

**FOR QUALIFIED AND PROFESSIONAL INVESTORS ONLY**

**Chronix Biomedical Inc Pre-IPO unsecured convertible loan note**

<b>Sector</b>	Medical diagnostics
<b>Loan note details</b>	<p>Unsecured convertible loan note</p> <ul style="list-style-type: none"> <li>• <b>Amount</b> <ul style="list-style-type: none"> <li>• Up to \$10m</li> </ul> </li> <li>• <b>Conversion price</b> <ul style="list-style-type: none"> <li>• 80% of the IPO price</li> </ul> </li> <li>• <b>Coupon</b> <ul style="list-style-type: none"> <li>• 2.49%</li> </ul> </li> <li>• <b>Conversion option</b> <ul style="list-style-type: none"> <li>• Anytime at the holder's choice</li> </ul> </li> <li>• <b>Escrow</b> <ul style="list-style-type: none"> <li>• Funds held in escrow until confirmation has been received to Shard Capital's satisfaction that the IPO process has commenced</li> </ul> </li> <li>• <b>Mandatory</b> <ul style="list-style-type: none"> <li>• Conversion on Admission to the London Stock Exchange</li> </ul> </li> <li>• <b>Term</b> <ul style="list-style-type: none"> <li>• Maturity after 12 months. Principal and coupon plus additional 25% can be repaid before the Maturity Date</li> </ul> </li> <li>• <b>Penalty</b> <ul style="list-style-type: none"> <li>• After Maturity Date, 125% of Principal and coupon converts into the last Preference Share class.</li> </ul> </li> </ul>
<b>Use of Proceeds</b>	Working capital and IPO process prepayments
<b>Company Background</b>	<p><b>Accurate, early, cell-free cancer detection and treatment predictor</b></p> <ul style="list-style-type: none"> <li>• Chronix is a US-based molecular diagnostics company developing blood tests for the screening and monitoring of cancer. Chronix's tests use proprietary algorithms to derive a copy number instability (CNI) score from the sequencing of circulating cell-free tumour DNA (cfDNA), which can be used in the prognosis, diagnosis and monitoring of therapeutic response to cancer and also the early detection of organ transplant rejection</li> <li>• Marketing and distribution agreement with Amedes Group for Germany, Austria, Switzerland and Belgium</li> <li>• Validation clinical studies for prostate and breast cancers showed an accuracy of 90%+</li> <li>• Clinical studies show the test can reliably predict response to chemotherapy, immunotherapy and radiotherapy after one or two cycles of therapy, c 3-8 weeks earlier than is possible with CT scans</li> <li>• Validated clinical studies for the early detection of heart, liver, kidney transplant rejection</li> <li>• Seven US/EU patents awarded to date for the diagnosis of prostate and breast cancers, personalised cancer biomarkers and organ transplants.</li> </ul>
<b>Investment Case</b>	<ul style="list-style-type: none"> <li>• Growing potential sales revenues (including reimbursement)</li> <li>• Successful clinical trial results in eight different solid tumours, including prostate, breast, gastrointestinal (covering colorectal) and head &amp; neck cancer tests, and liver &amp; kidney transplant rejection tests</li> <li>• A licensing deal with a global medical diagnostics company and/or pharmaceutical company could attract a re-rating</li> <li>• Roche acquired Foundation Medicine in 2018 for a total of \$3.4B.</li> </ul>

<b>Risks</b>	<b>A CAPITAL-AT-RISK PRODUCT</b> <ul style="list-style-type: none"> <li>• The usual medical diagnostic company development risks, including but not limited to the unpredictable outcome of clinical trials, reliance on potential partners and ability to secure new commercial partners on attractive economic terms</li> <li>• The need to raise capital to conduct clinical trials and launch a CLIA laboratory test</li> <li>• A licensing deal with a global medical diagnostics or pharmaceutical company with upfront and milestone payments in addition to sales royalties would reduce the need to keep raising more capital from shareholders to fund operations.</li> </ul>
<b>Pre-IPO Valuation</b>	\$80m (pre-money)
<b>IPO Details</b> <ul style="list-style-type: none"> <li>• <b>Placing amount</b></li> <li>• <b>Timetable</b></li> <li>• <b>Contact</b></li> </ul>	LSE Standard Listing <ul style="list-style-type: none"> <li>• \$10m-50m</li> <li>• Q4 2019</li> <li>• info@richina.co.uk</li> </ul>

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