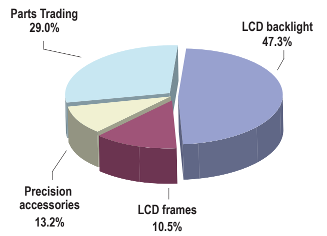
Financial Highlights

KEY FINANCIAL DATA OVER THE LAST 3 YEARS

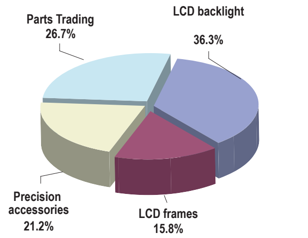
In US$mn	FY2004	FY2003
Total Assets	**53.7**	32.8
Total Liabilities	**29.2**	16.4
Current Assets	**43.9**	24.1
Current Liabilities	**26.0**	15.1
Shareholders' Equity	**24.5**	16.5
Revenue	**98.5**	53.2
Profit before tax	**17.1**	8.6
Profit after tax	**15.2**	8.2
EPS (US cents)	**3.80**	2.05

REVENUE - BY BUSINESS SEGMENTS

FY2004



FY2003

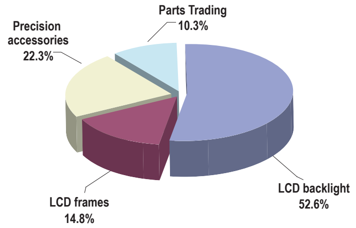


REVENUE GROWTH

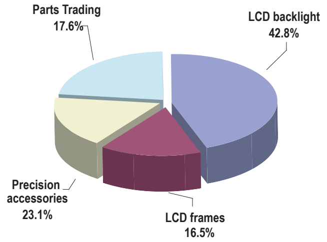
US$mn	FY2004	FY2003	% Change
LCD backlights units	**46.6**	19.3	141.5
LCD frames	**10.3**	8.4	22.6
Precision accesories	**13.0**	11.3	15.0
Parts trading	**28.6**	14.2	101.4

OPERATING PROFIT - BY BUSINESS SEGMENTS

FY2004



FY2003



OPERATING PROFIT GROWTH

US$mn	FY2004	FY2003	% Change
LCD backlights units	**9.2**	3.9	135.9
LCD frames	**2.6**	1.5	73.3
Precision accesories	**3.9**	2.1	85.7
Parts trading	**1.8**	1.6	12.5

Management Team

BOARD OF DIRECTORS

MR. KUNIKAZU YOSHIMI is the Chairman and Chief Executive Officer of our Group. He founded the Group in early 90's. Mr Yoshimi has over 25 years of experience in the manufacture and trading of precision accessories and LCD related components in Japan, Hong Kong and PRC from which he has established a close rapport and extensive working relationship with numerous Japanese multinational corporations. As the Chief Executive Officer of our Group, Mr Yoshimi is responsible for overseeing the overall management and is directly involved in the planning and formulating of the Group's business and marketing strategies.

MR. AKIHIRO KIYOTA is the Executive Director of our Group. He is responsible for managing our Group's operations and planning our Group's marketing strategies. Mr Kiyota has over 20 years of experience in sales and marketing in a number of Japanese companies at the managerial level. He joined our Group in 2000 as the Deputy General Manager of our principal subsidiary and assumed his current position in August 2004. Mr Kiyota graduated from the Osaka Commercial College with a Bachelor's degree in Management.

MR. LAI SHI HONG EDWARD is the Executive Director of our Group. He is responsible for overseeing our finance, compliance and corporate development functions. Mr Lai has more than 17 years of experience in finance, accounting and business management, specialising in the stock broking and corporate finance aspects. He was appointed in August 2004. Mr Lai graduated from the University of Hong Kong and is currently a Member of the Hong Kong Institute of Certified Public Accountants and a Fellow Member of the Association of Chartered Certified Accountants.

MR. KOH KUEK CHIANG is the Non-Executive Director of our Group. Mr Koh has over 20 years of private equity investment experience and is currently the Executive Director of Asian Direct Capital Management (ADCM), a subsidiary of State Street Corporation, and is in charge of ADCM's direct investments activities in Greater China and Korea. Mr Koh graduated with a Bachelor of Engineering from the University of Western Australia and has a post graduate Diploma in Business Administration from the National University of Singapore. He also attended the program for Management at the Harvard Business School. Mr Koh is a CFA charterholder.

MR. NG WAI KEE is the Independent Director of our Group. Mr Ng is a professional accountant by training and a certified public accountant. Mr Ng has more than 17 years of experience in accounting, auditing, taxation and corporate secretarial work. He is currently a director of Qleap China Limited, an investment firm in Hong Kong, and the Company Secretary of Datasys Technology Holdings Limited, a company listed on the Stock Exchange of Hong Kong. Mr Ng graduated from the Hong Kong Shue Yan College. He is a Fellow Member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

MR. WONG CHAK WENG is the Independent Director of our Group. He is a practising lawyer with more than 20 years of experience. His areas of practice include corporate work and advising on compliance with licensing and business conduct regulations of financial service providers. Mr Wong is a partner in the law firm of Soh Wong & Yap. He is also currently the Company Secretary to Prudential Asset Management (Singapore) Limited, PPM Ventures Pte Ltd, Russell Investment Group Pte Ltd and a charitable organisation, Lutheran Community Care Services Limited. He is presently the Honorary Legal Adviser to ACI Singapore, The Financial Markets Association. Mr Wong holds an LLB (Hons) from the National University of Singapore.

MR. WONG YIK CHUNG JOHN is the Independent Director of our Group. Mr Wong is a professional accountant by training. He has more than 14 years of experience in auditing and corporate finance work with extensive exposure to the business enterprises in the PRC region. Mr Wong is currently the Managing Director of Vantage & Associates Limited, a firm providing accounting and corporate advisory services in the PRC. Mr Wong graduated from the University of Melbourne. He also holds a Master's degree in Finance from the Flinders University. He is a Fellow Member of the Australian Society of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. He also obtained a PRC Certificate of Independent Directorship in 2002.

KEY EXECUTIVE OFFICERS

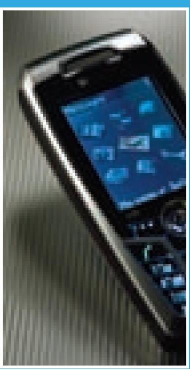
MR. DYMO HUA CHEUNG PHILIP is the Financial Controller and Head of Administration of our Group. He is responsible for the overall management of our Group's financial reporting, internal control, audit functions and accounting and compliance processes. Mr Dymo joined our Group in 2003 and has more than 17 years of experience in the auditing and accounting profession. He graduated from the University of Birmingham and is a member of the Hong Kong Institute of Certified Public Accountants.

MR. TATSURO KURODA is the Head of Business Development and Strategic Planning of our Group. He is responsible for overseeing the business operations of our Group and assists our CEO in charting the future directions for our Group. Mr Kuroda has more than 10 years of experience in the sales and marketing businesses in Japan, Hong Kong and PRC. He joined our Group in 1998 as Manager of our principal subsidiary and assumed his current position in August 2004.

MR. HARUMASA IKEDA is the Head of Sales and Marketing of our Group in the PRC. He is responsible for overseeing the sales and marketing activities of our Group in the PRC. Mr Ikeda has extensive experience in the sales and marketing businesses in the PRC serving Japanese corporations. He started his career with our Group in 1999 and has been assigned with managerial positions in our Shanghai and Suzhou operations.

MR. LI QING SONG is the Head of Production of Quality Assurance of our Group in the PRC. He is in charge of the day to day operations of the Group's production facilities in the PRC. Mr Li has more than 10 years of factory working experience in PRC serving a number of Japanese corporations. He joined our Group in 1999 as the head of one of our factory and subsequently promoted to his current position in 2002. Mr Li graduated from Dongning County Chaoxian Tribe High School and obtained a first level certificate in Japanese language from the Harbin Northern Foreign Language School. He is also a certified ISO Internal Quality Systems Assessor.

MR. CHAN KAM WAH is the Head of Sales and Marketing of our Group in Hong Kong. He is in charge of the overall sales operations in Hong Kong. Mr Chan joined our Group in 1999 and has extensive experience in the sales and marketing businesses. He also worked as a personal assistant to our CEO prior to his joining our Group. Mr Chan graduated from Datong Institution.



Financial Contents

Corporate Governance Report

The Board of Directors of CDW Holding Limited (the "Board") recognizes the importance of and is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries so as to enhance transparency and protect the interests of the Company's shareholders.

This report describes the corporate governance practices of the Company, with specific reference to the principles set out in the Code of Corporate Governance (the "Code") prescribed by the SGX-ST.

BOARD MATTERS

Principal 1: Board's Conduct of its Affairs

The members of the Board as at 31 December, 2004 are as follows:

Mr. Kunikazu Yoshimi	(Chairman and Chief Executive Officer)
Mr. Akihiro Kiyota	(Executive Director)
Mr. Lai Shi Hong Edward	(Executive Director)
Mr. Koh Kuek Chiang	(Non-executive Director)
Mr. Ng Wai Kee	(Independent Director)
Mr. Wong Chak Weng	(Independent Director)
Mr. Wong Yik Chung John	(Independent Director)

The Board plays an effective role in leading and controlling the long-term corporate goals and strategies of the Group. Besides performing the statutory duties and responsibilities, the Board oversees the management and affairs of the Group and approves important business decisions involving the corporate and strategic directions of the Group. In regard to the financial issues, the Board is responsible for reviewing periodic financial reports to assess its financial performance and implementing policies which include risk management and internal controls and compliance. In addition, the Board also approves nomination of Directors to the Board and the appointment of key management personnel. These functions are carried out either directly or through delegations to various Board Committees including the Audit Committee, Nominating Committee and Remuneration Committee.

Decisions by the full Board are required for matters which involve a potential conflict of interest for a substantial shareholder or a Director, and other major corporate matters such as material acquisitions and disposal of assets, corporate or financial restructuring, share issuance, dividend declarations, and the approval of financial results which requires public disclosures.

Formal Board meetings will be held at least four times a year to oversee the business affairs of the Group, and to approve, if applicable, any matters in relation to its financial or business affairs. Ad-hoc meetings will be convened when the circumstances require. The Company's Bye-laws allow a Board meeting to be conducted by way of teleconference and videoconference.

Since the IPO of the Company in January 2005, the Board had met once to review and approve the 2004 full year results and to review certain internal control and strategic directions of the Company.

Prior to their respective appointments to the Board, each of the Directors was given an orientation on the Group's business strategies and operations. In addition, the Directors will also receive, from time to time, when appropriate further relevant training, in particular on the applications of new laws and regulations as well as the changing commercial risks which are relevant to the business and operations of the Group. The Directors will also be updated on the business of the Group through regular meetings and gatherings.

Corporate Governance Report

Principle 2: Board Composition and Balance

Presently, the Board comprises three Executive Directors, one Non-executive Director and three Independent Directors. The independence of each Director will be reviewed annually by the Nominating Committee with reference to the circumstances set forth in the Code and any other salient factors.

The Board will constantly evaluate its size and determine what it considers to be an appropriate size having regard to the principle of facilitating effective decision making processes for the Group. The Nominating Committee will also review the composition of the Board on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.

The Board, in consideration of the complexity and nature of operations of the Company, considers its current size to be adequate for effective decision making. A summary of the academic and professional qualifications and other appointments of each Director is set out on page 10 of this annual report.

Principle 3: Chairman and Chief Executive Officer ("CEO")

The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairman of the Board and the CEO is the same person, so that the decision-making process of the Group would not be unnecessarily hindered.

The Group's Chairman and CEO, Mr. Kunikazu Yoshimi, who is also the founder, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. Mr Yoshimi is responsible for the day-to-day operations of the Group, as well as monitoring the quality, quantity and timeliness of information flow between the Board and the management.

The Board considers that there are adequate safeguards and checks to ensure that the decision making process by the Board is based on collective actions and is independent from any influence from an individual having an uneven concentration of power and authority. For example, all major decisions made by the Chairman and CEO will have to be submitted for endorsement by the entire Board. The Remuneration Committee reviews the remuneration package of our Chairman and CEO, which has to be endorsed by the entire Board.

BOARD COMMITTEES

Nominating Committee ("NC")

Principle 4: Board Membership

Principle 5: Board Performance

The NC comprises all the three Independent Directors namely Mr. Wong Chak Weng, Mr. Wong Yik Chung John, Mr. Ng Wai Kee, the Non-executive Director, Mr. Koh Kuek Chiang and Executive Director, Mr. Lai Shi Hong Edward, and is chaired by Mr. Wong Chak Weng. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

The Board has approved the written terms of reference of the NC. The NC performs the following functions:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regard, to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent Director;

(b) to determine annually whether or not a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;

(c) in respect of a Director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple Boards; and

(d) to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value.

All Directors are subject to the provisions of the Company's Bye-laws whereby one-third of the Directors are required to retire and subject themselves to re-election by shareholders at every annual general meeting ("AGM").

The NC will assess the effectiveness of the Board as a whole and the respective contribution of each Director annually. In this regard, the NC will consider a number of factors based on an objective evaluation criteria, including the achievement of certain financial targets, the performance of the Board, and the performance of individual Director's vis-à-vis attendance and contributions during Board meetings, etc.

Though some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention have been given by the Directors to the Group.

Principle 6: Access to information

The members of the Board, in their individual capacity, have access to complete information on a timely basis and in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, the members of the Board will be provided with management reports containing complete, adequate and timely information, and other relevant documents and explanatory information required to support the decision making process.

The Board has direct and independent access to senior management and the Company Secretaries at all times. The Company Secretaries who administer, attend and prepare minutes of Board meetings, assist the Chairman in ensuring that the Board meeting procedures are properly followed and the Company's Bye-laws and relevant rules and regulations, including requirements of the Singapore Companies Act, Cap. 50, and the SGX-ST, are complied with.

If any of the Directors require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises all the three Independent Directors namely Mr. Wong Yik Chung John, Mr. Ng Wai Kee, Mr. Wong Chak Weng, the Non-executive Director, Mr. Kok Kuek Chiang and Executive Director, Mr. Lai Shi Hong Edward and is chaired by Mr. Wong Yik Chung John. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

The Board has approved the written terms of reference of the RC. The functions of the RC are as follows:

(a) to recommend to the Board a framework of remuneration for members of the Board, and to determine specific remuneration packages for each Executive Director and the CEO (or executive of equivalent rank) if the CEO is not an Executive Director, such recommendation to be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, and benefits in kind;

(b) in the case of service contracts, to consider what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

(c) in respect of other long-term incentive schemes (if any) including share option or share schemes as may be implemented, to consider whether Directors should be eligible for benefits under such long-term incentive schemes.

The RC may obtain independent external legal and other professional advice as it deems necessary for making appropriate decisions. The expenses of such advice shall be borne by the Company.

The RC will establish a framework of remuneration for the Board and key executives covering all aspects of remuneration including directors' fees, salaries, allowances, bonuses, long-term incentives schemes and benefits-in-kind.

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The Company sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and senior management with the required experience and expertise to manage the business and operations of the Group. The remuneration paid to the Directors and executive officers for services rendered during the year ended 31 December 2004 are as follows:

DIRECTOR'S REMUNERATION

Remuneration band and Name of Directors	Salary	Benefits in kind	Directors' Fees	Performance Bonus
S$1,000,000 to S$1,249,999				
Kunikazu Yoshimi	45%	5%	-	50%
Below S$250,000				
Akihiro Kiyota	80%	15%	-	5%
Lai Shi Hong Edward	100%	-	-	
Ng Wai Kee	-	-	100%	-
Wong Chak Weng	-	-	100%	-
Wong Yik Chung John	-	-	100%	-

Remuneration of top five Key Executives (not being Directors)

Remuneration band and Name of Key Executives	Salary	Benefits in kind	Performance Bonus
Below S$250,000			
Chan Kam Wah	70%	25%	5%
Dy Mo Hua Cheung Philip	95%	-	5%
Harumasa Ikeda	75%	17%	8%
Li Qing Song	78%	22%	-
Tatsuro Kuroda	70%	25%	5%

The remuneration of the Independent Directors is in the form of a fixed fee which will be subject to approval at the AGM.

The Company has entered into service agreements with the CEO and all Executive Directors. The terms of the appointment are for two years each, unless otherwise terminated by either party giving not less than three months' written notice. Their compensation packages consist of salary, bonus, and performance awards that are dependent on the Group's and their individual performance.

There are no employees whose remuneration exceeds S$150,000 (equivalent to approximately HK$690,000) during the year who are immediate family members of any director or substantial shareholder.

The Company has a share option scheme known as CDW Holding Share Option Scheme (the "CDW Scheme") which was approved by shareholders of the Company on 8 November 2004. The CDW Scheme complies with the relevant rules as set out in Chapter 8 of the Listing Manual. The CDW Scheme will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The CDW Scheme is administered by the RC. No options have been granted under the CDW Scheme during the year.

Principle 10: Accountability

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis.

The management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

Audit Committee ("AC")

Principle 11: Audit Committee

Our AC comprises all the three Independent Directors namely, Mr. Ng Wai Kee, Mr. Wong Chak Weng, Mr. Wong Yik Chung John and the Non-executive Director, Mr. Koh Kuek Chiang and is chaired by Mr. Ng Wai Kee. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The Board is of the view that the AC members have the relevant expertise to discharge the function of an AC.

The AC will assist the Board with regards to discharging its responsibility to safeguard our Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls with an overall objective to ensure that our management has created and maintained an effective control environment in our Company, and that our management demonstrates and stimulates the necessary aspect of our Group's internal control structure among all parties.

The Board has approved the written terms of reference of the AC. The AC performs the following functions:

(a) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;

(b) review the quarterly and annual financial statements and balance sheet and profit and loss accounts before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(c) review the internal controls and procedures and ensure co-ordination between the external auditors and our management, reviewing the assistance given by our management to the auditors, and discuss problems and concerns, if any arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

(d) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(e) review transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(f) undertake such other reviews and projects as may be requested by our Board of Directors and will report to our Board of Directors its findings from time to time on matters arising and requiring the attention of our AC; and

(g) generally undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

Besides, subsequent to the IPO of the Company in January 2005, the AC will review all interested person transactions between the Group and Tomoike Industrial Co., Limited in accordance with the guidelines and procedures under the Shareholders' Mandate stated in the Company's Prospectus (the "IPT Shareholders' Mandate").

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

The AC meets at least quarterly and also holds informal meetings and discussions with the management from time to time. The AC has full discretion to invite any Director or executive officer to attend its meetings.

Since the IPO of the Company in January 2005, the AC has met once to review the 2004 full year results of the Company.

The AC has been given full access to and is provided with the co-operation of the Company's management. In addition, the AC has independent access to external auditors. The AC meets with the external auditors without the presence of management. The AC has reasonable resources to enable it to discharge its functions properly.

The AC has reviewed the volume of non-audit services to the Group by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, is pleased to recommend their re-appointment.

Principle 12: Internal Controls

The Board acknowledges that it is responsible for maintaining a sound system of internal controls to safeguard shareholders' interest and maintain accountability of its assets. While no cost-effective internal control system will preclude errors and irregularities, the Group's internal controls and systems have been designated to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication, are reasonable and accurate.

Based on its review of internal controls, the AC is of the view that there are adequate internal controls in the Group.

Principle 13: Internal Audit

The Company is currently in the midst of engaging an internal auditor to carry out the internal audit function.

Principles 14 and 15: Communication with Shareholders

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. The Company disseminates its latest corporate news, strategies and announcements promptly through SGXNET, press releases, various media as well as our investor relations consultant's network. The Company ensures that price-sensitive information is publicly released, and is announced within the mandatory period. The Company does not practice selective disclosure.

All shareholders of the Company will receive the annual report and the notice of the AGM. The notice is also advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at AGMs and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairperson of each of the Board Committees. The Company ensures that there are separate resolutions at general meetings on each distinct issue.

The Company's Bye-laws allows a shareholder of the Company holding two or more shares to appoint not more than two proxies to attend and vote at general meetings. The chairpersons of the Audit, Nominating and Remuneration Committees will be present and available to address questions at the AGM. The external auditors will also present to assist the Directors in addressing any relevant queries from the shareholders.

MATERIAL CONTRACTS

Save as disclosed in the Company's Prospectus, there are no material contracts of the Company or its subsidiaries involving the interest of the CEO or any Directors or controlling shareholders subsisting as at and during the end of the financial year or if not subsisting, entered into since the end of the previous financial year.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

DEALINGS IN SECURITIES

The Company has adopted the SGX-ST Best Practices Guide with respect to dealings in securities by Directors and officers of the Group. Directors, management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the periods commencing at least two weeks before the announcement of each of the Group's first three quarters results and one month before the full year results until the day of the release of the announcement or while in possession of unpublished price-sensitive information on the Group.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are on an arm's length basis.

The aggregate value of interested person transactions entered into during the year under review is as follows:

Name of interested person	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 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Tomoike Industrial Co., Limited ("Japan Tomoike")	**US$'000**	**US$'000**
Purchases of raw materials and semi-finished goods from Japan Tomoike (Note 1)	15,893	-
Assembly of LCD backlight units and its related components and precision accessories for office and electricial appliances to Japan Tomoike (Note 1)	17,280	-
Purchase of manufacturing equipment from Japan Tomoike (Note 2)	177	-
Total	**33,350**	**-**

Notes:

(1) These transactions are ongoing interested person transactions conducted pursuant to the IPT Shareholders' Mandate given on 8 November 2004. The Company intends to continue these transactions with Japan Tomoike and proposes to renew the existing IPT Shareholders' Mandate in its AGM. Please refer to the Appendix for further details with respect to the proposed renewal for the IPT Shareholders' Mandate.

(2) These transactions were past interested person transactions as disclosed in the Company's Prospectus. The Company has since ceased these transactions and does not intend to continue these transactions. Any future interested person transactions entered into by the Company which does not fall within the IPT Shareholders' Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

Directors' Report

The Directors are pleased to present their first report together with the audited financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2004.

1. GENERAL

The Company was incorporated in Bermuda on 2 April 2004 under the Companies Act 1981 of Bermuda as an exempted company with limited liability.

The Company is a Japanese-managed precision components specialist serving the global market, focusing on the production of niche precision components for mobile communication equipment, consumer and information technology equipment, office equipment and electrical appliances.

On 26 January 2005, the Company was admitted to the Official List of the SGX-ST.

2. DIRECTORS

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

Mr. Kunikazu Yoshimi	(Appointed on 15 April, 2004)
Mr. Akihiro Kiyota	(Appointed on 5 August 2004)
Mr. Lai Shi Hong Edward	(Appointed on 5 August 2004)
Mr. Koh Kuek Chiang	(Appointed on 15 April 2004)
Mr. Ng Wai Kee	(Appointed on 5 August 2004)
Mr. Wong Chak Weng	(Appointed on 5 August 2004)
Mr. Wong Yik Chung John	(Appointed on 5 August 2004)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the share option scheme mentioned below.

Directors' Report

4. DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital of the Company and related corporations except as follows:

Name of directors and company in which interests are held	Shareholding registered in the name of the director		Shareholding in which director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company - Ordinary shares of US$0.02 each				
Mr. Kunikazu Yoshimi (Note 1)	-	-	-	320,000,000 (Note 2)

Notes:

(1) The Company issued 12,000 shares of US$1.00 each as nil paid shares to Mr. Kunikazu Yoshimi (Mr. Yoshimi) on 5 April 2004. Mr. Yoshimi transferred 9600 nil paid shares to Crystal Display Components (HK) Limited ("CD Hong Kong"), a company incorporated in Hong Kong, and 2400 nil paid shares to The China Fund, Inc. on 8 November 2004.

(2) Mr. Yoshimi was deemed to have an interest in 320,000,000 ordinary shares of the Company held by CD Hong Kong by virtue of his shareholding in CD Hong Kong.

The directors' interests as at 21 January 2005 were the same as those at the end of the financial year.

5. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and or executives of these related corporations.

There were certain transactions as shown in the financial statements with a corporation in which Mr. Kunikazu Yoshimi has an interest.

6. SHARE OPTIONS

The Company adopted the CDW Holding Share Option Scheme (the "CDW Scheme"), which was approved by the Shareholders pursuant to resolutions passed on 8 November 2004. The CDW Scheme will provide an opportunity for our employees and executive directors to participate in the equity of the Company. The rules of the CDW Scheme are set out in the Company's Prospectus. Qualified persons who are also the Company's controlling shareholders or their associates may not participate in the CDW Scheme. The options grant the right to the holder to subscribe for new ordinary shares of the Company at a discount to the market price of the share (subject to a maximum limit of 20%) or at a price equal to the average of the closing prices of the shares on the SGX-ST on the five trading days immediately preceding the date of the grant of the option.

6. SHARE OPTIONS (cont'd)

The CDW Scheme is administered by the Remuneration Committee ("RC"), which comprises the following five Directors:

Mr. Wong Yik Chung John	(Chairman of the RC and Independent Director)
Mr. Ng Wai Kee	(Independent Director)
Mr. Wong Chak Weng	(Independent Director)
Mr. Koh Kuek Chiang	(Non-executive Director)
Mr. Lai Shi Hong Edward	(Executive Director)

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group.

7. OPTIONS EXERCISED

During the financial year, there were no shares of the Company or any corporations in the Group issued by virtue of the exercise of an option to take up unissued shares.

8. UNISSUED SHARES UNDER OPTION

At the end of financial year, there were no unissued shares of the Company or any corporations in the Group under option.

9. AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including a review of the financial statements of the Company and of the Group for the financial year and the Auditors' Report. The nature and extent of the functions performed by the Audit Committee are further described in the Corporate Governance Report.

10. AUDITORS

The auditors, Deloitte & Touche, has expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Kunikazu Yoshimi Chairman and Chief Executive Officer	Lai Shi Hong Edward Executive Director

Hong Kong
8 March 2005

Auditors' Report
to the Members of CDW Holding Limited

We have audited the financial statements of CDW Holding Limited for the financial year ended 31 December 2004 set out on pages 25 to 52. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2004 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Deloitte & Touche
Certified Public Accountants
Singapore
8 March 2005

Wong-Yeo Siew Eng
Partner

Balance Sheets

31 December 2004

	Note	Group 2004 US$'000	Group 2003 US$'000	Company 2004 US$'000
ASSETS				
Current assets:				
Cash and bank balances		16,734	9,474	-
Trade receivables	5	18,790	9,718	-
Other receivables and prepayments	6	2,528	1,972	-
Inventories	7	5,799	2,983	-
Total current assets		43,851	24,147	-
Non-current assets:				
Investment in subsidiaries	8	-	-	18,360
Investment in an associate	9	-	-	-
Other receivables	6	-	-	6,050
Properties, plant and equipment	10	9,820	8,695	-
Total non-current assets		9,820	8,695	24,410
Total assets		53,671	32,842	24,410
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Bank borrowings - amount due within one year	11	8,338	1,859	-
Trade payables	12	13,879	8,466	-
Other payables and accruals	13	2,905	4,631	14,768
Current portion of obligation under finance leases	14	101	99	-
Income tax payable		785	60	-
Total current liabilities		26,008	15,115	14,768
Non-current liabilities:				
Bank borrowings - amount due after one year	11	2,840	922	-
Obligation under finance leases	14	227	316	-
Deferred tax liability	15	132	35	-
Total non-current liabilities		3,199	1,273	-
Shareholders' equity:				
Issued capital	16	8,000	8,000	8,000
Reserves		16,464	8,454	1,642
Total equity		24,464	16,454	9,642
Total liabilities and shareholders' equity		53,671	32,842	24,410

Consolidated Profit and Loss Statement

Year ended 31 December 2004

	Note	Group 2004 US$'000	Group 2003 US$'000
Revenue	17	98,452	53,178
Cost of sales		(72,214)	(37,817)
Gross profit		26 238	15,361
Other operating income	18	272	85
Administrative expenses		(7,493)	(5,856)
Distribution expenses		(1,665)	(447)
Profit from operations		17,352	9,143
Finance cost	19	(297)	(74)
Losses from associate	20	-	(496)
Profit before income tax	21	17,055	8,573
Income tax	22	(1,861)	(386)
Net profit attributable to shareholders		15,194	8,187
Earnings per share (US cents)	23	3.80	2.05

Statements of Changes in Equity

Year ended 31 December 2004

	Issued capital of the company US$'000	Share premium of the company US$'000	Merger reserve US$'000	Reserve Fund US$'000	Enterprise Expansion Fund US$'000	Currency translation reserve US$'000	Accumulated profits US$'000	Total US$'000
Balance at 1 January 2003	8,000	1,642	(7,020)	229	83	39	5,319	8,292
Profit for the year	-	-	-	-	-	-	8,187	8,187
Currency translation differences	-	-	-	-	-	25	-	25
Dividends paid	-	-	-	-	-	-	(50)	(50)
Transfer	-	-	-	-	219	-	(219)	-
Balance at 31 December 2003	8,000	1,642	(7,020)	229	302	64	13,237	16,454
Profit for the year	-	-	-	-	-	-	15,194	15,194
Dividends	-	-	-	-	-	-	(7,184)	(7,184)
Transfer	-	-	-	158	-	(64)	(94)	-
Balance at 31 December 2004	8,000	1,642	(7,020)	387	302	-	21,153	24,464

In accordance with the People's Republic of China ("PRC") laws on foreign enterprises, the PRC subsidiaries are required to set aside 10% of their profit after tax for the Reserve Fund until the fund aggregates to 50% of their registered capital. The Reserve Fund can be used to offset prior years' losses or convert into capital, provided such conversion is approved by a resolution at a shareholders' meeting.

The Enterprise Expansion Fund can be used for business expansion or conversion into capital, provided such conversion is approved by a resolution at a shareholders' meeting.

The percentage of their profit after tax to be transferred to the Enterprise Expansion Fund is determined by the board of directors of the PRC subsidiaries or the articles of associations of the PRC subsidiaries.

Dividends appropriated from accumulated profits in 2004 comprised in the following:

	US$'000
Dividend paid to CD Hong Kong [Note 1.2(c) and Note 1.2 (i)]	6,812
Interim dividend declared by a subsidiary, TM Hong Kong to Mr. and Mrs. Yoshimi and China Fund (parties referred to in Note 1.2) of which US$350,000 was paid in 2004 and US$22,000 remains outstanding at 31 December 2004 (included in Note 13)	372
	7,184

Merger reserve at 1 January 2003 has been determined as follows for the purpose of presenting comparative figures (Note 1.2 and 2b):

	US$'000
Issued capital of the Company	8,000
Share premium of the Company	1,642
Issued capital of former holding company Tomoike Industrial (H.K.) Limited	(529)
Share premium of former holding company	(2,093)
	(7,020)

Consolidated Cash Flow Statement

Year ended 31 December 2004

	2004 US$'000	2003 US$'000
Cash flows from operating activities:		
Profit before income tax	17,055	8,573
Adjustments for:		
Depreciation	1,524	967
Interest income	(36)	(20)
Interest expense	297	74
Loss (Gain) on disposal of properties, plant and equipment	59	(62)
Share of associate's results	-	181
Impairment loss in respect of interest in associate net of gain on dilution of interest in associate	-	315
Operating profit before working capital changes	18,899	10,028
Trade receivables	(9,072)	(5,347)
Other receivables and prepayments	(620)	(817)
Inventories	(2,816)	(1,493)
Trade payables	5,413	5,382
Other payables and accruals	(1,748)	2,102
Cash generated from operations	10,056	9,855
Income tax paid	(975)	(432)
Net cash from operating activities	9,081	9,423
Cash flows from (used in) investing activities:		
Proceeds from disposal of properties, plant and equipment	411	415
Purchase of properties, plant and equipment[1]	(3,183)	(6,347)
Interest income received	36	20
Net cash used in investing activities	(2,736)	(5,912)
Cash flows from (used in) financing activities:		
Proceeds from bank borrowings	31,021	5,497
Repayment of obligations under finance leases	(84)	(21)
Repayment of bank borrowings	(22,631)	(3,054)
Dividend paid	(350)	(50)
Dividend paid pursuant to the restructuring exercise	(6,812)	-
Interest paid	(297)	(74)
Net proceeds from issue of shares	-	2,199
Net cash from financing activities	847	4,497
Net effect of currency translation differences	68	31
Net increase in cash and cash equivalents	7,260	8,039
Cash and bank balances at beginning of year	9,474	1,435
Cash and bank balances at end of year	16,734	9,474

(1) The Group acquired properties, plant and equipment with aggregate cost of approximately US$3,183,000 (2003: US$6,783,000) of which US$ Nil (2003: US$436,000) was acquired by means of finance leases. Cash payments of approximately US$3,183,000 (2003: US$6,347,000) were made to purchase properties, plant and equipment.

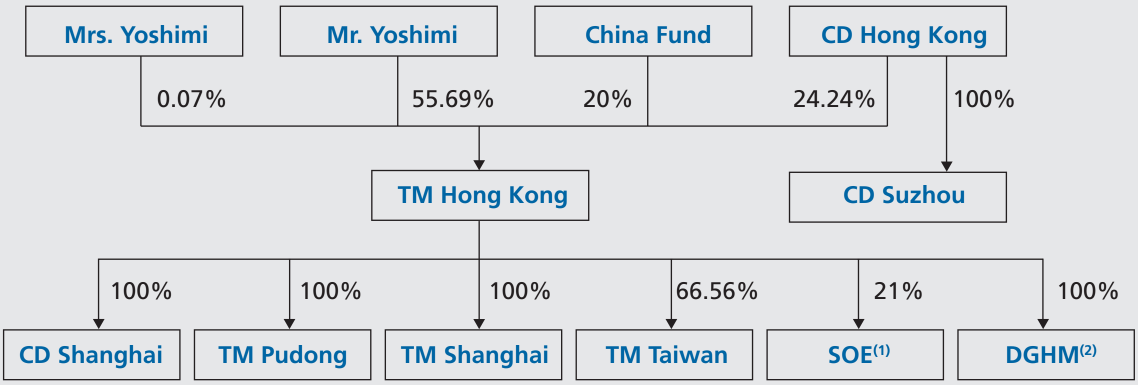
1. GENERAL

1.1 CDW Holding Limited (the "Company") with registration number 35127 was incorporated in Bermuda on 2 April 2004 as a limited company. The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the principal place of business is at Units 1617-1621, 16th Floor, Tower II, Grand Central Plaza, 138 Sha Tin Rural Committee Road, Shatin, New Territories, Hong Kong. The financial statements are measured and expressed in United States dollars.

1.2 The CDW Holding Limited group of companies (collectively referred to as the "Group") was formed as a result of a restructuring exercise (the "Restructuring Exercise"), undertaken for the purpose of the Company's listing on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The following diagrams show the Group structure and shareholding structure prior to and after the Restructuring Exercise:

<u>Prior to the Restructuring Exercise</u>

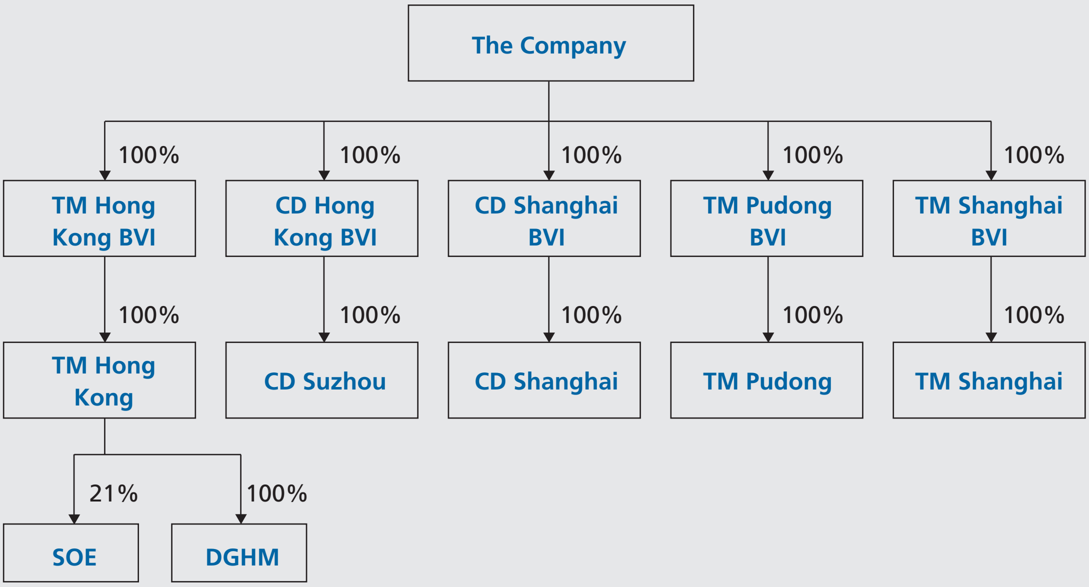


(1) SOE: Slight Opto-Electronics Co. , Ltd.
(2) DGHM: Dongguan Hotin Metal Machinery Co., Limited, currently under voluntary liquidation

The full names of other entities in the diagram are indicated in the subsequent notes on the Restructuring Exercise.

1. GENERAL (cont'd)

After the Restructuring Exercise



The Restructuring Exercise undertaken in 2004 is summarised below.

(a) On 2 April 2004, the Company was incorporated in Bermuda as the ultimate holding company for the Group. On 16 April 2004, Tomoike Industrial (Hong Kong) Holding Limited ("TM Hong Kong BVI"), Crystal Display (Hong Kong) Holding Limited ("CD Hong Kong BVI"), Crystal Display (Shanghai) Holding Limited ("CD Shanghai BVI"), Tomoike Electronics (Shanghai) Holding Limited ("TM Pudong BVI") and Tomoike Precision Machinery (Shanghai) Holding Limited ("TM Shanghai BVI") were incorporated in the British Virgin Islands ("BVI") by the Company to serve as intermediate holding companies. The following shares were issued:

	Number of shares
by the Company	12,000 shares of US$1 each, nil paid and subsequently sub-divided into 600,000 shares of US$0.02 each;
by TM Hong Kong BVI	1 share of US$1 each, fully paid
by CD Hong Kong BVI	1 share of US$1 each, fully paid
by CD Shanghai BVI	1 share of US$1 each, fully paid
by TM Pudong BVI	1 share of US$1 each, fully paid
by TM Shanghai BVI	1 share of US$1 each, fully paid

1. GENERAL (cont'd)

(b) On 26 August 2004, Crystal Display Components (HK) Limited ("CD Hong Kong"), a company wholly-owned by Mr Kunikazu Yoshimi ("Mr. Yoshimi"), acquired all shares in Tomoike Industrial (H.K.) Limited ("TM Hong Kong"), held by Mr. Yoshimi and Mrs. Toyoko Yoshimi ("Mrs. Yoshimi"), spouse of Mr. Yoshimi, amounting to 55.76% of the issued and paid up capital of TM Hong Kong at a cash consideration of HK$71,582,075 (US$9,177,189) equivalent to 55.76% of the audited consolidated net asset value of TM Hong Kong as at 31 December 2003. Upon the completion of this acquisition, CD Hong Kong increased its equity stake in TM Hong Kong from the 24.24% originally held to 80%. The remaining 20% of the equity in TM Hong Kong represents preference shares held by The China Fund Inc. (China Fund), a company incorporated in Maryland, US and quoted on the New York Stock Exchange.

(c) On 16 September 2004, TM Hong Kong declared a dividend of HK$ 53,133,960 (US$6,812,050) to its ordinary shareholder, CD Hong Kong.

(d) On 5 August 2004, CD Hong Kong BVI acquired 100% of the equity in Crystal Display Components (Suzhou) Co., Limited (" CD Suzhou") from CD Hong Kong. The acquisition of shares in CD Suzhou was inclusive of all rights and obligations attaching thereto as at 31 December 2003 and the operating results of CD Suzhou effective from 1 January 2004.

(e) Debts totaling US$3,899,812 owing by CD Hong Kong to the following parties at 31 December 2003 were assigned by CD Hong Kong to CD Hong Kong BVI;

	US$
Tomoike Industrial Co., Ltd.*	1,195,719
Bank of America (Asia) Limited	545,534
TM Hong Kong	1,264,328
A third party	894,231
	3,899,812

(* Mr. Yoshimi has an interest in the equity of Tomoike Industrial Co., Ltd.)

The assigned debts related substantially to loans to finance the initial investment in the equity of CD Suzhou by CD Hong Kong. As a result of the acquisition of equity in CD Suzhou by CD Hong Kong BVI [Note 1.2(d)] and the assumption of debt obligations by CD Hong Kong BVI, a net amount of US$1,599,762 became payable in cash by CD Hong Kong BVI to CD Hong Kong, determined as follows:

	US$
Payable by CD Hong Kong BVI for 100% of the equity of CD Suzhou based on the audited net asset value of CD Suzhou at 31 December 2003	5,499,574
Receivable by CD Hong Kong BVI for assumption of debt obligations	(3,899,812)
Net payable by CD Hong Kong BVI to CD Hong Kong	1,599,762

Within the Group, the amount payable by CD Hong Kong BVI was dealt with as follows:

(i) TM Hong Kong paid the US$1,599,762 to CD Hong Kong and assumed the obligations of CD Hong Kong BVI to settle the debts totalling US$3,899,812.

(ii) The debt of US$5,499,574 owing by CD Hong Kong BVI to TM Hong Kong resulting from the arrangement in (i) above was assigned by TM Hong Kong to the Company and TM Hong Kong recorded a receivable of US$5,499,574 from the Company.

(iii) The Company recorded a receivable of US$5,499,574 from CD Hong Kong BVI which was subsequently settled by issuance of shares by CD Hong Kong BVI to the Company [Note 1.2 (g)].

1. GENERAL (cont'd)

(f) 100% of the equity in the following companies held by TM Hong Kong were acquired by the following intermediate holding companies at cash considerations equivalent to the audited net asset values of the acquired companies as at 31 December 2003 and in the case of TM Shanghai, adjusted for dividends of RMB15,264,734 (US$1,859,166) declared payable to TM Hong Kong in July 2004:

Acquired companies	Intermediate holding company/Acquirer	US$	Date of agreement
Crystal Display (Shanghai) Co., Limited ("CD Shanghai")	CD Shanghai BVI	2,509,912	August 5, 2004
Tomoike Electronics (Shanghai) Co., Limited ("TM Pudong")	TM Pudong BVI	2,329,308	August 5, 2004
Tomoike Precision Machinery (Shanghai) Co., Limited ("TM Shanghai")	TM Shanghai BVI	2,279,136	August 5, 2004
		7,118,356	

Upon completion of the acquisitions, CD Shanghai, TM Pudong and TM Shanghai became wholly-owned subsidiaries of CD Shanghai BVI, TM Pudong BVI and TM Shanghai BVI respectively. The cash considerations payable by each of the acquirers to TM Hong Kong were assigned by the acquirers to the Company, resulting in the acquirers owing the respective amounts to the Company and the Company owing a total of US$7,118,356 to TM Hong Kong.

(g) The amounts owing by each of CD Hong Kong BVI [Note 1.2(e)(iii)], CD Shanghai BVI, TM Pudong BVI and TM Shanghai BVI [Note 1.2(f)] to the Company arising from the acquisitions described in Notes 1.2(e) and 1.2(f) were satisfied on 8 November 2004 by these 4 BVI companies through the allotment and issuance to the Company of new fully paid ordinary shares in the respective companies as follows:

	Number of shares of US$1 each
CD Hong Kong BVI	1,599,762
CD Shanghai BVI	2,509,912
TM Pudong BVI	2,329,308
TM Shanghai BVI	2,279,136

Upon issuance of the above shares, CD Hong Kong BVI, CD Shanghai BVI, TM Pudong BVI and TM Shanghai BVI became wholly-owned subsidiaries of the Company.

(h) On 28 September 2004, TM Hong Kong entered into an agreement to divest all its interest in 66.56% of the equity of Tomoike Industrial Taiwan Co. Limited ("TM Taiwan") to Mr Hiroshi Sayama, a third party, for a cash consideration of US$314,253 equivalent to 66.56% of the audited net asset value of TM Taiwan as at 31 December 2003. The disposal was inclusive of all rights and obligations attached to the shares as at 31 December 2003 and the operating results of TM Taiwan effective from 1 January 2004.

1. GENERAL (cont'd)

(i) On 8 November 2004, CD Hong Kong and China Fund entered into a sale and purchase agreement to transfer their respective interests in 80% and 20% in the equity of TM Hong Kong to TM Hong Kong BVI for an aggregate cash consideration of US$9,641,513 based on the audited consolidated net asset value of TM Hong Kong as at 31 December 2003 less dividends of HK$53,133,960 (US$6,812,050) declared by TM Hong Kong on its ordinary shares to CD Hong Kong on 16 September 2004 [Note 1.2(c)]. Upon completion of the acquisition, TM Hong Kong became a wholly-owned subsidiary of TM Hong Kong BVI.

(j) On 8 November 2004, CD Hong Kong and China Fund assigned to the Company debts of US$7,713,210 and US$1,928,303 respectively owing by TM Hong Kong BVI to them arising from the acquisition of shares described in Note 1.2(i) above. The Company recorded an aggregate amount of US$9,641,513 owing by TM Hong Kong BVI to the Company. In consideration for the assignment, the Company allotted and issued 6,390,400 new ordinary shares of US$1 each to CD Hong Kong and 1,597,600 new ordinary shares of US$1 each to China Fund and credited 12,000 nil paid shares referred to in Note 1.2(a) as fully paid. Upon the issuance of these new shares and crediting of the nil paid shares as fully paid in the Company, the Company recorded paid up capital of US$8,000,000 comprising 8,000,000 shares of US$1 each and a share premium of US$1,641,513, representing the difference between the considerations for the issue of the shares and their par values. The 8,000,000 shares of US$1 each were subsequently sub-divided into 400,000,000 shares of US$0.02 each (Note 16).

(k) On 8 November 2004, TM Hong Kong BVI allotted and issued 9,641,513 new shares of US$1 each in TM Hong Kong BVI to the Company to satisfy the debt of US$9,641,513 referred to in Note 1.2(j). Upon the completion of the foregoing restructuring, TM Hong Kong BVI became a wholly-owned subsidiary of the Company and CD Hong Kong and China Fund became shareholders in the Company, each holding 80% and 20% respectively of the equity of the Company.

(l) Arising from the transfer of debts within the Group, TM Hong Kong recorded a total amount of US$12,617,930 receivable from the Company comprising US$5,499,574 [Note 1.2(e)(ii)] and US$7,118,356 [Note 1.2(f)].

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries and its associate company are set out respectively in Note 8 and 9 to the financial statements.

The company was listed on the Singapore Exchange Securities Trading Limited subsequent to the financial year on 26 January 2005.

The financial statements of the Company for the year ended 31 December 2004 were authorised for issue by the Board of Director on 8 March 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, and are drawn up in accordance with International Financial Reporting Standards.

b) BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In respect of the restructuring of the Group as detailed in Note 1.2, merger accounting is used instead of acquisition accounting.

Merger accounting is permissible since the restructuring of the Group involved entities under the common control of Mr. and Mrs. Yoshimi and China Fund (parties referred to in Note 1.2).

The effective date of the combination for accounting purposes predates 1 January 2003, the beginning of the financial year for which comparative financial statements is presented, as the members of the Group have been under common control prior to January 2003.

Under merger accounting, the assets, liabilities, revenue, expenses and cash flows of all the entities within the Group are combined after making such adjustments as are necessary to achieve consistency of accounting policies.

The comparative figures for the preceding financial year have been presented on similar basis. For this purpose, the share capital and share premium of the Company substitute the share capital and premium of the previous holding company, Tomoike Industrial (H.K.) Limited (Note 1.2) and the difference is taken to merger reserve at 1 January 2003.

Acquisition accounting was previously used in presenting the pro forma financial statements in the prospectus issued in connection with the invitation to the public to subscribe for new shares in the Company.

Had acquisition accounting been adopted in 2004, it would result in the Group reflecting amounts of individual revenue and expense items only for the period after the completion dates of the restructuring as indicated in Notes 1.2(g) and 1.2 (k). The profits of the members of the Group between 1 January 2004 and the dates of completion of the restructuring would be credited to profit and loss statement as negative goodwill. The net profit of the Group would be the same using either acquisition or merger accounting.

The directors have adopted merger accounting in these financial statements as reflection of the amounts of revenue and expenses for the full twelve months provides more useful information.

For any subsequent acquisition or disposal of subsidiaries, the results of subsidiaries acquired or disposed during the year will be included in the consolidated profit and loss statement from the effective date of acquisition or to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to re-align the accounting policies used with those used by other members of the Group. All significant intercompany transactions and balances between group enterprises are fully eliminated on consolidation. Where a group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

In the Company's financial statements, investment in subsidiaries is carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

An associate is an entity over which the Group exercises significant influence, through participation in the financial and operating policy decisions of the investee. The equity method of accounting is used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) FINANCIAL ASSETS – The Company's and Group's principal financial assets are cash and bank balances, trade and other receivables. Trade and other receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts.

d) FINANCIAL LIABILITIES AND EQUITY - Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities comprise trade and other payables, bank borrowings and finance leases. Trade and other payables are stated at their nominal values. Finance charges on borrowings are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The accounting policy for finance leases is outlined below.

Equity instruments are recorded at the fair value of the consideration received, net of direct issue costs.

e) INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

f) PROPERTIES, PLANT AND EQUIPMENT – Properties, plant and equipment are carried at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Construction-in-progress consists of cost of materials, related acquisition expenses, construction costs and any related finance cost incurred during the period of construction.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss statement.

Depreciation is charged so as to write off the cost of assets less estimated residual value of each asset over its estimated useful life, using the straight-line method. The annual rates of depreciation are as follows:

	Depreciation rates	Residual Values
Leasehold land and buildings	over the term of lease ranging from 20 to 50 years	Nil to 10%
Leasehold improvements	12.5% - 33%	Nil
Plant and machinery	10% - 20%	Nil to 10%
Furniture, fixtures and equipment	20% - 33%	Nil to 10%
Motor vehicles	20%	Nil

Depreciation is not provided on construction-in-progress until completion of construction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g) GOODWILL – Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition. Goodwill is recognised as an asset subject to annual evaluation of any impairment in carrying value.

Goodwill arising from an acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries and jointly controlled entity, if any, will be presented separately in the balance sheet.

On disposal of a subsidiary or associate, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

h) IMPAIRMENT OF ASSETS – At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as an income immediately.

i) PROVISIONS - Provisions are recognised when the Group has a present obligation as a result of a past event where it is probable that the obligation will result in an outflow of economic benefits that can be reasonably estimated.

j) LEASES – Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rental payable under operating leases are charged as expense on a straight-line basis over the terms of the relevant leases.

k) REVENUE RECOGNITION –Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

l) RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes) are charged as expense when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

The People's Republic of China ("PRC") employees of the Group's PRC subsidiaries are members of the pension scheme operated by the PRC local government. The PRC subsidiaries are required to contribute a certain percentage of payroll of these employees to fund benefits under the pension scheme. The only obligation of the Group in respect of the pension scheme is the required contribution under the pension scheme.

m) EMPLOYEE BENEFITS – Employee benefits are accrued in the year in which the employees render the associated services. Provisions for paid annual leave is made in respect of paid leave entitlement accumulated during the year, which are carried forward into future periods for compensated absence or payment in lieu if the employee leaves the employment of the Group.

n) INCOME TAX – Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except that a debit to deferred tax balances is not carried forward unless there is a reasonable expectation of realisation in the foreseeable future.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited to the profit and loss statement. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

o) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - Transactions in foreign currencies are recorded using the rates ruling on the dates of the transactions. At each balance sheet date, recorded monetary balance and balance carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustments profits and losses are dealt with in the profit and loss statement.

For inclusion in the consolidated financial statements, assets and liabilities of subsidiaries are translated at the rates of exchange approximating those ruling at the balance sheet date. The profit and loss statements are translated at the average rates of exchange for the year, and the opening net investments in the subsidiaries are translated at the historical rates. The resulting currency translation differences are taken to the currency translation reserve.

p) CASH AND CASH EQUIVALENTS – Cash and cash equivalents in the statement of cash flows comprise cash and bank balances.

3. FINANCIAL RISKS AND MANAGEMENT

The Group's activities expose it to a variety of financial risks, including credit risk and risks arising from changes in foreign currency exchange rates and interest rates.

i) Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, deposits and prepayments. The balances on the financial statements represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The Group has a few major customers resulting in concentration of credit risk. Management considers the credit risk to be low as these customers are large reputable corporations with a good credit history.

The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on past experience and assessment of the payment records of customers.

Management considers the credit risk on liquid funds to be limited as these funds are placed with reputable banks.

ii) Foreign currency exchange risk

The Group conducts its business in various foreign currencies, principally US dollars, Renminbi, Hong Kong dollars and Japanese Yen.

Sales are largely denominated in US dollars, Renminbi, Japanese Yen and Hong Kong dollars. Purchases are largely denominated in US dollars, Japanese Yen, Hong Kong dollars and Renminbi. Manufacturing cost and overheads are incurred in the domestic currencies in which the operations are conducted and these are substantially incurred in Renminbi and Hong Kong dollars.

The Group's foreign currency exposures arise mainly from the exchange rate movements of the above currencies relative to US dollars.

The Group may from time to time enter into foreign currency exchange contracts to manage foreign currency risks.

iii) Interest rate risk

Interests charged on the Group's borrowings are at variable rates. The Group's borrowings are substantially in US dollars and Japanese Yen and are pegged at various margins above the Hong Kong interbank offer rates. The Group did not use financial derivatives to hedge exposures to interest rate risks.

iv) Liquidity risk

The Group has sufficient funds to finance its ongoing working capital requirements.

v) Fair values of financial instruments

The carrying values of the Group's and Company's financial assets and liabilities reported in the balance sheet approximate the fair values of those assets and liabilities except for amounts owing by/to subsidiaries which are interest- free and have no fixed repayment terms (Note 6 and 13). It is not practicable within the constraint of cost to reliably determine the fair value of amounts receivable.

4. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Company transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balance arising from related party transactions are unsecured and interest-free and without fixed repayment terms unless otherwise stated.

Significant related party transactions comprise the following transactions with companies in which Mr. Yoshimi (a director of the Company) has interests:

	Group	
	2004 US$'000	2003 US$'000
Sales of goods	(17,280)	(5,225)
Purchases of goods	15,893	13,645
Purchase of properties, plant and equipment	177	917

As at 31 December 2004, Mr. Yoshimi, a director of the company, has given a personal guarantee of US$4,632,000 (2003 : US$1,410,000) to banks to secure banking facilities of the Group. Additionally, Mr. Yoshimi had provided a personal guarantee of US$643,000 (2003: US$ 641,000) to a bank in respect of the bank loan referred to in Note 24.

5. TRADE RECEIVABLES

	Group		Company
	2004 US$'000	2003 US$'000	2004 US$'000
Outside parties	12,165	9,718	-
Related party (Note 4)	6,625	-	-
	18,790	9,718	-

At 31 December 2004, trade receivables of US$1,660,000 (2003 : US$521,000) were used as security for bank loans provided to the Group (Note 11).

6. OTHER RECEIVABLES AND PREPAYMENTS

	Group 2004 US$'000	Group 2003 US$'000	Company 2004 US$'000
Current			
Prepayments	1,910	990	-
Other receivables	345	497	-
Tax recoverable	-	64	-
Deposits	273	101	-
Due from a director	-	320	-
	2,528	1,972	-
Non-current			
Amounts due from subsidiaries	-	-	6,050

The amount due from a director at the end of 2003 comprised interest-free advances which were repaid in 2004.

The amounts due from subsidiaries are unsecured, interest-free and are not expected to be repaid within the next 12 months.

Prepayments at 31 December 2004 include approximately US$252,000 fees paid to auditors for work done in connection with the Initial Public Offering (IPO) of the Company's shares. This amount was subsequently deducted from share premium in 2005 after the IPO.

7. INVENTORIES

	Group 2004 US$'000	Group 2003 US$'000
At cost:		
Raw materials	1,972	1,307
Work in progress	2,318	792
Finished goods	1,509	884
	5,799	2,983

8. INVESTMENT IN SUBSIDIARIES

The subsidiaries of the Group and their principal activities are as follows:

Name of company	Place of incorporation and operations	Issued and paid-up capital/ paid-in registered capital	Effective equity interest held by the Group		Principal business
			2004 %	2003 %	
Subsidiaries					
Held by the Company					
Tomoike Industrial (Hong Kong) Holding Limited (1) ("TM Hong Kong BVI")	British Virgin Islands	US$9,641,514	100	100	Investment holding
Crystal Display (Hong Kong) Holding Limited (1) ("CD Hong Kong BVI")	British Virgin Islands	US$1,599,763	100	100	Investment holding
Crystal Display (Shanghai) Holding Limited (1) ("CD Shanghai BVI")	British Virgin Islands	US$2,509,913	100	100	Investment holding
Tomoike Electronics (Shanghai) Holding Limited (1) ("TM Pudong BVI")	British Virgin Islands	US$2,329,309	100	100	Investment holding
Tomoike Precision Machinery (Shanghai) Holding Limited (1) ("TM Shanghai BVI")	British Virgin Islands	US$2,279,137	100	100	Investment holding
Held by Tomoike Industrial (Hong Kong) Holding Limited					
Tomoike Industrial (H.K.) Limited (2) ("TM Hong Kong")	Hong Kong	HK$4,125,000	100	100	Trading of precision accessories for office equipment and electrical appliances
Held by Tomoike Industrial (H.K.) Limited					
Dongguan Hotin Metal Machinery Co., Limited (4) ("DGHM")	Dongguan People's Republic of China	HK$5,128,171	100	100	Under voluntary liquidation
Held by Crystal Display (Hong Kong) Holding Limited					
Crystal Display Components (Suzhou) Co., Limited (3) ("CD Suzhou")	Suzhou People's Republic of China	US$5,580,000	100	100	Manufacturing of metal and plastic LCD frames

8. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of company	Place of incorporation and operations	Issued and paid-up capital/ paid-in registered capital	Effective equity interest held by the Group 2004 %	Effective equity interest held by the Group 2003 %	Principal business
Subsidiaries					
Held by Crystal Display (Shanghai) Holding Limited					
Crystal Display Components (Shanghai) Co., Limited [(3)] ("CD Shanghai")	Shanghai People's Republic of China	US$1,600,000	100	100	Manufacturing of LCD backlight units and its related components
Held by Tomoike Electronics (Shanghai) Holding Limited					
Tomoike Electronics (Shanghai) Co., Limited [(3)] ("TM Pudong")	Shanghai People's Republic of China	US$3,000,000	100	100	Manufacturing of LCD backlight units and its related components
Held by Tomoike Precision Machinery (Shanghai) Holding Limited					
Tomoike Precision Machinery (Shanghai) Co., Limited [(3)] ("TM Shanghai")	Shanghai People's Republic of China	US$1,200,000	100	100	Manufacturing of precision accessories for office equipment and electrical appliances

(1) Newly incorporated in 2004; not required to be audited in country of incorporation.
(2) Audited by Deloitte Touche Tohmatsu, Hong Kong
(3) Audited by Deloitte Touche Tohmatsu CPA Ltd, People's Republic of China
(4) Previously audited by Dongguan City, Junye Certified Public Accounting Firm, People's Republic of China

9. INVESTMENT IN AN ASSOCIATE

	Group 2004 US$'000	Group 2003 US$'000
Unquoted equity shares, at cost	647	647
Share of post acquisition:		
Accumulated losses	(293)	(293)
Amortisation of goodwill	(39)	(39)
Gain on dilution of interest	68	68
Impairment loss	(383)	(383)
	-	-

9. INVESTMENT IN ASSOCIATE (cont'd)

Name of company	Place of incorporation and operations	Effective equity interest held by the Group	Principal business
Slight Opto-Electronics Co., Ltd. [1]	Taiwan	21%	Trading of LCD backlight units and related components

[1] Audited by Grand Cathay International CPA's Taiwan.

The Group acquired 25% of the equity interest in the associate in January 2002. In December 2003, the equity interest was diluted to 21% as the Group did not subscribe for new shares issued by the associate.

Due to continuous losses incurred by the associate, an impairment loss of approximately US$383,000 (2003 : US$383,000) has been identified and recognised in the financial statements.

The cost of unquoted equity shares included approximately US$259,000 (2003 : US$259,000) of goodwill paid on acquisition of the associate.

10. PROPERTIES, PLANT AND EQUIPMENT

	Leasehold land and buildings US$'000	Leasehold improvements US$'000	Plant and machinery US$'000	Furniture, fixtures and equipment US$'000	Motor vehicles US$'000	Construction-in-progress US$'000	Total US$'000
Cost:							
At beginning of year	170	2,451	6,106	1,192	460	135	10,514
Exchange adjustment	(1)	(18)	(48)	(2)	(2)	(1)	(72)
Additions	180	193	1,733	636	252	189	3,183
Disposals	-	(58)	(457)	(56)	(23)	-	(594)
Transfer	-	40	54	14	-	(108)	-
At end of year	349	2,608	7,388	1,784	687	215	13,031
Accumulated depreciation:							
At beginning of year	38	538	584	544	115	-	1,819
Exchange adjustment	-	(4)	(4)	-	-	-	(8)
Charge for the year	12	490	642	287	93	-	1,524
Disposals	-	(58)	(10)	(48)	(8)	-	(124)
At end of year	50	966	1,212	783	200	-	3,211
Depreciation for previous year	7	395	345	155	65	-	967
Net book value:							
At beginning of year	132	1,913	5,522	648	345	135	8,695
At end of year	299	1,642	6,176	1,001	487	215	9,820

Plant and machinery, motor vehicles, furniture, fixtures and equipment of the Group with net book value of US$343,000 (2003 : US$380,000), US$24,000 (2003 : US$32,000) and US$5,000 (2003 : US$7,000) are under finance lease agreements (Note 14).

Construction-in-progress comprises machinery under installation and a leasehold property under construction.

11. BANK BORROWINGS

	Group 2004 US$'000	Group 2003 US$'000
Bank loans – secured	7,922	1,729
Bank loans – unsecured	3,256	1,052
	11,178	2,781

The borrowings are repayable as follows:

	Group 2004 US$'000	Group 2003 US$'000
On demand or within one year from 31 December 2004	8,338	1,859
Within second to fifth years	2,840	922
	11,178	2,781

Interest rates for the Group's bank borrowings ranged from 1.375% to 5.625% (2003 : 1.625% to 5.5%) per annum.

At 31 December 2004, the Group's accounts receivable of approximately US$1,660,000 (2003 : US$521,000) and plant and machinery with net book value of approximately US$996,000 (2003 : US$2,080,000) were used as securities for bank loans.

12. TRADE PAYABLES

	Group		Company
	2004 US$'000	2003 US$'000	2004 US$'000
Outside parties	9,866	5,513	-
Related party (Note 4)	4,013	2,953	-
	13,879	8,466	-

13. OTHER PAYABLES AND ACCRUALS

	Group		Company
	2004 US$'000	2003 US$'000	2004 US$'000
Accruals	1,231	484	-
Other payables	1,183	1,276	-
Related parties (Note 4)	469	2,795	-
Dividend payable to China Fund Inc.	22	-	-
Advances from customers	-	76	-
Amounts due to subsidiaries	-	-	14,768
	2,905	4,631	14,768

The amounts due to subsidiaries are unsecured, interest-free and have no fixed repayment terms. The net proceeds from the issue of new shares in January 2005 (Note 16) are intended to be used by the subsidiaries and the amounts due to subsidiaries are expected to be settled within the next 12 months.

14. OBLIGATION UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2004	2003	2004	2003
	US$'000	US$'000	US$'000	US$'000
Amounts payable under finance leases:				
Within one year	114	112	101	99
In the second to fifth year inclusive	238	348	227	316
After five years	-	-	-	-
	352	460	328	415
Less: Future finance charges	(24)	(45)	-	-
Present value of lease obligations	328	415	328	415

The average effective borrowing rate was 4.59% to 7.49% per annum.

15. DEFERRED TAX LIABILITY

	Arising from accelerated tax depreciation	
	2004	2003
	US$'000	US$'000
At beginning of year	35	3
Charge to income for the year	97	32
At end of year	132	35

16. ISSUED CAPITAL

	2004	2003	2004	2003
	Number of ordinary shares of US$0.02 each		US$'000	US$'000
Authorised	1,500,000,000	1,500,000,000	30,000	30,000
Issued and fully paid	400,000,000	400,000,000	8,000	8,000

16. ISSUED CAPITAL (Cont'd)

Pursuant to resolutions passed on 8 November 2004, the shareholders approved and ratified, inter alia, the following:

(a) the increase of the authorised share capital of the Company from US$12,000 comprising 12,000 shares of US$1 each to US$30,000,000 comprising 30,000,000 shares of US$1 each;

(b) the transfer by Mr. Yoshimi of 9,600 and 2,400 nil paid ordinary shares of US$1 each to CD Hong Kong and China Fund respectively pursuant to the Restructuring Exercise;

(c) the Restructuring Exercise and the allotment and issue of 6,390,400 new ordinary shares of US$1 each to CD Hong Kong and crediting as fully paid the 9,600 nil paid shares of US$1 each held by CD Hong Kong pursuant to the Restructuring Exercise;

(d) the allotment and issue of 1,597,600 new ordinary shares of US$1 each to China Fund and crediting as fully paid the 2,400 nil paid shares of US$1 each held by China Fund pursuant to the Restructuring Exercise;

(e) the sub-division of each ordinary share of US$1 each in the authorised and issued capital into 50 ordinary shares of US$0.02 each;

(f) subject to the foregoing being approved, the adoption of a new set of Bye-laws of the Company which provides, inter alia, for the authorised share capital of the Company to comprise 1,500,000,000 ordinary shares of US$0.02 each; and

(g) the allotment and issue of 88,000,000 new shares of US$0.02 each to the public. The new shares rank pari passu in all respects with the existing issued and fully paid-up shares.

On 25 January 2005, 88,000,000 new shares of US$0.02 each were issued by the Company to the public at S$0.38 per share. The proceeds from the issue, net of expenses, amounted to approximately S$28.8 million equivalent to approximately US$17.6 million.

17. REVENUE

Revenue comprises the sales of products at invoiced value.

18. OTHER OPERATING INCOME

	Group	
	2004 US$'000	2003 US$'000
Interest income from non-related companies	36	20
Sundry income	86	48
Gain on disposal of scrap material	150	17
	272	85

19. FINANCE COST

	Group 2004 US$'000	Group 2003 US$'000
Interest expense to non-related companies	297	74

20. LOSSES FROM ASSOCIATE

	Group 2004 US$'000	Group 2003 US$'000
Share of losses of associate	-	181
Impairment loss in respect of interest in associate net of gain on dilution of interest in associate	-	315
	-	496

Management is of the view that the Group's obligation to the associate is limited to its cost of investment as stated in Note 9 and as a result, no share of losses of associate during the current financial year has been recorded. The investment has been fully impaired.

21. PROFIT BEFORE INCOME TAX

	Group 2004 US$'000	Group 2003 US$'000
Allowance for obsolete inventories	-	26
Amortisation of goodwill relating to acquisition of associate (included in share of losses of associate)	-	26
Cost of defined contribution plans included in staff costs	1,164	635
Depreciation of property, plant and equipment	1,524	967
Directors' remuneration	883	199
Loss (Gain) on disposal of property, plant and equipment	59	(62)
Net foreign exchange adjustment loss	111	154
Non-audit fee	-	-
Staff costs (including directors' remuneration)	9,065	5,127

	Group 2004	Group 2003
Number of employees at end of year	2,880	1,606

22. INCOME TAX

	Group 2004 US$'000	Group 2003 US$'000
Current tax	1,712	354
Deferred tax	97	32
Under provision of income tax in prior year	52	-
	1,861	386

The income tax expense for the Group for both years varies from the amount of income tax expense determined by applying the Hong Kong tax rates of 17.5% and the tax rates in different locations in PRC ranging from 15% to 27% to profit before income tax, as a result of the following:

	Group 2004 US$'000	Group 2003 US$'000
Income tax expense at the statutory rates	4,011	2,089
Tax effect of expenses not deductible for tax purpose	4	134
Effect of tax exemptions granted to PRC subsidiaries	(2,228)	(1,907)
Deferred tax assets not recognised	-	70
Under provision of income tax in prior year	52	-
Others	22	-
Total income tax expense	1,861	386

The exemptions applicable to PRC subsidiaries comprise two years of tax exemptions from the first profitable year followed by a 50% exemption for the following three years.

After the tax exemption period, a preferential tax rate of 12% will be applicable to all PRC subsidiaries which are principally engaged in the export of product under the law of the PRC, subject to satisfaction of certain conditions including deriving 70% of revenue from exports. This represents a 50% reduction from the prevailing statutory tax rate of 24%.

23. EARNINGS PER SHARE

Earnings per share for the financial years 2004 and 2003 have been calculated based on the profit after income tax for the respective years and the pre-Invitation capital of 400,000,000 ordinary shares of US$0.02 per share. Diluted earnings per share is not applicable as the Company has not issued any option in respect of unissued shares.

24. CONTINGENT LIABILITIES

At 31 December 2004, a guarantee of US$643,000 (HK$5 million) (2003 : US$641,000 (HK$5 million)) was given by TM Hong Kong to a bank in respect of a loan granted by the bank to a related party, CD Hong Kong. Upon the assignment of this loan to CD Hong Kong BVI as stated in Note 1.2(e), the guarantee converts to a guarantee given in respect of a loan assumed by a company within the Group.

25. COMMITMENTS

(i) Operating lease commitments

	Group 2004 US$'000	Group 2003 US$'000
Minimum lease payments under operating leases included in the profit and loss statement	997	789

At 31 December 2004, the commitments in respect of non-cancellable operating leases for mainly offices and apartments were as follows:

	Group 2004 US$'000	Group 2003 US$'000
Future minimum lease payments payable:		
Payable within one year	930	675
Payable in the second to fifth years inclusive	499	620
Total	1,429	1,295

(ii) Capital commitments

	Group 2004 US$'000	Group 2003 US$'000
Capital expenditure for acquisition of properties, plant and equipment		
Authorised but not contracted for	423	467
Contracted for but not provided	354	254

26. SEGMENT INFORMATION

The activities of the Group are organised into the following four business segments:

Parts trading – Trading of precision accessories for office equipment and electrical appliances

LCD backlight units – Manufacturing of LCD backlight units and related components

Precision accessories – Manufacturing of precision accessories for office equipment and electrical appliances

LCD frames – Manufacturing of metal and plastic LCD frames

26. SEGMENT INFORMATION (Cont'd)

(a) Analysis by business segment

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's profit and loss statement that are directly attributable to a segment and the relevant potion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of allowances for losses or impairment in values. Capital expenditure comprise the total cost incurred to acquire property, plant and equipment. Segment liabilities consist principally of trade payables, accrued expenses and other payables and exclude bank borrowings, finance leases and income tax liabilities.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are normally charged at cost plus a percentage mark-up. These transfers and inter-segment mark-up are eliminated on consolidation.

	Parts trading US$'000	LCD backlight units US$'000	Precision accessories US$'000	LCD frames US$'000	Eliminations US$'000	Consolidated US$'000
31 December 2004						
REVENUE						
External sales	28,594	46,609	12,986	10,263	-	98,452
Inter-segment sales	72	236	842	916	(2,066)	-
Total revenue	28,666	46,845	13,828	11,179	(2,066)	98,452
RESULTS						
Segment result	1,794	9,167	3,878	2,597		17,436
Unallocated corporate expense						(120)
Operating profit						17,316
Interest expense						(297)
Interest income						36
Profit before income tax						17,055
Income tax						(1,861)
Profit after income tax						15,194
ASSETS						
Segment assets	11,633	24,563	6,312	12,325	(1,172)	53,661
Unallocated assets						10
Consolidated assets						53,671
LIABILITIES						
Segment liabilities	4,769	9,492	1,185	2,020	(1,172)	16,294
Bank borrowings and finance leases						11,506
Unallocated liabilities						1,407
Consolidated total liabilities						29,207

26. SEGMENT INFORMATION (Cont'd)

(a) Analysis by business segment (Cont'd)

	Parts trading US$'000	LCD backlight units US$'000	Precision accessories US$'000	LCD frames US$'000	Eliminations US$'000	Consolidated US$'000
31 December 2004 (Cont'd)						
OTHER INFORMATION						
Capital expenditure	514	1,071	545	1,042		3,172
Depreciation of properties, plant and equipment	143	625	394	351		1,513
31 December 2003						
REVENUE						
External sales	14,218	19,330	11,267	8,363	-	53,178
Inter-segment sales	3,477	-	243	367	(4,087)	-
Total revenue	17,695	19,330	11,510	8,730	(4,087)	53,178
RESULTS						
Segment result	1,633	3,933	2,089	1,468		9,123
Interest expense						(74)
Interest income						20
Loss from associate						(496)
Profit before income tax						8,573
Income tax						(386)
Profit after income tax						8,187
ASSETS						
Segment assets	6,867	12,790	5,394	8,644	(1,552)	32,143
Unallocated assets						699
Consolidated assets						32,842
LIABILITIES						
Segment liabilities	3,526	3,729	784	6,571	(1,552)	13,058
Bank borrowings and finance leases						3,196
Unallocated liabilities						134
Consolidated total liabilities						16,388
OTHER INFORMATION						
Capital expenditure	318	3,123	411	2,931		6,783
Depreciation of properties, plant and equipment	118	399	245	205		967

26. SEGMENT INFORMATION (Cont'd)

(b) Analysis by geographical segment

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced. The location of customers is determined on the basis of invoicing addresses which may be different from the locations to which products are delivered as specified by customers.

Segment assets and capital expenditure: Segment assets and capital expenditure are analysed based on the location of those assets. Capital expenditure comprise total cost incurred to acquire property, plant and equipment.

	Group	
	2004	2003
	US$'000	US$'000
Revenue by customer		
Hong Kong Special Administrative Region ("Hong Kong")	30,157	11,045
People's Republic of China ("PRC")	50,655	36,215
Japan	17,539	5,597
Others	101	321
Total	98,452	53,178
Segment assets		
Hong Kong	12,195	6,683
PRC	41,476	26,159
Total	53,671	32,842
Capital expenditure		
Hong Kong	991	318
PRC	2,181	6,465
Total	3,172	6,783

Directors' Statement

In the opinion of the Directors, the accompanying financial statements of the Company and consolidated financial statements of the Group set out on pages 25 to 52 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004 and of the results, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Kunikazu Yoshimi Chairman and Chief Executive Officer	Lai Shi Hong Edward Executive Director

Hong Kong
8 March 2005

Statistics of Shareholdings

As At 10 March 2005

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	3	0.23	1,000	-
1,000 - 10,000	910	69.20	3,504,000	0.72
10,001 - 1,000,000	387	29.43	26,222,000	5.37
1,000,001 and above	15	1.14	458,273,000	93.91
Total	**1,315**	**100.00**	**488,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Crystal Display Components (HK) Limited	300,000,000	61.48
2	DBS Nominees Pte Ltd	64,255,000	13.17
3	Merrill Lynch (S'pore) Pte. Ltd.	20,200,000	4.14
4	Citibank Nominees S'pore Pte Ltd	15,313,000	3.14
5	Raffles Nominees Pte Ltd	14,734,000	3.02
6	HSBC (Singapore) Nominees Pte Ltd	7,777,000	1.59
7	Lim & Tan Securities Pte Ltd	6,945,000	1.42
8	Yeap Lam Hong	6,530,000	1.34
9	UOB Kay Hian Pte Ltd	5,733,000	1.17
10	Morgan Stanley Asia (S'pore) Securities Pte Ltd	4,060,000	0.83
11	The Asia Life Assurance Society Ltd - Par Fund	3,938,000	0.81
12	DBS Vickers Securities (S) Pte Ltd	2,695,000	0.55
13	United Overseas Bank Nominees Pte Ltd	2,292,000	0.47
14	Optimus Capital International Limited	1,950,000	0.40
15	G K Goh Stockbrokers Pte Ltd	1,851,000	0.38
16	Chong Lay Teng	1,000,000	0.20
17	ABN Amro Asia Securities (S) Pte Ltd	900,000	0.18
18	Low Lai Choo	900,000	0.18
19	Kim Eng Securities Pte. Ltd.	866,000	0.18
20	Chia Kin Heng	720,000	0.15
	Total	**462,659,000**	**94.80**

SHARE CAPITAL AS AT 10 MARCH 2005

Authorised share capital	:	US$30,000,000
Issued and fully paid-up capital	:	US$9,760,000
Class of shares	:	Ordinary share of US$0.02 each
Voting rights	:	One vote per share

Statistics of Shareholdings

As At 10 March 2005

SUBSTANTIAL SHAREHOLDERS AS AT 10 MARCH 2005
(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Crystal Display Components (HK) Limited	300,000,000	61.48	–	–
The China Fund, Inc.	60,000,000	12.30	–	–
Kunikazu Yoshimi (Note 1)	–	–	300,000,000	61.48

Note:

(1) Mr. Kunikazu Yoshimi is deemed interested in the shares held by Crystal Display Components (HK) Limited ("CD Hong Kong") by virtue of his shareholdings in CD Hong Kong.

As at 10 March 2005, 26.22% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CDW Holding Limited (the "Company") will be held at Carlton Hotel Singapore, Level 2, Connaught Room, 76 Bras Basah Road, Singapore 189558 on Thursday, 28 April 2005 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2004 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of 0.623 US cent (equivalent to approximately 1.01667 Singapore cents) per ordinary share (tax not applicable) for the year ended 31 December 2004 (2003: Not applicable). **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Bye-law 104 of the Company's Bye-Laws:

Mr. Kunikazu Yoshimi	(Retiring under Bye-Law 104)	**(Resolution 3)**
Mr. Koh Kuek Chiang	(Retiring under Bye-Law 104)	**(Resolution 4)**
Mr. Lai Shi Hong Edward	(Retiring under Bye-Law 104)	**(Resolution 5)**

**Mr. Koh Kuek Chiang will upon re-election as Director of the Company, remain as a member of the Audit Committee and will be considered non-independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.*

4. To approve the payment of Directors' fees of HK$300,000 (equivalent to approximately S$63,000) for the year ended 31 December 2004. (2003: Not applicable) **(Resolution 6)**

5. To approve the payment of Directors' fees of HK$720,000 (equivalent to approximately S$153,000) for the year ending 31 December 2005 to be paid quarterly in arrears. (2004: HK$300,000 – equivalent to approximately S$63,000) **(Resolution 7)**

6. To re-appoint Deloitte & Touche as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. **Authority to allot and issue shares up to 50 per centum (50%) of issued share capital**

   That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares (whether by way of rights, bonus or otherwise) in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that:

   (i) the aggregate number of shares to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution , of which the aggregate number of shares to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company; and

(ii) unless previously revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (i)] **(Resolution 9)**

9. **Authority to allot and issue shares under the CDW Holding Share Option Scheme**

That the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the CDW Holding Share Option Scheme (the "Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time. [See Explanatory Note (ii)] **(Resolution 10)**

10. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out on pages 122 to 124 of the Company's Prospectus dated 14 January 2005 ("Prospectus") with any party who is of the class of Interested Persons described in the Prospectus, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Company's Prospectus (the "Shareholders' Mandate");

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting; and

(c) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit. [See Explanatory Note (iii)]
(Resolution 11)

By Order of the Board

Robson Lee Teck Leng
Tan San-Ju
Secretaries

Singapore, 5 April 2005

Notice of Annual General Meeting

Explanatory Notes:

(i) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company. The number of shares that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company.

For the purpose of this resolution, the percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

(iii) The Ordinary Resolution 11 proposed in item 10 above, if passed, will authorise the Interested Person Transactions as described in the Prospectus and recurring in the year and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes:

1. If a Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) wishes to attend and vote at the Annual General Meeting (the "Meeting"), then he/she/it should complete the Proxy Form and deposit the duly completed Proxy Form at the office of the Singapore Share Transfer Agent, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315, at least forty-eight (48) hours before the time of the Meeting.

2. If a Depositor wishes to appoint a proxy/proxies, then the Proxy Form must be deposited at the office of the Singapore Share Transfer Agent, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315, at least forty-eight (48) hours before the time of the Meeting.

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