

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

RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the “**Board**”) of CDW Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the following queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 8 July 2020 in relation to the Company’s Annual Report for the financial year ended 31 December 2019 (“**Annual Report for FY2019**”), as follows:

SGX-ST Queries

Listing Rule 710 requires issuers, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), to explicitly state the provision which it has deviated from, explain the reason for the deviation and explain how the practices it had adopted are consistent with the intent of the relevant principle. In this regard:

Provision 3.1 of the Code states that:

“The Chairman and Chief Executive Officer (“CEO”) are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.”

With reference to page 49 of the Annual Report for FY2019, we note that the Company has not complied with Provision 3.1 of the Code as the Company’s Chairman and CEO position is filled by the same person.

Where the Company’s practices deviate from the provisions of the Code, please explicitly state the provision it has deviated from, explain the reason for the deviation and explicitly state how the practices it had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

The Company’s Response

The Chairman and CEO of the Company is Mr Yoshikawa Makoto. The practice of Yoshikawa Makoto’s dual role deviates from Provisions 3.1 of the Code which states that: “The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.”

Principle 3 of the Code states that: “There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.”

The Board, with the concurrence of the Board Committees, believes that the vesting of the roles of both the Chairman and the CEO to form a single leadership structure on the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and allows for more effective planning and executive of long-term business strategies. Mr Yoshikawa Makoto’s dual role as the Chairman and CEO will enable the Group to conduct its business more efficiently and to ensure that the decision-making process of the Group will not be unnecessarily hindered. As such, there is no need for the role of the Chairman and the CEO to be separated.

However, such dual roles of both the Chairman and the CEO may lead to a situation of concentration of power or influence residing on one single person. As disclosed on page 49 of the Annual Report for FY2019, given there is a strong independent element on the Board that enables the exercise of independent, the Board is of the view that there are adequate safeguards and checks against an excessive or unrestricted concentration of power or influence residing to one single person as the process of decision-making by the Board is based on collective decisions of the Directors.

Furthermore, majority of the Board consists of Independent Directors (including a Lead Independent) and the Board Committees namely the Nominating Committee, the Remuneration Committee, the Risk Committee and the Audit Committee, except for the Investment Committee, are chaired by Independent Directors. Mr Chong Pheng is the Lead Independent Director of the Company appointed to provide leadership in situations where the Chairman is conflicted and to provide a non-executive perspective and contribute to a balance viewpoint on the Board. Mr Chong Pheng also acts as a principal liaison between the Independent Non-Executive Directors and the Chairman as and when required.

Under the current practice of having independent directors as the majority in the Board and as disclosed on page 49 of the Annual Report for FY2019, the Company has ensured an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

In view of the above, the Company is of the view that no one individual of the Board has unfettered powers of decision making and that the existing practices are consistent with the intent of Principle 3 of the Code.

By Order of the Board

TAN Lay Hong
Company Secretary
13 July 2020