

**CDW HOLDING LIMITED**  
(Incorporated in Bermuda)  
(Company Registration No. 35127)

**ANNOUNCEMENT**

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**STATUS UPDATE ON INVESTIGATIONS CONDUCTED BY THE AUDIT COMMITTEE ON THE UNAUTHORIZED BANK TRANSFERS BETWEEN THE COMPANY'S SUBSIDIARY, CRYSTAL DISPLAY COMPONENTS (SHANGHAI) CO., LIMITED AND ICHIBAN REAL ESTATE DEVELOPMENT (SUZHOU) CO., LTD**

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The Company refers to its announcements dated 20 April 2011 relating to its application to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for an extension of time to hold its annual general meeting ("AGM") and its announcements on 1 and 3 March 2011 ("**March Announcements**") relating to the investigations conducted by the Audit Committee of the Company ("**AC**") on the various unauthorized bank transfers ("**Bank Transfers**") between the Company's subsidiary, Crystal Display Components (Shanghai) Co., Limited ("**SHCD**"), and Ichiban Real Estate Development (Suzhou) Co., Ltd ("**Ichiban**"). All capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed in the March Announcements.

Since the March Announcements, further investigations on the Bank Transfer have been conducted by the AC, which have recently concluded. A brief of the further investigations and the outcome are set out below:-

- (i) The Relevant SHCD Executives have been further interviewed. The interviews were led by the Company's PRC lawyers, Haibu Attorneys-at-Law ("**Haibu**") with the AC observing the interview proceedings. Following these interviews, Haibu maintains its opinion as stated in the March Announcements that the acts of the Relevant SHCD Executives do not constitute the criminal offence of misappropriation of funds under PRC laws;
- (ii) The AC is unable to ascertain the actual purpose of the Bank Transfers as the Company does not have any legal right to access the books and financial records of Ichiban. Based on, among others, the statements given by the Relevant SHCD Executives to Haibu, the confirmations of the Relevant Executives, Haibu's reports, in particular, their finding that there is insufficient evidence that the Relevant Executives had misappropriated the funds for personal uses, the consistent stand of the Relevant Executives throughout, and that the AC has not been able to uncover any other evidence to show that the Relevant SCHD Executives had utilised the monies in the bank transfers for any other purpose, the AC is of the view that, in the absence of any contradictory evidence that would cast reasonable doubt on the veracity of the statements of the Relevant SHCD Executives, the Bank Transfers were probably deposit payments which were intended for investment purposes;
- (iii) Save for the Bank Transfers, the Group's internal auditors have reported that there are no other unauthorized banking or financial transactions by any other Group company, or any other questionable bank transfers made by SHCD to any other parties;
- (iv) One of the senior executives of the Group (the "**Relevant Senior Executive**"), has informed the Board that his brother is the sole director of the parent company of Ichiban and his brother has provided a written confirmation to the Board that the Relevant Senior Executive has no interest in such parent company and that he is financially independent of the Relevant Senior Executive. The Relevant Senior Executive has also maintained in his statements to Haibu that he had no knowledge of the Bank Transfers. Each of the directors of the Company and the

other senior executives of the Company and its subsidiaries (the “**Group**”) has also provided a written declaration that they do not have any relationship with Ichiban. Save for the Relevant SHCD Executives, none of the other senior executives of the Group are involved in the Bank Transfers. In view of these written confirmations, the AC has established there is no evidence of a relationship between Ichiban and any directors of the Company or senior executives of the Group;

- (v) There is no evidence indicating there to be any fraud committed, or that any of the directors of the Company or the senior executives of the Group have benefitted from the Bank Transfers;
- (vi) All the monies that were remitted by SHCD to Ichiban have been fully repaid to SHCD and there is no loss suffered by the Group other than the loss of interest income which is unlikely to be material; and
- (vii) The General Manager of SHCD has acted outside the scope of his powers and duties and the AC recommends that the management of the Company should be tasked to decide on the appropriate disciplinary action(s) to be taken.

A professional certified fraud examiner, Mr C K Cho<sup>1</sup>, has also been appointed by the Board to review and comment on the adequacy and appropriateness of the work carried out by the Company and the AC and has formed the opinion that no fraud has been committed by any persons in the Company and that the Board may reasonably surmise that the Relevant SHCD Executives had intended to utilise the Bank Transfers as deposits for investment purposes by SHCD.

To ensure that no such unusual or similar unauthorized transactions will recur in the future, immediate internal controls have been recommended by the AC, and the management has adopted and are presently implementing these internal controls to tighten up control over the cash and bank balances for all the Group companies. The AC is also looking into other internal control processes and procedures and will submit further recommendations to the Board. The terms of reference of the AC are attached with this Announcement.

The Company is currently working with its external auditors to finalize the financial statements for its AGM.

By Order of the Board of

**CDW HOLDING LIMITED**  
**21 April 2011**

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<sup>1</sup> Mr C K Cho obtained a Bachelor of Laws Degrees of London in 1988 and has qualified as a Barrister in England and Wales, Hong Kong and Australia. He was certified as a certified fraud examiner by The Association of Certified Fraud Examiner since 2004 and a former president of Association of Certified Fraud Examiners, Hong Kong Chapter for 2008 to 2009. Mr Cho previously spent 26 years at the Hong Kong Independent Commission Against Corruption, where he investigated corruption, fraud and related offences.

## **ANNEXURE**

### **TERMS OF REFERENCE**

**Audit Committee (the "AC") to the Board of Directors (the "Board") of CDW Holding Limited (the "Company") as regards its investigations (the "Investigations") on the Unauthorised Bank Transfers (the "Unauthorized Bank Transfers") involving Crystal Display Components (Shanghai) Co., Ltd ("SHCD")**

1. To establish the purpose(s) of the Unauthorized Bank Transfers, the full details of the Unauthorized Bank Transfers, and to ascertain the roles and extent of involvement of all relevant executives in the group as regards the Unauthorised Bank Transfers.
2. To establish whether there is any relationship between Ichiban (and its controlling shareholders) and any executives of the group.
3. To discuss and deliberate (i) the findings of the investigations on the Unauthorized Bank Transfers conducted by the Company's PRC lawyers, Haibu Attorneys-at-Law, and (ii) with Deloitte & Touche (the "Auditors") on the outcome of the Auditors' additional procedures in relation to the Unauthorized Bank Transfers, and to recommend to the Board on the advice of the Auditors whether any material adjustment should be made to the Company's unaudited consolidated financial results for FY 2010.
4. To review the findings of the group's internal audit team as regards any other unauthorized banking or financial transactions by SHCD and any other group company, or any other questionable bank transfers made to any other parties.
5. To review the adequacy of the group's internal audit team and to deliberate on the appointment of a suitable firm of professional internal auditors to enhance internal audit reviews of the group.
6. To establish whether the group internal control process and procedures should be enhanced to ensure that no such unusual or similar unauthorized transactions will recur in the future.
7. To recommend to the Board of Directors of the Company whether any disciplinary actions should be taken as regards the relevant SHCD executives who were involved in the Unauthorized Bank Transfers.