

CIRCULAR DATED 8 APRIL 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN ANY DOUBT ABOUT ITS CONTENTS OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your shares in the capital of Biolidics Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the Company represented by physical share certificate(s), you should forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and has been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “**Sponsor**”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. This Circular has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness, or correctness of any of the statements or opinions made, or reports contained in this Circular.

The contact person for the Sponsor is Mr Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

Biolidics



BIOLIDICS LIMITED

(Company Registration No.: 200913076M)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF BIOMEDICS LABORATORY PTE. LTD. AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES; AND**
- (2) THE PROPOSED ADOPTION OF THE PROPOSED IPT MANDATE.**

Independent Financial Adviser in respect of the Proposed Acquisition and the Proposed IPT Mandate



XANDAR CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200002789M)

IMPORTANT DATES AND TIMES

Last date and time for registration for an account to participate in the EGM by way of “live” webcast, post questions and lodgement of Proxy Form	:	27 April 2020 at 11 a.m.
Date and time of Extraordinary General Meeting	:	30 April 2020 at 11 a.m. (or immediately after the conclusion of the AGM scheduled at 10 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	37 Jalan Pemimpin, #07-13 Mapex, Singapore 577177, and, to the extent permitted by the relevant laws and regulations, by way of “live” webcast, details of which are set out in this Circular and in the announcements that may be made by the Company from time to time on SGXNET

Please refer to paragraphs 5 and 10 of this Circular for more details.

CONTENTS

DEFINITIONS.....	2
1. INTRODUCTION	8
2. THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF BIOMEDICS LABORATORY PTE. LTD. AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES	8
3. THE PROPOSED IPT MANDATE	17
4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES	27
5. EXTRAORDINARY GENERAL MEETING	28
6. NON-INTERESTED DIRECTORS' RECOMMENDATIONS	29
7. INTER-CONDITIONALITY OF RESOLUTIONS	29
8. ABSTENTION FROM VOTING	30
9. CONSENTS	30
10. ACTION TO BE TAKEN BY SHAREHOLDERS	31
11. DIRECTORS' RESPONSIBILITY STATEMENT	31
12. DOCUMENTS FOR INSPECTION	32
APPENDIX I – IFA LETTER	33
APPENDIX II – VALUATION REPORT	61
NOTICE OF EXTRAORDINARY GENERAL MEETING	84
EXTRAORDINARY GENERAL MEETING – PROXY FORM	87

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

“Act” or “Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Additional Arrangement Announcement”	:	Has the meaning ascribed to the term set out in Section 10 of this Circular
“AGM”	:	The annual general meeting of the Company
“associate”	:	(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
“Audit Committee”	:	The audit committee of the Company from time to time
“Board”	:	The board of Directors of the Company as at the date of this Circular or from time to time, as the case may be
“CAP-accredited”	:	The accreditation by the College of American Pathologists’ Laboratory Accreditation Program
“Catalist”	:	The Catalist Board of the SGX-ST
“Catalist Rules”	:	SGX-ST Listing Manual Section B: Rules of Catalist, as the same may be amended, varied or supplemented from time to time
“CBH”	:	Clearbridge Health Limited, a Controlling Shareholder as at the Latest Practicable Date
“CBH Group”	:	CBH, its subsidiaries and its associated companies

DEFINITIONS

“CBM”	:	Clearbridge Medical Group Pte. Ltd., a wholly-owned subsidiary of CBH
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This Circular to Shareholders dated 8 April 2020
“Company”	:	Biolidics Limited
“Completion”	:	Has the meaning ascribed to the term in Section 2.3.2 of this Circular
“Completion Assets”	:	Has the meaning ascribed to the term in Section 2.3.1 of this Circular
“Completion Date”	:	Has the meaning ascribed to the term in Section 2.3.1 of this Circular
“Conditions”	:	Has the meaning ascribed to the term in Section 2.3.2 of this Circular
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting Shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
“Consideration”	:	Has the meaning ascribed to the term in Section 2.3.1 of this Circular
“Cut-off Date”	:	Has the meaning ascribed to the term in Section 10 of this Circular
“Deferred Consideration”	:	Has the meaning ascribed to the term in Section 2.3.1 of this Circular
“Director”	:	A director of the Company as at the date of this Circular or from time to time, as the case may be
“Distribution Services”	:	Has the meaning ascribed to the term in Section 3.3.1(a) of this Circular
“Distribution Services Agreement”	:	Has the meaning ascribed to the term in Section 2.5 of this Circular

DEFINITIONS

“EGM”	:	The extraordinary general meeting of the Company to be held on 30 April 2020, notice of which is set out on pages 84 to 86 of this Circular
“Encumbrance”	:	Any mortgage, charge, pledge, lien, restriction, assignment, hypothecation, security interest, title retention or any other agreement or arrangement the effect of which is the creation of security, or any other interest, equity or other right of any person (including any right to acquire, option, right of first refusal, right of first offer or right of pre-emption), or any agreement or arrangement to create any of the same
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended or ending 31 December, as the case may be
“Group”	:	The Company and its subsidiaries
“Hire Purchase”	:	Has the meaning ascribed to the term in Section 2.3.2 of this Circular
“IFA” or “Independent Financial Adviser”	:	Xandar Capital Pte. Ltd., being the independent financial adviser to the Non-Interested Directors in relation to the Proposed Acquisition and the Proposed IPT Mandate
“IFA Letter”	:	The letter dated 8 April 2020 from the IFA to the Non-Interested Directors in relation to the Proposed Acquisition and the Proposed IPT Mandate, a copy of which is enclosed as Appendix I to this Circular
“Independent Director”	:	An independent director of the Company
“Independent Valuer”	:	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent professional valuer appointed by the Company to conduct an independent valuation on the Target
“Initial Payment”	:	Has the meaning ascribed to the term in Section 2.3.1(a) of this Circular
“Interested Person”	:	Has the meaning ascribed to the term in Section 3.1 of this Circular
“Interested Person Transactions”	:	Has the meaning ascribed to the term in Section 3.1 of this Circular
“Latest Practicable Date”	:	27 March 2020, being the latest practicable date prior to the printing of this Circular

DEFINITIONS

“Long Stop Date”	:	Has the meaning ascribed to the term in Section 2.3.2 of this Circular
“Management and Support Services”	:	Has the meaning ascribed to the term in Section 3.3.1(c) of this Circular
“Mandated Transactions”	:	Has the meaning ascribed to the term in Section 3.3.1 of this Circular
“Maximum Consideration”	:	Has the meaning ascribed to the term in Section 2.3.1 of this Circular
“MOH/MOF Announcement”	:	Has the meaning ascribed to the term in Section 5 of this Circular
“New Provisions”	:	Has the meaning ascribed to the term in Section 5 of this Circular
“Non-Interested Directors”	:	The Directors who are independent for the purposes of the Proposed Acquisition and the Proposed IPT Mandate, namely Leong Yow Seng, Ong Hsien Chih, James (Weng Xianzhi, James), Peter Koh Heng Kang and Toh Shih Hua
“Notice of EGM”	:	The notice of EGM accompanying this Circular
“NTA”	:	Net tangible assets
“Practice Note”	:	Has the meaning ascribed to the term in Section 2.1 of this Circular
“Products”	:	Has the meaning ascribed to the term in Section 3.3.1(a) of this Circular
“Proposed Acquisition”	:	Has the meaning ascribed to the term in Section 2.1 of this Circular
“Proposed IPT Mandate”	:	A general mandate to be approved by Shareholders pursuant to Chapter 9 of the Catalist Rules to authorise the Company and its subsidiaries which are considered to be “entities at risk” within the meaning of Rule 904(2) of the Catalist Rules, in their ordinary course of businesses, to enter into categories of transactions with specified classes of the Company’s Interested Persons, provided that such transactions are entered into on an arm’s length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders
“Proposed Resolutions”	:	Has the meaning ascribed to the term in Section 1.1 of this Circular

DEFINITIONS

“Proxy Form”	:	The proxy form accompanying this Circular
“Qualitative Factors”	:	Has the meaning ascribed to the term in Section 3.5.1(a) of this Circular
“Restructuring Transfer”	:	Has the meaning ascribed to the term in Section 2.2.1 of this Circular
“Safe Distancing Regulations”	:	Has the meaning ascribed to the term in Section 5 of this Circular
“Sale of Services”	:	Has the meaning ascribed to the term in Section 3.3.1(b) of this Circular
“Sale Shares”	:	Has the meaning ascribed to the term in Section 2.1 of this Circular
“Securities and Futures Act”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
“Services”	:	Has the meaning ascribed to the term in Section 3.3.1(a) of this Circular
“SGX RegCo Guidance”	:	Has the meaning ascribed to the term in Section 5 of this Circular
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholder” or “Shareholders”	:	The registered holders of the Shares (other than the CDP) and in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“Share Charge”	:	Has the meaning ascribed to the term in Section 2.3.1 of this Circular
“SPA”	:	Has the meaning ascribed to the term in Section 2.1 of this Circular
“Sponsor”	:	United Overseas Bank Limited
“subsidiaries”	:	Has the meaning ascribed to the term in Section 5 of the Companies Act and “subsidiary” shall be construed accordingly
“Substantial Shareholder”	:	Has the meaning ascribed to the term in Section 81 of the Companies Act

DEFINITIONS

“S\$”	:	Singapore dollar
“Target”	:	Has the meaning ascribed to the term in Section 2.1 of this Circular
“Valuation Report”	:	The report dated 19 March 2020 issued by the Independent Valuer in respect of the independent valuation on the Target, a copy of which is enclosed as Appendix II to this Circular
“Vendor”	:	Has the meaning ascribed to the term in Section 2.1 of this Circular
“Vendor Corporate Guarantee”	:	Has the meaning ascribed to the term in Section 2.3.3 of this Circular
“Vendor Group”	:	The group of companies comprising the Vendor, any holding company from time to time of the Vendor and any subsidiary of the Vendor or of any such holding company, but excluding the Target, and “Vendor Group Entity” means any one of them
“%”	:	Per centum or percentage
“2017 Transaction”	:	Has the meaning ascribed to the term in Section 2.3.1 of this Circular

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

Any word defined under the Act, the Securities and Futures Act, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Act, the Securities and Futures Act, the Catalist Rules or any statutory modification thereof, as the case may be. Summaries of the provisions of any laws and regulations (including the Catalist Rules) are as at the Latest Practicable Date.

Any reference to a time of a day in the Circular is a reference to Singapore time unless otherwise stated.

LETTER TO SHAREHOLDERS

BIOLIDICS LIMITED

(Company Registration No.: 200913076M)
(Incorporated in the Republic of Singapore)

Board of Directors

Yee Pinh Jeremy (Non-Executive Non-Independent Chairman)
Chen Johnson (Non-Executive Non-Independent Director and Founder)
Leong Yow Seng (Lead Independent Director)
Ong Hsien Chih, James (Weng Xianzhi, James) (Independent Director)
Peter Koh Heng Kang (Independent Director)
Toh Shih Hua (Independent Director)

Registered Office

37 Jalan Pemimpin
#02-07 Mapex
Singapore 577177

Dear Sirs,

1. INTRODUCTION

1.1 EGM

The Directors are convening the EGM to seek Shareholders' approval for the following ordinary resolutions:

- (a) the Proposed Acquisition; and
 - (b) the Proposed IPT Mandate,
- (collectively, the "**Proposed Resolutions**").

1.2 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to and explaining the rationale for the Proposed Resolutions which shall be tabled at the EGM, the notice of which is set out on pages 84 to 86 of this Circular. The Circular has been prepared solely for the purpose set out herein and may not be relied on by any persons (other than the Shareholders) nor for any other purpose.

The SGX-ST takes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained in this Circular.

2. THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF BIOMEDICS LABORATORY PTE. LTD. AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES

2.1 Background

On 27 March 2020, the Company announced that it had, on 27 March 2020, entered into a sale and purchase agreement (the "**SPA**") with SAM Laboratory Pte. Ltd. (the "**Vendor**") for the proposed acquisition by the Company of the entire issued and paid-up ordinary shares (the "**Sale Shares**") in the capital of Biomedics Laboratory Pte. Ltd. (the "**Target**") held by the Vendor (the "**Proposed Acquisition**").

LETTER TO SHAREHOLDERS

The Proposed Acquisition constitutes (i) an interested person transaction as defined under Chapter 9 of the Catalist Rules, which value exceeds 5.0% of the latest audited NTA of the Group; and (ii) a major transaction under Chapter 10 of the Catalist Rules pursuant to paragraph 4.6 of Practice Note 10A of the Catalist Rules (the “**Practice Note**”).

Accordingly, the Proposed Acquisition is subject to the approval of Shareholders under Rules 906 and 1014 of the Catalist Rules by way of an ordinary resolution. Further details of the Proposed Acquisition are set out in Section 2.3 of this Circular.

2.2 Information on the Target and the Vendor

2.2.1 Information on the Target

The Target is a private company incorporated in Singapore on 21 November 2019 with an issued and paid-up share capital of S\$400,001 comprising 400,001 ordinary shares as at the Latest Practicable Date. The Vendor is the legal and beneficial owner of the entire issued and paid-up share capital of the Target.

Pursuant to an internal restructuring undertaken by the Vendor in December 2019, the Vendor transferred certain of its assets relating to its clinical laboratory operations (comprising principally laboratory equipment and fixtures, accreditation and certifications) to the Target (the “**Restructuring Transfer**”). Pursuant to the Restructuring Transfer, the Target took over the operations of the clinical laboratory which has been providing testing services since 2009. The testing services currently performed by the Target include esoteric tests, genetic tests and other cancer related diagnostic tests for precision oncology conducted in-house or in partnership with several third party institutions, all of which are complementary with the Group’s business.

Based on the unaudited pro forma management accounts prepared by the Target, the Target generated revenue of approximately S\$297,000 and incurred a net loss of approximately S\$647,000 for FY2019. Based on the unaudited management accounts prepared by the Target, the Target had NTA of S\$400,001 as at 31 December 2019.

2.2.2 Information on the Vendor

The Vendor is a private company incorporated in Singapore on 2 October 2009 with an issued and paid-up share capital of S\$40,000 comprising 40,000 ordinary shares as at the Latest Practicable Date. CBH, a Controlling Shareholder, is the legal and beneficial owner of the entire issued and paid-up share capital of the Vendor.

2.3 Principal terms of the Proposed Acquisition

2.3.1 Consideration

The aggregate consideration for the Sale Shares is S\$3,500,000 (the “**Consideration**”). Where the Deferred Consideration is paid after 12 months (but not later than 24 months) from the Completion Date, the Consideration shall be S\$3,700,000 (the “**Maximum Consideration**”).

LETTER TO SHAREHOLDERS

The Consideration shall be satisfied in full by way of bank transfer of immediately available funds to an account designated by the Vendor as follows:

- (a) S\$100,000 shall be payable upon Completion (the “**Initial Payment**”); and
- (b) the remaining amounts being the Consideration less the Initial Payment (the “**Deferred Consideration**”) shall be payable no later than 24 months from the date of Completion (“**Completion Date**”). For the avoidance of doubt, the Company has the option to satisfy the Deferred Consideration at any time after Completion by providing not less than 10 days of written notice to the Vendor of such payment.

The Company intends to satisfy the Consideration through internal resources and/or bank borrowings.

The Company shall grant a charge in favour of the Vendor (or any entity within the Vendor Group) in respect of all the shares of the Target (the “**Share Charge**”) as security for the payment of the Deferred Consideration, on such terms and conditions as may be reasonably satisfactory to the parties. The Share Charge has been entered into on 27 March 2020. In addition, the Company undertakes that for the period from the Completion Date until the Deferred Consideration is paid in full, it shall take steps consistent with past practice to preserve and protect the assets of the Target as at the Completion Date (the “**Completion Assets**”) and shall not, other than in the ordinary and usual course of business, without the prior written consent of the Vendor:

- (a) remove any of the physical Completion Assets from any of its properties or otherwise dispose of any Completion Assets;
- (b) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, licence, sub-licence, transfer or otherwise dispose of any Completion Assets;
- (c) issue, allow to come into being, or grant any Encumbrance over any of the Completion Assets; and/or
- (d) do any act or enter into any transaction or arrangement which may result in any material reduction of the total asset value of the Target as at the Completion Date.

The Consideration was determined based on arm’s length negotiations and arrived at on a willing seller willing buyer basis, after taking into consideration, amongst others, the time and financial resources required for the Group to set up a CAP-accredited clinical laboratory, the purchase consideration for the purchase of entire issued and paid-up share capital of the Vendor by the Vendor Group from Singapore Institute of Advanced Medicine Holdings Pte. Ltd. in 2017 (the “**2017 Transaction**”), the expanded range of services, customer base and revenue growth of the clinical laboratory business since the 2017 Transaction, the market value of the Sale Shares based on the Valuation Report, and the rationale for and benefits of the Proposed Acquisition, in particular, the potential growth and prospects of the Group arising from the acquisition of a CAP-accredited clinical laboratory. As at the Latest Practicable Date, CBH holds approximately 1.41% of the shareholding interests in Singapore Institute of Advanced Medicine Holdings Pte. Ltd..

LETTER TO SHAREHOLDERS

2.3.2 Conditions Precedent under the SPA

Pursuant to the terms of the SPA, completion of the Proposed Acquisition (“**Completion**”) is conditional on the following matters being satisfied or waived in accordance with the SPA (the “**Conditions**”):

- (a) the completion of financial, legal, tax, operational and commercial due diligence exercise on the Target by the Company, and the results of such due diligence exercises being satisfactory to the Company in its sole and absolute discretion;
- (b) the Company obtaining such approval(s) as may be required from its Directors, shareholders and the SGX-ST in respect of the Proposed Acquisition, the Distribution Services Agreement, and the transactions contemplated under the SPA;
- (c) all relevant consents and approvals required under any and all applicable laws for the Proposed Acquisition and the transactions contemplated under the SPA being obtained, including listing requirements and compliances required by the SGX-ST and where any consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion;
- (d) all third party consents (including consent for the change of control of the Target under any contract it has entered into), licenses, approvals, authorisations or waivers required for the Proposed Acquisition and the transactions contemplated under the SPA including all waivers or consents as may be necessary to enable the Company to be registered as the holder of all the Sale Shares, having been obtained, and where such consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion;
- (e) the Target having fully discharged all intra-group indebtedness and all loans to/from any shareholder of any Vendor Group Entity, if any;
- (f) entry into the Distribution Services Agreement;
- (g) entry into the Share Charge by the Purchaser in favour of the Vendor or a Vendor Group Entity;
- (h) entry into a non-competition undertaking by CBH in favour of the Company pursuant to which CBH undertakes, amongst others, that none of its group companies shall engage in the provision of certain laboratory testing products and services that are substantially similar to those offered by the Purchaser and its subsidiaries (including the Target);
- (i) the Target having entered into a hire purchase agreement with a financial institution in respect of the laboratory equipment purchased from NanoString Technologies, Inc. (the “**Hire Purchase**”);
- (j) all warranties under the SPA being complied with, and being true and correct in all respects and the Vendor having complied with and performed all of the terms, conditions and covenants of the SPA;
- (k) no litigation, action, suit or other proceedings being pending or threatened against the Vendor or the Target where an unfavourable judgment, decree or order would prevent or make unlawful the carrying out of the transactions contemplated under the SPA or which will substantially affect the financial position and performance of the Target; and

LETTER TO SHAREHOLDERS

- (l) none of the following events having occurred at any time prior to or on Completion:
 - (i) liquidation, bankruptcy or insolvency of any of the Vendor or the Target;
 - (ii) termination of substantially all or part of the business of the Target by resolution of the general meetings of its shareholders;
 - (iii) appointment of any assignee, receiver or liquidator for substantially all or a material part of the assets or business of the Target; or
 - (iv) attachment, sequestration, execution or seizure of substantially all or a material part of the assets of the Target.

Unless specifically waived by the Company (to the extent capable of being waived), if any of the Conditions shall not be fulfilled on or before the Long Stop Date, either party may terminate the SPA by written notice to the other party, and upon the issuance of such notice, save for any terms of the SPA which are expressly stated to survive termination, all the provisions of the SPA shall immediately cease and determine and neither party shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by either party against the other party arising from any antecedent breach of the terms of the SPA. For the purposes of this paragraph, the “**Long Stop Date**” means 31 May 2020 (or such other date as the Parties may mutually agree in writing).

2.3.3 Vendor Corporate Guarantee

In connection with the Hire Purchase, the Vendor undertakes that it shall, at its own costs, provide any security, guarantee and/or indemnity that may be required by the relevant financial institution for the Target to obtain the Hire Purchase (the “**Vendor Corporate Guarantee**”). The Vendor further undertakes that it shall not withdraw or revoke the Vendor Corporate Guarantee and that such Vendor Corporate Guarantee will continue in full force and effect for so long as the relevant financial institution may require for a period of not less than 60 days from the date of Completion.

The Company undertakes that it shall use best efforts to request for the discharge of the Vendor Corporate Guarantee as soon as practicable after Completion, whether by replacing the Vendor Corporate Guarantee with a corporate guarantee provided by the Company or any of company within the Group, repaying the Hire Purchase, or otherwise.

2.3.4 Valuation of the Target

For the purposes of the Proposed Acquisition, the Company commissioned Jones Lang LaSalle Corporate Appraisal and Advisory Limited as the Independent Valuer to perform a valuation on the Target. Based on the Valuation Report, the market value of the Target as at 31 December 2019 is between S\$3,258,000 and S\$4,019,000. The valuation of the Target had been carried out on a market value basis, being the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The Valuation Report issued by the Independent Valuer in respect of the independent valuation on the Target is reproduced in Appendix II to this Circular. Shareholders are advised to read and consider the Valuation Report carefully, in particular the methodology, factors considered and assumptions employed in the Independent Valuer formulating its opinion of value.

LETTER TO SHAREHOLDERS

2.3.5 Completion

Subject to the fulfilment or waiver of the Conditions, Completion shall take place by the Long Stop Date.

2.4 **Rationale for the Proposed Acquisition**

The Group's core business is in offering cancer diagnostic solutions. The Group's proprietary cell enrichment systems which, when combined with other analytical tests, have a wide range of applications for cancer diagnosis, prognosis, treatment selection and treatment monitoring. Although the Target had incurred a loss for FY2019, the Board believes that the Proposed Acquisition will increase the Group's core capabilities as the principal activities of the Target are complementary and synergistic with the Group's business. The Proposed Acquisition can potentially accelerate the Company's revenue growth and execution of the Group's business strategy by leveraging on the clinical laboratory owned by the Target to provide new services that utilise the Group's current core technologies together with the technologies provided by other strategic partners, thereby providing a new source of revenue for the Group. Further, after several years of operations, the Target's clinical laboratory has an established base of repeat customers and complementary third party test which it distributes. The Group and the Target can also cross sell their existing products and services to each other's customers.

In addition, having taken into account the prevailing costs of equipment and the salaries of key employees such as pathologists, the Board believes that it will entail more time and financial resources for the Group to set up a new clinical laboratory. Further, the Target's clinical laboratory is the only CAP-accredited clinical laboratory for the detection of circulating tumour cells under the anatomical pathology discipline in Asia. Such accreditation process takes at least 24 months and there is no assurance that the Group will be able to obtain such accreditation within such period or at all, if the Group sets up its own clinical laboratory. The Proposed Acquisition will also allow the Group to provide services which are required to be carried out in a CAP-accredited laboratory immediately upon Completion.

The Board is therefore of the view that the Proposed Acquisition is in the best interests of Company and its shareholders as it may lead to potential growth of the Group's business.

2.5 **Distribution Services Agreement**

Concurrently with the execution of the SPA, the Target had entered into a distribution services agreement (the "**Distribution Services Agreement**") with CBM, a wholly-owned subsidiary of CBH, pursuant to which CBM will act as a non-exclusive distributor of the Target's products and services including (a) precision oncology services in the areas of cancer screening, diagnosis, treatment selection, monitoring and prognosis, and other health management, pharmaceutical and wellness services, and (b) products such as equipment, test kits and other consumables in Brunei, Myanmar, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Hong Kong, China and Australia for a period of three (3) years from the effective date of the Distribution Services Agreement. The Distribution Services Agreement is conditional upon Shareholders' approval being obtained for the Proposed IPT Mandate and is intended to take effect upon Completion or the date such Shareholders' approval is obtained, whichever is later.

LETTER TO SHAREHOLDERS

2.6 Relative Figures under Rule 1006 of the Catalyst Rules

The relative figures in relation to the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules, based on the Group's audited financial statements for FY2019 are as follows:

Rule	Bases	Relative Figure
1006(a)	Net asset value of assets to be disposed, compared with the Group's net asset value	Not applicable.
1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	13.5 ⁽¹⁾ %
1006(c)	Aggregate value of consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	7.6 ⁽²⁾ %
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable.
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable.

Notes:

- (1) Determined by dividing the Target's net loss for FY2019 of approximately S\$647,000 by the Group's net loss for FY2019 of approximately S\$4,810,000.
- (2) Computed based on the Maximum Consideration of S\$3,700,000, and the market capitalisation of the Company of approximately S\$48,999,000, which was determined by multiplying the issued share capital of the Company of 260,358,000 Shares with the volume weighted average price of such Shares transacted on 26 March 2020 (being the market day preceding the date of the SPA) of S\$0.1882 per Share.

2.7 The Proposed Acquisition as a major transaction under Chapter 10 of the Catalyst Rules

The applicable figures computed under Rules 1006(b) or 1006(c) of the Catalyst Rules exceed 5.0% but are less than 75.0%. However, as the Proposed Acquisition involves the acquisition of a loss-making asset by a loss-making issuer, pursuant to paragraph 4 of the Practice Note, the tests based on assets and profits under Rules 1006(a) and 1006(b) respectively may not give a meaningful indication of the significance of the transaction to the Company. Further, as the net loss attributable to the Target exceeds 10.0% of the Group's consolidated net loss, pursuant to paragraph 4.6 of the Practice Note, Rule 1014 shall apply to the transaction and the Proposed Acquisition will constitute a "major transaction" under the Catalyst Rules, and must be made conditional upon approval by shareholders in general meeting.

LETTER TO SHAREHOLDERS

2.8 Financial Effects of the Proposed Acquisition

2.8.1 The financial effects of the Proposed Acquisition as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after Completion. The financial effects of the Proposed Acquisition set out below have been prepared based on the following:

- (i) the Group's audited financial statements for FY2019;
- (ii) the Target's unaudited financial statements for FY2019, taking into account (a) the pro forma financial performance relating to its esoteric tests, genetic tests and other cancer related diagnostic tests, and expenses incurred in the operations of the clinical laboratory; and (b) the financial position of the Target, which consists of the carrying value of the assets that were transferred pursuant to the Restructuring Transfer;
- (iii) the Maximum Consideration; and
- (iv) the expenses incurred by the Company in connection with the Proposed Acquisition of approximately S\$117,000.

2.8.2 NTA

The effects of the Proposed Acquisition on the consolidated NTA per Share of the Group as at 31 December 2019, assuming that the Proposed Acquisition had been effected on 31 December 2019 are summarised below:

	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated NTA (S\$'000)	7,199	3,782
Number of Shares	242,500,000	242,500,000
Consolidated NTA per Share (cents)	2.97	1.56

2.8.3 EPS

The effects of the Proposed Acquisition on the consolidated EPS of the Group for FY2019, assuming that the Proposed Acquisition had been effected at the beginning of the financial year, are summarised below:

	Before the Proposed Acquisition	After the Proposed Acquisition
Loss attributable to equity holders of the Company (S\$'000)	(4,810)	(5,574)
Weighted average number of Shares	242,500,000	242,500,000
Consolidated EPS (cents)	(1.98)	(2.30)

LETTER TO SHAREHOLDERS

2.9 The Proposed Acquisition as an interested person transaction under Chapter 9 of the Catalist Rules

2.9.1 Interests of Directors and Controlling Shareholders

As at the Latest Practicable Date, the Vendor is wholly owned by CBH, which is also a Controlling Shareholder. As such, the Vendor is an associate of CBH and is therefore an “interested person” under Chapter 9 of the Catalist Rules. Accordingly, the Proposed Acquisition which is a transaction between the Vendor (the “interested person”) and the Company (the “entity at risk”), constitutes an “interested person transaction” for the purposes of Chapter 9 of the Catalist Rules.

2.9.2 Interested Person Transaction

Based on the latest audited consolidated financial statements of the Group for FY2019, the audited consolidated NTA of the Group was approximately S\$7,199,000. For the purposes of Chapter 9 of the Catalist Rules, the value of the Proposed Acquisition is approximately 51.4% of the latest audited consolidated NTA of the Group. As such, the Proposed Acquisition is an interested person transaction which is subject to the approval of Shareholders at the EGM pursuant to Rule 906(1)(a) of the Catalist Rules.

2.9.3 Total value of interested person transactions

Save as disclosed above, as at the Latest Practicable Date, the Group has not entered into any transactions with the Vendor in FY2020.

In addition to the Proposed Acquisition, as at the Latest Practicable Date, the Group has interested person transactions amounting to approximately S\$24,000 with the Vendor Group for FY2020. The details of such interested person transactions are as follows:

Name of Interested Person	Nature of the transaction	Value of the transaction (S\$'000)
Shanghai Kai Zhun Health Management Co. Ltd (a wholly-owned indirect subsidiary of CBH)	Provision of management and support services to Biolidics (Shanghai) Co., Ltd.	7
CBH	Secondment of staff to the Group	14
Target	Rental of laboratory facilities to the Company	3

Going forward, the above-mentioned interested person transactions will be subject to the review procedures set out in the Proposed IPT Mandate which the Company intends to adopt as disclosed in Section 3 of this Circular.

As at the Latest Practicable Date, the total value of all interested person transactions entered into by the Group for FY2020 is approximately S\$45,000. In addition to transactions with the Vendor Group, this includes purchases from Hybrionic Pte Ltd, the Group’s main contract manufacturer for certain components of its CTChip® FR1 biochip.

LETTER TO SHAREHOLDERS

2.10 Advice of the Independent Financial Adviser on the Proposed Acquisition

Xandar Capital Pte. Ltd. has been appointed as the Independent Financial Adviser to the Non-Interested Directors to, *inter alia*, opine on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

Having regard to the matters set out in their IFA Letter, the Independent Financial Adviser is of the opinion that the Proposed Acquisition collectively as an interested person transaction and a major transaction under the Catalist Rules is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

The IFA Letter in relation to the Proposed Acquisition is reproduced in Appendix I to this Circular. Shareholders are advised to read the IFA Letter in relation to the Proposed Acquisition carefully.

2.11 Audit Committee Statement

The Audit Committee, comprising Toh Shih Hua, Leong Yow Seng and Ong Hsien Chih, James (Weng Xianzhi, James), having considered, *inter alia*, the terms, rationale and benefits of the Proposed Acquisition, the Valuation Report, as well as the advice given by the IFA, are of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

3. THE PROPOSED IPT MANDATE

3.1 Background

CBH is a Controlling Shareholder of the Company. As at the Latest Practicable Date, CBH has interest (direct and indirect) in 86,016,200 Shares representing approximately 33.04% of the Company's total issued and paid-up share capital (excluding treasury shares). Pursuant to Rule 904(4) of the Catalist Rules, CBH and its associates are deemed as an interested person ("**Interested Person**") within the meaning of Chapter 9 of the Catalist Rules, and transactions between the Group and the CBH Group are deemed interested person transactions ("**Interested Person Transactions**") within the meaning of Chapter 9 of the Catalist Rules.

The CBH Group is an integrated healthcare group with a focus on the delivery of precision medicine with businesses comprising healthcare systems, medical clinics/centres and strategic investments in medical technology companies.

From time to time, the Group may enter into certain recurrent transactions with the CBH Group in the ordinary course of business of the Group to leverage on benefits of outsourcing certain non-critical functions which enables the Group to focus on its core competencies and deploy its resources efficiently. Such transactions include principally the provision of Management and Support Services by the CBH Group to the Group. For FY2019, the value of such Interested Person Transactions amounted to approximately S\$177,000. From 1 January 2020 until the Latest Practicable Date, the value of such Interested Person Transactions amounted to approximately S\$24,000.

LETTER TO SHAREHOLDERS

As at the date of this Circular, the Target's clinical laboratory testing services have been distributed by the CBH Group to customers (mainly clinics) in Singapore and overseas. Pursuant to the Proposed Acquisition, the Target has entered into the Distribution Services Agreement dated 27 March 2020 with CBM, a wholly-owned subsidiary of CBH, pursuant to which CBM will act as a non-exclusive distributor of the Target's products and services including (a) precision oncology services in the areas of cancer screening, diagnosis, treatment selection, monitoring and prognosis, and other health management, pharmaceutical and wellness services, and (b) products such as equipment, test kits and other consumables, in Brunei, Myanmar, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Hong Kong, China and Australia for a period of three (3) years for the continuous provision of distribution services by the CBH Group to the Target. The Distribution Services Agreement will take effect upon Completion or the date where the Company obtains Shareholders' approval for the Proposed IPT Mandate, whichever is later.

Upon Completion, the transactions between the Target and the CBH Group will constitute Interested Person Transactions. Other than distributorship services, these transactions also include the sale of products and services by the Target to the CBH Group as its customer. The aggregate value of the existing transactions between the Group and the CBH Group, together with the transactions between the Target and the CBH Group amounted to approximately S\$421,000 in FY2019, representing approximately 5.85% of the Company's audited NTA of approximately S\$7,199,000 for FY2019. From 1 January 2020 until the Latest Practicable Date, the value of such transactions amounted to approximately S\$35,000. As such, it is envisaged that after Completion, the aggregate value of transactions between the Group and the CBH Group will increase and constitute more than 5.0% of the Group's audited NTA as at 31 December 2019. Accordingly, the Board proposes to adopt the Proposed IPT Mandate to facilitate future Interested Person Transactions between the Group (which shall, upon Completion, include the Target) and the CBH Group.

3.2 Chapter 9 of the Catalist Rules

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (each known as an entity at risk) enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that such interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

An immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

In particular, an immediate announcement is required where:

- (a) the value of an interested person transaction is equal to, or more than, 3.0% of the listed group's latest audited NTA; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, amounts to 3.0% or more of the listed group's latest audited NTA.

LETTER TO SHAREHOLDERS

In addition to an immediate announcement, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5.0% of the listed group's latest audited NTA; or
- (b) 5.0% of the listed group's latest audited NTA, when aggregated with the values of other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and/or for shareholders' approval do not apply to any transaction below S\$100,000 and certain transactions listed under Rules 915 and 916 of the Catalist Rules. However, while transactions below S\$100,000 are not normally aggregated, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction.

Rule 920 of the Catalist Rules allows a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons where such transactions are of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal.

The Company is seeking Shareholders' approval at the EGM for the Proposed IPT Mandate pursuant to the requirements of Chapter 9 of the Catalist Rules to allow the entities within the Group that are considered to be "entities at risk" within the meaning of Chapter 9 of the Catalist Rules, to enter in the ordinary course of business into any of the Mandated Transactions with specified Interested Persons of the Company, provided that such transactions are made on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, and in accordance with the review procedures for such transactions.

3.3 The Proposed IPT Mandate

3.3.1 Categories of the mandated Interested Person Transactions (the "Mandated Transactions")

The Proposed IPT Mandate will apply to the following categories of transactions with the Interested Persons:

- (a) provision of distribution services by the Interested Persons for distribution of medical and healthcare products and services to customers in Singapore and overseas ("**Distribution Services**"). Such services relate primarily to (a) precision oncology services in the areas of cancer screening, diagnosis, treatment selection, monitoring and prognosis, and (b) other health management, pharmaceutical and wellness services ("**Services**"). The products distributed comprise mainly equipment, test kits, reagents and other consumables relating to such services ("**Products**"). Distribution Services include the distribution of the Products and Services under the Distribution Services Agreement;

LETTER TO SHAREHOLDERS

- (b) the sale of Products and Services by the Group to Interested Persons on an ad hoc basis which does not arise from the provision of Distribution Services by the Interested Persons (“**Sale of Services**”); and
- (c) the provision of management and support services by the Interested Persons to the Group. Such management and support services relate mainly to corporate management, administration and support services, rental of laboratory facilities and/or office premises, as well as secondment of employees from the Interested Person to the Group. Corporate management, administration and support services comprise the receipt of management consultancy services as well as general support in the areas of human resources and corporate administration. The Group can also utilise part of the laboratory facilities and/or office premises of its Interested Persons and tap on the expertise and knowledge of staff seconded from the Interested Persons (collectively, the “**Management and Support Services**”).

Taking into consideration the nature of the above-mentioned transactions and Rule 905(5) of the Catalist Rules, the Proposed IPT Mandate will cover all Mandated Transactions even if they fall below S\$100,000.

All transactions that do not fall within the ambit of the Proposed IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

3.3.2 Names of Interested Persons

The Interested Persons to be covered under the Proposed IPT Mandate are CBH, Clearbridge Assays Pte. Ltd., CBM, and Shanghai Kai Zhun Health Management Co. Ltd, all of which are companies within the CBH Group. Each of Clearbridge Assays Pte. Ltd., CBM and Shanghai Kai Zhun Health Management Co. Ltd are wholly-owned subsidiaries of CBH.

Please refer to paragraph 3.1 for details on the CBH Group.

3.4 **Rationale and benefits of the adoption of the Proposed IPT Mandate**

In view of the time-sensitive and recurrent nature of commercial transactions, the Company is proposing the adoption of the Proposed IPT Mandate to enable the Group to enter in the ordinary course of business into any of the Mandated Transactions with the specified Interested Persons, provided that such Mandated Transactions are made on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, and in accordance with the review procedures for such Mandated Transactions.

The Proposed IPT Mandate, if approved by Shareholders at the EGM, will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek Shareholders’ prior approval for each separate Mandated Transaction to be entered into between the Group and the Interested Persons of a revenue nature or those necessary for its business or operations. This will substantially reduce the expenses and time associated with the convening of general meetings (including the engagement of external advisers and preparation of documents), improve administrative efficacy and allow manpower resources and time to be channelled towards attaining other business objectives. It will also enable the Group to capitalise on commercial and business opportunities that may avail themselves promptly, in order to ensure competitiveness, and not be placed at a disadvantage to other competitors.

LETTER TO SHAREHOLDERS

The Proposed IPT Mandate will allow the Group to continue to benefit from the CBH Group acting as its distributor for its laboratory testing services upon Completion, and to continue selling its products and services to the CBH Group both as its customer as well as to leverage on the CBH Group's sales network.

In respect of the Management and Support Services, the Group will benefit from the CBH Group's facilities and human resources expertise. By having access to such Management and Support Services, the Group will derive operational efficacy and savings.

The Proposed IPT Mandate is intended to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the Interested Persons, provided that they are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. This allows the Group to leverage on the resources of its Interested Persons and reduce overlapping costs to achieve greater growth.

3.5 Guidelines and review procedures for the Mandated Transactions

To ensure that the Mandated Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, the Company has put in place guidelines and review procedures for the Mandated Transactions under the Proposed IPT Mandate as set out below in this section.

All Mandated Transactions shall be conducted in accordance with the Group's usual business practices and policies, consistent with the usual margins, rates or prices received or paid by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms are not more favourable to the Interested Person compared to those extended to or received from unrelated third parties after taking into account the requirements, specifications, complexity, industry norms, volume and resources required.

3.5.1 Guidelines and review procedures

Prior to entering into any of the Mandated Transactions with the Interested Persons, the Group shall follow the review procedures as set out below:

- (a) when selling the Group's own Products and/or Services to the Interested Person under all distributorship agreements (whether pursuant to the Distribution Services Agreement or otherwise), the prices of such Products and/or Services are to be determined with reference to at least two (2) recent agreements or successful transactions with unrelated third parties in respect of the same or substantially similar nature, taking into account factors such as, but not limited to, the potential selling quantity arising from the agreement, the duration of contract, as well as the credit standing and payment records of the Interested Persons ("**Qualitative Factors**"). In the event where it is impossible or impracticable to obtain comparable pricing, the sales department shall evaluate and determine the prices of such Products and/or Services taking into account the Qualitative Factors. The Group will also calculate its cost of providing such Products and/or Services to ensure that the Group will always achieve a positive gross margin from such sale;

LETTER TO SHAREHOLDERS

- (b) when selling third party Products and/or Services distributed by the Group to the Interested Persons under all distributorship agreements (whether pursuant to the Distribution Services Agreement or otherwise), the prices of such Products and/or Services are to be determined based on the prevailing market reference price that is publicly available, if any, and is calculated by reference to any fair pricing basis to be determined and agreed by the management of the Company. Where no prevailing market reference price is publicly available, any distributorship agreements with Interested Persons, including the Distribution Services Agreement, are to be carried out with reference to at least two (2) recent agreements or successful transactions with unrelated third parties in respect of the same or substantially similar nature, taking into account the Qualitative Factors. In the event where it is impossible or impracticable to obtain comparable transactions, the sales department shall evaluate and determine the prices of such Products and/or Services taking into account the Qualitative Factors as well as other factors such as the Group's cost of sales to ensure that the Group will always achieve a positive gross margin from such sale;
- (c) all distributorship agreements with Interested Persons, including the Distribution Services Agreement, shall allow the Group to revise the prices of its Products and Services by giving 30 days' notice (or such shorter period as may be set out in the relevant agreement) to the distributor(s). In the event that the Group enters into new distributorship agreements with third parties which provide for higher prices of such Products and/or Services or in the event that the Group's suppliers increase any cost of any Products and/or Services, the Group shall effect the notice immediately to ensure that (a) the Group will always achieve a positive gross margin from such a sale; and (b) the prices offered by the Group to the Interested Persons for any Product and/or Service under any distribution agreement are no more favourable than the prices offered by the Group to unrelated third parties in respect of the same or substantially similar nature of Products and/or Services, taking into account the Qualitative Factors;
- (d) in relation to the Sale of Services, prices of Products and Services charged by the Group to Interested Persons are to be determined with reference to at least two (2) recent agreements or successful transactions with unrelated third parties in respect of the same or substantially similar nature. The Group shall ensure that the prices offered by the Group to Interested Persons for the Sale of Services are no more favourable than the prices offered to unrelated third party customers for the sale of the same or substantially similar nature of Products and/or Services, taking into consideration factors such as the customers' credit standing, transaction volume on an annual basis, delivery requirements, length of business relationship and potential for future repeat business;
- (e) in relation to the provision of corporate management, administration and support services by the Interested Persons to the Group, the fees payable shall be the actual cost incurred by the Interested Persons in performing the scope of services, including but not limited to salaries, bonuses, allowances, central provident fund contribution, government levies and other benefits paid or payable to the employees of the Interested Persons, plus a pre-determined mark-up. When determining the mark-up, the Group will take into account factors such as the cost to be incurred by the Group to obtain such corporate management, administration and support services from unrelated third party professional firms. The total fees payable to the Interested Persons shall not be higher than the total costs to be incurred by the Group if the Group engages unrelated third parties to provide such services;

LETTER TO SHAREHOLDERS

- (f) in relation to the rental of laboratory facilities and/or office premises from the Interested Persons, the Group will only enter into new leases or renew existing leases with the Interested Persons if the Group is satisfied that the rent payable is in line with prevailing market rental rates for comparable spaces, taking into account factors such as tenure of the lease, area of leased premises, rentals of similar properties in the same vicinity (if available) and any other relevant factors that may affect rental rates or terms of the lease. The rent payable (and the deposit needed) shall not be higher than the highest rent (or deposit) quoted by unrelated third parties for such lease; and
- (g) in relation to the secondment of employees from the Interested Persons, the fees payable to the Interested Persons shall be based on the actual cost incurred by the Interested Person in providing such service plus a pre-determined mark-up. When determining the mark-up, the Group will take into account the relevant taxation rules relating to secondment of employees. The total fees payable to the Interested Persons shall not be higher than the total employment expenses to be incurred by the Group if the Group employs new employees for the seconded role;
- (h) where it is not possible to compare against the terms of other transactions with unrelated third parties, the Mandated Transaction will be approved by the management, in accordance with the Group's usual business practices and policies. In determining the transaction price payable to the Interested Person for such products or transactions, factors such as, but not limited to, quantity, requirements, specifications, complexity, industry norms will be taken into account.

3.5.2 Approval threshold limits

All agreements which have terms equal to or exceeding 12 months shall be reviewed and approved by the Audit Committee prior to entry.

The Group will monitor and categorise all other Mandated Transactions as follows:

- (a) a "Category 1" Interested Person Transaction is one where the value thereof is equal to or more than 3.0% of the latest audited NTA of the Group; and
- (b) a "Category 2" Interested Person Transaction is one where the value thereof is below 3.0% of the latest audited NTA of the Group.

"Category 1" Interested Person Transactions must be reviewed and approved by the Audit Committee prior to entry. "Category 2" Interested Person Transactions need not be approved by the Audit Committee prior to entry but must be approved by the Financial Controller, Chief Executive Officer or such other person(s) designated by the Audit Committee from time to time, who shall not be interested in any of the Interested Person Transactions. Such transactions are also reviewed by the Audit Committee at least once every six (6) months.

The approval thresholds set out above have been adopted by the Group after taking into account, *inter alia*, the nature, volume, frequency and size of the Interested Person Transactions, as well as the Group's day-to-day operations, administration and business. The threshold limits are arrived at with the view to strike a balance between (i) maximising the operation efficiency of the day-to-day operations of the Group, and (ii) maintaining adequate internal controls and governance in relation to the Interested Person Transactions.

LETTER TO SHAREHOLDERS

3.5.3 Additional guidelines and review procedures

In addition to the guidelines and review procedures set out in Sections 3.5.1 and 3.5.2 above, the Company will also implement the following additional guidelines and procedures to ensure that the Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms:

(i) Register of Interested Person Transactions

The Company will maintain a register to record all pertinent information in relation to the Interested Person Transactions (including the Mandated Transactions as well as all Interested Person Transactions below S\$100,000 in value), such as but not limited to, the identity of the Interested Persons involved in the Interested Person Transactions, the value of the Interested Person Transactions, the nature and scope of the Interested Person Transactions, the basis and rationale for entering into the Interested Person Transactions, including the quotations and other evidence obtained to support such basis with written approvals. The register of Interested Person Transactions shall be prepared, maintained and monitored by senior personnel such as the Financial Controller (who shall not be interested in any of the Interested Person Transactions) and who are duly delegated to do so by the Audit Committee.

In addition, the Company will maintain a list of Interested Persons and their associates which shall be reviewed by the Financial Controller at least once every six (6) months and subject to such verifications or declarations as required by the Audit Committee from time to time or for such periods as determined by them.

(ii) Review by Audit Committee

Members of the Audit Committee will review all approved Interested Person Transactions (including Interested Person Transactions below S\$100,000 in value) at least once every six (6) months to ensure that the procedures for review, approvals as well as monitoring and administration are adequate, sufficient and adhered to, in ensuring that Interested Person Transactions are undertaken on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee will also review, from time to time, the established guidelines and review procedures of the Interested Person Transactions and determine if such guidelines and review procedures continue to be adequate and/or commercially practicable in ensuring that the Interested Person Transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

If the Audit Committee is of the view that the guidelines and review procedures have become inappropriate and/or insufficient to meet such objectives, the Company will seek a fresh mandate from Shareholders based on new guidelines and review procedures. During the period prior to obtaining such fresh mandate from Shareholders, all Interested Person Transactions will be subject to prior review and approval by the Audit Committee, subject to the requirements under Chapter 9 of the Catalyst Rules.

LETTER TO SHAREHOLDERS

(iii) Review by internal auditors

The Group will incorporate a review of Interested Person Transactions in its internal audit plan. The internal auditors will review the Interested Person Transactions to check that, amongst other things, the relevant approvals have been obtained and the guidelines and review procedures for the Interested Person Transactions have been adhered to. The internal auditors will forward their review reports to the Audit Committee.

(iv) Interested members of the Audit Committee to abstain

In the event that any member of the Audit Committee is interested (directly or indirectly) in any transaction, he will abstain from participating in the review and approval process in relation to that particular transaction to ensure that the transaction will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

3.6 Validity period of the Proposed IPT Mandate

The proposed adoption of the Proposed IPT Mandate is subject to Shareholders' approval at the EGM and, if approved, will take effect from the date of the passing of the ordinary resolution relating thereto at the EGM, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the date on which the next AGM is held or is required by law to be held, whichever is earlier. Approval from Shareholders will be sought for the renewal of the Proposed IPT Mandate at each subsequent AGM (or extraordinary general meeting held on the same day as the AGM) subject to satisfactory review by the Audit Committee of its continued application to the transactions with Interested Persons.

3.7 Disclosures

The Company shall announce the aggregate value of Interested Person Transactions conducted with Interested Persons pursuant to the Proposed IPT Mandate in accordance with Rule 920(1)(a)(ii) of the Catalist Rules for each financial period which the Company is required to report on pursuant to Rule 705 of the Catalist Rules and within the time required for the announcement of such report.

Disclosure shall also be made in the annual report of the Company of the aggregate value of the Interested Person Transactions conducted with the Interested Persons pursuant to the Proposed IPT Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the Proposed IPT Mandate is in force in accordance with Rule 920(1)(a)(i) of the Catalist Rules.

LETTER TO SHAREHOLDERS

The name of the Interested Person and the corresponding aggregate value of the Interested Person Transactions shall be presented in the following format in accordance with Rule 907 of the Catalist Rules:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the Proposed IPT Mandate)	Aggregate value of all Interested Person Transactions conducted under the Proposed IPT Mandate (excluding transactions less than S\$100,000)

3.8 Advice of the Independent Financial Adviser to the Non-Interested Directors

Xandar Capital Pte. Ltd. has been appointed as the Independent Financial Adviser to the Non-Interested Directors to, *inter alia*, opine on whether the guidelines and review procedures as set out in Section 3.5 of this Circular are sufficient to ensure that the Interested Person Transactions covered under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Having regard to the matters set out in their IFA Letter, the Independent Financial Adviser is of the opinion that the guidelines and review procedures for determining the terms of the Interested Person Transactions as set out in the IFA Letter and in Section 3.5 of this Circular, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The IFA Letter in relation to the proposed adoption of the Proposed IPT Mandate is reproduced in Appendix I to this Circular. Shareholders are advised to read the IFA Letter in relation to the proposed adoption of the Proposed IPT Mandate carefully.

3.9 Audit Committee Statement

The Audit Committee, comprising Toh Shih Hua, Leong Yow Seng and Ong Hsien Chih, James (Weng Xianzhi, James), having considered, *inter alia*, the rationale, benefits and the guidelines and review procedures for the Interested Person Transactions and the reviews to be made periodically by the Audit Committee in relation thereto, are of the view that the guidelines and review procedures set out in Section 3.5 above for determining transaction prices in respect of the Interested Person Transactions are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

LETTER TO SHAREHOLDERS

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

The interests of the Directors and the Substantial Shareholders as at the Latest Practicable Date, based on information as recorded in the Register of Directors' Shareholders and the Register of Substantial Shareholders maintained under the provisions of the Companies Act, are as follows:

Directors	Number of Shares			
	Direct Interest	% ⁽¹⁾	Deemed Interest	% ⁽¹⁾
Chen Johnson	2,748,300	1.06	–	–
Yee Pinh Jeremy	–	–	–	–
Leong Yow Seng	–	–	–	–
Toh Shih Hua	–	–	–	–
Peter Koh Heng Kang	–	–	–	–
Ong Hsien Chih, James (Weng Xianzhi, James)	52,200	0.02	–	–
Substantial Shareholders (other than Directors)				
Clearbridge BSA Pte. Ltd. ⁽²⁾	60,135,400	23.10	25,880,800	9.94
Clearbridge Health Limited ⁽³⁾	–	–	86,016,200	33.04
SEEDS Capital Pte. Ltd.	25,880,800	9.94	–	–
SPRING Equity Investments Pte. Ltd. ⁽⁴⁾	–	–	25,880,800	9.94
Enterprise Singapore ⁽⁴⁾	–	–	25,880,800	9.94
Trauwin Pte. Limited	19,044,600	7.31	–	–
Qian Fuqing ⁽⁵⁾	–	–	19,044,600	7.31
Qian Xiaojin ⁽⁵⁾	–	–	19,044,600	7.31
BV Healthcare II Pte. Ltd.	13,652,500	5.24	–	–
NRF Holdings Pte. Ltd. ⁽⁶⁾	–	–	13,652,500	5.24
Sagamore Healthcare I, L.P. ⁽⁷⁾	–	–	13,652,500	5.24
Sagamore Investment Management LLC ⁽⁷⁾	–	–	13,652,500	5.24

Notes:

- (1) The percentages are based on the total issued and paid-up share capital of the Company comprising 260,358,000 Shares as at the Latest Practicable Date. The Company has no treasury shares.
- (2) Pursuant to a call option granted to Clearbridge BSA Pte. Ltd. ("CBSA") by SEEDS Capital Pte. Ltd. ("SEEDS Capital"), CBSA has the right to acquire all of the Shares held by SEEDS Capital. The call option will expire on 28 November 2020. For the purposes of Section 4 of the Securities and Futures Act, CBSA is deemed to have interest in the Shares held by SEEDS Capital.
- (3) CBSA is wholly-owned by CBH. For the purposes of Section 4 of the Securities and Futures Act, CBH is deemed to have interest in the Shares held by CBSA.
- (4) SEEDS Capital is wholly-owned by Enterprise Singapore Holdings Pte. Ltd. ("ESH"), which is in turn wholly-owned by Enterprise Singapore, a statutory board under the Ministry of Trade and Industry Singapore. For the purposes of Section 4 of the Securities and Futures Act, each of ESH and Enterprise Singapore is treated as having an interest in the Shares held by SEEDS Capital.

LETTER TO SHAREHOLDERS

- (5) Qian Fuqing and Qian Xiaojin hold 50.0% and 30.0%, respectively, of the issued and paid-up share capital of Trauwin Pte. Limited (“**Trauwin**”). For the purposes of Section 4 of the Securities and Futures Act, each of Qian Fuqing and Qian Xiaojin is treated as having an interest in the Shares held by Trauwin.
- (6) NRF Holdings Pte. Ltd. (“**NRF**”) holds 47.6% of the issued and paid-up share capital of BV Healthcare II Pte. Ltd. (“**BV Healthcare**”). NRF is, in turn, wholly-owned by the Minister for Finance (Incorporated), Singapore. For the purposes of Section 4 of the Securities and Futures Act, NRF is treated as having an interest in the Shares held by BV Healthcare.
- (7) Sagamore Healthcare I, L.P. (“**Sagamore Healthcare**”) holds 33.3% of the issued and paid-up share capital of BV Healthcare. Sagamore Investment Management LLC (“**Sagamore Investment**”) is the general partner of Sagamore Healthcare. For the purposes of Section 4 of the Securities and Futures Act, each of Sagamore Healthcare and Sagamore Investment is treated as having an interest in the Shares held by BV Healthcare.

None of the Directors or Substantial Shareholders have any interest, direct or indirect, in the Proposed Resolutions (other than through their respective shareholdings in the Company).

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 84 to 86 of this Circular, will be held on 30 April 2020 at 37 Jalan Pemimpin, #07-13 Mapex, Singapore 577177, and, to the extent permitted by the relevant laws and regulations, by way of “live” webcast, details of which are set out in this Circular and in the announcements that may be made by the Company from time to time on SGXNET. The EGM is convened for the purposes of considering, and, if thought fit, passing with or without modifications, the Proposed Resolutions.

COVID-19 Measures

On 27 March 2020, the Infectious Diseases (Measures to Prevent Spread of COVID-19) Regulations 2020 (“**Safe Distancing Regulations**”) came into force. Under these Safe Distancing Regulations, attendance for, amongst others, meetings and gatherings, is limited to 10 individuals. On 31 March 2020, the Ministry of Law and the Ministry of Finance announced (“**MOH/MOF Announcement**”) that the Singapore Government intends to introduce new legislation on or around 7 April 2020 (“**New Provisions**”) to allow alternative arrangements to be prescribed where: (a) personal attendance at a meeting is provided for in any written law or legal instrument; and (b) it is inexpedient or impracticable for the meeting or class of meetings to be convened, held or conducted in the manner provided for in the written law or legal instrument, in view of the prevailing Safe Distancing Regulations. The New Provisions will also provide that meetings held after 27 March 2020 in accordance with such alternative arrangements will be deemed to satisfy the relevant requirements for personal attendance at a meeting, despite anything to the contrary in any law or legal instrument. If passed by the Singapore Parliament, these New Provisions are intended to be brought into force as soon as possible.

SGX RegCo, the Accounting and Regulatory Authority of Singapore and the Monetary Authority of Singapore, have also, on 31 March 2020 and in light of the MOH/MOF Announcement, set out guidance on general meetings amid the global COVID-19 outbreak (“**SGX RegCo Guidance**”). The SGX RegCo Guidance provides, amongst others, that issuers who choose to proceed with general meetings before 30 April 2020 must conduct the meeting in a manner that (a) provides opportunity for shareholders to ask questions, (b) provides for the meeting to be shown by “live” webcast and (c) allow for proxy voting. At these meetings, any quorum requirements will be satisfied through the attendance of the minimum number of shareholders specified in the issuer’s constitution (which may be satisfied through the attendance of any director or senior management of the issuer who holds shares), or up to the number of individuals permitted under the Safe Distancing Regulations, whichever is lower.

LETTER TO SHAREHOLDERS

At the forthcoming EGM, the Company will comply with the COVID-19 precautionary measures recommended or imposed by the Singapore Government to minimise the risk of community spread of COVID-19 as may be appropriate, as well as all guidance provided by the SGX RegCo on the holding of general meetings amid COVID-19, including the SGX RegCo Guidance. Please refer to paragraph 10 of this Circular for more details on the action Shareholders should take pursuant to the New Provisions and the SGX RegCo Guidance.

Shareholders should also note that the Company may be required to make further changes to its EGM arrangements as the situation evolves, and Shareholders should keep abreast of the Company's announcements that may be made from time to time on SGXNET.

6. NON-INTERESTED DIRECTORS' RECOMMENDATIONS

6.1 The Proposed Acquisition

The Non-Interested Directors having considered, *inter alia*, the rationale and information relating to the Proposed Acquisition, the opinion of the Independent Financial Adviser as set out in the IFA Letter in relation to the Proposed Acquisition, are of the opinion that the Proposed Acquisition is in the best interests of the Company. Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Acquisition.

6.2 The proposed adoption of the Proposed IPT Mandate

The Non-Interested Directors having considered, *inter alia*, the rationale and information relating to the proposed adoption of the Proposed IPT Mandate, the opinion of the Independent Financial Adviser as set out in the IFA Letter in relation to the proposed adoption of the Proposed IPT Mandate, are of the opinion that it is in the interests of the Company that the Group be permitted to have the flexibility to enter into the Interested Person Transactions described in Section 3.3.1 above in their ordinary course of business with the Interested Persons for reasons stated in this Circular. Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed adoption of the Proposed IPT Mandate.

7. INTER-CONDITIONALITY OF RESOLUTIONS

Ordinary Resolution 1 or Ordinary Resolution 2 are not conditional upon the passing of the other resolution.

Notwithstanding this, Shareholders should note that the Distribution Services Agreement shall only take effect upon Shareholders' approval being obtained for the Proposed IPT Mandate. Please refer to paragraph 2.5 of this Circular for details on the Distribution Services Agreement.

LETTER TO SHAREHOLDERS

8. ABSTENTION FROM VOTING

The non-executive Directors, Yee Pinh Jeremy and Chen Johnson, are also directors of CBH, and will abstain from voting on the resolution approving the Proposed Acquisition and the Proposed IPT Mandate respectively. They will also abstain from deliberating and making any recommendation in respect of the resolutions in connection with the Proposed Acquisition and the Proposed IPT Mandate. The Company will disregard any votes cast by Yee Pinh Jeremy and Chen Johnson on the resolution approving the Proposed Acquisition and the Proposed IPT Mandate respectively.

In accordance with Rule 919 of the Catalist Rules, CBH (being an associate of the Vendor who is an “interested person”) and its associates will abstain from voting on the resolution approving the Proposed Acquisition, and from accepting any appointments as proxies unless specific instructions as to voting are given at the EGM. The Company will disregard any votes cast by CBH and its associates on the resolution approving the Proposed Acquisition.

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, CBH will, and has undertaken to ensure that its associates will, abstain from voting on the resolution approving the Proposed IPT Mandate. CBH will not, and has undertaken to ensure that its associates will not, be accepting any appointments as proxies unless specific instructions as to voting are given at the EGM. The Company will disregard any votes cast by CBH and its associates on the resolution approving the Proposed IPT Mandate.

All Shareholders who are required to abstain from voting pursuant to a court order must abstain, and the Company will (provided that if the abstention is pursuant to a court order, such court order is served on the Company before the EGM) procure such Shareholder to abstain, from voting in respect of the relevant resolution. Such Shareholder will also not accept nominations to act as proxy in respect of the relevant resolution unless the Shareholder concerned has provided specific instructions as to voting. The Company will disregard any votes cast on the relevant resolution by such Shareholder (who is required to abstain from voting pursuant to a court order where such court order is served on the Company before the EGM).

9. CONSENTS

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, its IFA Letter dated 8 April 2020 as set out in Appendix I to this Circular and all references thereto, in the form and context in which they appear in this Circular.

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, its Valuation Report dated 19 March 2020 as set out in Appendix II to this Circular and all references thereto, in the form and context in which they appear in this Circular.

LETTER TO SHAREHOLDERS

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the Safe Distancing Regulations, **Shareholders should not attend the EGM in person**. In accordance with the New Provisions and the SGX RegCo Guidance, the Company will be providing a registration website, the URL of which will be announced by the Company on SGXNET in a separate announcement not later than 13 April 2020 (“**Additional Arrangement Announcement**”), pursuant to which Shareholders may register for an account to attend the EGM by way of a “live” webcast. Registration for an account must be completed not later than 72 hours before the time fixed for the EGM, being 27 April 2020 at 11 a.m. (“**Cut-Off Date**”). Upon successful registration, Shareholders will be able to log into the webcast facility at the date and time set out in the Notice of EGM to attend the “live” webcast of the EGM.

Shareholders shall have the right to submit any questions they may have by emailing the Company from 13 April 2020 up to the Cut-Off Date. The email address for such submission of questions will be announced by the Company in the Additional Arrangement Announcement. The Company will announce the responses to substantial queries received from Shareholders on SGXNET and our website at www.biolidics.com by 29 April 2020 at 6 p.m., and at the EGM.

All Shareholders are encouraged to complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive (a) by email to an email address that will be set out in the Additional Arrangement Announcement OR (b) by post to the office of the company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898, not later than the Cut-Off Date. Shareholders must appoint the chairman of the EGM to act as proxy and direct the vote at the EGM.

SRS Investors (as defined in the Proxy Form) who wish to appoint the chairman of the EGM as their proxy should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the EGM.

11. DIRECTORS’ RESPONSIBILITY STATEMENT

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

LETTER TO SHAREHOLDERS

12. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 37 Jalan Pemimpin, #02-07 Mapex, Singapore 577177 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution;
- (b) the annual report of the Company for FY2019;
- (c) the SPA;
- (d) the IFA Letter;
- (e) the Valuation Report;
- (f) the consent letter from the IFA; and
- (g) the consent letter from the Independent Valuer.

Yours faithfully,

For and on behalf of the Board of Directors of
BIOLIDICS LIMITED

Leong Yow Seng
Lead Independent Director
8 April 2020

APPENDIX I – IFA LETTER



8 April 2020

BIOLIDICS LIMITED

37 Jalan Pemimpin
#02-07 Mapex
Singapore 577177

Attention: The Non-Interested Directors

Dear Sirs / Madam

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF BIOLIDICS LIMITED IN RESPECT OF:

- (A) **THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF BIOMEDICS LABORATORY PTE. LTD. AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES; AND**
- (B) **THE PROPOSED ADOPTION OF THE INTERESTED PERSON TRANSACTIONS GENERAL MANDATE UNDER CHAPTER 9 OF THE CATALIST RULES.**

Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter which are not defined shall have the same meaning ascribed to them in the circular to shareholders of the Company dated 8 April 2020 (the "Circular").

1. INTRODUCTION

Biolidics Limited (the "**Company**") is seeking its shareholders' approvals for the following resolutions:

- (a) the proposed acquisition of the entire issued and paid-up ordinary shares (the "**Sale Shares**") in the capital of Biomedics Laboratory Pte. Ltd. (the "**Target**") held by SAM Laboratory Pte. Ltd. (the "**Vendor**"), for an aggregate cash consideration of up to S\$3,700,000 (the "**Maximum Consideration**") (the "**Proposed Acquisition**") as an 'interested person transaction' within the meaning of Chapter 9 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"); and
- (b) the proposed adoption of a general mandate (the "**Proposed IPT Mandate**") for recurrent transactions which are of a revenue or trading nature or those necessary for the day-to-day operations of the Company and its subsidiaries (including the Target which is the subject of the Proposed Acquisition) (collectively, the "**Group**") with Clearbridge Health Limited ("**CBH**"), its subsidiaries and its associated

Page 1 of 28

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)
Address 地址 3 Shenton Way, #24-02 Shenton House, Singapore 068805 珊顿道 3 号, 珊顿大厦#24-02, 新加坡 068805
Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX I – IFA LETTER



companies (the “**CBH Group**”) which are deemed ‘interested person’ within the meaning of Chapter 9 of the Catalist Rules.

The resolutions are not inter-conditional.

1.1 THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

On 27 March 2020, the Company announced that it had entered into a sale and purchase agreement dated 27 March 2020 (the “**SPA**”) with the Vendor for the Proposed Acquisition.

The Vendor is a wholly-owned subsidiary of CBH. As at the date of the Circular, CBH is deemed interested in 86,016,200 ordinary shares (the “**Shares**”), representing 33.04% interests in the capital of the Company. Accordingly, CBH is a controlling shareholder of the Company under the Catalist Rules and deemed to be an ‘interested person’ under Chapter 9 of the Catalist Rules. The Proposed Acquisition hence constitutes an ‘interested person transaction’ within the meaning of Chapter 9 of the Catalist Rules.

The aggregate purchase consideration for the Sale Shares is S\$3,500,000 (the “**Consideration**”), of which S\$100,000 shall be payable upfront upon completion of the Proposed Acquisition (“**Completion**”). In the event that the Company pays the balance amount within 12 months from the date of Completion (the “**Completion Date**”), the aggregate purchase consideration of the Proposed Acquisition shall remain as S\$3,500,000. In the event that the Company pays the balance amount after 12 months from the Completion Date but no later than 24 months from the Completion Date, the aggregate purchase consideration of the Proposed Acquisition shall become S\$3,700,000 (the “**Maximum Consideration**”).

The value of the Proposed Acquisition (being the Consideration) represents 48.62% the Company’s latest audited consolidated net tangible assets (“**NTA**”) as at 31 December 2019 while the maximum value of the Proposed Acquisition (being the Maximum Consideration) represents 51.40% the Company’s latest audited consolidated NTA as at 31 December 2019.

Pursuant to Catalist Rule 906, the Proposed Acquisition is an ‘interested person transaction’ subject to the approval of the Company’s shareholders who are considered independent for the purpose of the Proposed Acquisition and the Proposed IPT Mandate (the “**Independent Shareholders**”).

Pursuant to Catalist Rule 921(4)(a), the Company has to obtain an opinion from an independent financial adviser (“**IFA**”) stating whether the Proposed Acquisition (and all other transactions which are the subject of aggregation pursuant to Catalist Rule 906) is on normal commercial terms and is not prejudicial to the interest of the Company and its minority shareholders.

Page 2 of 28

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)
Address 地址 3 Shenton Way, #24-02 Shenton House, Singapore 068805 珊顿道 3 号, 珊顿大厦#24-02, 新加坡 068805
Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX I – IFA LETTER



1.2 THE PROPOSED IPT MANDATE

Under Chapter 9 of the Catalist Rules, a listed company may seek a general mandate from its shareholders for recurrent interested person transactions of a revenue or trading nature or for those necessary for its day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses.

The Group has ongoing recurrent interested person transactions with the CBH Group which amounted to approximately S\$177,000 for FY2019 and approximately S\$24,000 for the period from 1 January 2020 to the Latest Practicable Date. Upon Completion, the transactions between the Target and the CBH Group will continue and will also constitute interested person transactions to the Group as the Target becomes part of the Group. As such, the Company proposes to adopt the Proposed IPT Mandate to facilitate future recurrent Interested Person Transactions between the Group and the CBH Group.

The categories of recurrent interested person transactions to be covered under the Proposed IPT Mandate (“**Mandated Transactions**”) comprise:

- (a) provision of distribution services by the Interested Persons for distribution of the Group’s medical and healthcare products and services to customers in Singapore and overseas (“**Distribution Services**”);
- (b) the sale of the Group’s medical and healthcare products and services by the Group to Interested Persons on *ad hoc* basis which does not fall into the ambit of Distribution Services (“**Sale of Services**”); and
- (c) the provision of management and support services by the Interested Persons to the Group.

Pursuant to Catalist Rule 920(1)(b)(v), the Company has to obtain an opinion from an IFA stating whether the methods or procedures for determining transaction prices of the Mandated Transactions as set out in the Proposed IPT Mandate (the “**IPT Procedures**”) are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

1.3 THE ROLE OF THE IFA

Xandar Capital Pte. Ltd. (“**Xandar Capital**”) has been appointed by the Company to act as the IFA to advise the Directors of the Company who are independent for the purposes of the Proposed Acquisition and the Proposed IPT Mandate, namely Leong Yow Seng, Ong Hsien Chih, James (Weng Xianzhi, James), Peter Koh Heng Kang and Toh Shih Hua (the “**Non-Interested Directors**”) as to (i) whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, and (ii) whether the methods and procedures set out in the Proposed IPT Mandate are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Page 3 of 28

APPENDIX I – IFA LETTER



This letter sets out our evaluation and opinions of the Proposed Acquisition and the Proposed IPT Mandate (the “**IFA Letter**”). This IFA Letter forms part of the Circular issued by the Company in connection with the Proposed Acquisition and the Proposed IPT Mandate.

2. TERMS OF REFERENCE

Xandar Capital has been appointed to advise the Non-Interested Directors as to (i) whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, and (ii) whether the methods and procedures set out in the Proposed IPT Mandate are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Acquisition and the Proposed IPT Mandate, nor were we involved in the deliberations leading up to the decisions on the part of the directors of the Company (the “**Directors**”) to agree on the terms of the Proposed Acquisition and the methods and procedures set out in the Proposed IPT Mandate. Our evaluation is limited to the terms of the Proposed Acquisition and the methods and procedures set out in the Proposed IPT Mandate, and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Proposed Acquisition and the Proposed IPT Mandate.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Proposed Acquisition and the Proposed IPT Mandate, or the future performance or prospects of the Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group, whether with or without the Proposed Acquisition and the Proposed IPT Mandate.

As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the Proposed Acquisition and Proposed IPT Mandate, are solely the responsibility of the Directors. Likewise, we are not expressing herein as to the prices at which the Shares may trade upon Completion and upon the adoption of the Proposed IPT Mandate. We are also not addressing the relative merits of the Proposed Acquisition and the Proposed IPT Mandate, as compared to any alternative transaction of the Group or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Directors and the management of the Company.

In the course of our evaluation and for the purpose of providing our opinions in relation to the Proposed Acquisition and the Proposed IPT Mandate, we have held discussions with certain Directors and the management of the Group and have examined information provided by the Directors and the management of the Group and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate

Page 4 of 28

APPENDIX I – IFA LETTER



in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Proposed IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular 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 Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group, the Proposed Acquisition and the Proposed IPT Mandate, are to the best of their knowledge and belief, fair and accurate in all material aspects.

We have not made any independent evaluation or appraisal of the assets or liabilities (including without limitation, real properties) of the Company, the Group and the Target. The Company has commissioned Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "Independent Valuer") to perform a valuation of the net asset of the Target. A copy of the valuation report dated 19 March 2020 from the Independent Valuer (the "Valuation Report") is appended as Appendix II to the Circular. We are not involved and assume no responsibility for the Valuation Report. We have not made any independent verification of the assumptions and bases set out in the Valuation Report. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of the Valuation Report. Saved for the Valuation Report, we have not been furnished with any evaluation or appraisal of any assets of the Company, the Group and the Target.

Our opinions are based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Circular as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinions contained therein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Acquisition and the Proposed IPT Mandate, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinions, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

Our opinions are for the use and benefit of the Non-Interested Directors in their deliberation of the Proposed Acquisition and the Proposed IPT Mandate, and the

Page 5 of 28

APPENDIX I – IFA LETTER



recommendations made by the Non-Interested Directors shall remain the responsibility of the Non-Interested Directors.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinions, in relation to the Proposed Acquisition and the Proposed IPT Mandate, should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Directors advise Shareholders to read these pages carefully.

3. THE PROPOSED ACQUISITION

Information on the Proposed Acquisition is set out in Section 2 of the Circular. Shareholders are advised to read the information carefully. We set out a summary of the information as follows:

3.1 ABOUT THE TARGET

The Target is a private company incorporated in Singapore on 21 November 2019 with an issued and paid-up share capital of S\$400,001 comprising 400,001 ordinary shares as at the Latest Practicable Date.

Pursuant to an internal restructuring undertaken by the Vendor in December 2019, the Vendor transferred certain of its assets relating to its clinical laboratory operations (comprising principally laboratory equipment and fixtures, accreditation and certifications) to the Target (the "**Restructuring Transfer**"). Pursuant to the Restructuring Transfer, the Target took over the operations of the clinical laboratory which has been providing testing services since 2009. The testing services currently performed by the Target include esoteric tests, genetic tests and other cancer related diagnostic tests for precision oncology conducted in-house or in partnership with several third party institutions, all of which are complementary with the Group's business.

3.1.1 Accreditation by the College of American Pathologists' Laboratory Accreditation Program

As disclosed in the Circular, the clinical laboratory of the Target was accredited by the College of American Pathologists ("**CAP**") under its Laboratory Accreditation Program. We understand from the directors of the Target that the clinical laboratory of the Target was accredited in 2015 and is required to undergo inspection every two years for CAP-accreditation renewal purposes. The clinical laboratory of the Target successfully renewed its CAP-accreditation in October 2019.

Page 6 of 28

APPENDIX I – IFA LETTER



We also note from Section 2.4 of the Circular that the Target's clinical laboratory is the only CAP-accredited clinical laboratory for the detection of circulating tumour cells under the anatomical pathology discipline in Asia.

3.1.2 The Financials of the Target

The following pro forma financials of the Target for FY2017, FY2018 and FY2019, and the unaudited management financial position of the Target as at 31 December 2019 are prepared and provided by the Target. The directors of the Target confirm that these financial figures are prepared after due and careful enquiry, and saved for operational losses arising from its ordinary course of business, there is no other event subsequent to 31 December 2019 which would materially affect the financial position of the Target as at the Latest Practicable Date.

Proforma Income Statements

Although the Target was only incorporated in November 2019, it has acquired the relevant assets relating to the operations of the clinical laboratory from the Vendor. The Target has prepared a proforma financials of the Target as if the Target has been operating the clinical laboratory since 1 January 2017. We set out some key proforma income statement items of the Target for the financial years ended 31 December ("FY") 2017, 2018 and 2019 as follows:

S\$'000	FY2017	FY2018	FY2019
Revenue	128	166	297
Gross profit	55	57	109
Loss for the year	(629)	(707)	(647)
Loss before interest, taxation, depreciation and amortisation ("LBITDA")	(607)	(576)	(431)

We understand that the increase in revenue from S\$128,000 in FY2017 to S\$297,000 in FY2019 was mainly attributed to new services provided by the clinical laboratory.

We note that, although the Target incurred losses for FY2017, FY2018 and FY2019, the Target's LBITDA had reduced from S\$607,000 in FY2017 to S\$431,000 in FY2019.

Management Unaudited Balance Sheet

We set out some key balance sheet items of the Target as follows:

S\$'000	As at 31 December 2019
Current assets	169

Page 7 of 28

APPENDIX I – IFA LETTER



S\$'000	As at 31 December 2019
Current liabilities	-
Net current assets	169
Non-current assets	230
Non-current liabilities	(-)
Net asset value (" NAV ")	400

We note that:

- (a) the current assets of the Target comprised mainly cash and cash equivalents;
- (b) the non-current assets of the Target comprised mainly plant and equipment;
- (c) the Target did not have any liabilities (current or non-current); and
- (d) the Target did not have any intangible assets and its NAV was the same as its NTA, as at 31 December 2019.

3.2 THE SALE AND PURCHASE AGREEMENT

We summarised the key terms of the SPA as follows:

Date of the SPA	:	27 March 2020
Subject of the SPA	:	400,001 issued and paid-up ordinary shares (the " Sale Shares "), representing the entire share capital of the Target
Aggregate purchase consideration	:	Up to S\$3,700,000 in cash, of which S\$100,000 is payable upfront upon Completion. If the Company pays the balance amount to the Vendor <u>within</u> 12 months from the Completion Date, the aggregate purchase consideration shall be S\$3,500,000. If the Company pays the balance amount to the Vendor <u>after</u> 12 months from the Completion Date but no later than 24 months from the Completion Date, the aggregate purchase consideration shall be S\$3,700,000.
Purchaser	:	The Company

Page 8 of 28

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)
Address 地址 3 Shenton Way, #24-02 Shenton House, Singapore 068805 珊顿道 3 号, 珊顿大厦#24-02, 新加坡 068805
Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX I – IFA LETTER



Vendor : SAM Laboratory Pte. Ltd., a wholly-owned subsidiary of CBH

Long stop date for Completion : 31 May 2020 or such other date as the Company and the Vendor may mutually agree in writing (the “**Long Stop Date**”)

Upon Completion, the Target will become a wholly-owned subsidiary of the Company.

3.3 BASIS OF THE CONSIDERATION

We note that the Consideration was determined based on arm's length negotiations and arrived at on a willing seller willing buyer basis, after taking into consideration, amongst others, the time and financial resources required for the Group to set up a CAP-accredited clinical laboratory, the purchase consideration for the purchase of entire issued and paid-up share capital of the Vendor by the CBH Group from Singapore Institute of Advanced Medicine Holdings Pte. Ltd. (“**SIAM**”) in 2017 (the “**2017 Transaction**”), the expanded range of services, customer base and revenue growth of the clinical laboratory business since the 2017 Transaction, the market value of the Sale Shares based on the Valuation Report, and the rationale for and benefits of the Proposed Acquisition, in particular, the potential growth and prospects of the Group arising from the acquisition of a CAP-accredited clinical laboratory.

3.4 CONDITIONS PRECEDENT UNDER THE SPA

Pursuant to the terms of the SPA, Completion is conditional on certain conditions precedent (“**Conditions**”). The Company has set out a list of the Conditions in Section 2.3.2 of the Circular. We extract certain Conditions in *italics* as follows:

- (e) *the Target having fully discharged all intra-group indebtedness and all loans to/from any shareholder of any Vendor Group Entity, if any;*
- (f) *entry into the Distribution Services Agreement;*
- (g) *entry into the Share Charge by the Purchaser in favour of the Vendor or a Vendor Group Entity;*
- (h) *entry into a non-competition undertaking by CBH in favour of the Company pursuant to which CBH undertakes, amongst others, that none of its group companies shall engage in the provision of certain laboratory testing products and services that are substantially similar to those offered by the Purchaser and its subsidiaries (including the Target);*
- (i) *the Target having entered into a hire purchase agreement with a financial institution in respect of the laboratory equipment purchased from NanoString Technologies, Inc. (the “Hire Purchase”);*

In respect of condition precedent (f), we note that it refers to a distributorship services agreement (the “**Distribution Services Agreement**”) entered into between the Target and Clearbridge Medical Group Pte. Ltd. (“**CBM**”), a wholly-own subsidiary of CBH, pursuant to which CBM will act as a non-exclusive distributor of the Target's products and services

Page 9 of 28

APPENDIX I – IFA LETTER



including (a) precision oncology services in the areas of cancer screening, diagnosis, treatment selection, monitoring and prognosis, and other health management, pharmaceutical and wellness services, and (b) products such as equipment, test kits and other consumables in Brunei, Myanmar, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Hong Kong, China and Australia for a period of three (3) years from the effective date of the Distribution Services Agreement.

The Distribution Services Agreement is conditional upon shareholders' approval being obtained for the Proposed IPT Mandate, and is intended to take effect upon Completion or the date such shareholders' approval is obtained, whichever is later.

In respect of condition precedent (g), we note that it refers to a charge to be granted by the Company in favour of the Vendor (or any entity within the CBH Group) in respect of all the shares of the Target ("**Share Charge**") as security for the payment of the Deferred Consideration, on such terms and conditions as may be reasonably satisfactory to the parties.

Unless specifically waived by the Company (to the extent capable of being waived), if any of the Conditions shall not be fulfilled on or before the Long Stop Date, either party to the SPA may terminate the SPA by written notice to the other party, and upon the issuance of such notice, save for any terms of the SPA which are expressly stated to survive termination, all the provisions of the SPA shall immediately cease and determine and neither party shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by either party against the other party arising from any antecedent breach of the terms of the SPA.

As at the Latest Practicable Date, save for the Conditions stated in paragraphs (a), (f) and (g) in Section 2.3.2 of the Circular which have been fulfilled, all the Conditions Precedent are pending fulfilment (or waiver).

3.5 THE VENDOR

The Vendor is the legal and beneficial owner of the entire issued and paid-up share capital of the Target.

The Vendor is a wholly-owned subsidiary of CBH, a controlling shareholder with indirect interests in 86,016,200 Shares, representing 33.04% interest in the capital of the Company.

CBH is an integrated healthcare group that focuses on the delivery of precision medicine with businesses comprising healthcare systems, medical clinics/centres and strategic investments in medical technology companies in more than seven countries around the world. CBH is listed on the Catalist of the SGX-ST.

Please refer to Section 2.2.2 of the Circular for further information about the Vendor.

3.6 AGGREGATE VALUE OF INTERESTED PERSON TRANSACTIONS

Pursuant to Catalist Rule 921(4)(a), the IFA needs to opine on whether the Proposed Acquisition and all other transactions which are the subject of aggregation pursuant to Catalist Rule 906 are on normal commercial terms, and whether the Proposed Acquisition

Page 10 of 28

APPENDIX I – IFA LETTER



and all other transactions which are the subject of aggregation pursuant to Catalyst Rule 906 is prejudicial to the interest of the Company and its minority shareholders.

We noted that the Company has the following transactions with the CBH Group for the period between 1 January 2020 and the Latest Practicable Date:

Name of Interested Person	Nature of the transaction	Value of the transaction (S\$'000)
Shanghai Kai Zhun Health Management Co. Ltd (a wholly-owned indirect subsidiary of CBH)	Provision of management and support services to Biolidics (Shanghai) Co., Ltd.	7
CBH	Secondment of staff to the Group	14
Target	Rental of laboratory facilities to the Company	3

As the values of the above transactions (individually or collectively) amounted to less than S\$100,000, the above transactions are not subject of aggregation pursuant to Catalyst Rule 906(2). Accordingly, our opinion on the Proposed Acquisition does not include the abovementioned transactions.

4. EVALUATION OF THE PROPOSED ACQUISITION

The following are factors which we consider to be pertinent and to have a significant bearing on our evaluation of the Proposed Acquisition:

- (a) the Valuation Report;
- (b) the rationale for the Proposed Acquisition;
- (c) the deferred payment scheme for the Deferred Consideration;
- (d) the valuation statistics for the 2017 Transaction;
- (e) the valuation statistics of comparable companies or transactions;
- (f) the pro forma financial effects of the Proposed Acquisition; and
- (g) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

APPENDIX I – IFA LETTER



4.1 THE VALUATION REPORT

The Company has commissioned Jones Lang LaSalle Corporate Appraisal and Advisory Limited to determine an independent opinion on the market value of the net assets of the Target as at 31 December 2019. The Valuation Report is appended as Appendix II to the Circular. Shareholders are advised to read the Valuation Report carefully, in particular, the valuation approaches, key assumptions made, risk factors and general limited conditions.

We note from the Valuation Report that the Independent Valuer has applied the cost approach where *“each identifiable asset and liability of the Target Company is being valued using the appropriate valuation approaches, and our opinion of value of the Valuation Subject is derived by adding component assets and deducing component liabilities”*.

The Independent Valuer has identified the key identifiable asset of the Target as the CAP-Accreditation of the clinical laboratory of the Target. The replacement cost method, which estimates based on historical operating costs, depreciated replacement cost of fixed assets, recruitment cost and other compliance related expenses in relation to the daily operations of the Target and cost to be incurred in achieving the CAP accreditation, was adopted.

We also wish to highlight that the Independent Valuer’s opinion was dependent on several key assumptions, including the following:

- *the Target Company can be CAP accredited within a period of 24 to 30 months. A minimum of 24 months is built on the assumption that the test services have already been established in the laboratory.*
- *Management has assumed that the renovation cost under fixed assets to be around SGD310,000 to SGD560,000 as the minimum and maximum cost respectively.*
- *The operating costs were estimated by referring to the average historical operating costs from January 2018 to December 2019, except for the rental and consultancy fee which were based on the actual market rate.*
- *The recruitment costs were estimated based on a 20% of the annual salary package of these personnel. The annual salary package of the medical director was advised by the management of the Client / Target Company by referring to the market rate of a senior medical director with minimum of eight-year experience, whereas for the other laboratory personnel was estimated based on the average historical payroll related costs from January 2018 to December 2019.*

Based on the Valuation Report, the market value of the net asset of the Target as at 31 December 2019 ranged between S\$3,258,000 and S\$4,019,000.

Both the Consideration and the Maximum Consideration are within the range of market value as opined by the Independent Valuer.

The Consideration of S\$3.5 million represents a premium of S\$242,000 (or 7.43%) to the lowest market value of the net assets of the Target and a discount of S\$519,000 (or 12.91%) to the highest market value of the net assets of the Target.

Page 12 of 28

APPENDIX I – IFA LETTER



The Maximum Consideration of S\$3.7 million represents a premium of S\$442,000 (or 13.57%) to the lowest market value of the net assets of the Target and a discount of S\$319,000 (or 7.94%) to the highest market value of the net assets of the Target.

4.2 THE RATIONALE FOR THE PROPOSED ACQUISITION

The rationale for the Proposed Acquisition is set out in Section 2.4 of the Circular.

We summarised as follows:

- (a) the Board believes that the Proposed Acquisition will increase the Group's core capabilities as the principal activities of the Target are complementary and synergistic with the Group's business.
- (b) The Group can leverage on the Target's clinical laboratory to provide new services that utilise the Group's current core technologies together with the technologies provided by other strategic partners, thereby providing a new source of revenue for the Group.
- (c) the Target's clinical laboratory has an established base of repeat customers and complementary third party test which it distributes. The Group and the Target can also cross sell their existing products and services to each other's customers.
- (d) the Board believes that it will entail more time and financial resources for the Group to set up a new clinical laboratory, in particular, a CAP-accredited clinical laboratory for the detection of circulating tumour cells under the anatomical pathology discipline in Asia, as such accreditation process takes at least 24 months and there is no assurance that the Group will be able to obtain such accreditation within such period or at all, if the Group sets up its own clinical laboratory.
- (e) The Proposed Acquisition will also allow the Group to provide services which are required to be carried out in a CAP-accredited laboratory immediately upon Completion.

We note from the website of the CAP that the CAP has been established for 70 years and it is the leading organisation of board-certified pathologists, serves patients, pathologists, and the public by fostering and advocating excellence in the practice of pathology and laboratory medicine worldwide.

We summarised the key steps for first-time CAP-accreditation for laboratories outside the United States, Canada, Puerto Rico and Guam based on the guide published by CAP on its website as follows:

Steps	Details	Estimated time
Pre-application step	Enrolled in CAP proficiency testing program or external quality assurance	Minimum of six months

Page 13 of 28

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)
Address 地址 3 Shenton Way, #24-02 Shenton House, Singapore 068805 珊顿道 3 号, 珊顿大厦#24-02, 新加坡 068805
Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX I – IFA LETTER



Steps	Details	Estimated time
Step 1 to 3	Request and complete the application form	The applicant has to complete the application form within three months
Step 4 and 5	Prepare for initial onsite inspection by CAP inspector	Up to six months from the submission of complete application
Step 6	Inspection day	Within six months from the submission of complete application
Step 7	Response to deficiencies	Within 30 days from inspection day
Step 8	CAP technical specialist may request for additional documentation	Within 75 days from inspection day
Step 9	CAP will mail the Certificate of Accreditation to the laboratory director	

Based on the above, we calculated that the CAP-accreditation process will take approximately 17.5 months according to the published steps. However, we understand from the Company that, in practice, it generally takes a clinical laboratory at least 24 months to achieve the CAP-accreditation.

There is no assurance that the Company will be able to recruit suitable staff to set up a clinical laboratory and achieve a CAP-accreditation in 24 months. There is no assurance that the newly established clinical laboratory will be able to achieve the accreditation within such period or at all.

We note that the Target has been established for more than 10 years and has an experienced team with relevant knowledge and expertise in operating a CAP-accredited clinical laboratory.

The Proposed Acquisition will mitigate any risk of the Group not being able to obtain the CAP-accreditation and also allow the Group to immediately operate as a CAP-accredited clinical laboratory upon Completion, which is beneficial to the Group.

4.3 THE DEFERRED PAYMENT SCHEME OF THE DEFERRED CONSIDERATION

The Company has two options for the payment of the Deferred Consideration. The Company can:

- (a) Pay within 12 months from the Completion Date. The balance consideration payable will be S\$3,400,000 under this situation; OR
- (b) Pay after 12 months from the Completion Date but no later than 24 months from the Completion Date. The balance consideration payable will be S\$3,600,000 under this situation.

Page 14 of 28

APPENDIX I – IFA LETTER



This means that the Company is granted a credit term of 12 or 24 months for the Deferred Consideration.

In the event that the Company elects to pay the Deferred Consideration in the 12th month, the Company would have enjoyed an interest-free loan for 12 months.

If the Company elects to pay after 12 months from the Company Date but no later than 24 months from the Completion Date, the Company will incur an "interest expense" amounting to S\$200,000 (being the difference between the Maximum Consideration and the Consideration), which represents 5.88% of the Deferred Consideration of S\$3,400,000. If the Company only pay the Deferred Consideration in the 24th month, the Company will be incurring an interest expense amounting to 2.94% per annum. This percentage is lower than Singapore's prime lending rate of 5.25% for February 2020 as extracted from the website of the Monetary Authority of Singapore as at the Latest Practicable.

The Deferred Consideration will also allow the Group to have more flexibility with its cash.

4.4 THE VALUATION STATISTICS FOR THE 2017 TRANSACTION

As mentioned in paragraph 3.3 of this IFA Letter, the Vendor was the subject of an acquisition by the Vendor in the 2017 Transaction.

The 2017 Transaction

Pursuant to the Restructuring Transfer mentioned in Section 2.2.1 of the Circular, the Target took over the operations of the clinical laboratory which has been providing testing services since 2009. We enquired and understand that the current operations of the Target are, in all material aspects, similar to the operations acquired by the Vendor (which is the business of providing medical laboratory services such as cancer-related tests through its laboratory) at the time of the 2017 Transaction. Accordingly, we have also compared the valuation statistics for the 2017 Transaction against the Proposed Acquisition.

The consideration of the 2017 Transaction disclosed in the offer document of CBH

We note from the offer document of CBH dated 11 December 2017 that the aggregate consideration for the 2017 Transaction amounted to S\$4,564,223.10 ("**2017 Original Consideration**"), and was satisfied through the allotment and issue of 18,702 new shares in the capital of CBH (the "**CBH New Shares**") to Singapore Institute of Advanced Medicine Holdings Pte. Ltd. ("**SIAMH**"). We also note from CBH's offer document dated 11 December 2017 that, as at the time of entering into the 2017 Transaction, the CBH Group had 2.22% effective equity interests in SIAMH and accounted SIAMH as an associated company of the CBH Group because the CBH Group had the ability to participate in and influence the financial, operating and policy decisions of SIAMH through CBH's ability to appoint one (1) director on the board of SIAMH. Accordingly, while the 2017 Transaction may not be an unrelated third party transaction, it is still a reasonable comparable transaction for the Proposed Acquisition.

Based on the disclosure in CBH's offer document, the issue price of each CBH New Share is approximately S\$244.05. In connection with the listing of CBH on Catalist, every one share

Page 15 of 28

APPENDIX I – IFA LETTER



in the capital of CBH was sub-divided into 880 shares (the “**Share Split**”). The issue price of each CBH New Share after the Share Split is approximately S\$0.28 which was equivalent to the placement price for each new share in the capital of CBH, in the placement undertaken by CBH for its listing on Catalist in December 2017.

The consideration of the 2017 Transaction as disclosed in the annual reports of CBH

In the annual report of CBH for FY2018, it was disclosed that the consideration for the 2017 Transaction was S\$2,120,000. We understand from CBH that, at the time of completion of the 2017 Transaction, CBH was not listed on Catalist. Accordingly, the 2017 Transaction was accounted for in the financial statements of CBH using the acquisition method where the CBH Group performed a purchase price allocation (“**PPA**”) exercise with the assistance of a valuer. Under the assistance of the valuer, the management of the CBH Group determined the fair value of the CBH New Shares at the time of completion of the 2017 Transaction to be S\$2,120,000 (“**2017 FV Consideration**”).

Comparison of the valuation statistics of the 2017 Transaction and the Proposed Acquisition

We compare the valuation statistics represented by the respective consideration for both the 2017 Transaction and the Proposed Acquisition as follows:

	2017 Transaction		The Proposed Acquisition	
	2017 Original Consideration	2017 FV Consideration	The Consideration	The Maximum Consideration
The acquisition consideration	S\$4,564,223.10	S\$2,120,000	S\$3,500,000	S\$3,700,000
Revenue	S\$128,000 based on proforma numbers for FY2017 as provided by the Target		S\$297,000 based on proforma numbers for FY2019 as provided by the Target	
Net loss	S\$629,000 based on proforma numbers for FY2017 as provided by the Target		S\$647,000 based on proforma numbers for FY2019 as provided by the Target	
Net book value	S\$118,000 as of August 2017 as disclosed in the annual report of CBH for FY2017 and FY2018		S\$400,000 ⁽¹⁾ as at 31 December 2019	
Price-to-revenue ratio represented by the consideration	35.66 ⁽²⁾	16.56 ⁽²⁾	11.78	12.46

Page 16 of 28

APPENDIX I – IFA LETTER



	2017 Transaction		The Proposed Acquisition	
	2017 Original Consideration	2017 FV Consideration	The Consideration	The Maximum Consideration
Price-to-NAV represented by the consideration	38.68	17.97	8.75	9.25

Notes:

- (1) The increase in the net book value of the Target from approximately S\$118,000 (proforma basis as of August 2017) to S\$400,000 (actual management numbers as at 31 December 2019) was due to capital injection by the CBH Group.
- (2) Calculated based on FY2017 pro forma numbers as the pro forma numbers for FY2016 were not available.

As set out in the table above, we note that the price-to-revenue ratio and the price-to-book value ratio of the Target (whether based on the Consideration or the Maximum Consideration) are lower than the ratios for the 2017 Transaction.

4.5 VALUATION STATISTICS OF COMPARABLE COMPANIES OR TRANSACTIONS

The Target had pro forma losses and negative earnings before interest, taxation, depreciation and amortisation (“**EBITDA**”) for the past three completed financial years ended 31 December 2019. Accordingly, the earning approach ratios such as the price-earnings (“**P/E**”) ratio and the enterprise value to EBITDA (“**EV/EBITDA**”) ratio are negative and will not be meaningful in our evaluation. Furthermore, such conventional valuation statistics may not be suitable for the Target which can be classified as a biotechnology company. A review of the offer documents in relation to initial public offerings of biotechnology companies on the SGX-ST since 2015 reveals that biotechnology companies can be listed with losses, negative EBITDA and negative equity position. For example, iX Biopharma Ltd and CBH were listed with losses and negative EBITDA while QT Vascular Ltd and the Company were listed with losses, negative EBITDA and negative equity position. Out of these four companies, only the offer document of iX Biopharma Ltd included a valuation report on the estimated value of iX Biopharma Ltd. We note that iX Biopharma Ltd was listed with a market capitalisation of S\$271.5 million, within the range of its valuation between S\$248 million and S\$320 million in 2015.

Given the loss position and negative EBITDA of the Target, we will be comparing the price-to-book ratio or price-to-net tangible assets ratio in this evaluation.

(a) Comparable listed companies

The Target (being the subject of the Proposed Acquisition) operates a CAP-accredited clinical laboratory and uses advanced diagnostics technology for patient care and provides comprehensive diagnostic services for precision oncology. Further,

Page 17 of 28

APPENDIX I – IFA LETTER



as disclosed in Section 2.4 of the Circular, the Target's clinical laboratory is the only CAP-accredited clinical laboratory for the detection of circulating tumour cells under the anatomical pathology discipline in Asia. As a result, we are not able to identify any listed company which is comparable to the Target for comparison and evaluation.

(b) Similar transactions

We have considered comparing the Proposed Acquisition with precedent transactions relating to the sale or the acquisition of clinical laboratory.

We note from the results for the half-year ended 31 December 2018 announced by Healthscope Limited (listed on the Australian Securities Exchange) on 14 February 2019 that Healthscope Limited completed the sale of its Asian pathology operations in Singapore, Malaysia and Vietnam in August 2018 for a consideration of A\$279.0 million, recognising a net gain of A\$166.9 million from the sale. Based on the disclosed information, we calculated the NAV of the Asian pathology operations to be A\$112.1 million. The price-to-NAV ("**P/NAV**") ratio of the transaction will be 2.5 times, which is lower than the P/NAV ratios of the Target (whether based on the Consideration or the Maximum Consideration). We also note that Healthscope Limited reclassified intangible assets amounting to A\$84.5 million to assets for sale as at 30 June 2018. If we assume that all of such intangible assets were attributable to the Asian pathology operations, the NTA of the Asian pathology operations at the time of the sale transaction would amount to A\$27.6 million. The price-to-NTA ("**P/NTA**") ratio of the transaction will be 10.1 times, which is higher than the P/NAV ratios of the Target (whether based on the Consideration or the Maximum Consideration).

Save as disclosed above, while we found news articles relating to the sale or acquisition of pathologist laboratories between 1 January 2017 and the Latest Practicable Date, we are not able to find further details such as the consideration, the NAV or NTA of the subject of these transactions to conduct any meaningful comparison.

APPENDIX I – IFA LETTER



(c) Broadly comparable listed companies

As mentioned above, we are not able to identify any listed company which is directly comparable to the Target for comparison and evaluation. Given that the Target can be classified as a biotechnology company, we have identified the following biotechnology companies whose businesses include principally the operation of pathology laboratories (“**Comparable Lab Companies**”). Shareholders should note that any comparison made with respect to the Comparable Lab Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Target as at the Latest Practicable Date.

We set out in the table below the list of Comparable Lab Companies:

Comparable Lab Companies	Listing venue	Brief business description	Market capitalisation as at the Latest Practicable Date ⁽¹⁾ (\$'million)
Dr Lal PathLabs Ltd	National Stock Exchange of India	Dr. Lal PathLabs Limited operates clinical laboratories. The company offers medical diagnostic, cardiology, radiology, pathology and imaging, health checkup, blood test, and customer care services. Dr. Lal PathLabs Limited conducts its business in India.	2,397.7
NeoGenomics Inc	NASDAQ Capital Market	NeoGenomics, Inc. operates a network of clinical laboratories that specialises in cancer genetics diagnostic testing services. The company serves pathologists, oncologists, urologists, and hospitals.	3,844.8
Guangzhou Kingmed Diagnostics Group Co Ltd	Shanghai	Guangzhou Kingmed Diagnostics Group Co., Ltd. operates as a medical laboratory. The company provides clinical testing, pathology diagnosis outsourcing, and other services. It provides services to various medical institutions including hospitals, maternal, child health centers, health centers, and other places.	5,338.1

APPENDIX I – IFA LETTER



Comparable Lab Companies	Listing venue	Brief business description	Market capitalisation as at the Latest Practicable Date ⁽¹⁾ (\$'million)
Biocept, Inc.	NASDAQ Capital Market	Biocept, Inc. is a commercial-stage cancer diagnostics company. The company focuses on developing and commercialization proprietary circulating tumour cell and circulating tumour DNA tests. Biocept, Inc. serves patients and customers in the State of California.	43.7

Source: Bloomberg Finance L.P. and annual reports of the respective companies.

Note:

- (1) Market capitalisation values of the Comparable Lab Companies are based on their respective closing prices as at the Latest Practicable Date and converted to Singapore dollars based on the closing exchange rates as at the Latest Practicable Date.

We set out the valuation statistics of the Comparable Lab Companies as at the Latest Practicable Date in the table below:

Comparable Lab Companies	P/NAV Ratio ⁽¹⁾ (times)	P/NTA Ratio ⁽¹⁾ (times)
Dr Lal PathLabs Ltd	13.2	14.0
NeoGenomics Inc	6.8	37.3
Guangzhou Kingmed Diagnostics Group Co Ltd	12.1	12.7
Biocept, Inc.	2.7	2.7
Maximum	13.2	37.3
Minimum	2.7	2.7
Mean	8.7	16.7
Median	9.5	13.4
The Target		
- based on the Consideration	8.8	8.8
- based on the Maximum Consideration	9.3	9.3

Page 20 of 28

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)
 Address 地址 3 Shenton Way, #24-02 Shenton House, Singapore 068805 珊顿道 3 号, 珊顿大厦#24-02, 新加坡 068805
 Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX I – IFA LETTER



Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies.

Note:

- (1) Based on the latest available balance sheet numbers as announced by the Comparable Lab Companies.

As set out in the table above, the P/NAV ratios and P/NTA ratios of the Target (whether based on the Consideration or the Maximum Consideration) are within the range of the corresponding ratios of the Comparable Lab Companies as at the Latest Practicable Date. The P/NAV ratios of the Target (whether based on the Consideration or the Maximum Consideration) are slightly higher than the mean but lower than the median P/NAV ratios of the Comparable Lab Companies. The P/NTA ratios of the Target (whether based on the Consideration or the Maximum Consideration) are lower than the mean and median P/NTA ratios of the Comparable Lab Companies.

4.6 PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The full text of the pro forma financial effects of the Proposed Acquisition is set out in Section 2.8 of the Circular and Shareholders are advised to read them carefully.

In summary, we note the following:

- (a) the NTA per Share will decrease from 2.97 cents to 1.56 cents after the Proposed Acquisition; and
- (b) the loss per share will increase from 1.98 cents to 2.30 cents after the Proposed Acquisition.

We understand that the negative financial impact was because the Target registered a pro forma loss for FY2019.

4.7 OTHER CONSIDERATIONS

In determining whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders, we have also considered the following:

(a) The Company's cash position

The Company reported audited consolidated cash and cash equivalent of S\$6.03 million as at 31 December 2019.

In addition, the Company announced the completion of a placement of 17,858,000 new ordinary shares (the "**Placement Shares**") at the issue price of S\$0.175 for each Placement Share on 27 March 2020, raising net proceeds of approximately S\$3,097,000 (the "**Net Proceeds**"). We note that approximately S\$792,000 of the Net Proceeds will be for expansion of the Company's businesses through

Page 21 of 28

APPENDIX I – IFA LETTER



investments, mergers and acquisitions, joint ventures and/or strategy collaborations with third parties.

Accordingly, as at the Latest Practicable Date, the Company should have sufficient cash to satisfy full payment of the Deferred Consideration.

(b) Security for the Deferred Consideration

We note that the Company will be providing the following to the Vendor as security for the Deferred Consideration:

- (a) the Share Charge (as further detailed in Section 2.3.1 of the Circular);
- (b) an undertaking that, for the period from the Completion Date until the Deferred Consideration is paid in full, the Company shall take steps consistent with past practice to preserve and protect the assets of the Target as at the Completion Date ("**Completion Assets**") and shall not, other than in the ordinary and usual course of business, without the prior written consent of the Vendor:
 - (a) remove any of the physical Completion Assets from any of its properties or otherwise dispose of any Completion Assets;
 - (b) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, licence, sub-licence, transfer or otherwise dispose of any Completion Assets;
 - (c) issue, allow to come into being, or grant any Encumbrance over any of the Completion Assets; and/or
 - (d) do any act or enter into any transaction or arrangement which may result in any material reduction of the total asset value of the Target as at the Completion Date.

As set out paragraph 3.1 of this IFA Letter, the Target's NAV amounted to only S\$400,001 as at 31 December 2019. In the event that the Target did not perform well in the 24 months after the Completion and no capital injection to the Target is made in the 24 months after the Completion, the Target's NAV then would reasonably be lower than the NAV as at 31 December 2019.

APPENDIX I – IFA LETTER



5. THE PROPOSED IPT MANDATE

Information on the Proposed IPT Mandate is set out in Section 3 of the Circular. We note that the Proposed IPT Mandate is proposed to be adopted principally to facilitate the continual provision of services by the Target to the CBH Group.

5.1 NAMES OF INTERESTED PERSONS UNDER THE PROPOSED IPT MANDATE

The names of Interested Persons under the Proposed IPT Mandate (the “**Mandated Interested Persons**”) are set out in Section 3.3.2 of the Circular.

We note that the Mandated Interested Persons are all corporations and part of the CBH Group.

5.2 MANDATED TRANSACTIONS

Information on the Mandated Transactions of the Proposed IPT Mandate is set out in Section 3.3.1 of the Circular.

We note that the categories of Mandated Transactions are as follows:

- (a) provision of distribution services by the Mandated Interested Persons for distribution of the Group’s medical and healthcare products and services to customers in Singapore and overseas (“**Distribution Services**”). Such services relate primarily to (a) precision oncology services in the areas of cancer screening, diagnosis, treatment selection, monitoring and prognosis, and (b) other health management, pharmaceutical and wellness services (“**Services**”). The products distributed comprise mainly equipment, test kits, reagents and other consumables relating to such services (“**Products**”). Distribution Services include the distribution of the Products and Services under the Distribution Services Agreement;
- (b) the sale of the Group’s medical and healthcare products and services by the Group to Interested Persons on *ad hoc* basis which does not fall into the ambit of Distribution Services (“**Sale of Services**”); and
- (c) the provision of management and support services by the Mandated Interested Persons to the Group,

collectively, the “**Mandated Transactions**”.

5.3 RATIONALE FOR AND BENEFITS OF THE PROPOSED IPT MANDATE

Information on the rationale for and benefits of the Proposed IPT Mandate is set out in Section 3.4 of the Circular.

We note that the Proposed IPT Mandate is intended to facilitate transactions of a revenue nature as well as transactions necessary for the day-to-day operations of the Group, provided that they are transacted on normal commercial terms and will not be on terms or

APPENDIX I – IFA LETTER



conditions that would be prejudicial to the interests of the Company and/or its minority Shareholders.

In addition, we calculated that the total value of transactions between the Target and the CBH Group accounted for a significant percentage of the Target's pro forma revenue for FY2019. As such, it will be beneficial to the Group to continue to transact with the CBH Group after Completion.

5.4 METHODS AND/OR REVIEW PROCEDURES FOR THE MANDATED TRANSACTIONS

Detailed on the methods and/or review procedures are set out in Section 3.5 of the Circular.

We note that the methods and procedures include, *inter alia*, the following:

- (a) In relation to the Distribution Services or Sale of Services, the Mandated Transaction shall be carried out after comparison with at least two (2) recent agreements or successful transactions with unrelated third parties in respect of the same or substantially similar nature. In respect of Distribution Services, the Group can take into account qualitative factors such as quantity, duration, credit standing and payment records ("**Qualitative Factors**") while in respect of Sale of Services, the Group can take into account factors such as the customers' credit standing, volume, delivery requirements, length of business relationship and potential for future repeat business.
- (b) When selling third party Products and/or Services distributed by the Group to the Mandated Interested Persons, the prices of such Products and/or Services are to be determined based on the prevailing market reference price that is publicly available, if any, and is calculated by reference to any fair pricing basis to be determined and agreed by the management of the Company.
- (c) Where no prevailing market reference price is publicly available, the Mandated Transactions are to be carried out with reference to at least two (2) recent agreements or successful transactions with unrelated third parties in respect of the same or substantially similar nature, taking into account the Qualitative Factors.
- (d) In the event where it is impossible or impracticable to obtain comparable pricing or transaction, the Group's sales department shall evaluate and determine the prices of the Products and/or Services taking into account the Qualitative Factors. The Group will also calculate its cost to ensure that the Group will always achieve a positive gross margin from such sale.
- (e) All distributorship agreements with the Mandated Interested Persons, including the Distribution Services Agreement, shall allow the Group to revise the prices of its Products and/or Services by giving 30 days' notice (or such shorter period as may be set out in the relevant agreement) to the distributor(s).
- (f) In relation to the secondment of staff and the provision of corporate management, administration and support services by the Mandated Interested Persons to the Group, the Mandated Transactions shall be carried out cost-plus basis. The total fees

Page 24 of 28

APPENDIX I – IFA LETTER



payable to the Mandated Interested Persons shall not be higher than the total employment expenses or costs to be incurred by the Group if the Group employs new staff for the seconded role or engages unrelated third parties to provide such services.

- (g) In relation to the rental of laboratory facilities and/or office premises from the Mandated Interested Persons, the Group will only enter into new leases or renew existing leases with the Mandated Interested Persons if the Group is satisfied that the rent payable is in line with prevailing market rental rates for comparable spaces, taking into account relevant factors including but not limited to tenure and size. The rent payable (and the deposit needed) shall not be higher than the highest rent (or deposit) quoted by unrelated third parties for such lease.
- (h) Where it is not possible to compare against the terms of other transactions with unrelated third parties, the Mandated Transaction will be approved by the management, in accordance with the Group's usual business practices and policies.
- (i) Prior approval of the Audit Committee will be required for when the value of each Mandated Transaction is equal to or exceeds 3.0% of the Group's latest audited NTA.
- (j) Other monitoring and review procedures, including a register for all interested person transactions, review of interested person transactions by the Audit Committee at least once every six months, review of interested person transactions by the internal auditors, and review of the internal audit reports by the Audit Committee.

5.5 ROLE OF THE AUDIT COMMITTEE IN RELATION TO THE PROPOSED IPT MANDATE

We note that the Audit Committee will:

- (a) review and approve each Mandated Transaction with value equal to or above 3.0% of the Group's latest audited NTA;
- (b) review the interested person transactions of the Group at least once every six months;
- (c) review the internal audit reports submitted by the internal auditors; and
- (d) during these reviews, determine if the methods and procedures established under the Proposed IPT Mandate continues to be adequate and/or commercially practicable in ensuring that the Mandated Transactions are not prejudicial to the interests of the Company and its minority Shareholders. If the Audit Committee is of the view that the established methods and procedures have become inadequate or inappropriate to ensure that the Mandated Transactions will be entered into based on terms not prejudicial to the interests of the Company and its minority Shareholders, the Audit Committee will, in consultation with the Board of Directors, take such action as it deems proper in respect of such methods and procedures, and/or modify or implement such methods and procedures as may be necessary, and direct the Company to seek a fresh general mandate from the Shareholders based on new methods and procedures for transactions with the Mandated Interested Persons.

Page 25 of 28

APPENDIX I – IFA LETTER



5.6 VALIDITY PERIOD OF THE PROPOSED IPT MANDATE

If approved at the forthcoming EGM, the Proposed IPT Mandate will take effect from the date of the passing of the ordinary resolution to be proposed at the EGM and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the subsequent AGM.

The Company intends to seek the approval of Shareholders for the renewal of the Proposed IPT Mandate annually. The renewal of the Proposed IPT Mandate shall be subject to the satisfactory review by the Audit Committee of the continued need for such mandate and the adequacy of the methods and procedures for the transactions.

6. OUR OPINION

Having regard to our terms of reference, in arriving at our opinions, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition and the Proposed IPT Mandate. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

6.1 OUR OPINION ON THE PROPOSED ACQUISITION

We set out below a summary of the key factors we have taken into our consideration:

- (a) both the Consideration and the Maximum Consideration are within the range of market value as opined by the Independent Valuer;
- (b) the Proposed Acquisition will mitigate any risk of the Group not being able to obtain the CAP-accreditation and also allow the Group to immediately operate as a CAP-accredited clinical laboratory upon Completion, which is beneficial to the Group;
- (c) the Deferred Consideration allows the Group to have more flexibility with its cash and allows the Group to enjoy interest-free or low interest rate loan;
- (d) the price-to-revenue ratio and the price-to-NAV ratio of the Target (whether based on the Consideration or the Maximum Consideration) are lower than the ratios for the 2017 Transaction;
- (e) it is not uncommon for biotechnology companies to list with losses, negative EBITDA and negative equity position;
- (f) the P/NAV ratios of the Target (whether based on the Consideration or the Maximum Consideration) are higher than the P/NAV ratio for the sale of the Asian pathology operations by Healthscope Limited in August 2018 while the P/NAV ratios of the Target (whether based on the Consideration or the Maximum Consideration) are lower than the P/NTAV ratio of the sale transaction of Healthscope Limited;

Page 26 of 28

APPENDIX I – IFA LETTER



- (g) the P/NAV ratios of the Target (whether based on the Consideration or the Maximum Consideration) are slightly higher than the mean but lower than the median P/NAV ratios of the Comparable Lab Companies while P/NTA ratios of the Target (whether based on the Consideration or the Maximum Consideration) are lower than the mean and median P/NTA ratios of the Comparable Lab Companies as at the Latest Practicable Date;
- (h) the pro forma financial effects of the Proposed Acquisition are negative as the Target registered a pro forma loss for FY2019; and
- (i) other considerations as set out in paragraph 4.7 of this IFA Letter.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

6.2 OUR OPINION ON THE PROPOSED IPT MANDATE

In arriving at our opinion in respect of the Proposed IPT Mandate, we have considered, *inter alia*, the methods and procedures set up by the Company, the role of the Audit Committee in enforcing the Proposed IPT Mandate, and the rationale for and benefits of the Proposed IPT Mandate.

Having regard to the considerations set out in paragraph 5 of this IFA Letter and the information available to us as at the Latest Practicable Date, we are of the opinion that the methods and procedures for determining the terms of the Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter is addressed to the Non-Interested Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Acquisition and the Proposed IPT Mandate, and the recommendation made by them to the Shareholders shall remain the responsibility of the Non-Interested Directors. Neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Proposed Acquisition and the Proposed IPT Mandate, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

APPENDIX I – IFA LETTER



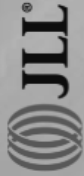
This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

CORPORATE
APPRAISAL &
ADVISORY



Valuation of the Net Asset of Biomedics Laboratory Pte Ltd

Client : Biolidics Limited
Report Date : 19 March 2020
Valuation Date : 31 December 2019
Reference Number : CON100302554

Important: The information contained within this document is confidential and is intended only for the purpose stated in the Agreement. Its contents are only intended for the exclusive use of the client listed above or to persons or firms to whom it is provided by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. Under no circumstances may the information herein be copied, reproduced, published or disseminated without the prior approval of Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

APPENDIX II – VALUATION REPORT



Biolidics

Disclaimer

In this Report, unless the context otherwise stipulates, certain words may be capitalized to denote they may have a definition or explanation stipulated in the definitions and abbreviations in section 1.1 below or that they refer to a section of the Report. This is with the exception of particular abbreviations and technical terms commonly understood within the context of financial analysis. This Report shall be interpreted with regards to the definitions contained herein.

The information contained within this document is confidential and is intended only for the purpose stated in the Agreement. Its contents are only intended for the exclusive use of the Client pursuant to an Agreement, or to persons or firms to whom it is provided directly by JLL. Under no circumstances may the information herein be copied, reproduced, published or disseminated without the prior approval of JLL. The Report should not be used or relied upon by the stated recipient for any other purpose other than the stated valuation purpose within. This Report constitutes a portion of the Services and is thus subject to the conditions of engagement contained within the Agreement. Our responsibility is to perform a valuation based on our independent investigation and analysis, and to report our opinion to the Client. JLL thus acts in the capacity of an advisor to the Client. Our conclusion only serves to advise the Client and aid in the Client's own valuation analysis. Our calculations, Report and/or conclusion cannot replace the decisions or judgment of the Client. It is up to any recipient of this Report to make their own assessment of the validity of this opinion and its underlying assumptions.

This Report is subject to the assumptions, explanations, qualifications and disclaimers provided throughout the Report. The Report is also subject to general limiting conditions, a full declaration of which is expressed in section 5.1 below. Users of this Report should take due consideration of the assumptions, explanations, qualifications and disclaimers provided throughout the Report to understand the premises taken by JLL throughout our valuation methodology and calculation. Many of the inputs within this Valuation based on information provided by or on behalf of the Client and / or other potential transaction participants as well as third parties. We have relied to a considerable extent upon such information relating to aspects of the Subject including but not limited to its financial features. Additionally, JLL has also made use of public information. We have assumed that the information and data provided by these sources is accurate and truthful, but we make no representation as to the accuracy or completeness of such information. For all information sourced, JLL has not audited, corroborated and is not obliged to conduct due diligence to verify for their accuracy and truthfulness. With respect to estimates and forecasts of future financial performance prepared by or reviewed with the management of the Client and/or other potential transaction participants or obtained from public sources, we have assumed that such estimates and forecasts have been reasonably prepared on bases reflecting the best currently available estimates and judgments of such managements (or, with respect to estimates and forecasts obtained from public sources, represent reasonable estimates).

No opinion is intended to be expressed for matters which we deem to cover legal, compliance, tax, accounting or other specialised expertise or knowledge and is beyond what is customarily employed by valuers. Within our Services, we have assumed the Target Company has obtained all requisite legal registration associated with it and is freely transferable in the market without any legal obstacles.

Our opinion of value is current only as per the Valuation Date. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the Valuation Date and we assume no obligation to update or otherwise revise these materials for events in the time since then. Assessed values may change significantly and unexpectedly even over short periods. An actual transaction regarding the Target Company may be concluded at a higher value or lower value, depending on the circumstances surrounding it, its owner, or the motivations and knowledge, or all, of both the buyers and sellers at that time. JLL makes no guarantees as to what values individual buyers and sellers may reach in an actual transaction.

We must emphasise that the realisation of the prospective financial information is dependent on the continuing validity of the assumptions on which it is based. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.



APPENDIX II – VALUATION REPORT

Table of Contents

1. Introduction	4
1.1. Definitions and Abbreviations	5
1.2. Executive Summary	6
2. Valuation Particulars	8
2.1. Valuation Purpose	9
2.2. Background of the Subject	9
2.3. Independence Declaration	9
2.4. Reliance on External Information	9
2.5. Standards	10
2.6. Basis of Value	10
2.7. Valuation Date	10
2.8. Currency	10
3. Valuation Methodology	11
3.1. Valuation Approaches	12
3.2. Selection of Approach	13
4. Valuation Analysis	14
4.1. General Assumptions	15
4.2. Net Asset Value	15
4.3. Opinion of Value	16
4.4. Risk Factors	17
5. Appendices	18
5.1. General Limiting Conditions	19
5.2. Valuation Firm Overview	21
5.3. Biography of Signor	21
5.4. Contributors to Valuation	22

CORPORATE
APPRAISAL &
ADVISORY



Biolidics 

1. Introduction

APPENDIX II – VALUATION REPORT

1.1. Definitions and Abbreviations

Term / Abbreviation	Definition / Long form
Agreement	Service agreement between JLL and the Client
CAP	College of American Pathologists
Client / Purchaser	Biolidics Limited
CSRP	The Center of Research in Security Price
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion
Hong Kong	Hong Kong Special Administrative Region of the People's Republic of China
JLL	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Report	The written account of our methodology, principal assumptions, findings and opinion regarding the market value of the Subject
Report Date	The date on which we issue the written account of our methodology, principal assumptions, findings and opinion regarding the market value of the Subject
Seller	SAM Laboratory Pte. Ltd.
Services	Refers to the services described in the Agreement between JLL and the Client
SGD	Singapore dollars
Subject	Net asset of the Target Company
Target Company	Biomedics Laboratory Pte Ltd

Term / Abbreviation	Definition / Long form
Valuation	Means the work products including but not limited to the Report concerning the Services
Valuation Date	31 December 2019, being the date that the valuation applies

1.2. Executive Summary

In accordance with the instructions of the Client, we have undertaken an investigation and analysis to determine an independent opinion of the market value of the Subject as at the Valuation Date. The Report is issued on 19 March 2020 (the "Report Date").

The purpose of this valuation is for public disclosure.

Based on our understanding, the Client is contemplating to acquire the entire issued and paid-up share capital of the Target Company ("Proposed Acquisition").

The Target Company is incorporated in November 2019 to be operated as a clinical laboratory in Singapore. The Target Company is owned by the Seller, whose principal activities are of offering a range of clinical diagnostic tests and services such as health screening and management, cancer diagnostics, biomarker diagnostics and treatment monitoring and prognosis. The Seller is licensed by the Ministry of Health of Singapore and accredited by the College of American Pathologists, the leading organization of board-certified pathologists, which helps laboratories achieve the highest standards of excellence in patient care.

Upon incorporation, the Seller has transferred its assets for the operations of a clinical laboratory to the Target Company, including the CAP Accreditation which to be expired in June 2021, and a clinical laboratory is required to undergo re-inspection to maintain the CAP Accreditation.

Our valuation was carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We wish to highlight that the opinion of value is subject to numerous assumptions, qualifications and disclaimers which are provided throughout the Report. Our opinion is also heavily reliant on information provided to us, which we are not in the position to verify for accuracy or truthfulness.

On top of such assumptions, we have also considered various risks and uncertainties that have potential impact on the Subject which are elaborated on in the Valuation Analysis section 4 below. Furthermore, readers should be aware of the ever-present model risk inherent in any financial model which is a simplified version of reality potentially not accounting for or incorrectly accounting for complex issues.

Based on the results of our investigation and analysis outlined in the Report which follows, we are of the opinion that the market value of the Subject as at the Valuation Date is as follows.

Valuation Date	Market Value (SGD)
31 December 2019	3,258,000 – 4,019,000

Events after the Valuation Date

The outbreak of the Novel Coronavirus disease (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being affected in many sectors and we have subsequently introduced material uncertainty provisions into our Valuation. We are unable to provide an estimate of the financial effect that this event would have on the value of the Subject. Given the unknown future impact that COVID-19 might have on the global economy, we recommend that you keep the valuation of the Subject under frequent review and understand that the value could have changed since the Valuation Date.

Further, we are instructed to provide our opinion of value as per the Valuation Date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the Valuation Date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the disruption caused by the outbreak has poised a downward risk towards the achievability of the financial projections, which was prepared without the assumptions of a pandemic, in our Valuation. It may also have a negative impact towards investment sentiment, and hence any form of required rate of return as well as liquidity of any asset. As of the Report Date, it is uncertain how long the disruption will last and to what extent it will affect the global economy.

There are volatility and uncertainty that values may change significantly and unexpectedly even over short periods. Readers are reminded that we do not intend to provide an opinion of value as of any date after the Valuation Date in this Report.

The following pages outline the methodology, factors considered and assumptions employed in formulating our opinions of value.

For and on behalf of
 Jones Lang LaSalle Corporate Appraisal and Advisory Limited



Simon M.K. Chan
 Executive Director

APPENDIX II – VALUATION REPORT

CORPORATE
APPRAISAL &
ADVISORY



Biolidics

2. Valuation Particulars

2.1. Valuation Purpose

The purpose of the Valuation is for public disclosure.

Based on our understanding, the Client is contemplating to acquire the entire issued and paid-up share capital of the Target Company ("Proposed Acquisition").

In accordance with the instructions of the Client, JLL was engaged to perform a valuation of the Subject.

The Client, formerly known as Clearbridge Biomedics Pte. Ltd. is incorporated in Singapore whose principal activities are of research, experimental development and marketing on biotechnology, life and medical science and electronics related industrial design services.

2.2. Background of the Subject

The Subject of this valuation exercise is the net asset of the Target Company.

The Target Company is incorporated in November 2019 to be operated as a clinical laboratory in Singapore. The Target Company is owned by the Seller, whose principal activities are of offering a range of clinical diagnostic tests and services such as health screening and management, cancer diagnostics, biomarker diagnostics and treatment monitoring and prognosis. The Seller is licensed by the Ministry of Health of Singapore and accredited by the College of American Pathologists, the leading organization of board-certified pathologists, which helps laboratories achieve the highest standards of excellence in patient care.

Upon incorporation, the Seller has transferred its assets for the operations of a clinical laboratory to the Target Company, including the CAP Accreditation which to be expired in June 2021, and a clinical laboratory is required to undergo re-inspection to maintain the CAP Accreditation.

2.3. Independence Declaration

JLL confirms that to the best of our knowledge and belief, we are independent of the Client and have not contravened any independence requirements stipulated as per our professional memberships. Our fee is not contingent upon our conclusion of value.

2.4. Reliance on External Information

Many of the inputs within the Valuation make use of external information obtained from the Client and /or the Target Company and other public sources. We have relied to a considerable extent upon such information relating to aspects of the Subject including but not limited to its financial features. We have assumed that the information and data provided by these sources is accurate and truthful, but we make no representation as to the accuracy or completeness of such information. For all information sourced, JLL has not audited, corroborated and is not obliged to conduct due diligence to verify for their accuracy and truthfulness. A commonly referenced, though not exhaustive, list of such information includes Client historical financial information, representations made by the Client and / or their professional advisors, financial / economic databases and technical papers from the professional services / academic sectors.

2.5. Standards

For this Valuation we have been guided by the following standards according to the different elements involved in our scope of work.

- International Valuation Standards issued by the International Valuation Standards Council

2.6. Basis of Value

Our Valuation was carried out on a market value basis.

Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

2.7. Valuation Date

The Valuation Date is set to be 31 December 2019.

2.8. Currency

Our opinion of value is presented in SGD unless otherwise stated.

CORPORATE
APPRAISAL &
ADVISORY



Biolidics 

3. Valuation Methodology

APPENDIX II – VALUATION REPORT



3.1. Valuation Approaches

There are three generally accepted valuation approaches, namely the market, cost and income approaches.

Market Approach

A market approach determination of value is achieved by comparing the Subject with similar assets or liabilities for which prices are available. Often adjustments are made to reflect the date of the transaction, condition and utility of the comparable relative to the Subject. Subjects for which there is an established, liquid, secondary market may be valued by this approach.

Benefits of using this approach include its simplicity, clarity, speed and the need for few inputs and assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in the inputs as there are inherent assumptions on the value of those comparable subjects. Market approaches also suffer in that it can be hard to find transactions for comparables that are justifiably comparable.

Cost Approach

A cost approach determination of value of a Subject works on the principle that a buyer will not pay any more for an asset / liability than the cost to obtain an equivalent one by purchase or by construction. Therefore, the cost approach considers the cost to reproduce or replace the Subject in accordance with current market prices for similar subjects, with an allowance for accrued depreciation or obsolescence, whether arising from physical, functional or economic causes.

The cost approach generally furnishes the most reliable indication of value for subjects without a known secondary market. It is also advantageous when the subject is not directly

income generating and / or is unique thus ruling out the applicability of the other two valuation approaches. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the Subject.

Income Approach

An income approach determination of value is achieved by the conversion of expected future cash flow or cost savings generated by the Subject into a present value. It is based on the principle that an informed buyer would pay no more for the Subject than an amount equal to the present worth of anticipated future benefits (income or cost savings) from the same or a substantially similar asset or liability with a similar risk profile.

Advantages of this approach lie in its ability to work when information on relevant market comparables is inadequate and when reasonable projections for the quantity and timing of expected future cash flows associated to the Subject can be made. However, this approach relies on numerous assumptions over a long time horizon which by their nature are not able to be independently verified. The result of such an approach may be very sensitive to certain inputs chosen and inevitably, some assumptions may not materialize meaning actual future values may vary greatly from what was forecasted.

3.2. Selection of Approach

In the Report, we have adopted the cost approach by considering the nature and background of the Target Company. As advised by the management of the Client/Target Company, upon the incorporation of the Target Company, it will be the only clinical laboratory for the detection of circulating tumor cells under the anatomical pathology discipline in Asia. Hence it is difficult to identify a laboratory company that can be considered as comparable to the Target Company and as a result, market approach is not suitable for this valuation. On the other hand, given the uncertainty in estimating financial forecast at an early stage of the lifecycle of the Target Company, income approach is not being adopted.

Under the cost approach, summation method is typically adopted for valuation subject when its value is primarily a factor of the value of the valuation subject's holding assets and liabilities. Below table listed out the adopted valuation approach for each identifiable asset and liability.

Under the summation method, each identifiable asset and liability of the Target Company is being valued using the appropriate valuation approaches, and our opinion of value of the valuation Subject is derived by adding component assets and deducting component liabilities.

APPENDIX II – VALUATION REPORT

Identifiable Asset and Liability	Valuation Approach
CAP Accreditation	The replacement cost method under the cost approach was adopted in arriving at the market value of the Subject in this Valuation, by identifying the relevant costs that would be incurred by a typical participant seeking to create or obtain an asset providing similar function and equivalent utility. The replacement cost was estimated based on the historical operating costs, depreciated replacement cost of fixed assets, recruitment cost and other compliance related expenses in relation to the daily operations of the Target Company and costs to be incurred in achieving the CAP Accreditation.
Other Assets and Liabilities	We are given to understand that the Target Company does not have any asset or liability, other than the CAP Accreditation, as at the Valuation Date

CORPORATE
APPRAISAL &
ADVISORY



Biolidics 

4. Valuation Analysis

APPENDIX II – VALUATION REPORT

4.1. General Assumptions

The following key assumptions in determining the market value of the Subject have been made.

- The Valuation was estimated based on the assumption that the Target Company can be CAP accredited within a period of 24 to 30 months. A minimum of 24 months is built on the assumption that the test services have already been established in the laboratory.
- Management has assumed that the renovation cost under fixed assets to be around SGD310,000 to SGD560,000 as the minimum and maximum cost respectively.
- The Valuation was primarily based on the latest historical financial information made available to us.
- The Target Company has, or will have, sufficient capital needs (financial, human, physical) to achieve or contribute to current and future production;
- There will be no material change in the core operations of the Target Company from what is present and / or expected;
- All relevant laws, statutes, ordinances and regulations pertaining to the Target Company are complied with and where applicable renewable upon expiry;
- Operational and contractual terms stipulated in the contracts and agreements associated with the Subject will be honored;
- We have assumed that there are no hidden or unexpected conditions associated with the Subject that might adversely affect the reported values;
- There will be no material change in the existing political, legal, technological, fiscal or economic conditions from present and / or from what is expected, which might adversely affect the business of the Target Company; and
- Our Valuation is conducted based on a going concern assumption, in which the Subject is viewed as continuing in business for the foreseeable future.

4.2. Net Asset Value

The market value of the CAP Accreditation of the Target Company was estimated based on the historical operating costs, fixed assets, depreciation, recruitment cost and other compliance related expenses in relation to the daily operations of the Target Company and costs to be incurred in achieving and maintaining the CAP Accreditation.

Operating Costs

The main operating costs comprises of the consultancy fee and payroll costs, rental, repair and maintenance, depreciation and bank charges which relates to the daily operations of the Target Company.

The operating costs were estimated by referring to the average historical operating costs from January 2018 to December 2019, except for the rental and consultancy fee which were based on the actual market rate.

Fixed Assets

It relates to the depreciated replacement cost of the office equipment, renovation, furniture and fittings and other medical equipment of the Target Company as at the Valuation Date. The Client has represented that an equipment currently owned by the Seller and a hire purchase loan related to this equipment will be transferred to the Target Company upon completion of the Proposed Acquisition. As such, we have included the outstanding hire purchase loan amount as at 31 December 2019 in the estimation of the market value of the CAP Accreditation.

APPENDIX II – VALUATION REPORT

Recruitment Cost

It relates to the recruitment cost to be incurred in hiring a new medical director and laboratory personnel of the Target Company.

The recruitment costs were estimated based on a 20% of the annual salary package of these personnel. The annual salary package of the medical director was advised by the management of the Client / Target Company by referring to the market rate of a senior medical director with minimum of eight-year experience, whereas for the other laboratory personnel was estimated based on the average historical payroll related costs from January 2018 to December 2019.

Compliance-related Expenses

It relates to the annual proficiency testing for CAP program, which includes the cost associated the testing materials and expenses to conduct the audit and the cost associated with the professional service provided for Clinical Laboratory Improvement Amendments (“CLIA”) application and were estimated based on the actual historical cost incurred.

We are given to understand that the Target Company does not have any asset or liability, other than the CAP Accreditation, as at the Valuation Date.

4.3. **Opinion of Value**

Based on the results of our investigation and analysis outlined in the Report which follows, we are of the opinion that the market value of the Subject as at the Valuation Date is as follows.

Valuation Date	Market Value (SGD)
31 December 2019	3,258,000 – 4,019,000

Events after the Valuation Date

The outbreak of the Novel Coronavirus disease (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being affected in many sectors and we have subsequently introduced material uncertainty provisions into our Valuation. We are unable to provide an estimate of the financial effect that this event would have on the value of the Subject. Given the unknown future impact that COVID-19 might have on the global economy, we recommend that you keep the valuation of the Subject under frequent review and understand that the value could have changed since the Valuation Date.

Further, we are instructed to provide our opinion of value as per the Valuation Date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the Valuation Date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the disruption caused by the outbreak has poised a downward risk towards the achievability of the financial projections, which was prepared without the assumptions of a pandemic, in our Valuation. It may also have a negative impact towards investment sentiment, and hence any form of required rate of return as well

as liquidity of any asset. As of the Report Date, it is uncertain how long the disruption will last and to what extent it will affect the global economy.

There are volatility and uncertainty that values may change significantly and unexpectedly even over short periods. Readers are reminded that we do not intend to provide an opinion of value as of any date after the Valuation Date in this Report.

4.4. Risk Factors

We caution readers to be aware of the following risks which we believe could influence the market value of the Subject. Such risks can range from very subject specific factors to more systematic factors.

Management

The management of the Target Company may not be what is desirable or necessary or may vary according to existing plans which would have the effect of altering the Subject's value.

Microeconomic Considerations

The Subject can be directly or indirectly affected by characteristics and changing forces of supply and demand for the contributing inputs and / or the produced goods and services associated with the Subject. These forces work to impact the magnitude of the gap between inflows and outflows regarding the Subject and thus its value. Variations in the degree of competition or in barriers to entry are key drivers of changes to supply whilst consumption preferences, income levels or the availability of substitutes are key drivers of changes to demand.

Technological Change

Changes in the rate of advancement of technology, the propensity for any particular technology to have an effect on the Subject and the degree to which technological advancement is impacting and will continue to impact the Subject can disrupt its desirability, competitiveness, efficiency and/or indirectly impact the products and services considered substitutes or complements for it and thus its value.

Social, Political and Macroeconomic Considerations

Various economic, political and social phenomena surrounding the Subject may change so as to affect our opinion of value of the Valuation. International or nationwide policy and / or legislative changes that alter existing rights and obligations may directly or indirectly influence the Subject. Macroeconomic circumstances including inflation, interest rate fluctuations and existing and forecast levels of growth in the broader economy may also have an effect. Societal factors encompassing the perception and preferences of people in general may swing rendering the Subject more or less desirable and thus more or less valuable.

Environmental Conditions

Phenomena within the physical environment can severely impact the factors of production and demand factors within an economy for the Subject. The occurrence of natural disasters, resource depletion and variations in climate conditions may influence resource availability and prices for inputs on the supply side or may influence market access and preferences for products and services associated to the Subject from end-user demand. Such phenomena will ultimately influence the value of the Subject.

CORPORATE
APPRAISAL &
ADVISORY



Biolidics 

5. Appendices

APPENDIX II – VALUATION REPORT

5.1. General Limiting Conditions

- In the preparation of this Report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Client/Target Company and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our Report was used as part of the analysis of the Client/Target Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Client.
- We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.
- Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.
- The board of directors and the management of Client / Target Company have reviewed this Report and agreed and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.
- Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.

- No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.
- The use of and/or the validity of the Report is subject to the terms of the Agreement and the full settlement of the fees and all the expenses.
- Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.
- We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client / Target Company because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.
- This Report has been prepared solely for the purpose stated in the Agreement. The Report should not be otherwise referred to, in whole or in part, or quoted in any document in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.



- This Report is confidential to the Client and the calculation of values expressed herein is valid only for the purpose stated in the Agreement as at the Valuation Date. In accordance with our standard practice, we must state that this Report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.
 - Where a distinct and definite representation has been made to us by parties interested in the Subject, we are entitled to rely on that representation without further investigation into the veracity of the representation.
 - The Client / Target Company agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.
 - This exercise is premised in part on the historical financial information and future forecast provided by the management of the Client / Target Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.
- This Report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the Report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Client / Target Company and other sources. Actual transactions involving the Subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time.
 - The board of directors, management, staff, and representatives of the Client / Target Company have confirmed to us that they are independent to JLL in this valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Client / Target Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

APPENDIX II – VALUATION REPORT

5.2. Valuation Firm Overview

JLL Corporate Appraisal & Advisory ("CAA") is a fully owned subsidiary of JLL (NYSE: JLL), a Fortune 500 company which is focused in real estate services and investment management. With 2017 revenue of US\$7.9 billion, JLL's 82,000 colleagues serve clients in over 80 countries from nearly 300 corporate offices worldwide.

CAA is a leading provider of business valuation as well as tangible asset valuation and advisory services in the context of fundraising, transactions and financial reporting. The practice has been operating for over 25 years and is led by a steady group of experienced professionals a number of whom have been instrumental through its development, even in its founding years. We are interested in valuation; a skill we believe is a key pillar to the functioning of capital markets. CAA is placed uniquely as an 'integrated' valuation service provider meaning that we can opine in major asset classes including intangibles, businesses, financial instruments, real estate and machinery. We also provide advisory services where we focus exclusively on real estate. Our advisory practice is mostly centred on financial / strategic-oriented assignments across all real estate sectors.

Our core markets are in China, Hong Kong and Singapore although our work regularly takes us around Asia Pacific and increasingly more globally. CAA has 7 offices across our core markets. In 2016, CAA formed a strategic collaboration with a Chinese valuation entity, placing us now as one of the few internationally-experienced valuation firms that can provide compliant valuation services for licensed activities in China. We have experience fulfilling valuations outside of our core markets in our own capacity but more often via cooperation with the JLL group as well as a third party network of valuation service providers.

5.3. Biography of Signor



Simon M.K. Chan

FCPA, FCPA (Aust), FRICS, CVA, ICVS, Member of AusIMM
Executive Director

Simon Chan is responsible for the management and strategic development of business valuation services at JLL. His training and experience in corporate finance, audit, valuation and financial advisory services was gained helping clients in a wide array of industries.

Simon continues to offer his expertise to particularly challenging valuation assignments which are common within the energy & resources industry as well as in real estate development projects. Always with a good-humour, he is known for bringing solutions in a new and unusual light with his lateral thinking.

Simon has over 20 years of work experience in valuation and financial advisory services. His experience is both wide-ranging and enhanced by in-depth specialisms. His corporate finance advisory experience is particularly wide and includes company equity valuation, purchase price allocation, intangible asset identification and valuation (e.g. trademark, customer base, patent, etc.), biological asset valuation (e.g. trees, livestock, orchard, etc.), current asset and liability valuation, goodwill and other asset impairment evaluation, convertible bond valuation, employee share option valuation and derivative valuation. He combines this with specialisms in energy and resources (e.g. mining right and resource valuations) and real estate (project valuation and development advisory) contexts. He has provided valuation services to numerous listed companies in different industries predominantly in China, Hong Kong, Singapore as well as globally in connection with these journeying clients.

The profile of Simon's clients includes numerous large scale IPOs of state-owned and privately-owned enterprises in China as well as various international MNCs invested in China. In previous firms, Simon gained much of his practical experience in audit or corporate finance capacities.

Simon obtained a Bachelor of Commerce degree in the University of Melbourne, Australia with majors in accountancy and finance. He is a fellow of Hong Kong Institute of Certified Public Accountants (HKICPA), Certified Public Accountants of Australia (CPA (Aust.)) and the Royal Institution of Chartered Surveyors (RICS). He is a Chartered Valuer and Appraiser (CVA), an International Certified Valuation Specialist (ICVS), and a member of The Australasian Institute of Mining and Metallurgy (AusIMM).

5.4. Contributors to Valuation

The individuals involved and their respective contributions to this Valuation are as follows.

Contributor	Involvement
Simon Chan	<ul style="list-style-type: none"> ■ Oversaw execution of the Valuation; ■ Performed final review of the Valuation; and ■ Acted as the signor of the Report.
Kevin Chan	<ul style="list-style-type: none"> ■ Conducted the principal review of the Valuation; ■ Structured the Valuation approach; ■ Liaised with relevant parties to gain background understanding of the Subject; ■ Coordinated the Valuation engagement; and ■ Managed overall Valuation execution.
Libing Chiam	<ul style="list-style-type: none"> ■ Liaised with relevant parties to address queries and incorporate any feedback regarding the Valuation; ■ Prepared financial model and the Report; and ■ Researched Subject and various information sources for key inputs and assumptions.

APPENDIX II – VALUATION REPORT

CORPORATE
APPRAISAL &
ADVISORY



JLL | Corporate Appraisal & Advisory

7/F One Taikoo Place
979 King's Road
Hong Kong
+852 2846 5000

www.jll.com.hk

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

© 2020 Jones Lang LaSalle IP, Inc. All rights reserved. The information contained in this document is proprietary to Jones Lang LaSalle Corporate Appraisal and Advisory Limited. All such documentation and information remains the property of Jones Lang LaSalle Corporate Appraisal and Advisory Limited and shall be kept confidential. Under no circumstances may the information herein be copied, reproduced, published or disseminated without the prior approval of Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

NOTICE OF EXTRAORDINARY GENERAL MEETING

BIOLIDICS LIMITED

(Company Registration No.: 200913076M)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EGM will be held at 37 Jalan Pemimpin, #07-13 Mapex, Singapore 57717 on 30 April 2020 at 11 a.m. (or immediately after the conclusion of the AGM scheduled at 10 a.m. on the same day and at the same place, for the purpose of considering and, if thought fit, passing (with or without any modifications) the following resolutions set out below.

All capitalised terms used in this Notice of EGM which are not defined shall have the same meaning ascribed to them in the circular to shareholders of the Company dated 8 April 2020 (the “Circular”).

ORDINARY RESOLUTION 1: THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF BIOMEDICS LABORATORY PTE. LTD. AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES

That:–

- (a) pursuant to Rules 906(1)(a) and 1014(2) of the Catalist Rules, approval be and is hereby given, for the Company to enter into the Proposed Acquisition pursuant to the terms and conditions of the SPA, the principal terms of which are set out in the Circular; and
- (b) the Directors be and are hereby authorised to take such steps, approve all matters and enter into all such transactions, arrangements and agreements and execute all such documents and notices as may be necessary or expedient for the purposes of giving effect to the Proposed Acquisition as such Directors or any of them may deem fit or expedient or to give effect to this ordinary resolution.

ORDINARY RESOLUTION 2: THE PROPOSED ADOPTION OF THE PROPOSED IPT MANDATE

That:–

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, for the Company and/or its subsidiaries, to enter into any of the transactions falling within the types of Interested Person Transactions described in the Circular with the Interested Persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for the Interested Person Transactions as set out in the Circular;
- (b) the proposed adoption of the Proposed IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the next AGM is held or is required by law to be held;
- (c) the Audit Committee be and is hereby authorised to take such actions as it deems proper in respect of the review procedures for the Interested Person Transactions and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) the Directors be and are hereby authorised to take such steps, approve all matters and enter into all such transactions, arrangements and agreements and execute all such documents and notices as may be necessary or expedient for the purposes of giving effect to the proposed adoption of the Proposed IPT Mandate as such Directors or any of them may deem fit or expedient or to give effect to this ordinary resolution.

By Order of the Board

Lim Sim Ving
Company Secretary
Singapore

8 April 2020

COVID-19 Precautionary Measures as at 1 April 2020:

Pursuant to the Safe Distancing Regulations, the New Provisions and the SGX RegCo Guidance, Shareholders should **not** attend the EGM in person. Shareholders may appoint the chairman of the EGM to act as proxy and direct their votes at the EGM. All Shareholders are encouraged to complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive (a) by email to an email address that will be set out in the Additional Arrangement Announcement or (b) by post to the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898, not later than the Cut-Off Date.

Please refer to paragraphs 5 and 10 of the Circular for more details.

Shareholders should also note that the Company may be required to make further changes to its EGM arrangements as the situation evolves, and Shareholders should keep abreast of the Company's announcements that may be made from time to time on SGXNET.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the EGM must appoint the chairman of the EGM as proxy to attend and vote instead of the member.
2. If the member is a corporation, the instrument appointing the proxy must be given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
3. The instrument appointing the chairman of the EGM to act as proxy must be completed and arrive (a) by email to an email address that will be set out in the Additional Arrangement Announcement or (b) by post to the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898, not less than 72 hours before the time appointed for holding the EGM.
4. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the EGM unless his/her name appears on the Depository Register not less than 72 hours before the time of the EGM.

PERSONAL DATA PRIVACY

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, and/or by registering to attend the "live" webcast of the EGM as detailed in Section 5 of the Circular and any Additional Arrangement Announcement, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

BIOLIDICS LIMITED

(Company Registration No.: 200913076M)
 (Incorporated in the Republic of Singapore)

Important:

1. For investors who have used their Supplementary Retirement Scheme monies to buy shares in the Company ("**SRS Investors**"), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to appointment as their proxies.

**EXTRAORDINARY GENERAL MEETING
PROXY FORM**

I/We, _____ (Name)

(NRIC No./Passport No./Company Registration No.) _____

of _____ (Address)

being a member/members of Biolidics Limited (the "**Company**"), hereby appoint the chairman of the EGM, as *my/our proxy to attend and to vote for *me/us on *my/our behalf at the EGM to be held at 37 Jalan Pemimpin, #07-13 Mapex, Singapore 577177 on Thursday, 30 April 2020 at 11 a.m. (or immediately after the conclusion of the AGM scheduled at 10 a.m. on the same day and at the same place) and at any adjournment thereof.

*I/We direct *my/our proxy to vote for or against, or abstain from voting the ordinary resolutions to be proposed at the EGM as indicated hereunder. If no specified directions as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the EGM.

No.	ORDINARY RESOLUTION	No. of Shares For**	No. of Shares Against**	Abstain**
1.	To approve the Proposed Acquisition			
2.	To approve the proposed adoption of the Proposed IPT Mandate			

** *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick "X" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "X" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.*

Dated this _____ day of _____ 2020

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

 Signature of Member(s) or Common Seal

* Delete accordingly

IMPORTANT: PLEASE READ NOTES OVERLEAF.



NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the shares held by you.
2. Shareholders must appoint the chairman of the EGM to act as proxy and direct the vote at the EGM. Please refer to paragraphs 5 and 10 of the Circular for more details.
3. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer of the corporation or attorney duly authorised.
4. "Relevant Intermediaries" as defined in section 181 of the Act shall also appoint the chairman of the EGM to act as proxy and direct the vote at the EGM. Together with the Proxy Form, the Relevant Intermediaries shall provide to the Company a list of attendees who would like to attend the EGM by way of a "live" webcast with such information that may be requested by the Company in the Additional Arrangement Announcement.
5. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The Proxy Form must be completed and arrive (a) by email to an email address that will be set out in the Additional Arrangement Announcement or (b) by post to the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898, not less than 72 hours before the time appointed for holding the EGM.
7. SRS Investors, may inform their SRS agent banks to appoint the chairman of the EGM to act as their proxy.

GENERAL:

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting a Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

