

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

**PROPOSED DISPOSAL OF FACTORY PREMISES SITUATED IN SUZHOU, THE PEOPLE'S
REPUBLIC OF CHINA**

1. INTRODUCTION

The board of directors (the "**Board**") of CDW Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") refer to its announcement dated 14 November 2011 ("**Previous Announcement**").

The Company had announced in the Previous Announcement that its subsidiary, Crystal Display Components (Suzhou) Co., Ltd ("**CD Suzhou**") had received a notice from the government authorities of Mu Du Town in Suzhou, the People's Republic of China ("**PRC**") informing CD Suzhou that in connection with its urbanisation development plans, the government authorities of Mu Du Town wished to negotiate with CD Suzhou for the sale of its land and building under a land acquisition exercise.

Further to the Previous Announcement, the Company wishes to announce that CD Suzhou has, today, entered into a conditional acquisition agreement with the management committee of the Mu Du Economic Development Zone (the "**Mu Du Authorities**") wherein CD Suzhou has agreed to dispose of, and the Mu Du Authorities has agreed to acquire the land use rights to the property at No 201 Jinchang Road in Mu Du town of Suzhou, and all property, structures and facilities situated therein which belong to CD Suzhou ("**Proposed Disposal**").

The consideration for the Proposed Disposal is RMB56,164,100 (approx. S\$10,980,200) ("**Consideration**").

2. INFORMATION ON CD SUZHOU

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 (the "**Factory Premises**"). 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\$650,600). 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.

For the financial year ended 31 December 2011 ("**FY2011**"), CD Suzhou was a loss making company to the Group.

**3. SALIENT TERMS OF THE ACQUISITION AGREEMENT ENTERED INTO BETWEEN
CD SUZHOU AND THE MU DU AUTHORITIES DATED 1 August 2012
("ACQUISITION AGREEMENT")**

a) Consideration and Payment Terms

Under the Acquisition Agreement, the Mu Du Authorities has agreed to pay CD Suzhou an aggregate consideration of RMB56,164,100 (approx. S\$10,980,200) ("**Consideration**") for the acquisition of the Factory Premises, comprising:

- (a) RMB43,735,400 (approx. S\$8,550,400) for the land use rights, buildings, structures and fixtures and renovation; and

- (b) RMB12,428,700 (approx. S\$2,429,800) 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\$513,200) for the relocation of its factory premises to another location and RMB5,128,300 (approx. S\$1,002,600) for loss of income.

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

- (a) by the end of June 2013: RMB19 million (approx. S\$3,714,500);
- (b) by the end of December 2013: RMB19 million (approx. S\$3,714,500) shall be paid within 15 days of CD Suzhou's delivery of the Factory Premises to the Mu Du Authorities; and
- (c) by December 2014: RMB25,917,800 (approx. S\$5,067,000).

("Instalment Payments")

b) Relocation

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

c) 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.

d) Event of Default

- (a) 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.
- (b) 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.
- (c) Any party who terminates the Acquisition Agreement shall be liable to pay RMB6 million (approx. S\$1,173,000) in damages for the breach of contract.

4. VALUATION OF THE FACTORY PREMISES

CD Suzhou has commissioned a valuation of the Factory Premises by Jiangsu Suxin Real Estate Appraisal & Consultation Co. Ltd (the "**Property Valuer**") on 2 February 2012 ("**Property Valuation Report**"). 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\$6,299,700). 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 31 March 2012, the net book value of the Factory Premises is RMB49,541,500 (approx. S\$9,685,500).

Hence, the consideration to be paid by the Mu Du Authorities represents a gain of approximately 35.7% to the Property Valuer's estimated market value of the Factory Premises and a 13.4% gain to the net book value of the Factory Premises.

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 31 March 2012, the relative figures for the Proposed Disposal ("**Relative Figures**") computed on the bases of assessment pursuant to Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (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.	13.6%
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% ⁽¹⁾
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

Notes:

- (1) The market capital of the Company is 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 Proposal Disposal is considered a Major Disposal 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 Company's shareholders at a general meeting and a circular must be sent to all shareholders.

6. RATIONALE FOR THE 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. If accepted by the Company's 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 on a smaller scale, thereby optimizing operational performance of CD Suzhou by having a lower breakeven point.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal on the consolidated net tangible assets ("**NTA**") per share and the earnings per share ("**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.

NTA

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 FY 2011 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	472,500,221	472,500,221
NTA per share (US cents)	12.4	12.6

EPS

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

	FY2011	Assuming completion of the Proposal Disposal at the beginning of FY2011
Profit/ (loss) after tax (US\$'000)	4,683	5,766
Number of shares	472,500,221	472,500,221
Earnings/ (loss) per share (US cents)	0.99	1.22

8. USE OF SALE PROCEEDS

The Company intends to use the proceeds from the Proposed Disposal to re-establish the manufacturing facilities of CD Suzhou and for additional working capital purposes.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the Directors or the controlling shareholders have any direct or indirect interest in the Proposed Disposal.

10. CIRCULAR TO SHAREHOLDERS

The Company, will in due course, despatch to its shareholders a circular containing further details of the Proposed Disposal and the notice of meeting.

11. DOCUMENTS FOR INSPECTION

Copies of the Acquisition Agreement and the Property Valuation Report is available for inspection at the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 during normal business hours for a period of three (3) months commencing from the date of this announcement.

12. RESPONSIBILITY STATEMENT

The directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement 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 the announcement in its proper form and context.

Shareholders who are in any doubt about this announcement should consult their legal, financial, tax or other professional adviser.

By Order of the Board

Dy Mo Hua Cheung, Philip
Executive Director
1 August 2012