

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

**RESPONSE TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES
DATED 4 OCTOBER 2024**

The Board of Directors (the “**Board**” or “**Directors**”) of Biolidics Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 4 October 2024 (each, an “**SGX Query**”) and would like to provide further information in relation to the Company’s announcements on the allotment and issuance of 946,000,000 new ordinary shares dated 3 October 2024.

*Unless otherwise defined, all capitalised terms shall bear the same meanings as ascribed to them in the Company’s announcement 24 July 2024, and 1 August 2024, 2 August 2024, 23 August 2024, 19 September 2024, 30 September 2024 and 3 October 2024 (the “**Announcements**”) and the circular to Shareholders dated 4 September 2024 (the “**Circular**”) in relation to the Proposed Share Issuances.*

SGX Query 1:

*Please explain why the Consideration Shares were issued to Mr Yuan Zhijun and Mr Wu Kunwei when the Proposed Acquisition has yet to be completed. Is the timing for the issuance of the Consideration Shares in line with the Sale and Purchase Agreement entered into on 24 July 2024 (“**SPA**”)?*

Company’s response

The issuance of the Consideration Shares to the Vendor’s Nominees prior to the completion of the Proposed Acquisition is attributable to two key factors:

- (a) the requirement set forth in the Listing and Quotation Notice (“**LQN**”) stipulating that the Subscription Shares, Sign-On Shares, and Icon Shares must be issued within seven (7) market days from the date of the LQN; and
- (b) the anticipated delay in securing approval for the Proposed Acquisition in accordance with the PRC Regulatory Procedures, which is expected due to the Golden Week holiday in China, running from 1 October 2024 to 7 October 2024.

Had the Consideration Shares not been issued concurrently with the Subscription Shares, Sign-On Shares, and Icon Shares, the Proposed Subscription would have resulted in the Subscriber acquiring 30% or more of the voting rights in the Company. This would have triggered the obligation for the Subscriber to make a general offer for a mandatory takeover of the Company, pursuant to Rule 14 of the Singapore Code on Takeovers and Mergers (“**Code**”).

Thus, the Consideration Shares were issued alongside the Subscription Shares, Sign-On Shares, and Icon Shares prior to the receipt of approval from the PRC Governmental Authorities for the Proposed Acquisition in accordance with the PRC Regulatory Procedures. The Company has no commercial intention for the issuance of the Subscription Shares and/or the Proposed Subscription to result in the Subscriber being required to make a mandatory takeover offer of the Company.

In light of the requirement in the LQN for the relevant shares to be issued within the stipulated timeframe, the Company respectfully submits that the timing of the issuance of the Consideration Shares was necessary to ensure that the LQN's approval for the listing and quotation of the Consideration Shares on the Catalist Board of the SGX-ST remains in full force and effect as of the Acquisition Completion date. This would thereby allow the Acquisition Condition Precedent related to the LQN to remain satisfied. As such, the Company has implemented the safeguards outlined in the responses to SGX Query 2 and Query 5 below.

Notwithstanding that the SPA stipulates that the share certificates for the Consideration Shares are to be issued on Acquisition Completion (being the date falling 14 days after the last Acquisition Condition Precedent has been met), the SPA remains valid. Acquisition Completion can still proceed with the Company and the Vendor fulfilling their other obligations on the Acquisition Completion date in accordance with the SPA.

SGX Query 2:

Please provide the Board's rationale, together with its justifications, on how the timing of the issuance of the Consideration Shares, is in the best interests of the Company and its minority shareholders.

Company's response

The Board has evaluated the timing of the issuance of the Consideration Shares and its implications for the Company and its minority shareholders. The Board believes that the issuance of the Consideration Shares, together with the Subscription Shares, is necessary to prevent the Subscriber from being obligated to make a mandatory general offer for the Company under Rule 14 of the Code. This is in line with the Company's commercial intention that the Subscription Shares should not trigger such an obligation, thereby safeguarding the interests of the Company and its shareholders.

The Board has also taken into account the need to align the processes of the listing and issuance of the Consideration Shares with the PRC Regulatory Procedures. Both processes must be managed in parallel to ensure fairness not only to the Company and its minority shareholders but also to the Vendor's Nominees given that the LQN needs to remain in full force and effect as at Acquisition Completion date in order for Acquisition Completion to occur and that the Subscriber would have had to make a mandatory takeover offer of the Company pursuant to Rule 14 of the Code in the event where the issuance of Consideration Shares were not done in parallel with the Subscription Shares, Sign-On Shares and Icon Shares. Safeguards have been put in place to protect the Company and its shareholders in the event that one process progresses more rapidly than the other or if the Proposed Acquisition is not completed.

Although the Consideration Shares have been issued in advance of the Acquisition Completion, the Board is confident that sufficient measures are in place to protect the Company if the remaining conditions precedent are not fulfilled. In accordance with the terms of the SPA, the Company reserves the right to terminate the agreement in the event of a breach of Acquisition Completion obligations. Should such termination occur, the Consideration Shares will be cancelled in accordance with the Companies Act and all relevant laws and regulations. To facilitate this, the share certificates representing 316,400,000 Consideration Shares (constituting 70% of the total Consideration Shares issued to the Vendor's Nominees) are being held in scrip form by the Company. These share certificates will only be released to the Vendor's Nominees upon the Acquisition Completion. Should the SPA be terminated or the Proposed Acquisition fails to complete, these share certificates will remain in custody of the Company, allowing for the cancellation of the Consideration Shares.

Furthermore, the Company has secured legally binding undertakings from each of the Vendor's Nominees, which provide additional protection during the period leading up to the Acquisition Completion. Each Vendor's Nominee has irrevocably undertaken not to sell, transfer, pledge, or otherwise dispose of any of their Consideration Shares until the Proposed Acquisition is completed. In the event that the Proposed Acquisition does not proceed and the Company opts for a selective capital reduction under Section 78A and Section 78C of the Companies Act to cancel the Consideration Shares, the Vendor's Nominees have committed to vote in favour of any resolutions required to effect the cancellation of the Consideration Shares and the corresponding reduction in the share capital of the Company.

The Board has also taken into consideration the regulatory landscape in the PRC. The Company's PRC legal counsel has confirmed that the issuance of the Consideration Shares is separate from, and does not conflict with, the regulatory approvals required for the Proposed Acquisition under PRC regulations. The SPA contains pre-completion obligations that ensure the Target Company's operations remain in compliance with all applicable laws while also granting the Company full access to its operations and records.

In light of the above considerations, the Board is of the view that the timing of the issuance of the Consideration Shares is in the best interests of the Company and its minority shareholders.

SGX Query 3:

What are the remaining conditions and/or requirements that have to be fulfilled to complete the Proposed Acquisition?

Company's response

As at the date of this response, all Acquisition Conditions Precedents have been fulfilled. The only remaining condition is the Vendor's obligation to provide, at Acquisition Completion, evidence of the necessary submissions, agreements, documents, lodgements, and applications made to the relevant Governmental Agency in the PRC. This will be delivered to the Company upon Acquisition Completion.

SGX Query 4:

When is the Proposed Acquisition expected to be completed in accordance with the terms of the SPA?

Company's response

Based on advice from the Vendor's appointed agent in the PRC, approval for the Proposed Acquisition under the PRC Regulatory Procedures is expected to be obtained approximately 7 to 14 working days after submission of the applicable forms to the relevant Governmental Agency in the PRC. This timeline is subject to the volume of outstanding applications pending with the agency. The appointed agent will submit the necessary forms on behalf of the Target Company following China's Golden Week holiday, and the Proposed Acquisition is expected to be completed on or around 25 October 2024.

The Company will provide updates on the status of the Proposed Acquisition, including any developments related to obtaining approval from the relevant PRC Governmental Agency, as appropriate.

SGX Query 5:

What are the safeguards in place to protect the Company in the event that the remaining conditions and/or requirements are not fulfilled and the Proposed Acquisition is not completed?

Company's response

The Company has, in the event where approval for the Proposed Acquisition is not obtained from the Governmental Agencies in accordance with the PRC Regulatory Procedures and the Proposed Acquisition does not complete, the Company has implemented the following safeguards:

- (a) the SPA may be terminated by the Company for the breach of Acquisition Completion obligations and the Consideration Shares will accordingly be cancelled by the Company in accordance with the Companies Act and all other applicable laws and regulations;
- (b) the share certificates evidencing the 316,400,000 Consideration Shares allotted and issued to the Vendor's Nominees in scrip form, being equivalent to 70% of the total aggregate Consideration Shares allotted and issued to the Vendor's Nominees, shall be held by the Company and only be released to the Vendor's Nominees upon Acquisition Completion or in the event where the SPA is terminated and/or the Proposed Acquisition does not complete, such share certificates are to be held in custody by the Company to facilitate the cancellation of such Consideration Shares;
- (c) the Company has obtained legally binding undertakings that for the period from the date of such undertakings and up until Acquisition Completion, each of the Vendor's Nominees irrevocably and unconditionally undertake that:
 - (i) he will not, directly or indirectly offer, sell, contract to sell, assign, transfer, pledge, grant any option to purchase, grant any security over, encumber or otherwise directly or indirectly constitute or be deemed as a disposal or realisation of any part of his interest in any of his Consideration Shares in the Company as at the date of his undertaking or as may be acquired by him at any time thereafter; and
 - (ii) in the event where the Proposed Acquisition does not complete and the Company undertakes a selective capital reduction pursuant to Section 78A read with Section 78C of the Companies Act to cancel the Consideration Shares, each of the Vendor's Nominees undertake to exercise his voting rights in the Consideration Shares held by him to vote in favour of any shareholders' resolutions proposed to be adopted by the Company to cancel the Consideration Shares and to effect the corresponding reduction in the share capital of the Company.

BY ORDER OF THE BOARD

Zhu Hua
Executive Director and Chairman

7 October 2024

*This announcement has been prepared by the Company, and its contents have been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**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.

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