

**CIRCULAR DATED 3 OCTOBER 2012**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of CDW Holding Limited (the “**Company**”), you should immediately hand this Circular, the Notice of Special General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser or transferee.

Your attention is drawn to page 15 of this Circular in respect of actions to be taken if you wish to attend and vote at the Special General Meeting.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



**CDW HOLDING LIMITED**

(Incorporated in Bermuda on 2 April 2004)  
(Bermuda Company Registration Number: 35127)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- (1) THE PROPOSED DISPOSAL BY CRYSTAL DISPLAY COMPONENTS (SUZHOU) CO., LTD. OF ITS FACTORY PREMISES IN MU DU TOWN, SUZHOU, THE PEOPLE’S REPUBLIC OF CHINA**
- (2) THE PROPOSED CHANGE OF AUDITORS FROM DELOITTE & TOUCHE LLP IN SINGAPORE TO ERNST & YOUNG IN HONG KONG (“PROPOSED CHANGE OF AUDITORS”); AND**
- (3) THE PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	27 October 2012 at 10.00 a.m.
Date and time of Special General Meeting	:	29 October 2012 at 10.00 a.m.
Place of Special General Meeting	:	Elmwood Room Swissôtel Merchant Court Singapore 20 Merchant Road Singapore 058281

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## DEFINITIONS

For the purpose of this Circular, the following definitions have, where appropriate, been used:

“Acquisition Agreement”	:	The acquisition agreement dated 1 August 2012 between the Mu Du Authorities and CD Suzhou for the sale of the Factory Premises
“AGM”	:	Annual General Meeting
“Associates”	:	Has the meaning ascribed to it in the Listing Manual
“Audit Committee”	:	The audit committee of the Company
“Auditors”	:	The auditors of the Company for the time being
“Bermuda Companies Act”	:	The Companies Act 1981 of Bermuda (as amended)
“Board”	:	The board of the Directors of the Company
“Bye-laws”	:	The bye-laws of the Company
“CD Suzhou”	:	Crystal Display Components (Suzhou) Co., Ltd, an indirect wholly-owned subsidiary of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 3 October 2012
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Company” or “CDW”	:	CDW Holding Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the SGX-ST
“Consideration”	:	The aggregate consideration of RMB 56,164,100 (approx. S\$10,952,000) payable in cash, for the Proposed Disposal of the Factory Premises
“Compensation”	:	The aggregate compensation of RMB7,753,700 (approx. S\$1,511,970) payable in cash, for the Proposal Disposal of the Factory Premises
“Controlling Shareholder”	:	A person who:  (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the company; or  (b) in fact exercises control over a company
“Directors”	:	Directors of the Company as at the date of this Circular
“EPS”	:	Earnings per share
“Executive Directors”	:	The executive directors of the Company

“Factory Premises”	:	CD Suzhou’s factory premises located at No 201 Jinchang Road, Mu Du Town, Suzhou, PRC (苏州市吴中区木渎镇金长路201号), including but not limited to all property, buildings, structures and facilities
“FY”	:	Financial year ended or ending 31 December
“Group”	:	The Company and its Subsidiaries
“Independent Directors”	:	The independent directors of the Company
“Instalment Payment(s)”	:	Has the meaning ascribed to it in Paragraph 2.3(a) of the Circular
“Latest Practicable Date”	:	27 September 2012, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST, as the same may be amended, varied or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Memorandum of Association”	:	The Memorandum of Association of the Company
“Month”	:	Calendar month
“Mu Du Authorities”	:	The management committee of the Mu Du Economic Development Zone
“Notice”	:	The notice dated 11 March 2011 from the government authorities of Mu Du Town inviting CD Suzhou for negotiation for the sale of its Factory Premises
“NTA”	:	Net tangible assets
“PRC”	:	People’s Republic of China, excluding the Hong Kong and Macau Special Administrative Regions and Taiwan
“Property Valuer”	:	Jiangsu Suxin Real Estate Appraisal & Consultation Company Limited (江苏苏信房地产评估咨询有限公司)
“Property Valuation Report”	:	The property valuation report of the Factory Premises dated 2 February 2012, issued by the Property Valuer. A translation of the summary report of the property valuation report is enclosed in Annex to this Circular
“Proposed Change of Auditors”	:	The proposed change of Auditors from Deloitte & Touche LLP in Singapore to Ernst & Young in Hong Kong
“Proposed Disposal”	:	The proposed disposal of the Factory Premises, details of which are more specifically set out in Section 2 of this Circular
“Remuneration Committee”	:	The remuneration committee of the Company
“SGM”	:	Special General Meeting
“Securities and Futures Act”	:	Securities and Futures Act (Chapter 289) of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

“Shareholders”	:	The registered shareholders of the Shares
“Shares”	:	The ordinary shares in the capital of the Company
“Subsidiaries”	:	The subsidiaries of a company (as defined in Section 5 of the Companies Act) and “Subsidiary” shall be construed accordingly
“Substantial Shareholder”	:	A person who has an interest (directly or indirectly) in not less than 5% of the total votes attached to all the voting shares of a company
“RMB”	:	Renminbi, the currency of the PRC
“S\$”	:	Singapore dollars
“US\$” or “US cents”	:	US dollars and cents respectively
“%” or “per cent”	:	Per centum or percentage

The expressions “*our*”, “*ourselves*”, “*us*”, “*we*” or other grammatical variations thereof shall, unless otherwise stated, mean our Company and our subsidiaries.

The terms “*Depositor*” and “*Depository Register*” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Securities and Futures Act, the Companies Act, or any statutory modifications thereof and used in this Circular, where applicable, shall have the meaning assigned to it under the Securities and Futures Act, the Companies Act or statutory modifications as the case may be.

Any reference to a time of day in this Circular will be a reference to Singapore time, unless otherwise stated.

Any discrepancies in tables included herein between the amounts listed and totals thereof are due to rounding. Accordingly, figures shown as total in certain tables may not be an arithmetic aggregation of the figures that precede them.

### **Exchange Rate**

For the purpose of this Circular and for Shareholders’ reference, the exchange rate, unless otherwise stated, are for illustrative purposes only. As at the Latest Practicable Date, the exchange rate for RMB and S\$ is based on RMB1 to S\$0.195 obtained from the Monetary Authority of Singapore.

**CDW HOLDING LIMITED**  
(Incorporated in Bermuda)  
(Bermuda Company Registration Number: 35127)

**Directors:-**

Mr Koichi URANO (Chairman and Chief Executive Officer)  
Mr Akihiro KIYOTA (Executive Director and Chief Operating Officer)  
Mr DY MO Hua Cheung, Philip (Executive Director)  
Mr Shinichi OCHI (Executive Director)  
Mr LAI Shi Hong, Edward (Non-Executive Director)  
Mr CHONG Pheng (Independent Director)  
Mr Masatoshi MITANI (Independent Director)  
Mr NG Wai Kee (Independent Director)

**Registered Office:-**

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

3 October 2012

To: The Shareholders and Depositors of CDW Holding Limited

Dear Shareholder and Depositor,

- (I) **THE PROPOSED DISPOSAL BY CRYSTAL DISPLAY COMPONENTS (SUZHOU) CO., LTD. OF ITS FACTORY PREMISES IN MU DU TOWN, SUZHOU, THE PEOPLE'S REPUBLIC OF CHINA ("PRC")**
- (II) **THE PROPOSED CHANGE OF AUDITORS FROM DELOITTE & TOUCHE LLP IN SINGAPORE TO ERNST & YOUNG IN HONG KONG ("PROPOSED CHANGE OF AUDITORS"); AND**
- (III) **THE PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY**

**1. INTRODUCTION**

- 1.1 On 1 August 2012, the Company announced that its indirect wholly-owned subsidiary CD Suzhou entered into an Acquisition Agreement dated 1 August 2012 with the Mu Du Authorities for the disposal of its entire Factory Premises ("**Proposed Disposal**").
- 1.2 The Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Listing Manual, and hence completion of the Acquisition Agreement is thus subject to Shareholders' approval in a general meeting pursuant to Rule 1014 of the Listing Manual.
- 1.3 In addition to obtaining Shareholders' approval for the Proposed Disposal, the Directors would also like to seek Shareholders' approval for certain amendments to the Company's Bye-Laws and for the Proposed Change of Auditors.
- 1.4 The purpose of this Circular is to provide Shareholders with the relevant information pertaining, and to seek Shareholders' approval for the same at the SGM to be held on 29 October 2012 for the following:-
  - (a) the Proposed Disposal;
  - (b) the Proposed Change of Auditors; and
  - (c) the proposed amendments to the bye-laws of the Company.

The notice of the SGM is set out on pages 18 and 19 of this Circular.

## 2. THE PROPOSED DISPOSAL

### 2.1 Background

On 11 March 2011, CD Suzhou received a notice from the government authorities of Mu Du Town in Suzhou, PRC informing CD Suzhou that in connection with its urban development plans, the government authorities of Mu Du Town wished to negotiate with CD Suzhou for the sale of its Factory Premises under a land acquisition exercise (the “**Notice**”). The urban development plans by the Mu Du Authorities are part of the Suzhou government’s plans to acquire land from various townships and industrial zones and to re-zone these areas in accordance with town planning needs.

Following the receipt of the Notice, CD Suzhou entered into the Acquisition Agreement with the Mu Du Authorities wherein CD Suzhou has agreed to dispose of, and the Mu Du Authorities has agreed to acquire, the Factory Premises of CD Suzhou.

The consideration for the Proposed Disposal is RMB56,164,100 (approx. S\$10,952,000) (“**Consideration**”), details of which are more specifically set out in Paragraph 2.3(a) below.

### 2.2 Information on CD Suzhou and the Factory Premises

CD Suzhou was incorporated in Mu Du Town, Suzhou, PRC on 8 October 2002 and is an indirect wholly-owned subsidiary of the Company. It is a metal and plastic frames manufacturing company, with manufacturing facilities at No 201 Jinchang Road, Mu Du Town, Suzhou, PRC. CD Suzhou acquired the land use rights to the land of the Factory Premises from Jiangsu Province Wu Zhong District Bureau of Land and Resources (中国江苏省吴中区国土资源局) on 30 May 2006 for a consideration price of RMB3,327,995 (approx. S\$648,960). The land use rights to the land of the Factory Premises expires on 29 May 2056. The land area of the Factory Premises is 21,333.30 sqm.

The Factory Premises is the only location where CD Suzhou operates its manufacturing facilities. For FY2009 and FY2010, CD Suzhou’s profits after tax were RMB4,202,020 (approx. S\$819,400) and RMB390,412 (approx. S\$76,130) respectively, while in FY2011, CD Suzhou incurred a loss of RMB3,547,673 (approx. S\$691,800).

### 2.3 Salient terms of the Acquisition Agreement entered into between CD Suzhou and the Mu Du Authorities dated 1 August 2012

#### a) Consideration

Under the Acquisition Agreement, the Mu Du Authorities has agreed to pay CD Suzhou an aggregate Consideration of RMB56,164,100 (approx. S\$10,952,000) for the acquisition of the Factory Premises, comprising:

- (i) RMB43,735,400 (approx. S\$8,528,400) for the land use rights, buildings, structures and fixtures and renovation; and
- (ii) RMB12,428,700 (approx. S\$2,423,600) for the surrounding greenery and the ancillary facilities of the Factory Premises.

The Mu Du Authorities will also pay CD Suzhou compensation of RMB2,625,400 (approx. S\$511,950) for the relocation of its manufacturing operations to another location and RMB5,128,300 (approx. S\$1,000,020) for loss of income (“**Compensation**”).

The Consideration and Compensation were arrived at upon arm’s length negotiations with the Mu Du Authorities and on a willing buyer and willing seller basis taking into consideration the market value of the Factory Premises and CD Suzhou’s investment costs in the Factory Premises.

b) Payment Terms

The Consideration and compensation will be paid in cash in the following manner:

- (i) by the end of June 2013: RMB19 million (approx. S\$3,705,000);
- (ii) by the end of December 2013: RMB19 million (approx. S\$3,705,000) shall be paid within 15 days of CD Suzhou's delivery of the Factory Premises to the Mu Du Authorities; and
- (iii) by December 2014: RMB25,917,800 (approx. S\$5,053,970).

***("Instalment Payments")***

c) Relocation

CD Suzhou shall deliver the Factory Premises to the Mu Du Authorities by 31 December 2013.

d) Condition Precedent

The Proposed Disposal is conditional upon the approval of the Company's shareholders, which shall be obtained no later than three (3) months from the date of the signing of the Acquisition Agreement or on such other date as agreed by both parties in writing, failing which, the Acquisition Agreement shall automatically terminate and neither party shall have any rights against the other party.

e) Events of Default

- (i) In the event that any of the Instalment Payments are not paid on the stipulated due dates, the Mu Du Authorities shall pay late payment interest on the overdue sum at an interest rate of 12% per annum.
- (ii) In the event that CD Suzhou does not complete its relocation and deliver the Factory Premises to the Mu Du Authorities on 31 December 2013, CD Suzhou shall pay the Mu Du Authorities RMB5,000 per day for each day that CD Suzhou fails to deliver the Factory Premises. The Mu Du Authorities are also entitled to demand for the delivery of the Factory Premises.
- (iii) Any party who terminates the Acquisition Agreement shall be liable to pay RMB6 million (approx. S\$1,170,000) in damages for the breach of contract.

## **2.4 Valuation of the Factory Premises**

CD Suzhou commissioned an independent valuation of the buildings and land use rights of its Factory Premises by the Property Valuer. Based on the Property Valuation Report, the market value of the buildings and land use rights of the Factory Premises was estimated to be RMB32,223,400 (approx. S\$6,283,560). No separate valuation was made on the surrounding greenery and other ancillary facilities of the Factory Premises.

Based on the latest announced unaudited financial statements of the Group for the period ended 30 June 2012, the net book value of the Factory Premises is RMB48,852,100 (approx. S\$9,526,160).

Hence, the consideration to be paid by the Mu Du Authorities represents a gain of approximately 35.7%<sup>(1)</sup> to the Property Valuer's estimated market value of the buildings and land use rights of the Factory Premises and a 15.0%<sup>(2)</sup> gain to the net book value of the Factory Premises.



*Notes:*

- (1) This figure is derived by dividing RMB11,512,000 being the difference between the consideration sum of RMB43,735,400 under paragraph 2.3(a)(i) and the market value of RMB32,223,400 in the Property Valuation Report, with the market value of RMB32,223,400 stated in the Property Valuation Report. The consideration sum of RMB12,428,700 under paragraph 2.3(a)(ii) for the surrounding greenery and ancillary facilities of the Factory Premises was not included in this calculation as the Property Valuer did not include the surrounding greenery and ancillary facilities of the Factory Premises in its property valuation.
- (2) This figure was derived by dividing RMB7,312,000, being the difference between the total Consideration of RMB56,164,100 and the net book value of RMB48,852,100, with the net book value of RMB48,852,100 .

## 2.5 Relative Figures Computed under Rule 1006 of the Listing Manual

Based on the latest announced unaudited financial statements of the Group for the period ended 30 June 2012, the relative figures for the Proposed Disposal ("**Relative Figures**") computed on the bases of assessment pursuant to Rule 1006 of the Listing Manual are set out below:

Rule	Base	Relative Figure
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	13.1%
1006(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits.	Not applicable
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	26.4% <sup>(1)</sup>
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issued.	Not applicable

*Note:*

- (1) The market capitalisation of the Company was S\$41,580,000, determined by multiplying the number of shares in issue by S\$0.088, i.e. the weighted average price of the Company's shares transacted on 31 July 2012, being the last full market day for which the Company's shares were traded, preceding the date of the Acquisition Agreement.

As the Relative Figure computed under Rule 1006(c) exceeds 20%, the Proposed Disposal is considered a Major Transaction under Chapter 10 of the Listing Manual. Accordingly, pursuant to Rule 1014 of the Listing Manual, the Proposed Disposal is subject to the approval of the Shareholders at a general meeting.

## 2.6 Rationale for the Proposed Disposal

CD Suzhou currently supplies metal frames to the Group companies as well as other third-party customers. CD Suzhou was loss making in FY2011 due to factors such as high fixed costs (including but not limited to the high level of depreciation charges on land and buildings) and decreasing orders from its third-party customers. For FY2011, the annual production capacity in terms of machine hours and utilisation rate of the machinery of CD Suzhou was approximately 113,544 machine hours and 54% respectively. The Factory Premises are currently not fully occupied by the factory operations. If the Proposed Disposal is accepted by the Shareholders, the land acquisition offer from the Mu Du Authorities would give CD Suzhou an opportunity to re-establish its manufacturing facilities at a nearby area and in smaller premises, thereby optimizing operational performance of CD Suzhou by having a lower breakeven point.

## 2.7 Financial Effects of the Proposed Disposal

The financial effects of the Proposed Disposal on the consolidated NTA per share and the EPS of the Group are set out below. The financial effects, which have been prepared based on the audited consolidated financial statements of the Group for FY2011, being its most recently completed financial year end, are purely for illustrative purposes and do not purport to be an indication of the actual financial position of the Company nor a projection or estimate of the financial results of the Company or its Group immediately after the completion of the Proposed Disposal.

### Net tangible assets

Assuming that the Proposed Disposal had been completed at the end of FY2011, the financial effects of the Proposed Disposal on the consolidated NTA of the Group for FY2011 are as follows:

	FY2011	Assuming completion of the Proposed Disposal at the end of FY2011
NTA (US\$'000)	58,557	59,598
Number of shares	483,048,221	483,048,221
NTA per share (US cents)	12.13	12.34

### Earnings per share

Assuming that the Proposed Disposal had been completed at the beginning of FY2011, the financial effects of the Proposed Disposal on the EPS of the Group for FY2011 are as follows:

	FY2011	Assuming completion of the Proposed Disposal at the beginning of FY2011
Profit / (loss) after tax (US\$'000)	4,683	5,766
Number of shares	496,522,977	496,522,977
Earnings / (loss) per share (US cents)	0.94	1.16

### Financial Impact of CD Suzhou's relocation to its operations and the Groups' operations

For FY2009, FY2010 and FY2011, CD Suzhou's turnover were RMB70,276,713 (approx. S\$13,703,960), RMB69,321,856 (approx. S\$13,517,760) and RMB55,204,800 (approx. S\$10,764,940) respectively. After deducting the inter-companies' sales amounting to RMB18,551,714 (approx. \$3,617,580), RMB25,315,216 (approx. S\$4,936,470) and RMB19,615,758 (approx. S\$3,825,070) respectively, CD Suzhou contributed to 7.0%, 5.3% and 3.2% of the Group's total revenue for FY2009, FY2010 and FY2011 respectively. Since CD Suzhou has until 31 December 2013 to deliver the Factory Premises to the Mu Du Authorities, the Directors do not foresee that the relocation would materially affect the operations of CD Suzhou or the Group.

## 2.8 Use of Proceeds from the Proposed Disposal

The Consideration of the Proposed Disposal is RMB56,164,100 (approx. S\$10,952,000). After deducting related expenses of RMB300,000 (approx. S\$58,500) incurred for the Proposed Disposal (including but not limited to professional fees and the holding of the SGM), the net proceeds arising from the Proposed Disposal is RMB55,864,100 (approx. S\$10,893,500) (“**Net Proceeds**”). The Company intends to use the Net Proceeds to establish new manufacturing facilities of CD Suzhou and for additional working capital purposes in the following manner:

<b>Intended Uses</b>	<b>Estimated Amount (RMB million)</b>
Establishment of new manufacturing facilities	4
Working capital requirements	52

The Company does not intend to construct a new factory to house the operations of CD Suzhou as the time for construction of a new factory would exceed the deadline for its relocation. Instead, it would be looking for new premises which are in a “move-in” condition. The management of CD Suzhou is currently sourcing for suitable location where it can relocate its factory operations. The Company will make the necessary announcements and provide Shareholders with an update once it has reached a decision.

In respect of the RMB52 million allocated for working capital requirements, the Directors intend to use the proceeds for financing inventory and account receivables, and pending any specific purposes, the remainder of the proceeds will be placed in deposits with financial institutions or invested in short term money market instruments as the Directors of the Company may, in their absolute discretion, deem fit.

In addition to the related expenses incurred for the Proposed Disposal, the Company estimates the cost of its relocation to be approximately RMB2 million (approx. S\$390,000). The Compensation offered by the Mu Du Authorities would be adequate to cover the costs of the relocation.

The foregoing represents the Company’s best estimate of its allocation of the Net Proceeds based on the Group’s current plans and estimates regarding the Group’s anticipated expenditures and general working capital requirements. Actual expenditures may vary from these estimates and the Group may find it necessary or advisable to reallocate the Net Proceeds within the categories described above or to use portions of the Net Proceeds for other purposes. In the event there is any change in the use of Net Proceeds, the Company will make the appropriate announcements.

## 2.9 Interests of Directors and Controlling Shareholders

- (a) None of the Director and Controlling Shareholders of the Company and their respective Associates has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholding interests in the Company).
- (b) No directors are proposed to be appointed to the Company in connection with the Proposed Disposal.

## 2.10 Directors’ Recommendation

Having considered the rationale for the Proposed Disposal, the terms of the Acquisition Agreement, and the financial effects of the Proposed Disposal, the Directors are of the view that the Proposed Disposal is in the best interests of the Company and is not prejudicial to Shareholders as a whole. Furthermore, the Directors do not foresee any negative impact on CD Suzhou’s operations since CD Suzhou is only required to deliver the Factory Premises to the Mu Du Authorities by 31 December 2013 and it would have adequate time to organise the relocation. Accordingly, the Directors recommend that Shareholders vote in favour of the resolution relating to the Proposed Disposal at the SGM.

### **3. THE PROPOSED CHANGE OF AUDITORS**

#### **3.1 The rationale for the Proposed Change of Auditors**

The Company's existing Auditors, Deloitte & Touche LLP, have been the Auditors of the Company since 5 August 2004 when the Company was preparing for its initial public offering in 2005. Deloitte & Touche LLP were last re-appointed at the Company's annual general meeting on 26 April 2012.

As the Company could not reach a consensus with Deloitte & Touche LLP on the audit fees for the financial year ending 31 December 2012, the Audit Committee recommended that another major international audit firm be appointed as Auditors of the Company in place of Deloitte & Touche LLP in order to keep the Group's audit fees to a level close to or similar to the audit fees for the financial year ended 31 December 2011.

The Directors are proposing the change of Auditors to Ernst & Young in Hong Kong ("**Ernst & Young**"). The Directors recognise that a change of auditors, would, on one hand, involve certain "set-up" costs at the commencement of the new engagement, including but not limited to time spent by both the management and the audit team in familiarising themselves with the new engagement. However, on the other hand, the Directors are of the opinion that the Company would benefit from the fresh perspectives and views of another professional firm, thereby strengthening the corporate governance of the Group. The Directors are of the opinion that the benefits of the proposed change would outweigh the costs, having regard to the fee increment proposed by the existing Auditors. If the Proposed Change of Auditors is approved by the Shareholders, the Company would be able to contain the cost level in audit fees while maintaining the audit work scope. Furthermore, as the principal office of the Company is situated in Hong Kong, appointing an audit team whose team is based in Hong Kong would offer the management team of the Company greater ease in communication with its Auditors.

Under the new engagement with Ernst & Young, Ms Judy Wong will be the audit partner who will be assigned to the audit of the Group. Ms Wong is a practicing member of the Hong Kong Institute of Certified Public Accountants. She has over 25 years of audit experience and is supported by a senior manager, Mr Nelson Wong, with over 8 years of audit experience.

#### **Requirement under Rule 712 of the Listing Manual**

The Directors and the Audit Committee, having considered the various factors including, amongst others, the size and complexity of Group's audit, the adequacy of resources, the experience and audit engagements of Ernst & Young, the audit engagement partner and the number and experience of supervisory and professional staff who will be assigned to the audit, are of the opinion that Ernst & Young will be able to meet the audit requirements of the Group and comply with Rule 712 of the Listing Manual.

#### **Requirement under Rule 715 of the Listing Manual**

As at the date of this Circular, the Company does not have any Singapore-incorporated subsidiaries or associated companies.

#### **Requirement under Rule 716 of the Listing Manual**

The Company has appointed different auditing firms for its subsidiaries or significant associated companies that are overseas. Pursuant to Rule 716 of the Listing Manual, the Directors and the Audit Committee are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company.

Deloitte & Touche LLP have, in their letter dated 22 August 2012, given notice to the Directors of their resignation as Auditors and Ernst & Young, have on 19 September 2012 given, their consent to act as Auditors, subject to Shareholders' approval at the SGM to be held on 3 October 2012. The appointment of Ernst & Young would therefore, take effect upon approval of the proposed change by Shareholders at the SGM. The resignation of Deloitte & Touche LLP would take effect upon the appointment of Ernst & Young at the SGM to be convened for this purpose.

In compliance with Rule 1203(5) of the Listing Manual, the Directors confirm that:

- (a) there were no disagreements with Deloitte & Touche LLP on accounting treatments within the last 12 months of the date of this Circular;
- (b) the Company is not aware of any circumstances connected with the Proposed Change of Auditors that ought to be brought to the attention of Shareholders; and
- (c) the specific reasons for the Proposed Change of Auditors are to (i) realise cost efficiencies for the Group, in the light of rising business costs and (ii) to enhance the Company's corporate governance framework.

Deloitte & Touche LLP have confirmed to Ernst & Young that they are not aware of any professional reasons why Ernst & Young should not accept appointment as Auditors of the Company.

### **3.2 Audit Committee's Statement**

The Audit Committee has reviewed and deliberated on the Proposed Change of Auditors and recommended the same for approval by the Board after taking into consideration the suitability of Ernst & Young and compliance with the Listing Manual.

## **4. PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY**

### **4.1 Background**

The existing Bye-laws of the Company was first adopted on 10 November 2004 and subsequently amended pursuant to SGMs held on 27 April 2007 and 28 April 2009. A review has been conducted on the existing Bye-laws and the Directors propose to amend Bye-law 98 which relates to the payment of Directors' Fees.

Presently Bye-law 98 stipulates that the fees payable to its non-executive Directors are divided amongst the Directors from a fixed sum which has been agreed by the Shareholders at an annual general meeting. The Directors propose to amend Bye-law 98 to allow the Company the discretion to decide whether to pay the Directors the entire Directors' Fees which have been agreed by the Shareholders at an annual general meeting or a lower sum.

### **4.2 Proposed amendments to Bye-Law 98**

4.2.1 It is proposed that the present Bye-law 98 will be deleted in its entirety and a new Bye-law 98 inserted.

#### Existing Bye-law 98

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by such resolution) shall be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees. Salaries payable to executive Directors may not include a commission or a percentage of turnover of the Company. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

#### Proposed new Bye-law 98

A new Bye-law 98 will be inserted as follows. For your ease of reference, the changes to the original Bye-law 98 have been marked out with strike-through texts denoting deletions and double underlined texts denoting insertions

The maximum fees payable to all non-executive Directors in any particular financial year shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by such resolution ) shall be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The Board shall not be obliged to pay the entire sum which was approved at the general meeting. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees. Salaries payable to executive Directors may not include a commission or a percentage of turnover of the Company. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

#### **4.3 Rationale for the proposed changes**

Under the existing Bye-law 98, fees payable to the non-executive Directors shall be a fixed sum, not being a commission on or a percentage of profits or turnover of the Company, which shall, from time to time, be determined by the Company, and approved by the Shareholders in a general meeting. As such, once Shareholders have approved at the AGM held during a particular financial year the fixed sum fees for non-executive Directors for that financial year, the Company is obliged to pay the entire sum which has been approved to the non-executive Directors. The Directors are of the view that as prior approval is given by the Shareholders in respect of a particular financial year, the fixed-sum fee that is paid to the non-executive Directors pursuant to the existing Bye-law 98 may not take into account each non-executive Director's actual level of contribution during that particular year. The Company recognises that its Directors should be properly compensated, To keep in line with the Code of Corporate Governance's principle that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate the directors to provide good stewardship, the Company proposes that each of its non-executive Directors should be paid a sum which is determined by the Remuneration Committee as proportionate to the level of his contribution or involvement during the year, taking into account factors such as effort and time spent, and responsibilities of that Director, up to the maximum sum agreed by the Shareholders at the AGM. The revised Bye-law 98 allows the Shareholders to approve, at the AGM, the maximum fees (which shall be a fixed sum) thereby setting the limit which can be paid to the non-executive Directors but which need not necessarily be fully paid out to them if the Remuneration Committee determines so.

#### **5. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the matters stated in this Circular and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/ or reproduced in this Circular in its proper form and context.



## **6. SPECIAL GENERAL MEETING**

The SGM, notice of which is set out on pages 18 and 19 of this Circular, will be held at Elmwood Room, Swissôtel Merchant Court Singapore, 20 Merchant Road, Singapore 058281 on 29 October 2012 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions and the special resolution as set out in the notice of SGM.

## **7. ACTION TO BE TAKEN BY SHAREHOLDERS AND DEPOSITORS**

Shareholders who are unable to attend the SGM and who wish to appoint a proxy to attend and vote at the SGM on their behalf are requested to complete, sign and return the Shareholder Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible, and in any event, so as to reach the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 48 hours before the time fixed for the SGM. The completion and lodgement of the Shareholder Proxy Form by a Shareholder will not preclude him from attending and voting at the SGM in person if he so wishes.

Under the Bermuda Companies Act, only a person whose name is entered in the register of members of a Bermuda company may have rights to attend and vote at general meetings of such company. Accordingly, under Bermuda laws, a Depositor holding Shares through the CDP would not be recognised as a Shareholder of the Company, and would not have the right to attend and vote at general meetings convened by the Company. Pursuant to Bye-law 85(B)(iv) of the Bye-laws of the Company, unless the CDP specifies otherwise in a written notice to the Company, the CDP shall be deemed to have appointed as the CDP's proxies to vote on behalf of the CDP at a general meeting of the Company each of the Depositors who are individuals and whose names are shown in the records of the CDP (as at a time not earlier than 48 hours prior to the time of the general meeting) supplied by the CDP to the Company. In addition, such appointment of proxies shall not require an instrument of proxy or the lodgement of any instrument of proxy.

Depositors who wish to attend and vote at the SGM, and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the SGM supplied by CDP to the Company may attend as CDP's proxies. Such Depositors who are individuals and who wish to attend the SGM in person need not take any further action and can attend and vote at the SGM without the lodgement of any proxy form. Such Depositors who are unable to attend personally and wish to appoint a nominee to attend and vote on his behalf, and such Depositors who are not individuals, will find attached to this Circular a Depositor Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event, so as to reach the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not later than 48 hours before the time fixed for the SGM. The completion and return of a Depositor Proxy Form by a Depositor who is an individual does not preclude him from attending and voting in person at the SGM in place of his nominee if he finds he is able to do so.

## **8. CONSENTS**

The Property Valuer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion in this Circular of and all reference to its name and the Property Valuation Report in the form and context in which it appears in this Circular.

## 9. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the office of the Singapore Share Transfer Agent of the Company, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 during normal business hours from the date of this Circular up to and including the date of the SGM:

- (a) The Acquisition Agreement;
- (b) The Property Valuation Report;
- (c) the Bye-laws of the Company;
- (d) the notice of resignation as Auditors from Deloitte & Touche LLP;
- (e) the letter from Deloitte & Touche LLP to Ernst & Young, pursuant to Rule 1203(5) of the Listing Manual and Section 89(3A) of the Bermuda Companies Act; and
- (f) the letter of consent from Ernst & Young.

Yours faithfully  
For and on behalf of the Board of Directors of  
**CDW HOLDING LIMITED**

Dy Mo Hua Cheung, Philip  
Executive Director



## ENGLISH TRANSLATION OF THE SUMMARY REPORT OF THE PROPERTY VALUATION REPORT

### Letter to Valuation Engaging Party

Crystal Display Components (Suzhou) Company Limited:

We have been engaged by your company to conduct a valuation on the market value of the industrial land and property (construction area 17053.37m<sup>2</sup>, land use area 21333.3m<sup>2</sup>) of your company located at 201 Jinchang Road, Mu Du Town, Wu Zhong District, Suzhou (苏州市吴中区木渎镇金长路201号). The valuation date was 30 November 2011. The purpose of the valuation is to provide a reference for the engaging party to understand the market value of the valuation target.

Based on the materials provided by your company, after conducting on-site observation and market investigation by real estate surveyor, in accordance with the laws and regulations and technical standards such as the Law of Real Estate Administration of the People's Republic of China and the national standard Rules for Real Estate Valuation, on the basis of having understood and analyzed the actual situation of the valuation target, upon the principles of independence, objectiveness, fairness and lawfulness, in compliance with the required valuation procedures, with the property having been assessed based on the cost method and the land having been assessed by the market comparison method and cost method, the market value of the valuation target at the time of the valuation was RMB 32.2234 million, in long term RMB thirty-two million two hundred and twenty-three thousand four hundred yuan. (Refer to chart 1 Valuation Results Table below for the specific details.)

This valuation report is only for the purpose of providing the engaging party a reference basis on the market value of the valuation target. The report shall be invalid for the use for any other purpose. The above content is abstracted from the Real Estate Valuation Report. To understand all details of this valuation matter, please carefully read the full text of the Real Estate Valuation Report.

**Chart 1 Valuation Results Table**

Item	Block	Construction Area (m <sup>2</sup> )	Per Unit Value of Construction Area (RMB/ m <sup>2</sup> )	Total Value (RMB)
Property	1	45.52	1090.92	49,700
	2	16906.09	1472.53	24,894,700
	3	101.76	1090.92	111,000
	Sub-total	17053.37		25,055,400
Item	Land Lot No.	Land Area (m <sup>2</sup> )	Per Unit Value of Land (RMB/ m <sup>2</sup> )	-
Land	1	21333.3	336	7,168,000
Total	-	-	-	32,223,400

[company seal]

Jiangsu Suxin Real Estate Appraisal & Consultation Company Limited

(江苏苏信房地产评估咨询有限公司)

Legal Representative: [chop of Xu Huizhi]

2 February 2012

**CDW HOLDING LIMITED**  
(Incorporated in Bermuda on 2 April 2004)  
(Bermuda Company Registration Number: 35127)

**NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a Special General Meeting (“SGM”) of CDW Holding Limited (the “Company”) will be held at Elmwood Room, Swissôtel Merchant Court Singapore, 20 Merchant Road, Singapore 058281 on 29 October 2012 at 10.00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following ordinary resolutions and passing the following special resolution:

All capitalised terms in the Resolutions below and not defined herein shall have the same meanings ascribed to them in the Circular to Shareholders of the Company dated 3 October 2012 (the “Circular”).

**ORDINARY RESOLUTION 1-**

**THE PROPOSED DISPOSAL BY CRYSTAL DISPLAY COMPONENTS (SUZHOU) CO., LTD. (“CD SUZHOU”) OF ITS FACTORY PREMISES IN MU DU TOWN, SUZHOU, THE PEOPLE’S REPUBLIC OF CHINA**

**“THAT:**

- (a) the Proposed Disposal of the Factory Premises of CD Suzhou upon and subject to the terms and conditions of the Acquisition Agreement be and are hereby approved;
- (b) the Directors and each of them be authorised to take such steps and enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary or expedient for the purpose of giving effect to the Proposed Disposal.”

**ORDINARY RESOLUTION 2-**

**THE PROPOSED CHANGE OF AUDITORS**

**“THAT:**

- (a) Ernst & Young in Hong Kong be and is hereby appointed as Auditors of the Company in place of Deloitte & Touche LLP in Singapore to hold office until the conclusion of the next Annual General Meeting at a fee and on such terms to be agreed between the Directors and Ernst & Young in Hong Kong; and
- (b) the Directors and each of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as may be expedient or necessary or in the interests of the Company to give effect to the Proposed Change of Auditors and/or this Resolution.”

**SPECIAL RESOLUTION 3-**

**THE PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY**

**“THAT** the Bye-laws of the Company be and is hereby amended by deleting the existing Bye-law 98 in its entirety and substituting therefor the following new Bye-law 98:

‘The maximum fees payable to all non-executive Directors in any particular financial year shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by such resolution) shall be divided amongst the Directors in such proportions and in such manner as

the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The Board shall not be obliged to pay the entire sum which was approved at the general meeting. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees. Salaries payable to executive Directors may not include a commission or a percentage of turnover of the Company. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.”

By Order of the Board

Tan San-Ju  
Company Secretary

3 October 2012

**Notes:**

1. A shareholder entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote on his behalf. A shareholder who is the holder of two or more shares may appoint not more than two proxies to attend on the same occasion. The Depository may appoint more than two proxies or a corporate representative. A proxy need not be a shareholder of the Company.
2. If a Shareholder wishes to appoint a proxy/proxies to attend and vote at the SGM in his stead, the Shareholder should complete and submit the form of proxy despatched to Shareholders (the “Shareholder Proxy Form”).
3. Pursuant to the bye-laws of the Company, in respect of the Shares held by the Depository, unless the Depository specifies otherwise by written notice to the Company, the Depository shall be deemed to have appointed as the Depository’s proxies to vote on behalf of the Depository at the SGM of the Company each of the Depositors who are individuals and whose names are shown in the records of the Depository (as at a time not earlier than 48 hours prior to the time of the SGM) supplied by the Depository to the Company and such appointment of proxy shall not require an instrument of proxy or the lodgement of any instrument of proxy. Accordingly, a Depositor who is an individual and who wishes to attend and vote in person at the SGM may do so without having to submit the form of proxy despatched to Depositors (the “Depositor Proxy Form”). A Depositor which is a corporation and wishes to attend the SGM must submit the Depositor Proxy Form for the nomination of person(s) to attend and vote at the SGM on behalf of The Central Depository (Pte) Limited (“CDP”).
4. If a Depositor wishes to nominate person(s) to attend and vote at the SGM in his stead on behalf of CDP, the Depositor should complete and submit the Depositor Proxy Form.
5. To be valid, the Shareholder Proxy Form must be signed and together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, deposited at the office of the Company’s Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
6. To be valid, the Depositor Proxy Form must be signed and together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, deposited at the office of the Company’s Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
7. Where a form of proxy (whether the Shareholder Proxy Form or Depositor Proxy Form or the form of proxy issued by CDP) appoints more than one proxy, please specify the proportion of the shareholdings concerned to be represented by each proxy in the form of proxy.