

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

PROPOSED SUBSCRIPTION OF 230,769,231 NEW ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF BIOLIDICS LIMITED (THE “COMPANY”) BY MR. ZHU HUA

- EXECUTION OF SUBSCRIPTION AGREEMENT

1. INTRODUCTION

- 1.1 On 3 October 2023, the Company announced that it has entered into a binding term sheet (“**Term Sheet**”) with Mr. Zhu Hua (the “**Subscriber**”) for the proposed subscription of 230,769,231 new ordinary shares in the issued share capital of the Company (“**Subscription Shares**”) at an issue price of S\$0.0065 per Subscription Share (“**Subscription Price**”), to raise gross proceeds of S\$1,500,000 (“**Proposed Subscription**”).
- 1.2 The Board of Directors of the Company (“**Board**”) wishes to announce that the Company has on 12 October 2023, entered into a subscription agreement with the Subscriber (the “**Subscription Agreement**”) pursuant to which the Company shall issue and allot 230,769,231 Subscription Shares to the Subscriber at the Subscription Price of S\$0.0065 per Subscription Share, to raise gross proceeds of S\$1,500,000 (“**Subscription Amount**”), pursuant to the terms and subject to the conditions of the Subscription Agreement.
- 1.3 The Subscription Shares, when allotted and issued, shall be free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the existing ordinary shares in the issued share capital of the Company (“**Shares**”) as at the date of issue of the Subscription Shares, except for any dividends, rights, distributions, allotments or other entitlements the record date of which falls before such date of issue.
- 1.4 The Subscription Price was arrived at following arm's length negotiations between the Company and the Subscriber and represents a discount of approximately 56.38% to the volume-weighted average price of S\$0.0149 per Share (“**VWAP**”) for trades done on the SGX-ST on 12 October 2023, being the date of the Subscription Agreement. Rule 811(1) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) states that an issue of shares must not be priced at more than 10% discount to the VWAP for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed. If trading in the issuer's shares is not available for a full market day, the VWAP must be based on the trades done on the preceding market day up to the time the placement agreement is signed.
- 1.5 As at the date of this announcement, the Company has an issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of 559,126,605 Shares. The Subscription Shares represent approximately 41.27% of the issued share capital of the Company as at the date of this announcement and approximately 29.22% of the enlarged issued share capital of the Company immediately after the completion of the Proposed Subscription. Rule 803 of the Catalist Rules states that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in a general meeting.
- 1.6 Accordingly, the Proposed Subscription will be conditional upon, *inter alia*, specific approval from shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting of the Company to be convened (“**EGM**”) pursuant to Rules 803 and 811 of the Catalist Rules.
- 1.7 No placement agent has been appointed in connection with the Proposed Subscription. The Proposed Subscription will be undertaken pursuant to the private placement exemption under Section 272B of the Securities and Futures Act 2001 of Singapore. As such, no prospectus or

offer information statement will be issued by the Company in connection with the Proposed Subscription.

2. INFORMATION ON THE SUBSCRIBER

- 2.1 The information presented herein relating to the Subscriber is based on information provided by the Subscriber. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.
- 2.2 The Subscriber is a citizen of the People's Republic of China ("**PRC**") and is the managing director and owns approximately 99.9% of the issued and paid-up share capital of Beijing Zhenghe Antai Investment Management Co., Ltd. (北京正和安泰投资管理有限责任公司), an investment management company established in the PRC. The Subscriber has worked in several equity investment fund companies and has about 20 years' experience in investment management. In particular, he has more than 10 years of investment experience in the internet, mobile internet and multi-channel network industry.
- 2.3 The Subscriber has acknowledged and confirmed that as at the date of this announcement, (a) he is not co-operating pursuant to an agreement or undertaking (whether formal or informal) with any persons to obtain or consolidate effective control of the Company; (b) he is subscribing for the Subscription Shares for his own account for investment purposes and will not be holding the Subscription Shares in trust or as a nominee for other persons; (c) he is an independent third party who is unrelated to the Directors and substantial Shareholders, and (d) he and his associates do not hold, directly or indirectly, any Shares or any instruments convertible into, rights to subscribe for and options in respect of Shares.

Save in relation to the Proposed Subscription, the Subscriber does not have any connection (including business relationship) with the Company, the Directors and/or the substantial Shareholders and does not fall within any of the categories of persons whom the Company is prohibited from issuing Shares to, as provided for under Rule 812 of the Catalist Rules.

- 2.4 The Subscriber was introduced to the Company by Crowe Horwath First Trust Corporate Advisory Pte. Ltd. ("**Introducer**"). An introducer fee equivalent to 3.5% of the Subscription Amount, amounting to S\$52,500, will be paid to the Introducer by the Company.
- 2.5 Following the completion of the Proposed Subscription, the Subscriber intends to undertake a strategic review of the Group's existing business and recommend new businesses, where appropriate, to the Board. The Subscriber has also undertaken to provide financial support to the Group by way of, *inter alia*, interest-free shareholder's loans to ensure that the Company and the Group will be able to continue to operate as a going concern. The quantum of such financial support is to be mutually agreed between the Company and the Subscriber following the completion of the strategic review of the Group's existing businesses.

3. THE PROPOSED SUBSCRIPTION

3.1 Conditions Precedent

The completion of the Proposed Subscription is conditional upon, *inter alia*:

- (a) the receipt of the listing and quotation notice ("**LQN**") from the SGX-ST for the listing of and quotation for the Subscription Shares on the Official List of the SGX-ST and the LQN not being revoked or amended as at the date of completion of the Proposed Subscription and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company;
- (b) Shareholders' approval for the Proposed Subscription being obtained at the EGM;
- (c) proof of funds for the Subscription Amount, in a form satisfactory to the Company, to be provided by the Subscriber to the Company;

- (d) the completion and satisfactory outcome of Know-Your-Client and due diligence checks to be conducted by the Company on the Subscriber; and
- (e) continued trading of the Shares on the Catalist.

If any of the conditions precedent set forth above or in the Term Sheet is not satisfied by 21 November 2023 (or such other date as may be mutually agreed between the Company and the Subscriber in writing), the Subscription Agreement shall terminate and the obligations of the Company to issue the Subscription Shares and the Subscriber to subscribe for the Subscription Shares shall *ipso facto* cease and determine thereafter.

3.2 **Completion**

Completion of the Proposed Subscription shall take place on the date falling three (3) business days after the date on which the conditions precedent set out in paragraph 3.1 above have been satisfied or otherwise waived in writing by the relevant party, or such other date as may be mutually agreed between the Company and the Subscriber.

3.3 **LQN**

With reference to the condition precedent set out in paragraph 3.1(b) above, the Company will be making an application, through its sponsor, United Overseas Bank Limited (“**Sponsor**”), to the SGX-ST for the listing of and quotation for the Subscription Shares on the Official List of the SGX-ST. The Company will make the necessary announcements once the LQN has been obtained from the SGX-ST.

3.4 **Exclusivity**

For the period until the Subscription Agreement is terminated, the Company has undertaken to work exclusively with the Subscriber towards the successful completion of the Proposed Subscription and will not engage in discussions or enter into agreements with any third parties with the intention of issuing new Shares or securities of the Company other than to the Subscriber.

3.5 **Board Composition**

The Company has undertaken to maintain the composition of its current Board until the completion of the Proposed Subscription, apart from the Non-Executive Independent Chairman of the Company who will be stepping down from the Board on 30 November 2023.

The Subscriber shall be entitled to be appointed as a Non-Executive Director of the Company following the completion of the Proposed Subscription, subject to the recommendation of the nominating committee of the Company and the approval of the Board.

3.6 **Future Fundraising**

The Company has undertaken not to engage in any fundraising exercise for a period of six (6) months subsequent to the completion of the Proposed Subscription without the consent of the Subscriber.

4. **FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION**

- 4.1 The financial effects of the Proposed Subscription on the Group as set out below are for illustrative purposes only and do not purport to be indicative or a projection of the future financial performance and financial position of the Group after the completion of the Proposed Subscription.

The financial effects of the Proposed Subscription on the Group have been computed based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2022 (“**FY2022**”) and the following bases and assumptions:

- (a) the financial effect on the consolidated net tangible liabilities (“**NTL**”) per Share is computed based on the assumption that the Proposed Subscription was completed on 31 December 2022;
- (b) the financial effect on the consolidated loss per Share (“**LPS**”) is computed based on the assumption that the Proposed Subscription was completed on 1 January 2022, and
- (c) assume that there is no return earned from the Net Proceeds (as defined herein).

4.2 NTL per Share

| | Before the Proposed Subscription | After the Proposed Subscription |
|--|----------------------------------|---------------------------------|
| NTL of the Group as at 31 December 2022 (S\$'000) | 1,688 | 299 |
| Number of issued Shares ('000) | 559,127 | 789,896 |
| NTL per Share as at 31 December 2022 (Singapore cents) | 0.30 | 0.04 |

4.3 LPS

| | Before the Proposed Subscription | After the Proposed Subscription |
|---|----------------------------------|---------------------------------|
| Loss attributable to equity holders of the Company for FY2022 (S\$'000) | 9,428 | 9,428 |
| Number of issued Shares ('000) | 559,127 | 789,896 |
| LPS for FY2022 (Singapore cents) | 1.69 | 1.19 |

5. RATIONALE AND USE OF PROCEEDS

5.1 Rationale for the Proposed Subscription

As at the date of this announcement, the Company has an amount of S\$2,138,750 owing to Clearbridge BSA Pte. Ltd. (“**CBSA**”), and which will be payable by the Company to CBSA no later than 25 November 2023 (“**Outstanding Debt**”). In view of the impending due date for the repayment of the Outstanding Debt, the Board and management of the Group (“**Management**”) has constantly been exploring opportunities to monetise its assets, including its intellectual properties, as well as fund raising opportunities, including equity issuances.

In particular and as announced by the Company on 25 September 2023, the Board noted that CBSA had on 22 September 2023, entered into deeds of assignment (“**Assignment Deeds**”) with four (4) individuals (collectively the “**Assignees**”) to assign the Outstanding Debt (“**Assigned Debt**”) to the Assignees, subject to, *inter alia*, consent from the Company being obtained by CBSA for the transactions contemplated by the Assignment Deeds and the Assignees entering into a new convertible loan agreement with the Company on such terms and conditions reasonably satisfactory to the Assignees (“**Proposed Debt Assignment**”), including:

- (i) the maturity date for final repayment of the Assigned Debt shall be extended by a further six (6) months from 25 November 2023 to 24 May 2024 (“**New Repayment Date**”); and

- (ii) the Assigned Debt shall be convertible by the respective Assignees at any time from the completion date of the Proposed Debt Assignment to the New Repayment Date into new Shares at a price being the higher of (a) a 10.0% discount to the prevailing market price of the Shares as traded on the SGX-ST on the market day immediately prior to the conversion of the Assigned Debt or (b) 0.77 Singapore cents.

After careful deliberation and consideration, the Board and Management has decided not to proceed with the Proposed Debt Assignment for the following reasons:

- (a) assuming that the Assigned Debt is converted based on the minimum conversion price of S\$0.0077, the aggregate number of new Shares to be issued to the Assignees will amount to approximately 33.19% of the enlarged issued share capital of the Company. Notwithstanding that such minimum conversion price is higher than the Subscription Price, the maximum dilution to Shareholders arising from the conversion of the Assigned Debt will be higher as compared to that of the Proposed Subscription; and
- (b) the Company was already in an advanced stage of negotiation with the Subscriber at the time when it was informed of the Proposed Debt Assignment by CBSA. Having assessed the indicative terms of the Proposed Debt Assignment, the Board is of the view that the terms of the Proposed Subscription, including the intention of the Subscriber to undertake a strategic review of the Group's existing business as well as the intention to provide financial support to the Group to ensure that the Company and the Group will be able to continue to operate as a going concern, compares favorably *vis-à-vis* that of the Proposed Debt Assignment, particularly in view of the impending due date for the repayment of the Outstanding Debt and the future working capital requirements of the Group.

Accordingly, based on the various proposals which the Board and Management have received up to the date of the execution of the Term Sheet (including the Proposed Debt Assignment), and to ensure that the Group is able to raise the requisite amount of funds to repay the Outstanding Debt by its payment due date, the Board has decided to proceed with the execution of the Term Sheet, and subsequently the Subscription Agreement, as it is of the view that the terms of the Proposed Subscription best suits the Group's requirements and is in the best interests of the Group and its Shareholders.

The Board wishes to highlight that the Company's previous independent auditor, Ernst & Young LLP, had issued a disclaimer of opinion (the "**Disclaimer of Opinion**") in their independent auditor's report dated 10 April 2023 on the audited consolidated financial statements of the Group and the Company for FY2022. The basis for the Disclaimer of Opinion is in relation to the use of the Group's going concern assumption. For the six-month financial period ended 30 June 2023, the Group had recorded a net loss of approximately S\$0.95 million and a net operating cash outflow of approximately S\$1.01 million. As at 30 June 2023, the Group and the Company was in a net equity deficit position of approximately S\$1.60 million and S\$1.63 million respectively and was in a negative working capital position of approximately S\$0.50 million and S\$0.51 million respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Upon completion of the Proposed Subscription, the Subscriber will become a controlling Shareholder. The Subscriber brings with him about 20 years of experience in investment management. After completion of the Proposed Subscription, the Company intends to carry out, together with the Subscriber, a strategic review of the Group's existing business and the Subscriber will, where appropriate, recommend new businesses to the Board. The Company intends to leverage on the industry network, experience, expertise and resources of the Subscriber to seek new growth opportunities for the Group. In the event the Group undertakes diversification into any new businesses, the Company will, in accordance with the requirements under the Catalyst Rules, seek the approval of Shareholders accordingly.

Subject to the completion of the Proposed Subscription, the Subscriber has undertaken to provide financial support to the Group by way of, *inter alia*, interest-free shareholder's loans to ensure that the Company and the Group will be able to continue to operate as a going concern. The quantum of such financial support is to be mutually agreed between the Company and the Subscriber following the completion of the strategic review of the Group's existing businesses.

In the event that the Proposed Subscription is not completed and/or the Subscriber does not provide, or is unable to provide, sufficient financial support to the Group for its working capital requirements, the Group will look for alternative sources of funding such as equity or debt fundraising through a placement of securities of the Company to investors or other fundraising opportunities to raise the requisite funding for the repayment of the Outstanding Debt and/or for the Group's working capital requirements. Should the Group fail to raise such alternative funding, the Company and the Group may not be able to operate as a going concern and trading of the Shares may be suspended pursuant to Rule 1303(3) of the Catalyst Rules.

5.2 Use of net proceeds from the Proposed Subscription

The net proceeds from the Proposed Subscription (after deducting estimated expenses of approximately S\$0.11 million) will amount to approximately S\$1.39 million (the "**Net Proceeds**") and will be fully utilised by the Company to partially repay the Outstanding Debt. The balance amount of the Outstanding Debt of approximately S\$0.75 million is to be repaid using a combination of (i) S\$0.50 million of the net proceeds which has been allocated for such purpose from the Company's renounceable non-underwritten rights issue of new Shares completed in November 2022, and (ii) approximately S\$0.25 million from the Group's internal resources.

Pending the utilisation of the Net Proceeds as outlined above, the Net Proceeds may be deposited in financial institutions or be used for working capital or any other purpose on a short-term basis as the Directors may deem fit in the interests of the Group.

The Company will make periodic announcements as and when the Net Proceeds are materially disbursed and whether the disbursements are in accordance with the use of proceeds as stated in this announcement. The Company will also provide a status report on the use of such Net Proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the Company's announcements and annual report.

6. OPINION OF THE DIRECTORS

The Directors are of the opinion that, after taking into consideration the Group's present bank facilities, as at the date of this announcement, the working capital available to the Group is not sufficient to meet its present requirements.

The Directors are of the opinion that, after taking into consideration the Group's present bank facilities and the Net Proceeds, as at the date of this announcement, the working capital available to the Group is not sufficient to meet its present requirements.

The Board notes that under the terms of the Subscription Agreement, subject to the completion of the Proposed Subscription, the Subscriber has undertaken to provide financial support to the Group by way of, *inter alia*, interest-free shareholder's loans to ensure that the Company and the Group will be able to continue to operate as a going concern. The quantum of such financial support is to be mutually agreed between the Company and the Subscriber following the completion of the strategic review of the Group's existing businesses.

7. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders has any interest, direct or indirect, in the Proposed Subscription, save for their interests (if any) by way of their shareholdings and/or directorships, as the case may be, in the Company.

In addition, the Subscriber is not under the control or influence of any of the Directors or substantial Shareholders.

8. FURTHER ANNOUNCEMENTS AND CIRCULAR

The Company will make the appropriate announcements as and when there are material developments on the Proposed Subscription.

The Company will also be seeking Shareholders' approval for the Proposed Subscription at the EGM and a circular in relation thereto will be despatched to Shareholders in due course.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors 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 Subscription, the Company and its subsidiaries, and the Directors 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 Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. TRADING CAUTION

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Proposed Subscription is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Subscription will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

11. DOCUMENT FOR INSPECTION

A copy of the Subscription Agreement is 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 date of this announcement.

BY ORDER OF THE BOARD

Song Tang Yih
Executive Director and Chief Executive Officer
12 October 2023

This announcement has been prepared by the Company and has been reviewed by the Sponsor for compliance with Rules 226(2)(b) and 753(2) of the Catalist Rules.

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. Lim Hoon Khiat, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.