

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

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE
CAPITAL OF BIOMEDICS LABORATORY PTE. LTD.**

1. INTRODUCTION

The board of directors (the "**Board**") of Biolidics Limited (the "**Company**", and together with its subsidiaries, collectively the "**Group**") wishes to announce that the Company had, on 27 March 2020 (the "**Announcement Date**"), entered into a sale and purchase agreement (the "**SPA**") with SAM Laboratory Pte. Ltd. (the "**Vendor**", and together with its holding company and subsidiaries, the "**Vendor Group**"), 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**").

2. INFORMATION ON THE TARGET AND THE VENDOR

Information on the Target

- 2.1 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 date of the SPA. The Vendor is the legal and beneficial owner of the entire issued and paid-up share capital of the Target.
- 2.2 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 ("**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.
- 2.3 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 the financial year ended 31 December 2019 ("**FY2019**"). Based on the unaudited management accounts prepared by the Target, the Target had net tangible assets of S\$400,001 as at 31 December 2019.

Information on the Vendor

- 2.4 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 date of the SPA. Clearbridge Health Limited ("**CBH**"), a controlling shareholder of the Company, is the legal and beneficial owner of the entire issued and paid-up share capital of the Vendor.

3. RATIONALE FOR THE PROPOSED ACQUISITION

- 3.1 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 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 tests which it distributes. The Group and the Target can also cross sell their existing products and services to each other's customers.
- 3.2 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 clinical laboratory accredited by the College of American Pathologists' Laboratory Accreditation Program ("**CAP-accredited**") 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 of the Proposed Acquisition ("**Completion**").
- 3.3 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.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

The terms of the Proposed Acquisition are set out in the SPA. A summary of the principal terms of the Proposed Acquisition is set out in this section.

4.1 Consideration

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

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 ("**Initial Payment**"); and
- (b) the remaining amounts being the Consideration less the Initial Payment ("**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 ("**Share Charge**") as security for the payment of the Deferred Consideration, on such terms and conditions as may be reasonably satisfactory to the parties. 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 ("**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. ("**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 (as defined below), 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 Announcement Date, CBH holds approximately 1.41% of the shareholding interests in SIAM.

4.2 **Conditions Precedent under the SPA**

Pursuant to the terms of the SPA, 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 Singapore Exchange Securities Trading Limited ("**SGX-ST**") in respect of the Proposed Acquisition, the Distribution Services Agreement (as defined below), 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 entity of the Vendor Group, if any;
- (f) entry into the Distribution Services Agreement;
- (g) entry into the Share Charge by the Purchaser in favour of the Vendor or an entity within the Vendor Group;
- (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. ("**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
- (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;
 - (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 (as defined herein), 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, "**Long Stop Date**" means 31 May 2020 (or such other date as the parties may mutually agree in writing).

4.3 **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 ("**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.

4.4 **Valuation of the Target**

For the purposes of the Proposed Acquisition, the Company commissioned Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "**Valuer**") as an independent valuer to perform a valuation on the Target. Based on the valuation report issued by the Valuer on 19 March 2020 (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.

4.5 **Completion**

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

5. **DISTRIBUTORSHIP SERVICES AGREEMENT AND OTHER TRANSACTIONS**

Concurrently with the execution of the SPA, the Target had entered into a distributorship services agreement (the "**Distribution Services Agreement**") with Clearbridge Medical Group Pte. Ltd., a subsidiary of CBH, pursuant to which Clearbridge Medical Group Pte. Ltd. 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 adoption of a general mandate for certain recurrent interested person transactions (the "**Proposed IPT Mandate**"), and

is intended to take effect upon Completion or the date such shareholders' approval is obtained, whichever is later.

In addition, on Completion, transactions between the Target and the Vendor Group will constitute an interested person transaction. Other than distributorship services, these transactions also include the sale of products and services by the Target to the Vendor Group.

The scope of the Proposed IPT Mandate is intended to cover, amongst others, distributorship services, sale of products and services, lease arrangements as well as management and support services between the Group and the Vendor Group.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures in relation to the Proposed Acquisition computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), based on the Group's unaudited 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 of 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.

6.2 The applicable figures computed under Rules 1006(b) or 1006(c) of the Catalist 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 Practice Note 10A of the Catalist Rules (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 Catalist Rules, and must be made conditional upon approval by shareholders in a general meeting.

7. FINANCIAL EFFECTS

7.1 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 unaudited 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.

(a) Net Tangible Assets ("NTA")

The effects of the Proposed Acquisition on the unaudited 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

(b) Earnings per Share ("EPS")

The effects of the Proposed Acquisition on the unaudited 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)

8. THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

- 8.1 **Interests of directors and controlling shareholders.** As at the date of the SPA, the Vendor is wholly owned by CBH, which is also a controlling shareholder of the Company. 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.
- 8.2 **Interested Person Transaction.** Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2018, the audited consolidated NTA of the Group was approximately S\$11,980,000. For the purposes of Chapter 9 of the Catalist Rules, the value of the Proposed Acquisition based on the Maximum Consideration is approximately 30.9% 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 the Company's shareholders at an extraordinary general meeting to be convened pursuant to Rule 906(1)(a) of the Catalist Rules.
- 8.3 Save as disclosed above, as at the Announcement Date, the Group has not entered into any transactions with the Vendor in the current financial year ending 31 December 2020 ("FY2020").
- 8.4 In addition to the Proposed Acquisition, as at the Announcement Date, the Group has interested person transactions amounting to approximately S\$24,000 with the Vendor Group in FY2020. These interested person transactions relate principally to lease arrangements as well as the provision of management and support services by the Vendor Group for the Group's operations. Going forward, all such 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 paragraph 5 of this announcement.
- 8.5 As at the Announcement Date, the total value of all interested person transactions entered into by the Group for FY2020 is approximately S\$45,000.
- 8.6 Pursuant to 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 extraordinary general meeting.

9. INDEPENDENT FINANCIAL ADVISER

The Company has appointed Xandar Capital Pte. Ltd. as the independent financial adviser (the "IFA") to the directors of the Company who are considered independent for the purposes of the Proposed Acquisition and the Proposed IPT Mandate. The opinion of the IFA will be set out in the Circular (as defined below) to be despatched to shareholders in due course.

10. AUDIT COMMITTEE STATEMENT

The Audit Committee will be obtaining an opinion from the IFA before forming its view on the Proposed Acquisition and the Proposed IPT Mandate.

The statement from the Audit Committee will be disclosed in the Circular to be despatched to shareholders in due course.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings (if any) in the Company.

The non-executive directors of the Company, Yee Pinh Jeremy and Chen Johnson, are also directors of CBH, and will abstain from voting on any resolutions in connection with the Proposed Acquisition and the Proposed IPT Mandate. 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.

CBH and its associates will abstain from voting on any resolutions in connection with the Proposed Acquisition and the Proposed IPT Mandate.

12. DIRECTORS' SERVICE CONTRACTS

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

13. EXTRAORDINARY GENERAL MEETING AND CIRCULAR

A circular (the “**Circular**”) to shareholders containing, *inter alia*, further information of the Proposed Acquisition, to seek shareholders' approval for the Proposed Acquisition as a major transaction and an interested person transaction, and the adoption of the Proposed IPT Mandate, together with the notice of extraordinary general meeting to be convened, will be despatched by the Company to shareholders in due course. In the meantime, shareholders are advised to refrain from taking any action in relation to their shares in the Company which may be prejudicial to their interests until they or their advisers have considered the information and recommendations to be set out in the Circular.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Board collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Board are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

15. DOCUMENTS FOR INSPECTION

A copy of the SPA and the Valuation Report will be made available for inspection during normal business hours at the registered office of the Company at 37 Jalan Pemimpin #02-07 Mapex Singapore 577177 for a period of three (3) months from the Announcement Date.

16. FURTHER ANNOUNCEMENTS

The Company will make further announcements to keep shareholders informed, as and when there are further material updates and developments in respect of the Proposed Acquisition.

17. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. There is no certainty or assurance that the Proposed Acquisition will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Acquisition, the SPA and other matters contemplated in this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Leong Yow Seng
Lead Independent Director
27 March 2020

*This announcement has been prepared by Biolidics Limited (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 announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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.