

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

PROPOSED SUBSCRIPTION OF 98,500,000 NEW ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF BIOLIDICS LIMITED (THE “COMPANY”) BY MR. ZHU HUA (THE “SUBSCRIBER”)

1. INTRODUCTION

- 1.1 The Board of Directors of the Company (“**Board**”) refers to the Company’s announcements dated 12 October 2023, 26 October 2023 and 21 November 2023, and the Company’s circular dated 6 November 2023 (“**Circular**”), in relation to the proposed subscription of 230,769,231 new ordinary shares in the issued share capital of the Company (“**Previous Proposed Subscription**”) by the Subscriber.

Unless otherwise defined, capitalised terms used herein shall bear the same meanings as ascribed to them in the Circular.

- 1.2 As the approval of Shareholders for the Previous Proposed Subscription was not obtained at the EGM held on 21 November 2023, the subscription agreement dated 12 October 2023 entered into between the Company and the Subscriber (“**12 October Agreement**”) has been terminated and the Previous Proposed Subscription was not completed. Please refer to the separate announcement made by the Company today in relation to the results of the EGM.

2. THE NEW PROPOSED SUBSCRIPTION

- 2.1 The Board wishes to announce that, following the termination of the 12 October Agreement, the Company has on 21 November 2023, entered into a new subscription agreement with the Subscriber (the “**New Subscription Agreement**”) pursuant to which the Company shall issue and allot 98,500,000 new ordinary shares in the issued share capital of the Company (“**Subscription Shares**”) to the Subscriber at a subscription price of S\$0.0119 per Subscription Share (“**Subscription Price**”), for an aggregate subscription amount of S\$1,172,150 (the “**Subscription Amount**”), pursuant to the terms and subject to the conditions of the New Subscription Agreement (the “**New Proposed Subscription**”).

- 2.2 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.

- 2.3 The Subscription Price was arrived at following arm’s length negotiations between the Company and the Subscriber and represents a discount of approximately 9.85% to the volume-weighted average price of S\$0.0132 per Share for trades done on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 20 November 2023, being the last full market day on which the Shares were traded prior to the date of the New Subscription Agreement. Trading of the Shares were halted with effect from 9.00 a.m. on 21 November 2023.

- 2.4 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 17.62% of the issued share capital of the Company as at the date of this announcement and approximately 14.98% of the enlarged issued share capital of the Company immediately after the completion of the New Proposed Subscription.

- 2.5 The Subscription Shares will be allotted and issued pursuant to the general mandate obtained from Shareholders at the annual general meeting of the Company held on 28 April 2023 for the issuance of Shares (the “**General Mandate**”). As at 28 April 2023, being the date the General Mandate was approved by Shareholders, the Company has an issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of 559,126,605 Shares. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate. Accordingly, the total number of Shares that may be issued pursuant to the General Mandate is 559,126,605 Shares, of which the maximum number of Shares that may be issued other than on a *pro-rata* basis is 279,563,302 Shares. The proposed allotment and issuance of 98,500,000 Subscription Shares will fall within the maximum number of 279,563,302 Shares that may be issued pursuant to the General Mandate other than on a *pro-rata* basis, and as such, the prior approval of Shareholders is not required for the issuance of the Subscription Shares under the New Proposed Subscription
- 2.6 No placement agent has been appointed in connection with the New Proposed Subscription. The New 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 New Proposed Subscription.

3. INFORMATION ON THE SUBSCRIBER

- 3.1 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.
- 3.2 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.
- 3.3 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 for the entering into of the 12 October Agreement with the Company in relation to the Previous Proposed Subscription which has been terminated today, and the New 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 SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”).

- 3.4 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\$41,025.25 will be paid to the Introducer by the Company following the completion of the New Proposed Subscription.

- 3.5 Following the completion of the New 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.

4. THE NEW PROPOSED SUBSCRIPTION

4.1 Conditions Precedent

The completion of the New 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 New Proposed Subscription and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company;
- (b) proof of funds for the Subscription Amount, in a form satisfactory to the Company, to be provided by the Subscriber to the Company; and
- (c) continued trading of the Shares on the Catalist.

If any of the conditions precedent set forth above is not satisfied by 23 December 2023 (or such other date as may be mutually agreed between the Company and the Subscriber in writing), the New 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.

4.2 Completion

Completion of the New 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 4.1 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.

4.3 LQN

With reference to the condition precedent set out in paragraph 4.1(a) 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.

4.4 Exclusivity

For the period until the New Subscription Agreement is terminated, the Company has undertaken to work exclusively with the Subscriber towards the successful completion of the New 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.

4.5 Board Composition

The Company has undertaken to maintain the composition of its current Board until the completion of the New Proposed Subscription. In the event the Company wishes to undertake any change to the composition of the Board prior to completion of the New Proposed Subscription, the Company will be required to seek the consent of the Subscriber, such consent not to be unreasonably withheld.

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

4.6 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 New Proposed Subscription without the consent of the Subscriber.

5. FINANCIAL EFFECTS OF THE NEW PROPOSED SUBSCRIPTION

5.1 The financial effects of the New 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 New Proposed Subscription.

The financial effects of the New 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 New Proposed Subscription was completed on 31 December 2022, and
- (b) the financial effect on the consolidated loss per Share (“LPS”) is computed based on the assumption that the New Proposed Subscription was completed on 1 January 2022.

5.2 NTL per Share

	Before the New Proposed Subscription	After the New Proposed Subscription
NTL of the Group as at 31 December 2022 (S\$'000)	1,688	574
Number of issued Shares ('000)	559,127	657,627
NTL per Share as at 31 December 2022 (Singapore cents)	0.30	0.09

5.3 LPS

	Before the New Proposed Subscription	After the New 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	657,627
LPS for FY2022 (Singapore cents)	1.69	1.43

6. RATIONALE AND USE OF PROCEEDS

6.1 Rationale for the New Proposed Subscription

The Company had previously undertaken the Previous Proposed Subscription with the intention to fully utilise the net proceeds of approximately S\$1.39 million to partially repay the Outstanding Debt of S\$2,138,750, which will be payable by the Company to CBSA no later than 25 November 2023 (“**Payment Due Date**”).

As the approval of Shareholders for the Previous Proposed Subscription was not obtained at the EGM held on 21 November 2023, and in view of the Payment Due Date, the Company has on 21 November 2023 written to CBSA to request for an extension of the Payment Due Date to 23 December 2023 (“**Outstanding Debt Extension**”), so as to allow the Company additional time to raise alternative sources of funding for the repayment of the Outstanding Debt. Accordingly, the Company has entered into the New Subscription Agreement primarily to raise funds to repay the Outstanding Debt.

For the avoidance of doubt, the completion of the New Proposed Subscription will not be conditional upon the consent of CBSA for the Outstanding Debt Extension. The Company will make further announcements as and when there are any material developments in relation thereto.

In addition, 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 nine-month financial period ended 30 September 2023, the Group had recorded a net loss of approximately S\$1.55 million and a net operating cash outflow of approximately S\$1.48 million. As at 30 September 2023, the Group and the Company was in a net equity deficit position of approximately S\$2.19 million and S\$2.23 million respectively and was in a negative working capital position of approximately S\$1.37 million and S\$1.39 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.

Following the completion of the New Proposed Subscription, the Subscriber will be appointed as a Non-Executive Director of the Company and brings with him about 20 years of experience in investment management. 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 Catalist Rules, seek the approval of Shareholders accordingly.

Subject to the completion of the New 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 (i) CBSA does not consent to the Outstanding Debt Extension and the Company is unable to repay the Outstanding Debt by the Payment Due Date; (ii) the New Proposed Subscription is not completed and/or (iii) the Subscriber does not provide, or is unable to provide, sufficient financial support to the Group for its working capital requirements, 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 Catalist Rules.

6.2 Use of net proceeds from the New Proposed Subscription

The net proceeds from the New Proposed Subscription (after deducting estimated expenses of approximately S\$0.06 million) will amount to approximately S\$1.11 million (the “**Net Proceeds**”), which will be fully utilised by the Company to partially repay the Outstanding Debt.

In the event CBSA does not consent to the Outstanding Debt Extension and the New Proposed Subscription is not completed by the Payment Due Date, the Company intends to negotiate with the Subscriber for, *inter alia*, the provision of a loan by the Subscriber to the Company to enable the Company to repay the Outstanding Debt by the Payment Due Date. Further announcement(s) will be made by the Company to update Shareholders on any such material developments, including the changes, if any, to the use of the Net Proceeds.

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.

7. 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 New Subscription Agreement, subject to completion of the New 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.

8. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders has any interest, direct or indirect, in the New 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.

9. FURTHER ANNOUNCEMENTS

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

10. 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 New 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.

11. TRADING CAUTION

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the New Proposed Subscription is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the New 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.

12. DOCUMENT FOR INSPECTION

A copy of the New 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
21 November 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.