

PROPOSED DISPOSAL OF AN INDIRECT WHOLLY-OWNED SUBSIDIARY, S.M.T. ASSEMBLY LIMITED

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**”) of CDW Holding Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Tomoike Industrial (H.K.) Limited (“**Tomoike HK**”), has on 18th October 2019, entered into a Share Sale and Purchase Agreement (the “**SPA**”) with Mo Cairong (the “**Purchaser**”) for the proposed sale by Tomoike HK of the entire issued and paid-up capital in its wholly-owned subsidiary, S.M.T. Assembly Limited (the “**Sale Shares**”) to the Purchaser, for an aggregate consideration is HK\$2,714,000 (the “**Consideration**”) (approximately US\$346,000) (the “**Proposed Disposal**”).

2. INFORMATION RELATING TO S.M.T. ASSEMBLY LIMITED AND THE PURCHASER

- 2.1. S.M.T. Assembly Limited (“**SMT**”) is a limited liability company incorporated in Hong Kong SAR on 8th July 1988. It has one wholly-owned subsidiary, Dongguan Dali S.M.T. Assembly Limited (“**SMT Dongguan**”), which is incorporated in the People’s Republic of China (“**PRC**”) (collectively, the “**SMT Group**”). Hence the Proposed Disposal would also include SMT Dongguan. The principal activity of SMT is in the provision of surface mounting technique services in electronic product assembly.
- 2.2. SMT has an issued and paid-up capital of HK\$1,800,000 (approximately US\$231,000), comprising 20,700 ordinary shares. The entire issued and paid-up capital of SMT is held by Tomoike HK, which is a direct wholly-owned subsidiary of the Company.
- 2.3. SMT Dongguan was incorporated in the PRC in 2011, with a registered capital of HK\$1,800,000 (equivalent to RMB1,470,600). Its principal activity is in the provision of surface mounting technique services in electronic product assembly to SMT’s customers and its customers in the PRC.
- 2.4. The Purchaser is Mo Cairong, a Chinese citizen who is residing in Hong Kong. Mo Cairong is presently a director of SMT. To the best of the Directors’ knowledge and belief, Mo Cairong is not an associate of any director, CEO or controlling shareholders of the Company, nor is she acting as a nominee or trustee of, or taking instructions from or holding SMT on trust for any persons, substantial shareholders, Directors or the CEO of the Company and their respective associates, and Ms Mo Cairong has also given such written confirmation.

3. SALIENT TERMS

- 3.1. The Proposed Disposal involves the sale of the Sale Shares to the Purchaser, at an aggregate Consideration of HK\$2,714,000 (approximately US\$346,000) to be satisfied by the Purchaser in the following manner:
- (a) HK\$128,000 (approximately US\$16,000) which is payable in cash by the Purchaser to Tomoike HK; and
- (b) HK\$2,586,000 (approximately US\$330,000) which shall be off-set against a sale debt of HK\$2,586,000 owing by Tomoike HK to the Purchaser (“**Sale Debt**”) and was acquired by the Purchaser pursuant to a deed of debt assignment dated 18th October 2019 (the “**Deed**”), as more fully described in paragraph 3.2 below.

- 3.2. Pursuant to the Deed, Mo Cairong (as the assignee) had agreed to acquire all title, rights, benefits and interests to, of and in the Sale Debt from SMT (as the assignor) at a consideration of HK\$2,586,000. The Sale Debt which amounted to HK\$2,586,000 was originally owing by Tomoike HK to SMT. The Sale Debt would be set off against the Consideration upon completion of the Proposed Disposal and the Sale Debt owing by Tomoike HK to the Purchaser under the Deed would be settled.
- 3.3. Both the SPA and the Deed are governed by the law of Hong Kong SAR.
- 3.4. The Consideration was arrived on a willing-buyer willing-seller basis, after arms' length negotiations between Tomoike HK and the Purchaser, and after taking into account the net profit and net asset value of SMT.
- 3.5. The Proposed Disposal shall be conditional, *inter alia*, upon Tomoike HK obtaining all consents or approvals (if any) which are necessary from, or required by the relevant government or regulatory authorities having jurisdiction over the transactions contemplated in the SPA, and if such consents or approvals are granted or obtained subject to any conditions, such conditions being acceptable to the Purchaser.
- 3.6. The Proposed Disposal would amount to a loss on disposal of approximately HK\$12,000 (approximately US\$2,000) based on the net asset value of the Sale Shares of HK\$2,726,000 (approximately US\$348,000) as at 31st July 2019.

4. RATIONALE AND USE OF PROCEEDS

4.1. Rationale

Prior to the Proposed Disposal, the business of the SMT Group had been transferred to Tomoike Precision Machinery (Dongguan) Co., Limited ("**Tomoike DG**"), a wholly-owned subsidiary of Tomoike HK, in November 2018. The transfer of business from SMT Group to Tomoike DG was conducted in order to streamline the Group's business, operations and revenue streams, enhance the efficiency and utilisation of resources, consolidate operating assets, and to reduce general overhead and administrative expenses.

As the business and operations of SMT Group had been consolidated and retained under Tomoike DG, the Board is of the opinion that the Proposed Disposal would not be prejudicial to the interests of the Company's shareholders, as the business of the SMT Group still remains within the Group, and it would further reduce rental and staff expenses incurred in the upkeep of three (3) subsidiaries.

4.2. Use of Proceeds

The net proceeds arising from the Proposed Disposal will amount to HK\$128,000 (approximately US\$16,000). It is expected that the net proceeds will be made available for general working capital purposes.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

- 5.1. The relative figures of the Proposed Disposal under Rule 1006 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited, based on the Group’s unaudited management accounts as at 31st July 2019 are set out below:

Rule 1006	Bases	Relative Figures (%)
(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.	0.64% ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets acquired or disposed of, compared with the group's net profits ⁽²⁾ .	8.54% ⁽³⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	1.11% ⁽⁴⁾
(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.	Not Applicable ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable ⁽⁵⁾

Notes:-

- (1) Net asset value of the Sale Shares as at 31st July 2019 is HK\$2,726,000 (approximately US\$348,000).
- (2) Under Rule 1002(3)(b), “net profits” means profit or loss before income tax, minority interests and extraordinary items.
- (3) The net losses attributable to the Sale Shares is determined based on the unaudited management accounts as at 31st July 2019 of SMT Group of HK\$1,320,000 (approximately US\$168,000).
- (4) The Company’s market capitalisation was approximately US\$31,025,000, determined by multiplying the total issued shares of 223,496,008 shares by the volume weighted average price of the Company’s shares of S\$0.19 per share, based on trades done on the SGX-ST on 17th October 2018, the full market day immediately prior to the execution of the SPA and the exchange rate of US\$1 to S\$1.3687 with reference to the exchange rate as quoted in Monetary Authority of Singapore on 17th October 2019. The Consideration for the Proposed Disposal is HK\$2,714,000 (approximately US\$346,000) as at the date of execution of the SPA.
- (5) This basis is not applicable to the Proposed Disposal.

- 5.2. As the relative figures computed pursuant to Chapter 10 do not exceed 20%, the Proposed Disposal is classified as a disclosable transaction within the meaning of Rule 1010 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Accordingly, shareholders’ approval is not required for the Proposed Disposal.

6. FINANCIAL EFFECTS

6.1. Book value of the Sale Shares

Based on the Group's unaudited management accounts as at 31st July 2019, the book value of the Sale Shares is HK\$2,726,000 (approximately US\$348,000).

6.2. Gain on disposal

The Proposed Disposal would amount to a loss on disposal of approximately HK\$12,000 (approximately US\$2,000).

The net proceeds arising from the Proposed Disposal will amount to HK\$128,000 (approximately US\$16,000).

6.3. Financial Effects of the Proposed Disposal

The financial effects of the Proposed Disposal as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Proposed Disposal.

(a) Earnings Per Share ("EPS")

The effect of the Proposed Disposal on the EPS of the Company shown below is based on the most recently completed financial year (i.e. FY2018), assuming that the Proposed Disposal had been effected at the beginning of FY2018:

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to Shareholders	US\$898,000	US\$707,000
Weighted average number of Shares	229,334,000	229,334,000
Profit per share	0.39 US cents	0.31 US cents

(b) Net Tangible Assets ("NTA")

The effect of the Proposed Disposal on the NTA per share of the Company is based on the most recently completed financial year, assuming that the Proposed Disposal had been effected at the end of FY2018:

	Before the Proposed Disposal	After the Proposed Disposal
NTA	US\$57,481,000	US\$57,479,000
Number of issued shares	227,814,308 (excluding 24,362,802 treasury shares)	227,814,308 (excluding 24,362,802 treasury shares)
NTA per share	25.23 US cents	25.23 US cents

7. FURTHER INFORMATION

The Company shall make further announcement(s) as and when there are material developments to the Proposed Disposal.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

As at the date hereof, none of the Directors and to the best of the Directors' knowledge, none of the controlling shareholder(s) of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than that arising from their respective shareholder and/or directorships, as the case may be, in the Company.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Disposal.

10. DOCUMENT FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the Singapore Share Transfer Agent of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 for a period of 3 months commencing from the date of this announcement.

BY ORDER OF THE BOARD

**DYMO HUA CHEUNG, PHILIP
EXECUTIVE DIRECTOR**

18th October 2019