



24 September 2019

ASX Market Announcement

Response by Prof Yu and Mr Lui to Notice of Meeting dated 17 September 2019

On 17 September 2019, four directors of Invitrocue Limited (**IVQ** or the **Company**) released a Notice of Meeting (**Notice of Meeting**) pursuant to section 249CA of the Corporations Act 2001 (Cth) (**Corporations Act**).

The Notice of Meeting contains resolutions to remove Prof Hanry Yu and Mr Kit Wei Lui as directors of the Company, pursuant to section 203D of the Corporations Act.

The Company releases the attached response by Non-Executive Directors Prof Hanry Yu and Mr Kit Wei Lui to the Notice of Meeting in accordance with the right of directors to put their case to members pursuant to section 203D(4) of the Corporations Act.

- END -

Statement

Prof Henry Yu ("Henry") and Mr Lui Kit Wei ("John") refute all the allegations stated in the Notice of General Meeting dated 17/9/2019, which allegations are founded on an incomplete and distorted representation of circumstances, and are without merit. One of the newly appointed directors, Geoff Thomas who proposes the removal of Henry and John, has no first-hand knowledge of the circumstances behind the current unresolved issues, especially the attempts undertaken by them to put in place proper checks and balances at the Board level.

Item 1

Henry is the founder and scientific advisor of IVQ, who developed the key technologies, trained the founding leadership team and technical staff, and contributed major clients and contracts. He has founded and managed multiple organizations, and won Scientist-Entrepreneur awards for two of his lifescience companies.

John is an experienced financial professional familiar with corporate capital allocation and governance. In view of IVQ's severe cash drain, John has analysed IVQ's expenses and ascertained that disproportionately high levels of traveling and entertainment expenses have been incurred without adequate justification.

Having discovered that Steven Boon Sing Fang ("Steven") has been appointing consultants, advisors, and investor relations firms without proper selection committee, approving process and KPIs, Henry and John are required, as directors of the IVQ, to fulfil their obligations to protect the interests of IVQ and its shareholders. Steven's actions and a premature expansion into multiple overseas markets have led to a significant cash drain. Henry and John have given careful considerations before initiating the proposal to remove Steven, having attempted unsuccessfully to resolve related issues with Steven. An alternative business plan has been formulated to ensure business would thrive at reduced cost upon Steven's departure.

On 29 August 2019, Steven has written to Henry stating that he will step down as Chairman/MD of IVQ and will support a management transition. In addition, he will not seek to renew his directorship at the next AGM. Steven did not honour his resignation plan and, instead, now seeks to remove Henry and John as directors of IVQ.

Item 2

Steven had tabled a proposal to the board with two potential investors each with USD10mil in June 2019 with anti-dilution clause in their favour. Firstly, these investments would have triggered a 'General Offer', given that each of these investments are greater than 20% of market capitalization. Secondly, the board cannot approve special treatment of anti-dilution to these two new investors. Thirdly, the board could not make a decision on one of the offers as it required shareholders' approval which could only be obtained after the offer has lapsed. For the second offer, a revised Investment Agreement was presented that involved the dilution of IVQ's stake in its fully owned subsidiaries to 50% without Independent Expert Report to ensure a fair value be paid for the subsidiaries. After much objection from the three non-executive directors, Steven agreed to set up a committee to appoint an independent valuer but nothing has been reported since.

Henry and John are not stopping investments from new investors. However, they requested a clear indication of the strategic purpose of the capital given IVQ's cash burn rate, apart from temporarily covering the cash flow shortfall.

Item 3

It is the duty of a board member to seek clarity with potential investors to ensure that their expectations and the deliverables of the board are consistent.

The content of the discussion with the potential investor was declared in the board meeting held afterwards. The potential investor was present at the meeting and no information was withheld.

Item 4

The Appendix 4E was circulated for approval before the lodgment and due date. Questions in relation to a liability of \$214,000 were posed to Steven. It was agreed that Steven would speak to the Company's auditors and provide a response to the queries, which has not been forthcoming. It is the responsibility of directors to ensure that material announcements are made in a way to avoid misrepresentation or inadequate disclosure of relevant information.

Item 5

Onco-PDO clinical services require clinical validation, and the related technology is not ready for mass market without prior customization to target patient groups. Steven's premature expansion into new countries has resulted in an annual expenditure increase to SGD4mil with no meaningful revenue generated, while distracting technical staff from readying the technology for effective commercialization. The board needs to re-assess Steven's strategy and takes measures to arrest the cash flow deficit while setting the necessary path to secure marketing success.

Item 6

The directors were informed that IVQ

- 1) had sought cross listing in Frankfurt without consultation with ASX,
- 2) issued options to related party without announcement to ASX,
- 3) attempted to place new shares to independent director without shareholders' approval and
- 4) appointed an advisor, who is a related party, without disclosure.

Harry and John have tried hard to implement internal reviews and corrective measures on the board but have encountered strong resistance from Steven. Compliance breaches in particular with Listing Rules 3.1 and 10.11 and lack of transparency were the main sources of concern that led to the suspension.

Item 7

Harry has been instrumental in setting up the HiMice business, and designated as a co-founder of the joint venture by the board. Harry and John wish to ensure that IVQ is able to avoid non-productive expenses so that critical capital resources can be channeled to market development efforts for HiMice.

Strategy ahead

IVQ urgently needs to address two strategic imperatives:

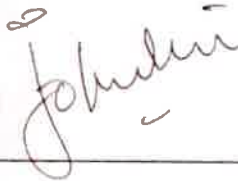
1) To re-focus the technical teams on enhancing and readying Onco-PDO technologies through clinical validation and customization for target patient groups to achieve commercial success, while addressing cash burn.

2) To formulate and execute a sound development and commercialization strategy for HiMice.

Under a revised board without Steven, IVQ's experienced line managers would be able to deliver the necessary products and services for successful commercialization, while attaining the necessary corporate transparency and governance that shareholders are entitled to expect.



Prof Harry Yu ("Harry")



Mr Lui Kit Wei ("John")

