



CDC Corporation
On behalf of the CDC Liquidation Trust
3384 Peachtree Road, NE
Suite 299
Atlanta, Georgia 30326

CDC LIQUIDATION TRUST

Formed under that certain Second Amended Joint Plan of Reorganization
for CDC Corporation, dated August 29, 2012

February 28, 2014

Re: Summary of Information on tax matters from:

- the CDC Liquidation Trust; and
- the CDC Corporation Chapter 11 Disputed Ownership Fund

On September 6, 2012, the United States Bankruptcy Court for the Northern District of Georgia (the "Bankruptcy Court") entered an order (the "Confirmation Order"; Docket No. 551) confirming the "Second Amended Joint Plan of Reorganization for CDC Corporation" dated August 29, 2012 (as amended by the Confirmation Order, the "Plan"; Docket No. 542)¹ which was jointly proposed by CDC Corporation (the "Debtor") and the Official Committee of Equity Security Holders in the Debtor's Chapter 11 bankruptcy case, Case No. 11-79079.

On December 19, 2012 (the "Effective Date"), the Plan became effective, and under the Plan, certain of the Debtor's assets were transferred to a trust (the "CDC Liquidation Trust") for the benefit of holders of equity interests in the Debtor. On the Effective Date, such equity interest holders received beneficial interests ("Beneficial Interests") in the CDC Liquidation Trust in exchange for their equity interests in the Debtor at the rate of one Beneficial Interest unit per prior share of the Debtor outstanding as of the Effective Date. As a result, the holders of Beneficial Interests became the beneficiaries of the CDC Liquidation Trust.

At the same time the CDC Liquidation Trust was created, the Liquidation Trustee elected to place money and property of the Debtor, subject to conflicting claims of ownership, in a disputed ownership fund pursuant to U. S. Treasury Regulation 1.468B-9(c)(2)(ii). As a result, the "CDC Corporation Chapter 11 Disputed Ownership Fund" (the "DOF") was established, and those assets of the Debtor subject to claims were placed in the DOF.

The "Disclosure Statement" filed with the Bankruptcy Court on July 3, 2012 (the "Disclosure Statement"; Docket No. 476), provides certain information regarding the tax consequences of the Plan and the CDC Liquidation Trust, *see* Disclosure Statement, pp. 40-44, and includes the following disclosures which are provided herein for convenience:

- The CDC Liquidation Trust is intended to qualify as a "liquidating trust" as described in Treasury Regulations Section 301.7701-4(d) and Revenue Procedure 94-45, 1994-2 C.B. 684. In general, a liquidating trust is treated for federal income tax purposes as a "grantor trust." Under U.S. federal income tax laws, a grantor trust is disregarded, and

¹Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Plan.

the grantors are treated as if they directly own undivided interests in all of the trust's assets. For U.S. federal income tax purposes, the CDC Liquidation Trust will be taxed as a grantor trust under IRC Sections 671-677 (nontaxable pass-through tax entities). The applicable Beneficial Interest holders (former shareholders of the Debtor) will be deemed to be the grantors and owners of the CDC Liquidation Trust and its respective Trust Assets.

- For all U.S. federal income tax purposes, all parties with respect to the CDC Liquidation Trust must treat the transfer of Assets to the CDC Liquidation Trust as (i) a taxable transfer of the Assets to the Beneficial Interest holders of the CDC Liquidation Trust, followed by (ii) a transfer of the Trust Assets by such Beneficial Interest holders to the CDC Liquidation Trust, with Beneficial Interest holders being treated as grantors and owners of the CDC Liquidation Trust.
- The Liquidation Trust Agreement provides for (i) consistent valuation of the Trust Assets by the Liquidation Trustee and the beneficiaries of the CDC Liquidation Trust, (ii) the CDC Liquidation Trust to determine the fair market value of the Trust Assets, and (iii) the CDC Liquidation Trust to send the fair market value determinations to each beneficiary of the CDC Liquidation Trust.

PURPOSE OF COMMUNICATION

This communication summarizes the information that has been provided by the CDC Liquidation Trust and the DOF to Beneficial Interest holders with respect to tax matters related to the CDC Liquidation Trust and the DOF since their establishment. This summary will be updated as soon as practicable after each year end to reflect the information provided to the holders of Beneficial Interests and will be posted on the CDC Liquidation Trust's website, www.cdcliquidationtrust.com.

The intended term of the CDC Liquidation Trust is 5 years. To the extent any claim against the assets in the DOF is resolved for less than amount reserved for such claim, the excess reserve will result in a reportable transfer of assets from the DOF to the CDC Liquidation Trust. Additionally, because the CDC Liquidation Trust is a grantor trust as described above, Beneficial Interest holders will be responsible to annually report their share of the CDC Liquidation Trust's income and deductions, to the extent any income/deductions exist in a given year.

TAX REPORTING - Short Period December 19, 2012 through December 31, 2012

1. Reporting On Form 1099-B For Tax Year 2012

As stated above, the CDC Liquidation Trust was formed on the Effective Date (December 19, 2012). The exchange on the Effective Date of Trust Assets for Beneficial Interests/units in the

CDC Liquidation Trust valued at \$3.664 per Beneficial Interest/unit was a reportable tax event in 2012.

Accordingly, the CDC Corporation instructed Computershare to issue to holders of Beneficial Interests a Form 1099-B reflecting the valuation as of December 19, 2012 of \$3.664 per Beneficial Interest/unit.

2. No Reporting On First Cash Distribution from Trust in 2012

On or about December 24, 2012, the CDC Liquidation Trust made its initial distribution to holders of Beneficial Interests equaling \$3.30 per Beneficial Interest unit (prior share) (the "First Cash Distribution"). The First Cash Distribution was a distribution of corpus of the CDC Liquidation Trust and, therefore, was not a reportable tax event in 2012.

3. No Beneficiary/Grantor Tax Information Letter for Tax Year 2012

The CDC Liquidation Trust had no income or deductions for U.S. federal and state income tax purposes for the short taxable year beginning December 19, 2012, and ending December 31, 2012. Thus, no informational letter was sent to each Beneficial Interest holder setting forth the pro rata share, per Beneficial Interest unit, of items of income, gain, loss, deduction, or credit from the CDC Liquidation Trust for the short period in 2012.

TAX REPORTING - Tax Year 2013

1. Reporting On Form 1099-B For Tax Year 2013

Pursuant to an order of the Bankruptcy Court entered June 20, 2013 (the "Distribution Order"; Docket No. 767), the CDC Liquidation Trust was authorized to make a second distribution (the "Second Cash Distribution") to holders of Beneficial Interests in the CDC Liquidation Trust.

Entry of the Distribution Order resolved certain claims against assets in the DOF which resulted in a transfer of such assets from the DOF to the CDC Liquidation Trust. Specifically, on June 20, 2013, a deemed cash distribution by the DOF (and deemed contribution to the CDC Liquidation Trust) was made in the amount of \$1.095683 per Beneficial Interest unit (the "Deemed Cash Distribution"). Additionally, on June 20, 2013, a deemed non-cash distribution by the DOF (and a deemed contribution to the CDC Liquidation Trust) was made in the amount of \$0.482640 per Beneficial Interest unit (the "Deemed Non-Cash Distribution") (the Deemed Cash Distribution and the Deemed Non-Cash Distribution are collectively referred to herein as the "Deemed Distributions").² The Deemed Distributions from the DOF were reportable tax events in 2013.

Accordingly, the Liquidation Trustee on behalf of the DOF instructed Computershare to issue to holders of Beneficial Interests a Form 1099-B from the DOF reflecting the Deemed Distributions in 2013.

² The Deemed Non-Cash Distribution was the equity interests in two former subsidiaries of the Debtor held in the DOF.

2. No Reporting On Second Cash Distribution from Trust in 2013

Or about July 29, 2013, the CDC Liquidation Trust made the Second Cash Distribution to holders of Beneficial Interests equaling \$1.39 per Beneficial Interest unit (prior share), exclusive of holder Asia Pacific Online Limited. The Second Cash Distribution was a distribution of corpus of the CDC Liquidation Trust and, therefore, was not a reportable tax event in 2013.

3. 2013 Beneficiary/Grantor Tax Information Letter

The CDC Liquidation Trust had income and deductions for U.S. federal and state income tax purposes for 2013.

The CDC Liquidation Trust provided to Beneficial Interest holders a separate Informational letter setting forth the pro rata share, per Beneficial Interest unit, of items of income, gain, loss, deduction, or credit from the CDC Liquidation Trust for 2013. The 2013 Beneficiary/Grantor Tax Information Letter can be viewed at: www.cdliquidationtrust.com.

FOREIGN PERSONS

Nonresident alien individuals and foreign corporations ("Foreign Taxpayers") who hold Beneficial Interests are subject to special tax rules with respect to their interests. Due to the complexity of these rules, it is recommended that such Foreign Taxpayers consult their tax advisors regarding their individual income tax circumstances with respect to their interests.

STATE AND LOCAL INCOME TAX

Holders of Beneficial Interests may be required to file state and local income tax returns and may be liable for state income tax as a result of their ownership of Beneficial Interests. Holders of Beneficial Interests will need the foregoing information to comply with the state income tax filing requirements in those states imposing a state income tax. The laws pertaining to income tax in any given state may vary from those of another state and from those applicable to federal income tax. **BENEFICIAL INTEREST HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS.**

EACH BENEFICIAL INTEREST HOLDER IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE U. S. FEDERAL, STATE, AND LOCAL INCOME TAX CONSEQUENCES, AND ANY APPLICABLE FOREIGN AND OTHER TAX CONSEQUENCES, OF THE PLAN, THE CDC LIQUIDATION TRUST, AND THE DOF. THIS COMMUNICATION IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED TO BE TAX ADVICE.

TREASURY DEPARTMENT CIRCULAR 230 DISCLOSURE: To ensure compliance with requirements imposed by the Treasury Department, we inform you that any U.S. federal tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.