

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

PROPOSED SUBSCRIPTION OF 83,000,000 NEW ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF BIOLIDICS LIMITED (THE “COMPANY”) BY MR. ZHOU CHAO

- EXECUTION OF SUBSCRIPTION AGREEMENT

1. INTRODUCTION

- 1.1 The Board of Directors of the Company (“**Board**”) wishes to announce that the Company has on 21 December 2023, entered into a subscription agreement with Mr. Zhou Chao (the “**Subscriber**”) (the “**Subscription Agreement**”), which the Company shall issue and allot 83,000,000 new ordinary shares in the issued share capital of the Company (“**Subscription Shares**”) at an issue price of S\$0.0121 per Subscription Share (“**Subscription Price**”), to raise gross proceeds of S\$1,004,300 (“**Subscription Amount**”) (“**Proposed Subscription**”), pursuant to the terms and subject to the conditions of the Subscription Agreement.
- 1.2 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.
- 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 9.70% to the volume-weighted average price of S\$0.0134 per Share (“**VWAP**”) for trades done on the SGX-ST on 21 December 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 657,626,605 Shares. The Subscription Shares represent approximately 12.62% of the issued share capital of the Company as at the date of this announcement and approximately 11.21% of the enlarged issued share capital of the Company immediately after the completion of the Proposed Subscription.
- 1.6 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 issued 98,500,000 Shares pursuant to the General Mandate to Mr Zhu Hua (“**Mr Zhu**”), pursuant to a subscription agreement dated 21 November 2023. Accordingly, the remaining total number of Shares that may be issued pursuant to the General Mandate is 460,626,605 Shares, of which the maximum number of Shares that may be issued other than on a *pro-rata* basis is 181,063,302 Shares. The proposed allotment and issuance of 83,000,000 Subscription Shares will fall within the maximum number of 181,063,302 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.

- 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 director and co-founder of ACV Tech Pte. Ltd, a Singapore-based company in trading of semiconductor foundry equipment. The Subscriber has more than 15 years' experience in semi-conductor industry. The Company understands that these Subscribers has entered into the Subscription Agreement purely for financial investment purposes.
- 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 5.5% of the Subscription Amount, amounting to S\$55,236.50, will be paid to the Introducer by the Company.

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) 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) the completion and satisfactory outcome of Know-Your-Client and due diligence checks to be conducted by the Company on the Subscriber

If any of the conditions precedent set forth above or in the Term Sheet is not satisfied by 31 January 2024 (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, Evolve Capital Advisory Private 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. 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	753
Number of issued Shares ('000)	657,627	740,627
NTL per Share as at 31 December 2022 (Singapore cents)	0.26	0.10

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)	657,627	740,627
LPS for FY2022 (Singapore cents)	1.43	1.27

5. RATIONALE AND USE OF PROCEEDS

5.1 Rationale for the Proposed Subscription

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.

To improve the financial conditions of the Group, the Company has raised approximately \$1.1 million net proceeds through the issuance of 98,500,000 shares to Mr Zhu, pursuant to a subscription agreement dated 21 November 2023. On 30 November 2023, the Company fully repaid the Outstanding Debt owing to CBSA, improving the working capital of the Company and Group. Mr Zhu 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 Mr Zhu following the completion of the strategic review of the Group's existing businesses.

The Directors are of the view that the Proposed Subscription is beneficial to the Group as it will increase resources and working capital available to the Company so as to improve cash flow, as part of management's strategy to achieve continued trading status on Catalist and deliver shareholder value. The Proposed Subscription will reduce the negative working capital of the Group and Company improve the working capital of the Company and the Group.

5.2 Use of net proceeds from the Proposed Subscription

The net proceeds from the Proposed Subscription (after deducting estimated expenses of approximately S\$0.07 million) will amount to approximately S\$0.93 million (the "**Net Proceeds**") and will be used as working capital.

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 entered into with Mr Zhu on 21 November 2023, Mr Zhu 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 subject to being mutually agreed between the Company and the Subscriber following the completion of the strategic review of the Group's existing businesses. Mr Zhu has also given his written consent on the Proposed Subscription by Mr Zhou Chao.

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

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

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
22 December 2023

*This announcement has been prepared by the Company and has been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**") for compliance with relevant rules of the SGX-ST. This announcement has not been examined or approved by the SGX-ST, and 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 details of the contact person for the Sponsor are:

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