

PROPOSED DISPOSAL OF A BIOTECH CO., LIMITED

1. THE PROPOSED DISPOSAL

1.1 INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of CDW Holding Limited (“**CDW**” or the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Tomoike Industrial (H.K.) Limited (“**Tomoike**”), a wholly owned subsidiary of the Group, had on 27 September 2018, entered into a share purchase agreement (the “**SPA**”) and a shareholders agreement with Mr Koichi Yoshimi, to sell an aggregate of 280,000 shares in A Biotech Co., Limited (“**ABio**”) representing 32.94% of the total issued and paid up capital of ABio for KRW 2,954,000,000 (the “**Consideration**”) (the “**Proposed Disposal**”).

1.2 KEY TERMS OF THE PROPOSED DISPOSAL

Consideration	:	KRW 2,954,000,000
Number of ABio shares	:	280,000 shares representing 32.94% of the existing share capital of ABio ⁽¹⁾
Payment terms	:	20% of the Consideration to be received on or prior to 6 th October 2018 40% of the Consideration to be received on or prior to 31 st May 2019 40% of the Consideration to be received on or prior to 31 st October 2019
Board composition	:	The ABio board shall consist of six directors, of which, one director shall be nominated by Tomoike, three directors shall be nominated by Mr Koichi Yoshimi and two directors shall be independent. ⁽¹⁾
Call Option	:	Tomoike shall have the right and option, but not an obligation, to call and purchase up to One Hundred and Forty Thousand (140,000) shares in ABio from Mr Koichi Yoshimi at the per share price equal to eighty five per cent (85%) of the then-current market price of the share applicable at the time of giving a notice of exercising such option. The exercise period of this option shall be from the date which is six (6) months after ABio’s proposed initial public offering on a recognized stock exchange until five (5) years thereafter.

Notes:

- (1) The Company wishes to note that after the Proposed Disposal, the Company will hold less than 50% of ABio and does not exercise board and management control over ABio, and will no longer recognize ABio as a subsidiary of the Group.

The Consideration will be satisfied wholly in cash and was determined based on arm’s length negotiations between the Company and Mr Yoshimi Koichi, and arrived at after taking into account, ABio is newly incorporated with less than 12 months of operating track record, with no operating revenue and no order book and no audited financial statements. The Company have therefore based negotiations on the valuations previously used for the Initial Share Issue (as defined hereunder), and the basis that since the Initial Share Issue, there has been no material developments of ABio that would change the valuation of ABio. The Consideration represents a valuation of KRW10,550 per share.

1.3 RATIONALE FOR THE PROPOSED DISPOSAL

On 31 December 2017, Tomoike acquired a 95% equity interest in GSP Enterprise Inc (“**GSP**”) for the purpose of establishing the Group’s research ability on antibodies and enhance the competitive edge of the Group’s life science business. Following the acquisition of GSP, Tomoike incorporated a wholly owned subsidiary, ABio, to spearhead the Group’s efforts in the Korean market, where the Group will be leveraging on GSP’s patented synthetic antibody library to conduct antibody research and development in South Korea. Currently, GSP continues to perform research and development of the next generation of antibodies library and assigns the patent of antibodies library to ABio via a joint research and development and assistance agreement (“**Joint R&D and Assistance Agreement**”). The life science business, as undertaken by GSP and ABio, represents a non-core business of the Group and ABio is not a principal subsidiary of the Group.

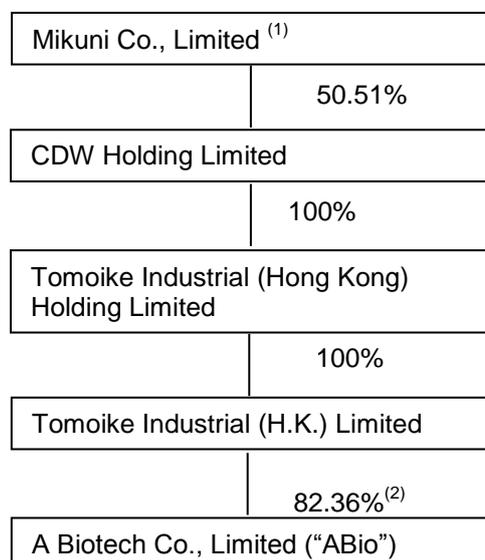
The business of ABio is in a high-risk developmental stage and is highly dependent on cash flow to support the research and development efforts. The business of ABio is also highly dependent on having sufficiently qualified management who are incentivised to build the intellectual property of ABio. As such, ABio has had two tranches of issuance of new ordinary shares in ABio to 7 individual third party subscribers up to June 2018, comprising of existing management of ABio and individual investors who are unrelated to the Company and to each other (collectively the “**Initial Share Issue**”).

Since incorporation, ABio has been recording zero revenue and losses of approximately US\$0.4 million mainly due to staff related cost and research expense. The losses has been supported by the initial paid up capital of KRW3.5 billion (700,000 shares issued at par value of KRW5,000) and additional share issue of KRW1.5 billion (150,000 shares issued at KRW10,000 per share) from the Initial Share Issue.

Having Mr Yoshimi Koichi as an investor of ABio, the Group is of the view that Mr Yoshimi Koichi, together with the current key management of ABio, has been instrumental in the early stage development of ABio and ABio has achieved the milestones the Group has set for ABio. In particular, the Company wishes to highlight that Mr Yoshimi Koichi is very established in the biotechnology field and has built up a personal network of Japanese researchers (including a Nobel laureate in Chemistry), Japanese government officials and pharmaceutical companies in Japan and Korea. The Group wishes to realise some value of its initial investment in ABio and also to further align the interest of Mr Yoshimi Koichi by the Proposed Disposal.

2. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

2.1 SELECTED GROUP STRUCTURE



Notes:

(1) Mr Yoshimi Kunikazu is deemed interested in the shares held by Mikuni Co., Limited by virtue of his shareholdings in Mikuni Co., Limited., a private company wholly owned by Mr Yoshimi Kunikazu.

(2) Dilution due to the Initial Share Issue.

Mr Yoshimi Koichi is the son of Mr Yoshimi Kunikazu, the deemed controlling shareholder of the Company. As such Mr Yoshimi Koichi is an interested person ("**Interested Person**") of the Company within the meaning of Chapter 9 of the Listing Rules and the Proposed Disposal is an interested person transaction.

2.2 MATERIALITY THRESHOLDS UNDER CHAPTER 9

	US\$(million)
Value of transaction	2.64 ⁽¹⁾
Group's latest audited net tangible assets (" NTA ") (as at 31 December 2017)	59.96
Value of transaction against the NTA	4.40%

Notes:

(1) Based on the exchange rate of KRW1,117 : US\$1.00 sourced from the Monetary Authority of Singapore on 26th September 2018.

Pursuant to Rule 905 of the Listing Rules, the Company is required to make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the Group's latest audited NTA of the Group.

2.3 AUDIT COMMITTEE STATEMENT

Based on the considerations above, the audit committee of the Company is of the view that the Proposed Disposal is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

2.4 TOTAL VALUE OF INTERESTED PERSON TRANSACTIONS

The Company is required to aggregate the value of all transactions entered into with the same interested person during the same financial year. We understand that apart from the Proposed Disposal, the Group pays advisory fees to Mr Yoshimi Kunikazu of HK\$140,000 per month with a monthly housing allowance of HK\$30,000 (or approximately US\$0.26 million for FY2018) and following the Proposed Disposal, the Group will receive fees from ABio from a Joint R&D and Assistance Agreement of JPY3.0 million per month (or approximately US\$0.08 million for the period of 1st October to 31st December 2018).

In aggregate, the value of all transactions entered into with Mr Yoshimi Kunikazu, Mr Yoshimi Koichi (being an associate of Mr Yoshimi Kunikazu) and ABio (being an associate of Mr Yoshimi Koichi) up to 27 September 2018 and for FY2018 are as follows:

	Up to 27 September 2018 US\$(million)	FY2018 (estimated) US\$(million)
Value of advisory fees paid and payable to Mr Yoshimi Kunikazu ⁽¹⁾	0.20	0.26
Value of Proposed Disposal ⁽²⁾	2.64	2.64
Value of Joint R&D and Assistance Agreement ⁽³⁾	N.A.	0.08
Aggregate value of transactions with Mr Yoshimi Kunikazu and his associates	2.84	2.98

In addition to the above interested person transactions, Tomoike has sold 120 shares in the share capital of the Group's wholly-owned subsidiary, Tomoike Industrial Co., Limited ("TM Japan") to Mr Yoshikawa Makoto, the Chairman and Chief Executive Officer of the Company, earlier on 27th September 2018. Mr Yoshikawa Makoto is a separate interested person from Mr Yoshimi Kunikazu. The value of this transaction is as follows:

	Up to 27 September 2018 US\$(million)	FY2018 (estimated) US\$(million)
Value of disposal of shares in TM Japan to Mr Yoshikawa Makoto ⁽³⁾	0.10	0.10
Aggregate value of all interested party transactions	2.94	3.08
Group's latest audited NTA (as at 31 December 2017)	59.96	59.96
Value of transaction against the NTA for respective interested party		
- Mr Yoshimi Kunikazu and his associates	4.74%	4.97%
- Mr Yoshikawa Makoto	0.17%	0.17%

Notes:

(1) Based on historical average exchange rate for January to September 2018 and based on the exchange rate of HKD7.8134 : US\$1.00 on 26th September 2018 for October to December 2018

(2) Based on the exchange rate of KRW1,117 : US\$1.00 on 26th September 2018

(3) Based on the exchange rate of JPY112.94 : US\$1.00 on 26th September 2018

The above exchange rates on 26th September 2018 are sourced from the Monetary Authority of Singapore.

3. THE PROPOSED DISPOSAL AS A DISCLOSEABLE TRANSACTION

3.1 RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE LISTING RULES

The relative figures for the Proposed Disposal, computed in accordance with Rule 1006 of the Listing Rules, are as follows:-

Listing Rule 1006(a)	
Net asset value of asset disposed of	US\$1.35 million ⁽¹⁾
Net asset value of the Group	US\$58.93 million ⁽³⁾
Relative figure	2.3%
Listing Rule 1006(b)	
Net (losses) attributable to the asset disposed of	(US\$0.14 million) ⁽²⁾
Net (losses) of the Group	(US\$0.78 million) ⁽³⁾
Relative figure	18.0%
Listing Rule 1006(c)	
Aggregate value of consideration received	S\$3.61 million
Market capitalisation of the Group	S\$53.54 million ⁽⁴⁾
Relative figure	6.7%
Listing Rule 1006(d)	
Number of equity issued by issuer	Not applicable
Number of equity previously in issue	Not applicable
Relative figure	Not applicable
Listing Rule 1006(e)	
Aggregate volume of proved and probable reserves to be disposed of	Not applicable
Aggregate of Group's proved and probable reserves	Not applicable
Relative figure	Not applicable

Notes:

- (1) Based on the latest unaudited management accounts as at 30 June 2018, ABio has net asset value of approximately US\$4.1 million. The net asset value attributable to the 280,000 shares being the subject of the Proposed Disposal is approximately US\$1.35 million.
- (2) Based on the latest unaudited management accounts as at 30 June 2018, ABio has losses of approximately US\$426,000. The net losses attributable to the 280,000 shares being the subject of the Proposed Disposal is approximately US\$140,000.
- (3) Based on the latest announced consolidated figures as at 30 June 2018.
- (4) Based on Consideration of KRW2.95 billion (or approximately S\$3.61 million, at S\$0.1222 per KRW100 from the Monetary Authority of Singapore on 26th September 2018) and the weighted average on the market day preceding the date of the sales and purchase agreement, being 26th September 2018.

While the relevant figure based on Listing Rule 1006(b) is 18.0%, two negative figures are involved and the computation may not be interpreted meaningfully. On 18 September 2018, the Company consulted with the SGX and has not received the official response from the SGX and would update shareholders accordingly in a subsequent announcement.

Pending the official response from the SGX, the Company is of the view that the Proposed Disposal does not constitute a major transaction requiring shareholders' approval.

The Consideration of approximately US\$2.64 million represents a premium of US\$1.3 million over the net asset value attributable to the 280,000 shares being the subject of the Proposed

Disposal based on the latest unaudited management accounts as at 30 June 2018. No valuation was commissioned for the purpose of the Proposed Disposal.

The proceeds from the Proposed Disposal is to be used entirely for working capital purposes.

3.2 FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal on the Company 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. The financial effects of the Proposed Disposal set out below have been prepared based on the Group's audited consolidated financial statements for FY2017 and the unaudited management accounts of ABio as at 30 June 2018, whereby ABio has net asset value of approximately US\$4.1 million and losses of approximately US\$426,000.

Earnings per Share ("EPS")

The effects of the Proposed Disposal on the EPS of the Group for FY2017, assuming that the Proposed Disposal had been effected at the beginning of FY2017, are as summarized below

EPS	Before the Proposed Disposal	After the Proposed Disposal
Earnings (US\$)	1,723,000	2,402,000
Weighted average number of issued shares	231,118,921	231,118,921
EPS (US cents)	0.75	1.04

Net Tangible Assets ("NTA")

The effects of the Proposed Disposal on the NTA per share of the Group for FY2017, assuming that the Proposed Disposal had been effected as at 31 December 2017, are as summarized below

NTA	Before the Proposed Disposal	After the Proposed Disposal
Consolidated NTA (US\$)	59,955,000	60,966,000
Issued shares	229,644,908	229,644,908
Consolidated NTA per share (US cents)	26.11	26.55

4. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mr Yoshimi Koichi and Mr Yoshimi Kunikazu who is interested in the Proposed Disposal on the basis as disclosed above, none of the other Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

5. SERVICE CONTRACT

No person has been proposed to be appointed as a director of the Company in connection with the Proposed Disposal.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of The Singapore Share Transfer Agent of the Company, Boardroom

Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 for a period of three (3) months commencing from the date of this Announcement.

- (a) The bye-laws of the Company;
- (b) the SPA and a shareholders agreement with Mr Yoshimi Koichi; and
- (c) the Annual Report of the Company for the financial year ended 31 December 2017.

7. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

8. RESPONSIBILITY STATEMENT BY DIRECTORS

The Directors of the Company (who may each have delegated detailed supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries that, as at the date hereof, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Disposal and the Group. The Directors are not aware of any fact the omission of which would make any statement in this Announcement misleading. Where information in this 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 this Announcement in its proper form and context.

By order of the Board

Leong Chee Meng, Kenneth
Company Secretary

27th September 2018