

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

DISPOSAL OF EQUITY INTEREST IN AN INDIRECT WHOLLY-OWNED SUBSIDIARY, S.M.T. ASSEMBLY LIMITED

BACKGROUND AND SALIENT TERMS OF THE TRANSACTION

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 11 August 2020, entered into a Share Sale and Purchase Agreement (the “**SPA**”) with an individual 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 a consideration of HK\$128,000 (the “**Consideration**”) (approximately US\$16,500) (the “**Proposed Disposal**”). The SPA is governed by the laws of Hong Kong SAR.

The Consideration will be satisfied by the Purchaser in cash on the date of completion of the Proposed Disposal. 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 asset value of the target company (being HK\$149,000 (approximately US\$19,200) as at 31 December 2019, and certain operational costs incurred by SMT prior to the transfer of the Sale Shares. Following the completion of the sale of the Sale Shares, SMT and its subsidiary Dongguan Dali S.M.T. Assembly Limited (“**SMT Dongguan**”) will cease to be indirect subsidiaries of the Company.

Completion of the Proposed Disposal shall take place within five (5) Business Days after the date on which the last of the condition precedent is fulfilled.

INFORMATION RELATING TO SMT GROUP AND THE PURCHASER

S.M.T. Assembly Limited (“**SMT**”) is a limited liability company incorporated in Hong Kong SAR on 8 July 1988. It has one wholly-owned subsidiary, 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.

SMT has an issued and paid-up capital of HK\$100,000 (approximately US\$12,900), 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.

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 the provision of surface mounting technique services in electronic product assembly to SMT’s customers and its customers in the PRC. The SMT Group has been dormant since November 2018 as all its business, production machinery and equipment has been transferred to Tomoike Precision Machinery (Dongguan) Co., Limited, another indirect wholly-owned subsidiary of the Company.

The Purchaser is Mo Cairong, a Chinese citizen who is residing in Hong Kong. Mo Cairong is presently a director of SMT. Mo Cairong is not the chief executive officer (“**CEO**”) or director of the Company. To the best of the Directors’ knowledge and belief, aside from being a director of SMT, Mo Cairong is not a substantial shareholder of the Company; 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. Mo Cairong has given such written confirmation on the above.

FINANCIAL INFORMATION

1.1. Book value of the Sale Shares

Based on the Group's audited consolidated financial statements as at 31 December 2019, the book value of the Sale Shares is HK\$149,000 (approximately US\$19,000).

1.2. Net asset value of the Sale Shares

Net asset value of the Sale Shares is HK\$149,000 (approximately US\$19,000).

1.3. Loss on disposal

The Proposed Disposal would amount to a loss on disposal of approximately HK\$21,000 (approximately US\$2,700) based on the net asset value of the Sale Shares of HK\$149,000 (approximately US\$19,200) as at 31 December 2019.

1.4. 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. FY2019), assuming that the Proposed Disposal had been effected at the beginning of FY2019:

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to Shareholders	US\$1,871,000	US\$1,703,000
Weighted average number of Shares	225,677,000	225,677,000
Loss per share	0.83 US cents	0.75 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 FY2019:

	Before the Proposed Disposal	After the Proposed Disposal
NTA	US\$48,762,000	US\$48,760,000
Number of issued shares	223,190,008 (excluding 28,987,102 treasury shares)	223,190,008 (excluding 28,987,102 treasury shares)
NTA per share	21.85 US cents	21.85 US cents

RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

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 audited consolidated financial statements for the financial year ended 31 December 2019 (“**FY2019**”) 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.	0.038% ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets acquired or disposed of, compared with the group's net profits ⁽²⁾ .	(28.38)% ⁽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.	0.08% ⁽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 31 December 2019 is HK\$149,000 (approximately US\$19,200 based on conversion rate of HK\$7.7877:US\$1 being the closing rate adopted in the consolidated balance sheet of the Group for FY2019).
- (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 audited financial statements for FY2019 of SMT Group of HK\$1,318,000 (approximately US\$168,000 based on conversion rate of HK\$7.8359:US\$1 being the average rate adopted in the consolidated income statement for FY2019).
- (4) The Company’s market capitalisation was approximately S\$29,302,000 determined by multiplying the total issued shares of 221,987,408 shares by the volume weighted average price of the Company’s shares of S\$0.132 per share, based on trades done on the SGX-ST on 3 August 2020, the full market day immediately prior to the execution of the SPA and the exchange rate of HK\$1 to S\$0.1775 with reference to the exchange rate as quoted in Monetary Authority of Singapore on 3 August 2020. The Consideration for the Proposed Disposal is HK\$128,000 (approximately S\$23,000) as at the date of execution of the SPA.
- (5) This basis is not applicable to the Proposed Disposal.

The loss on disposal is US\$2,700 and the Group's consolidated net loss is US\$592,000. The Proposed Disposal amounts to a disposal of a loss-making entity which results in a loss of disposal amounting to 5% or less of the consolidated net loss of the Group. Based on the relative figures above, the Proposed Disposal qualifies as a non-disclosable transaction pursuant to Rule 1008 of the Listing Manual and the guidance provided in paragraph 4.3 of Practice Note 10.1 of the Listing Manual. Notwithstanding the foregoing, the Company is making this announcement pursuant to Rule 1008(2) of the Listing Manual.

RATIONALE FOR THE PROPOSED DISPOSAL

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.

USE OF PROCEEDS

The net proceeds arising from the Proposed Disposal will amount to approximately US\$16,500.

The Group intends to use the proceeds as working capital.

FURTHER INFORMATION

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

INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the date hereof, none of the Director or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal other than their respective directorships and/or shareholdings in the Company and/or its subsidiaries (as the case may be).

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.

BY ORDER OF THE BOARD

DY MO HUA CHEUNG, PHILIP
EXECUTIVE DIRECTOR

11 August 2020