

THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF TOMOIKE INDUSTRIAL CO., LTD BY TOMOIKE INDUSTRIAL (H.K.) LIMITED, A WHOLLY-OWNED SUBSIDIARY OF CDW HOLDING LIMITED

1. INTRODUCTION

The board of directors ("**Board**") of CDW Holding Limited ("**Company**") wishes to announce that Tomoike Industrial (H.K.) Limited ("**Purchaser**"), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement ("**Agreement**") dated 12 April 2006 with Mr Kunikazu Yoshimi, Mr Koichi Urano, Mr Hiroshi Sayama, Mr Masaaki Suga, Mrs Toyoko Yoshimi and Mrs Aiko Yoshimi (collectively known as the "**Vendors**") for the acquisition ("**Proposed Acquisition**") of an aggregate of 116,800 shares ("**Sale Shares**") in Tomoike Industrial Co., Ltd ("**Japan Tomoike**"), representing the entire issued and paid-up share capital of Japan Tomoike, from the Vendors. The maximum aggregate purchase consideration for the Proposed Acquisition is 1.4 billion Japanese Yen ("**JPY**").

Mr Kunikazu Yoshimi, the Chief Executive Officer of the Company, is also a Controlling Shareholder (as defined in the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual ("**Listing Manual**") and a director of the Company ("**Director**"). In addition, Mr Kunikazu Yoshimi and his Associates (as defined in the Listing Manual) hold approximately 85% of the entire issued and paid-up share capital of Japan Tomoike. Mr Kunikazu Yoshimi is therefore deemed interested in the Proposed Acquisition and as such, has abstained and not participated in the deliberation and approval of the Board in respect of the Proposed Acquisition.

Ernst & Young Corporate Finance Pte Ltd has been appointed as financial adviser to advise the Directors who are not interested in the Proposed Acquisition ("**Non-Interested Directors**") and who are acting on behalf of the Board in relation to the Proposed Acquisition.

KPMG Corporate Finance Pte Ltd has been appointed as the independent financial adviser to the Independent Directors of the Company ("**Independent Directors**") to opine on whether the financial terms of the Proposed Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders (as defined in Section 2.2(b) of this Announcement).

2. INFORMATION ON THE PROPOSED ACQUISITION

2.1 Consideration for the Proposed Acquisition

The Sale Shares will be acquired in two tranches (to be known hereinafter as "**First Tranche Sale Shares**" and "**Second Tranche Sale Shares**" respectively) for a maximum aggregate purchase consideration of 1.4 billion JPY. The purchase consideration to be paid for the First Tranche Sale Shares and the Second Tranche Sale Shares (to be known hereinafter as "**First Tranche Consideration Amount**" and "**Second Tranche Consideration Amount**" respectively) is detailed in Section 2.2(a) of this Announcement.

The purchase consideration for the Proposed Acquisition was determined based on arm's length negotiations on a willing-buyer willing-seller basis, after taking into account the advice of Ernst & Young Corporate Finance Pte Ltd and the following factors:

- (i) the independent valuation exercise conducted on Japan Tomoike by Ernst & Young Shin Nihon to arrive at the estimated fair market value of the Sale Shares;
- (ii) the net income of Japan Tomoike for the financial year ended 31 May 2005 of approximately 261.3 million JPY and the implied price earning ratio ("**PER**") of 4.78

times of Japan Tomoike based on the First Tranche Consideration Amount for the First Tranche Sale Shares;

- (iii) the payment terms extended to the Purchaser to acquire the entire issued and paid-up share capital of Japan Tomoike through the two-tranche payment arrangement, as detailed in Section 2.2(a) of this Announcement;
- (iv) the right extended to the Purchaser to elect the payment for the Second Tranche Sale Shares by procuring the Company to issue the Consideration Shares (as defined in Section 2.2(a) of this Announcement below) to Mr Kunikazu Yoshimi at a premium of approximately 6.1% to the last traded price of the shares of the Company ("**Shares**") as at 11 April 2006, a day prior to the signing of the Agreement, and at a premium of 30.3% to the one month weighted average price of the Shares prior to the date of the Agreement; and
- (v) the prospects of Japan Tomoike and other relevant factors, which are set out in Section 3 of this Announcement.

The cash consideration portion of the Proposed Acquisition will be funded from internal resources.

2.2 Principal Terms of the Acquisition

(a) Purchase Consideration

The Purchaser will purchase the Sale Shares in two tranches for a maximum aggregate purchase consideration of 1.4 billion JPY as follows:

- (i) the First Tranche Sale Shares, comprising 60,000 shares in Japan Tomoike, which represents approximately 51.37% of the issued and paid-up share capital of Japan Tomoike, to be transferred by the Vendors to the Purchaser on the date which is defined in the Agreement as the "First Tranche Completion Date" for the First Tranche Consideration Amount of 642 million JPY; and
- (ii) the Second Tranche Sale Shares, comprising 56,800 shares in Japan Tomoike, which represents approximately 48.63% of the issued and paid-up share capital of Japan Tomoike, to be transferred by Mr Kunikazu Yoshimi to the Purchaser on the date which is defined in the Agreement as the "Second Tranche Completion Date" for the Second Tranche Consideration Amount. The Second Tranche Consideration Amount shall be determined in accordance with the formulas set out below ("**Formulas**"). The Second Tranche Consideration Amount shall be the lower sum from the amounts derived from the Formulas set out below:

Formula 1:

Second Tranche Consideration Amount	=	Average of audited NPAT for the financial year of Japan Tomoike ending 31 May 2006 and the financial year of Japan Tomoike ending 31 May 2007 x adjustment PER x 48.63%
-------------------------------------	---	---

Formula 2:

Second Tranche Consideration Amount	=	Actual audited NPAT for the financial year of Japan Tomoike ending 31 May 2007 x adjustment PER x 48.63%
-------------------------------------	---	--

Where:
NPAT = Net profit after tax
Adjustment PER = 5;

In the event any of the calculated sums for the Second Tranche Consideration Amount derived from the Formulas result in a negative figure, the Purchaser will not be required to pay any consideration to Mr Kunikazu Yoshimi for the Second Tranche Sale Shares. The Purchaser and the Vendors have agreed that irrespective of the amount derived from the Formulas, the Second Tranche Consideration Amount shall be subject to a cap of 758 million JPY.

The Purchaser has the right to elect payment of the Second Tranche Consideration Amount in the form of cash, or procuring the Company to issue new ordinary Shares ("**Consideration Shares**") at the pre-determined issue price of 26 Singapore cents ("**Issue Price**") to Mr Kunikazu Yoshimi, or a combination of cash and procuring the Company to issue Consideration Shares at the Issue Price to Mr Kunikazu Yoshimi. The Consideration Shares will be issued to Mr Kunikazu Yoshimi fully paid, and will rank *pari passu* in all respects with the Shares.

(b) Condition Precedent to the Proposed Acquisition

The obligations of the parties to the Agreement to complete the Proposed Acquisition are conditional on, *inter alia*,:

- (aa) the relevant approval of the Independent Shareholders (namely, shareholders of the Company other than Mr Kunikazu Yoshimi and his Associates (as defined in the Listing Manual)) and their respective nominees ("**Independent Shareholders**") having been obtained for the Proposed Acquisition at a special general meeting of the Company ("**SGM**");
- (bb) Japan Tomoike having obtained in Singapore and/or Japan all other licenses, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the proposed purchase of the Sale Shares by the Purchaser from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms satisfactory to the Purchaser and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect up to the Second Tranche Completion Date and all conditions attaching thereto required to be complied with being complied with on or before the completion date of the transfer of the First Tranche Sale Shares and such conditions continuing to be complied with on the Second Tranche Completion Date; and
- (cc) the results of such due diligence investigations and financial audits, including such business, legal, financial and taxation checks, on Japan Tomoike conducted by the Purchaser and its advisors, being satisfactory to the Purchaser in its absolute discretion.

2.3 Relative Figures Computed on the Bases Set Out in Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Based on the latest audited financial statements of the Group for FY 2005, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

(a)	Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	Rule 1006(b) The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	27.3%
(c)	Rule 1006(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation.	15.9%
(d)	Rule 1006(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue ⁽¹⁾ .	8.1%

Note:

- (1) Based on the assumption that the Second Tranche Consideration Amount being wholly satisfied by procuring the Company to issue Consideration Shares at the Issue Price.

2.4 Interested Person Transaction

Mr Kunikazu Yoshimi, the Chief Executive Officer of the Company, is also a Controlling Shareholder and Director of the Company. In addition, Mr Kunikazu Yoshimi and his Associates hold approximately 85% of the entire issued and paid-up share capital of Japan Tomoike. Accordingly, the Proposed Acquisition constitutes an "Interested Person Transaction" under Chapter 9 of the Listing Manual. The maximum aggregate purchase consideration for the Proposed Acquisition of 1.4 billion JPY represents an amount equivalent to approximately 25% of the Group's latest audited NTA of US\$47.0 million. As such, the Proposed Acquisition is subject to the approval of the Independent Shareholders at an SGM of the Company.

3. RATIONALE FOR THE PROPOSED ACQUISITION

3.1 Financial Effects

Based on the proforma financial effects assuming that the Proposed Acquisition had been effected on 1 January 2005, the Proposed Acquisition is expected to be earnings accretive due to an increase in the Company's earnings per share for its financial year 2005. Further details of the financial effects of the Proposed Acquisition are set out in Section 5 of this Announcement.

3.2 Stronger integration between the Company and its subsidiaries (the "Group") and Japan Tomoike

Currently, Japan Tomoike and the Group have several on-going business transactions. These are detailed in Sections 3.2.1 to 3.2.4 of this Announcement. The Proposed Acquisition will result in the stronger integration between the businesses of the Group and Japan Tomoike.

3.2.1 Procurement of raw materials and semi-finished goods in Japan

Japan Tomoike supplies raw materials and semi-finished goods to the Group for production of the Group's products. Purchasing from Japan Tomoike enables the Group to enjoy economies of scale from the bulk discounts given by Japan Tomoike's suppliers and the cost savings arising from bulk purchases and shipments. Additionally, the Group purchases raw materials and semi-finished goods for its production from Japan Tomoike primarily because the cost prices which the Group pays for such purchases are competitive. The Proposed Acquisition will enable the Group to enjoy reliability of supply and quality assurance arising from the established relationships built up by Japan Tomoike with reputable suppliers of the

raw materials and semi-finished goods required by the Group over the years. Japan Tomoike will also serve as a procurement office to the Company.

3.2.2 A network of sales and marketing offices with access to principal operating facilities of customers in Japan

Japan Tomoike is principally engaged in the supply of precision components for mobile communication, consumer, entertainment and information technology equipment ("**LCD Products**") including LCD backlight units and their related components, and the supply and manufacture of Precision Accessories (as defined in Section 4(i) of this Announcement). The Group also assembles products for Japan Tomoike. Japan Tomoike maintains several sales and marketing offices in Japan which are close to the principal operating facilities of its customers. The Proposed Acquisition will ensure the Group's continuing sales to Japan Tomoike thereby allowing the Group to create business turnover for the Group by indirectly serving the customers of Japan Tomoike who are based in Japan. The business of these Japanese customers based in Japan would otherwise be unavailable to the Group because of the geographical distance and the JT Deed of Undertaking, which is elaborated on in Section 3.2.4 of this Announcement.

3.2.3 Benefits in terms of costs, geographical reach and technological expertise

In light of the increasing trend towards globalisation, Japanese corporations are locating their production facilities in various locations outside of Japan to leverage on the cost advantages and the existence of technical competencies and infrastructure in these countries. The integration of Japan Tomoike's sourcing capabilities and access to customers in Japan on the one hand, and the Group's production facilities in China and Hong Kong on the other, will result in benefits in serving customers in the global marketplace in terms of costs, geographical reach and technological expertise accruing to the Group and Japan Tomoike.

3.2.4 Interested person transactions and corporate governance

For the purpose of the Company entering into the aforesaid recurrent transactions with Japan Tomoike, the Company had, on 8 November 2004, obtained a shareholders' mandate (the "**Shareholders' Mandate**") pursuant to Chapter 9 of the Listing Manual. The Shareholders' Mandate was renewed on 28 April 2005, at the Company's 2005 Annual General Meeting. Comprehensive procedures (the "**Procedures**") have also been implemented by the Company to ensure that the purchases of products from Japan Tomoike are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, and which are on terms generally no more favourable than those extended to unrelated third parties.

The businesses of Japan Tomoike are similar to the Group's business. To address any perceived or actual conflict of interests that could arise as a result of Mr Kunikazu Yoshimi being a Director of the Group and having an equity interest in Japan Tomoike, a deed of undertaking (the "**JT Deed of Undertaking**") was executed by Japan Tomoike to clearly demarcate the territories in which it could carry on its business and to ensure that there will be no overlap between the territories of businesses and operations of the Group and that of Japan Tomoike. In view of the close working relationship between Japan Tomoike and the Group and the integral role which Japan Tomoike performs in the Group's overall business structure, the Directors believe that the Proposed Acquisition would benefit the Group by streamlining its business operations and reducing the costs of carrying out its business. The Proposed Acquisition will eliminate the need for the Shareholders' Mandate every year and will enable the expanded Group to enjoy the economies of scale through integration of the two businesses which have been in close working relationship.

3.3 Japan Tomoike's strengths in market intelligence and technical know-how

Japan Tomoike has well-established relationships with reputable suppliers of raw materials and semi-finished goods required for the manufacture of LCD backlight units and other precision components for the production of various LCD Products. Japan Tomoike has been

dealing with customers involved in the production of LCD backlight units and other precision components for over 20 years. Japan Tomoike's knowledge regarding the suitability of raw materials and semi-finished goods for the development of LCD backlight units for LCD Products enables it to be one of the valued business partners of companies in the business of developing and producing LCD Products.

At the same time, serving as an established vendor of the Japanese corporations, Japan Tomoike is able to acquire market trend information in the mobile communication, consumer and information technology equipment industries, which are subject to rapid technological developments, short product life cycles, evolving industry standards and changing consumer preferences. From this vantage point, Japan Tomoike will be able to play a more active role in the transmission of market intelligence and technological know-how to the Group. The Group will in turn provide the bulk manufacturing capabilities to support Japan Tomoike's customers. Upon completion of the Proposed Acquisition, the business of Japan Tomoike will be part of the Group's business, thereby enabling the Group to leverage on Japan Tomoike's expertise in the development of new LCD Products.

4. INFORMATION ON JAPAN TOMOIKE

Japan Tomoike was incorporated in Sakai City, Osaka Prefecture, Japan on 26 October 1959 and its current registered office is in the Nara prefecture of Japan. It has a registered paid-up share capital of 60 million JPY consisting of 116,800 shares. Japan Tomoike has branch offices located in Osaka, Nara, Tokyo, Mie and Hiroshima, Japan. Japan Tomoike also operates two factories, in Nara and Mie, Japan, which were established in 2003 and 2004 respectively.

Japan Tomoike is principally engaged in the business of:

- (i) supplying and manufacturing precision accessories (the "**Precision Accessories**") including insulators, shock absorbers, spacers, reflectors and double-sided tapes for use in office equipment such as printers and copiers as well as for use in other electrical and electronic appliances such as notebooks, LCD TVs and computer monitors; and
- (ii) supplying precision components for LCD Products including, primarily, LCD backlight units and their related components such as diffusers, reflectors and light guide panels for LCD Products. LCD backlight units are optical components used in the manufacture of LCD modules which are now commonly used in different kinds of mobile communication, consumer, entertainment and information technology equipment such as mobile phones, gamebox entertainment equipment, digital cameras and personal digital assistants. In connection with the supply of LCD backlight units for LCD Products, Japan Tomoike will also provide relevant technical input relating to the design and sample development of such products. Additionally, Japan Tomoike also engages in processing (e.g. cutting and pressing) some of the related components.

Further information on Japan Tomoike, including its financial information, key management, risk factors and competitive strengths will be set out in a circular ("**Circular**") to the shareholders of the Company ("**Shareholders**").

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The details of the proforma financial effects of the Proposed Acquisition on the Group for FY 2005 are set out below. The proforma financial effects of the Proposed Acquisition are for illustration purposes only and do not reflect the actual future financial situation of the enlarged Group after the completion of the Proposed Acquisition. The proforma financial effects of the Proposed Acquisition are based on the audited consolidated financial statements of the Group for FY 2005 and the audited financial statement of Japan Tomoike for the financial year ended 31 May 2005.

5.1 Bases and Assumptions used in compiling the illustrative effect of the Proposed Acquisition on the earnings per Share (“EPS”), net tangible assets (“NTA”) and Gearing of the Group

The effects of the Proposed Acquisition have been prepared on the following bases and assumptions:

- (i) In respect of Japan Tomoike, the balance sheet for the latest financial year ended 31 May 2005 and the operating results for the 12 months ended 31 May 2005 are used to combine with the consolidated balance sheet of the Group as at 31 December 2005 and the consolidated operating results of the Group for the 12 months ended 31 December 2005 respectively.

This is for illustrative purposes only, using the latest audited financial statements for the latest completed financial year ends of each of Japan Tomoike and the Group.

An actual consolidation performed under International Financial Reporting Standards IFRS 3 (Business Combinations) (“IFRS 3”) requires the balance sheets and the profit and loss statements of the Group and Japan Tomoike to be consolidated with coterminous dates. It also requires the cost of acquisition to be measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of Japan Tomoike, plus any costs directly attributable to the business combination.

Japan Tomoike’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are to be recognised at their fair values at the First Tranche Completion Date and the Second Tranche Completion Date respectively. Goodwill arising on the First Tranche Completion Date and the Second Tranche Completion Date is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities (if any) recognised.

The interest of minority shareholders in Japan Tomoike is initially measured at the minority shareholders’ proportion of the net fair value of the assets, liabilities and contingent liabilities (if any) of Japan Tomoike.

As a result, on First Tranche Completion Date and Second Tranche Completion Date, the effects of the Proposed Acquisition based on actual financial data at the First Tranche Completion Date and Second Tranche Completion Date would differ from the illustrative effect set out in Section 5.2 of this Announcement.

In the event that the Company pays for the Second Tranche Consideration Amount (as determined in accordance with Section 2.2(a)(ii) of this Announcement) through procuring the Company to issue Consideration Shares at the Issue Price to Mr Kunikazu Yoshimi, the amount to be capitalised as share capital will depend on the fair value of the Consideration Shares as of the date of issue and not the Issue Price (which is 26 Singapore cents) ascribed to the Consideration Shares under the terms of the Proposed Acquisition. The Issue Price ascribed to the Consideration Shares under the Agreement is only used to determine the number of Consideration Shares to be issued by the Company in the event the Group decides to pay, partially or wholly, the Second Tranche Consideration Amount through procuring the Company to issue Consideration Shares at the Issue Price to Mr Kunikazu Yoshimi.

- (ii) In the calculation of EPS, for illustrative purposes, it is assumed that the Proposed Acquisition had been effected on 1 January 2005.
- (iii) In the calculation of NTA and gearing ratio, for illustrative purposes, it is assumed that the Proposed Acquisition has been effected on 31 December 2005.

- (iv) The Proposed Acquisition is to be effected in two tranches with the second tranche effected only after Japan Tomoike's audited NPAT for its financial year ended 31 May 2007 is determined, as set out in Section 2.2(a)(ii) of this Announcement. Accordingly, the Group will take into account the impact of the acquisition of the First Tranche Sale Shares, representing approximately 51.37% of the equity interest in Japan Tomoike, in the first financial year after the Proposed Acquisition. This is anticipated to be in the financial year ending 31 December 2006. The proposed acquisition of the Second Tranche Sale Shares, representing approximately 48.63% of the equity interest in Japan Tomoike, is anticipated to have an impact on the Group's financial statements no earlier than the year ending 31 December 2007.

For illustrative purposes, the financial data in Section 5.2 of this Announcement has been presented as follows:

- (a) Scenario A: Partial acquisition of approximately 51.37% of the equity interest of Japan Tomoike with 48.63% of the fair values of net assets and NPAT of Japan Tomoike deducted as minority interests and not attributable to equity holders of the Group; and
- (b) Scenario B: Acquisition of 100% of the equity interest of Japan Tomoike and all fair values of net assets and NPAT of Japan Tomoike are attributable to equity holders of the Group.

The consideration for the First Tranche Sale Shares is 642 million JPY, payable in cash. The consideration for the Second Tranche Sale Shares is determined by the formulas set out in Section 2.2(a)(ii) of this Announcement and is payable at the option of the Group in the form of cash, procuring the Company to issue Consideration Shares to Mr Kunikazu Yoshimi or a combination of cash and procuring the Company to issue Consideration Shares to Mr Kunikazu Yoshimi.

- (v) In respect of Scenario B, the illustrative data presented in the table set out in Section 5.2 of this Announcement provide the financial effects on the assumption that the Second Tranche Consideration Amount is:
- (a) fully paid in cash; and
- (b) fully paid by the issuance of Consideration Shares.
- (vi) The consideration for the Second Tranche Sale Shares is subject to change as set forth in Section 2.2(a)(ii) of this Announcement but is subject to a cap of 758 million JPY. This maximum consideration for the acquisition of the Second Tranche Sale Shares is used to illustrate the financial impact of the Proposed Acquisition in Section 5.2 of this Announcement.
- (vii) The financial data used in the following tables set out in Section 5.2 of this Announcement have been obtained from the following sources:
- (a) the audited consolidated financial statements of the Group for the financial year ended 31 December 2005;
- (b) the audited financial statements of Japan Tomoike for its financial year ended 31 May 2005 and the five months ended 31 October 2005, both of which have been adjusted to align the balance sheets and operating results with International Financial Reporting Standards; and
- (c) a valuation report on the land, office and factory building at Mie Prefecture Japan ("**Properties**") owned by Japan Tomoike is issued by K.K Tenmabashi Evaluation Office, a professional valuer engaged by Ernst & Young Shin Nihon. This report issued as of 16 November 2005 indicates that the aggregate market value of the Properties amount to 212.2 million JPY. This is

approximately 79.2 million JPY below the net book value of the Properties of approximately 291.4 million JPY determined based on historical cost less accumulated depreciation.

- (viii) The NTA of Japan Tomoike used in illustrating the financial effects of the Proposed Acquisition in Section 5.2 of this Announcement has been adjusted as follows:

	At 31 May 2005 US\$'000
Total tangible and intangible assets at 31 May 2005 based on the historical cost convention	33,787
Less valuation loss on properties	(734)
Less intangible assets	(42)
Total tangible assets after adjustment	33,011
Net tangible assets after adjustment	3,972

- (ix) It is assumed that components of cost connected with the Proposed Acquisition, estimated by the Directors at approximately US\$1 million, are directly attributable to the Proposed Acquisition and will be added to the cost of investment with no consequential impact on operating results.
- (x) No adjustment has been made in the proforma combination of profits of the Group and Japan Tomoike for the unrealised profits relating to sales of inventories made by the Group to Japan Tomoike which have yet to be sold by Japan Tomoike to third parties as at the year-end; as well as unrealised profits for sales of inventories made to the Group by Japan Tomoike which have yet to be sold by the Group to third parties as at the year-end. This is because the effect of deduction of such unrealised profits are expected to be mitigated by the effect of adding unrealised profits at the end of the preceding year which are realised in the following year. The net impact of these adjustments is not expected to be material for the purpose of illustrating the effect of the Proposed Acquisition on the EPS.
- (xi) The exchange rates for the translation of the financial statements of Japan Tomoike, the cash consideration and the share price of the Company are set out below:
- (a) Translation of the financial statements of Japan Tomoike, which are presented in JPY, to US dollars:
- (i) for the translation of NTA of Japan Tomoike as at 31 May 2005, the exchange rate of US\$1 : 107.9 JPY, which is the approximate exchange rate prevailing on that date, is used; and
- (ii) for the translation of NPAT of Japan Tomoike for the year ended 31 May 2005, the exchange rate of US\$1 : 107 JPY, which is the approximate average exchange rate for the twelve months ended 31 May 2005, is used.
- (b) Translation of the cash consideration payable for both the First Tranche Consideration Amount and the Second Tranche Consideration Amount:
- (i) for the translation of the First Tranche Consideration Amount, the exchange rate of US\$1 : 117.9 JPY, prevailing at 31 December 2005, is used; and
- (ii) for the translation of the Second Tranche Consideration Amount, the exchange rate of US\$1 : 118.3 JPY as at 11 April 2006 is used.
- (c) For the translation of the Singapore dollar denominated share price of the Company to US dollars, the exchange rate of US\$1 : S\$1.6065, which is the exchange rate as at 11 April 2006, is used.

5.2 Illustrative effects of the Proposed Acquisition on the EPS, NTA and Gearing of the Group

The following illustrative financial effects of the Proposed Acquisition should be read in the context of the assumptions and bases set out in Section 5.1 of this Announcement above.

Scenario A (Acquisition of approximately 51.37% of the equity interest of Japan Tomoike)

	Before acquisition of 51.37% of Japan Tomoike	After acquisition of 51.37% of Japan Tomoike
<u>Earnings</u>		
Consolidated profit after taxation and minority interests (US\$'000)	8,942	10,196
Basic EPS (US cents) based on weighted average number of 482,214,000 ⁽¹⁾ Shares in issue during 2005 ⁽²⁾	1.85	2.11
<u>Net Tangible Assets</u>		
NTA (US\$'000)	46,965	42,560
Number of Shares	488,000,000	488,000,000
NTA per Share (US cents)	9.62	8.72
<u>Gearing</u>		
Total borrowings (US\$'000)	3,276	13,772
Shareholders' funds (US\$'000)	46,965	46,965
Gearing ratio (times) ⁽⁴⁾	0.07	0.29

Scenario B (Acquisition of 100% of the equity interest of Japan Tomoike)

	Before the acquisition of 100% of Japan Tomoike	After the acquisition of 100% of Japan Tomoike	
		Second Tranche Consideration Amount settled in cash	Second Tranche Consideration Amount settled by issuance of Consideration Shares
<u>Earnings</u>			
Consolidated profit after taxation and minority interests (US\$'000)	8,942	11,383	11,383
Basic EPS (US cents)	1.85	2.36	2.18

	Before the acquisition of 100% of Japan Tomoike	After the acquisition of 100% of Japan Tomoike	
		Second Tranche Consideration Amount settled in cash	Second Tranche Consideration Amount settled by issuance of Consideration Shares
<u>Net Tangible Assets</u>			
NTA (US\$'000)	46,965	38,085	44,492
Number of Shares	488,000,000	488,000,000	527,591,000
NTA per Share (US cents)	9.62	7.80	8.43
<u>Gearing</u>			
Total borrowings (US\$'000) ⁽³⁾	3,276	13,772	13,772
Shareholders' funds (US\$'000)	46,965	46,965	53,373
Gearing ratio ⁽⁴⁾	0.07	0.29	0.26

Notes:

- (1) The number of Shares has been rounded to the nearest thousand.
- (2) There is no diluted EPS as the average market price of the Shares during the period from 12 September 2005, on which 18,056,000 options over Shares were issued by the Company ("Options"), to 31 December 2005, is below the exercise price of the Options.
- (3) As at 31 December 2005, the Group had cash and cash equivalents and pledged cash deposits amounting to US\$24.0 million. As at 31 May 2005, Japan Tomoike had cash and cash equivalents and pledged cash deposits of US\$ 13.4 million. Based on the combined balance sheets of the Group as at 31 December 2005 and of Japan Tomoike as at 31 May 2005, the total cash and cash equivalent balances (including those of pledged deposits), net of borrowings was US\$ 23.6 million.
- (4) Gearing ratio is expressed as the ratio of total borrowings to Shareholders' equity for the Group. Total borrowings comprise all bank borrowings, finance leases and debt instruments.

6. FURTHER INFORMATION

6.1 SGM and Circular

The Circular to Shareholders in relation to the Proposed Acquisition, together with a notice of the SGM to be convened and the recommendation of KPMG Corporate Finance Pte Ltd to the Independent Directors, will be dispatched to Shareholders in due course. In the meantime, Shareholders are advised to refrain from taking any action in relation to their shares in the Company, which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

6.2 Interests of Directors and substantial Shareholders

The details of the Directors' and/or substantial Shareholders' interests in Japan Tomoike as at the Latest Practicable Date are as follows:

	Direct	%	Deemed*	%
Directors				
Kunikazu Yoshimi	76,800	65.8	98,800	84.6

* Mr Kunikazu Yoshimi's deemed interest arises from the 20,000 Shares held by Mrs Toyoko Yoshimi, Mr Kunikazu Yoshimi's wife, and from the 2,000 Shares held by Mrs Aiko Yoshimi, Mr Kunikazu Yoshimi's mother.

Mr Kunikazu Yoshimi will abstain, and has undertaken to ensure that his Associates will abstain, from voting in respect of their respective shareholdings in the Company and will not accept nominations as proxy or otherwise for voting at the SGM to approve the Proposed Acquisition. Mr Kunikazu Yoshimi will also abstain from making any recommendation to the Independent Shareholders on the Proposed Acquisition.

Save as disclosed above, no other substantial Shareholder and Director have any interest, whether direct or indirect, in the Proposed Acquisition.

6.3 Documents for Inspection

A copy of the Agreement is available for inspection at the Company's mailing address at the office of the Singapore Share Transfer Agent, Lim Associates (Pte) Ltd., at 10 Collyer Quay #19-08, Ocean Building, Singapore 049315, during normal business hours for a period of three months commencing from the date of this Announcement.

A Circular to Shareholders, together with the notice of SGM, to seek Shareholders' approval for the Proposed Acquisition will be dispatched to Shareholders in due course.

By Order of the Board
CDW Holding Limited

Lai Shi Hong, Edward
Executive Director
12 April 2006