BIOLIDICS LIMITED

(Company Registration Number: 200913076M)
(Incorporated in the Republic of Singapore on 19 July 2009)

PLACEMENT IN RESPECT OF 27,500,000 PLACEMENT SHARES ISSUE PRICE: S$0.28 PER PLACEMENT SHARE

Prior to making a decision to subscribe for the Placement Shares, you should consider all the information contained in the Offer Document carefully and whether you understand what is described in the Offer Document. This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should also consider whether an investment in the Placement Shares is suitable for you taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s). You are responsible for your own investment choices.

This Product Highlights Sheet is an important document.

- **It highlights the key information and risks relating to the offer of the Placement Shares contained in the Offer Document. It complements the Offer Document[1, 2].**
- **You should not subscribe for the Placement Shares if you do not understand the nature of an investment in shares of a company, our business or are not comfortable with the accompanying risks.**
- **If you wish to subscribe for the Placement Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact us to ask for one.**

Issuer	Biolidics Limited	**Place of incorporation**	Republic of Singapore
Details of this offer	Total of 27,500,000 Placement Shares to be offered by way of the Placement	**Total amount to be raised in this offer**	Gross proceeds of approximately S$7.7 million Net proceeds of approximately S$6.1 million
Issue Price	S$0.28 per Placement Share	**Listing status of Issuer and the Securities**	An application has been made to SGX-ST for permission to deal in, and for the listing and quotation of, all our Shares that are already issued, the Placement Shares and the Award Shares on Catalist. The Shares are expected to be listed on Catalist on 19 December 2018.
Sponsor and Issue Manager and Placement Agent	United Overseas Bank Limited		

[1] The Offer Document, lodged with and registered by SGX-ST, acting as agent on behalf of the Authority, on 23 November 2018 and 11 December 2018, respectively, may be obtained on request, subject to availability, during office hours, from United Overseas Bank Limited at its address stated in the Offer Document and, where applicable, members of the Association of Banks in Singapore, members of SGX-ST and merchant banks in Singapore. An electronic copy of the Offer Document is also available on SGX-ST's website at http://www.sgx.com.

[2] Capitalised terms that are not defined in this Product Highlights Sheet have the same meanings given to them in the Offer Document.

OVERVIEW	
WHO ARE WE AND WHAT DO WE DO?	
Our Company was incorporated in Singapore on 19 July 2009 under the Companies Act as a private company limited by shares, under the name Clearbridge Biomedics Pte. Ltd.. On 1 November 2018, our Company was converted into a public company limited by shares and the name of our Company was changed to Biolidics Limited in connection therewith. We are a Singapore-based medical technology company focusing on the development of cell enrichment systems which, when combined with other analytical tests, have a wide range of applications for cancer diagnosis, prognosis, treatment selection and treatment monitoring. We aspire to impact the lives of patients through the provision of diagnostic solutions in every cancer centre worldwide. We have developed the ClearCell® FX1 System, a fully automated IVD medical device which relies on a novel patented technology to separate and enrich cancer cells from blood. This allows users of the system to perform liquid biopsies to test for the presence of cancer cells (specifically circulating tumour cells, or CTCs) in blood samples or perform further analysis on cancer cells, providing a simple and minimally invasive alternative to tissue biopsies, which involve the surgical removal of tissue from a patient's body. This has many applications throughout the various stages of a patient's cancer journey, from cancer screening and staging to personalised treatment, and post-cancer monitoring. We currently derive revenue from the sale of our ClearCell® FX1 System, the accompanying CTChip® FR1 biochip and other consumables to academic and research institutions, hospitals and laboratories, which use our ClearCell® FX1 System. As of the Latest Practicable Date, a total of 80 ClearCell® FX1 Systems have been installed in academic and research institutions, hospitals and laboratories across the world, including Singapore, China, Hong Kong, Japan, the US and certain EU countries. We believe that our ClearCell® FX1 System, when coupled with other analytical tests, has the potential to serve as a platform technology for the diagnosis, prognosis, treatment selection and treatment monitoring of various types of cancers, through the development of a wide range of clinical or laboratory developed tests, which generally do not require regulatory approvals such as US FDA approval. Our ClearCell® FX1 System is regulated as a medical device and is subject to varying regulatory requirements in different jurisdictions before it can be marketed and sold. As of the Latest Practicable Date, we have obtained CE-IVD marking as well as US FDA Class I registration for our ClearCell® FX1 System, which allow us to market and sell our ClearCell® FX1 System to academic and research institutions, hospitals and laboratories in the EU and the US. Further, we have collaborated with BGI to develop a BGI-assembled CTC enrichment system (the MGI EasyCell System) based on our ClearCell® FX1 System, which has obtained CFDA Class I registration. We are also developing end-to-end diagnostic solutions which integrate our separation and enrichment technology with other analytical tests. We target to obtain the relevant registrations, which may include US FDA and CFDA registrations, for such diagnostic solutions. While we currently are unable to ascertain when such registrations will be applied for or granted, these registrations will expand the use of our ClearCell® FX1 System to be utilised in providing diagnostic tests for patients without the need for further clinical validation at each of our customers' facilities, which we expect will lead to an increase in our revenue. We believe that this will further enhance the commercial scalability of our technology and allow our medical device to be used in a greater number of hospitals and laboratories.	Refer to "Offer Document Summary" on pages 25 to 27, "Our Business – History" on pages 121 to 123 and "Our Business – Business Overview" on pages 123 to 126 of the Offer Document for more information on our background and business.
WHO ARE OUR DIRECTORS AND KEY EXECUTIVES?	
Our Directors are Mr. Jeremy Yee (Non-Executive Non-Independent Chairman), Mr. Ivan Lew (Executive Director and CEO), Mr. Johnson Chen (Non-Executive Non-Independent Director and Founder), Mr. Leong Yow Seng (Lead Independent Director), Mr. James Ong (Independent Director), Mr. Peter Koh (Independent Director) and Ms. Toh Shih Hua (Independent Director). Our Executive Officers are Mr. Tan Wei Chee (Financial Controller) and Mr. Huang Junquan (COO).	Refer to "Management and Corporate Governance" on pages 167 to 185 of the Offer Document for more information on our Directors and Executive Officers.

WHO ARE OUR CONTROLLING SHAREHOLDERS?

As of the Latest Practicable Date, our Controlling Shareholder, Clearbridge BSA, holds a direct interest in approximately 28.0% and an indirect interest in approximately 12.0% of our Company's issued share capital. Immediately after the completion of the Placement, Clearbridge BSA will hold a direct interest in approximately 24.8% and an indirect interest in approximately 10.7% of our Company's issued share capital.

Further, as of the Latest Practicable Date, Clearbridge BSA is wholly owned by Clearbridge Health, which is a company listed on Catalist. For the purposes of Section 4 of the SFA, Clearbridge Health is treated as having an interest in the Shares held by Clearbridge BSA.

Refer to "Shareholders – Ownership Structure" on pages 75 to 78 of the Offer Document for more information on our Controlling Shareholder.

HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

Key profit and loss information

(S$'000)	Audited FY2015	Audited FY2016	Audited FY2017	Unaudited HY2017	Unaudited HY2018
Revenue	804	1,942	2,084	1,221	627
Loss before tax	(8,028)	(6,866)	(7,212)	(4,198)	(2,775)
Loss for the year/period	(8,028)	(6,866)	(7,212)	(4,198)	(2,775)
Total comprehensive loss for the year/period	(8,027)	(6,872)	(7,192)	(4,200)	(2,798)
Pre-Placement EPS (cents)[(1)]	(3.73)	(3.19)	(3.35)	(1.95)	(1.29)
Post-Placement EPS (cents)[(2)]	(3.31)	(2.83)	(2.97)	(1.73)	(1.14)

Notes:

(1) For comparative purposes, our pre-Placement EPS for the Period Under Review have been computed based on the loss for the year/period and our pre-Placement share capital of 215,000,000 Shares.

(2) For comparative purposes, our post-Placement EPS for the Period Under Review have been computed based on the loss for the year/period and our post-Placement share capital of 242,500,000 Shares.

	Unaudited pro forma consolidated statements of comprehensive income[1]	
(S$'000)	FY2017	HY2018
Revenue	2,084	627
Loss before tax	(4,237)	(1,902)
Loss for the year/period	(4,237)	(1,902)
Total comprehensive loss for the year/period	(4,217)	(1,925)
Pre-Placement EPS (cents)[(1)]	(1.97)	(0.88)
Post-Placement EPS (cents)[(2)]	(1.75)	(0.78)

Notes:

(1) For comparative purposes, our pre-Placement EPS for the Period Under Review have been computed based on the loss for the year/period and our pre-Placement share capital of 215,000,000 Shares.

(2) For comparative purposes, our post-Placement EPS for the Period Under Review have been computed based on the loss for the year/period and our post-Placement share capital of 242,500,000 Shares.

Refer to "Selected Financial Information" on pages 89 and 90, "Selected Pro Forma Financial Information" on pages 91 to 93, and "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 94 to 118 of the Offer Document for more information on our financial performance, financial condition and cash flow.

[1] The Pro Forma Financial Information has been prepared for illustrative purposes only, and is based on the assumption that the significant events set out below have taken place on (i) 1 January 2017 for the unaudited pro forma consolidated statements of comprehensive income and unaudited pro forma consolidated statements of cash flows for FY2017 and HY2018; and (ii) on 31 December 2017 and 30 June 2018 for the unaudited pro forma consolidated statements of financial position as at 31 December 2017 and 30 June 2018, respectively: (a) the conversion of all the existing Preference Shares into Shares; (b) the conversion of the Convertible Loans into Shares; (c) the issuance of the Series C Investment Shares and Series C Warrants; (d) the exercise of all the Series C Warrants; and (e) the exercise of options granted under our ESOS. Please refer to the section titled "Pre-IPO and Recapitalisation Exercise" of the Offer Document for further details on the abovementioned events.

Key balance sheet information

(S$'000)	Audited as at 31 December 2017	Unaudited as at 30 June 2018
Total assets	5,206	2,868
Total liabilities	29,052	29,536
Net capital deficiency	(23,846)	(26,668)

	Unaudited pro forma consolidated statements of financial position as at	
(S$'000)	31 December 2017	30 June 2018
Total assets	11,906	9,572
Total liabilities	1,209	819
Net assets	10,697	8,753

Key cash flows information

(S$'000)	Audited FY2015	Audited FY2016	Audited FY2017	Unaudited HY2018
Net cash used in operating activities	(3,258)	(3,932)	(3,721)	(1,719)
Net cash used in investing activities	(803)	(456)	(439)	(65)
Net cash from/(used in) financing activities	3,500	2,019	5,561	(3)
Net (decrease)/increase in cash and cash equivalents	(561)	(2,369)	1,401	(1,787)
Cash and cash equivalents at beginning of financial year/period	3,969	3,409	1,034	2,455
Cash and cash equivalents at end of financial year/period	3,409	1,034	2,455	645

The most significant factors contributing to our financial performance in HY2017 compared to HY2018 are as follows:

- Our revenue decreased by S$0.59 million or 48.6%, from S$1.22 million in HY2017 to S$0.63 million in HY2018. This was due to a decrease in product sales as a result of the completion of a collaboration agreement with MGI Wuhan and a decrease in project revenue due to the completion of milestones and deliverables under our joint development collaboration with Sysmex in FY2017.

- The change in fair value of financial liabilities designated as FVTPL decreased by S$1.27 million or 80.1%, from S$1.59 million in HY2017 to S$0.32 million in HY2018, due mainly to an increase in probability of successful equity financing adopted in the discounted cash flow methodology for measurement of the fair value of the Convertible Loans and the absence of Convertible Loans issued in HY2018.

- Our other expenses decreased by S$0.35 million or 28.2%, from S$1.23 million in HY2017 to S$0.88 million in HY2018, due mainly to a decrease in travel expenses and professional fees incurred in connection with our issuance of Convertible Loans.

- As a result of the foregoing and other factors set out in the Offer Document, our loss before tax decreased by S$1.42 million or 33.9%, from S$4.20 million in HY2017 to S$2.78 million in HY2018.

The most significant factors contributing to our financial performance in FY2016 compared to FY2017 are as follows:

- Our revenue increased by S$0.14 million or 7.3%, from S$1.94 million in FY2016 to S$2.08 million in FY2017. This was due to an increase in product sales, partially offset by a decrease in project revenue.

- Our other income decreased by S$0.38 million or 76.3%, from S$0.50 million in FY2016 to S$0.12 million in FY2017, due mainly to a decrease in government grants and rebates as there was no pay out of Capability Development Grant in FY2017, and the absence of a one-off gain on fixed asset disposal.

- The change in fair value of financial liabilities designated as FVTPL increased by S$0.58 million or 48.0%, from S$1.21 million in FY2016 to S$1.80 million in FY2017. This was due mainly to an increase in the fair value of the Convertible Loans issued in FY2015 and FY2016 and the initial recognition of difference between the fair value and the principal amounts of two new Convertible Loans issued in FY2017.

- Our other expenses decreased by S$0.22 million or 8.0%, from S$2.77 million in FY2016 to S$2.55 million in FY2017, due mainly to a decrease in clinical study expenses as a result of the completion of some collaborations during the year, the absence of fees incurred in relation to a one-off valuation exercise on the equity stake in our Company and an internal controls review conducted in FY2016, partially offset by an increase in other miscellaneous expenses.

- As a result of the foregoing and other factors set out in the Offer Document, our loss before tax increased by S$0.35 million or 5.0%, from S$6.87 million in FY2016 to S$7.21 million in FY2017.

The most significant factors contributing to our financial performance in FY2015 compared to FY2016 are as follows:

- Our revenue increased by S$1.14 million or 141.7%, from S$0.80 million in FY2015 to S$1.94 million in FY2016. This was due to an increase in product sales and project revenue.

- Our other income increased by S$0.24 million or 91.8%, from S$0.26 million in FY2015 to S$0.50 million in FY2016, due mainly to a one-off gain on fixed asset disposal and an increase in government grants and rebates.

- Our R&D expense increased by S$0.75 million or 48.2%, from S$1.54 million in FY2015 to S$2.29 million in FY2016. This was due mainly to an increase in design and certification costs, an increase in remuneration and staff-related expenses of R&D employees, and an increase in research prototype costs.

- The change in fair value of financial liabilities designated as FVTPL decreased by S$0.81 million or 40.0%, from S$2.02 million in FY2015 to S$1.21 million in FY2016. This was due mainly to differences in the repayment terms of the Convertible Loans issued by our Company in FY2015 and FY2016.

- Our other expenses decreased by S$0.30 million or 9.9%, from S$3.07 million in FY2015 to S$2.77 million in FY2016, due mainly to a decrease in clinical studies expenses, a decrease in provision for inventories obsolescence and decrease in intangible assets written off, partially offset by an increase in travel expenses, other miscellaneous expenses, doubtful debt written off and professional fees.

- As a result of the foregoing and other factors set out in the Offer Document, our loss before tax decreased by S$1.16 million or 14.4%, from S$8.03 million in FY2015 to S$6.87 million in FY2016.

The above factors are not the only factors contributing to our financial performance in FY2015, FY2016, FY2017 and HY2018. Please refer to the other factors set out in "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 94 to 118 of the Offer Document.

INVESTMENT HIGHLIGHTS	
WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?	
Expand our clinical services applications and clinical services customer segment We intend to develop the clinical applications of our system while enhancing the market position of our products in the "Research Use Only" customer segment. Historically, we have sold our products mainly to academic and research institutions. We intend to continue to enhance our market position within this market segment through distributors and our own direct sales teams and through the provision of technical support to our customers. Additionally, we will seek partners or customers who are interested in integrating analytical tests with our systems and undertaking the clinical validations required in their respective jurisdictions to offer a clinical diagnostic service. We believe that the clinical diagnostic services segment is significantly larger, with opportunities to work with clinical services laboratories to serve physicians and their patients. **Advance our pipeline products** We intend to expand our product pipeline through development of new products and services through in-house development or through, among others, investments, mergers and acquisitions, joint ventures and/or strategic collaborations. Our R&D team is headed by our COO, Mr. Huang Junquan, who is supported by a team with capabilities in biology, engineering and quality assurance. One of our priorities is to develop systems that can process several patients' samples concurrently to cater to commercial laboratories with large patient sample volume, as well as analytical tests to enumerate (that is, count) cancer cells with greater accuracy. For example, we are undertaking internal projects to develop the next generation of rare cell separation products, including a solution for isolating CTCs from "whole blood" (unprocessed blood with all its components intact) and a high-throughput system that will allow for the processing of at least four blood samples at a time. We also seek to develop our own diagnostic test using existing analytical tests, such as tests to identify genetic mutations within cells. We may also seek to invest, acquire, in-license or collaborate with other companies or research institutions with complementary analytical tests, which can be integrated with our technology platform and deployed in various jurisdictions, potentially through joint ventures, strategic alliances or other commercial arrangements. **Enhance our internal capabilities** We intend to enhance our internal capabilities and processes to achieve greater efficiencies and returns. We believe that as we achieve greater product sales we will have the opportunity to capitalise on economies of scale by leveraging on manufacturing technology. We intend to leverage on the funds from the SPRING Singapore Capability Development Grant that we have obtained to scale up the manufacturing of our CTChip® FR1 biochips. Additionally, we intend to enhance our procurement capabilities to achieve more cost-effective purchases of certain components that are used in the reagents that we offer to our customers. We believe that technically skilled personnel are central to our capabilities. As such, we intend to augment our human capital policies with programmes in the areas of recruitment and selection, compensation and benefits planning, staff training and development, talent retention and succession planning, with the aim to develop and retain competent staff.	Refer to "Our Business – Business Strategies and Future Plans" on pages 127 and 128 of the Offer Document for more information on our strategies and future plans.
WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?	
Trend Information Based on the operations of our Company as at the Latest Practicable Date and barring unforeseen circumstances, our Directors observe the following trends for the next 12 months from the Latest Practicable Date: (a) revenue from product sales is expected to increase, in line with our appointment of additional distributors in late FY2017 to expand our distributor network in new geographical regions; (b) R&D expenses are expected to remain stable as we continue to focus our R&D efforts on, among others, (i) developing clinical applications for our ClearCell® FX1 System, and (ii) expanding our product pipeline through the development of next-generation systems and tests;	Refer to "Our Business – Prospects and Trends" on pages 153 to 158 of the Offer Document for more information on our business and financial prospects.

(c) expenses incurred in connection with the Listing are expected to give rise to an increase in operating expenses for FY2018. In accordance with the SFRS(I), only a portion of such expenses may be capitalised, while the balance will be treated as expenses in our statement of comprehensive income. Barring the one-off impact of the abovementioned Listing expenses in FY2018, our other operating expenses, including employees benefits expense and administrative expenses, are expected to increase in line with the expansion of our business operations over the next 12 months;

(d) following the conversion of all Preference Shares and Convertible Loans to Shares on 6 July 2018, our Company will not be incurring any finance costs relating to accretion of interest expense on Preference Shares or recording changes in fair value relating to the Convertible Loans; and

(e) our Company raised approximately S$6.7 million via the issuance of Series C Investment Shares and Series C Warrants in the third quarter of FY2018. Please refer to the section titled "Management's Discussion and Analysis of Results of Operations and Financial Condition – Liquidity and Capital Resources" of the Offer Document for our Directors' confirmation as to the sufficiency of our working capital, as at the date of lodgement of the Offer Document, to meet our present requirements and for at least 12 months after the listing of our Company on Catalist.

Save as disclosed above and in the sections titled "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Condition" and "Our Business" of the Offer Document, and barring any unforeseen circumstances, our Directors are not aware of (a) any significant recent trends in production, sales and inventory, and in the costs and selling prices of products and services since 30 June 2018; or (b) any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our revenue, profitability, liquidity or capital resources, or that would cause the financial information disclosed in the Offer Document to be not necessarily indicative of our future financial condition or results of operations.

Prospects

Barring unforeseen circumstances and taking into consideration the reasons stated in the section titled "Our Business – Prospects and Trends – Prospects" of the Offer Document, our Directors believe that the outlook for our business is expected to remain positive in view of the following trends and developments:

Increased prevalence of cancer. The increase in the prevalence of cancer, together with increasing healthcare expenditure, will drive the global market for cancer diagnostics in which we operate. This market is expected to grow at a compound annual growth rate of 7.6%, to reach an estimated value of US$168.6 billion by 2020. In particular, in the Asia Pacific region, countries such as Japan, Australia, China, India, Singapore and Thailand are markets that offer potential substantial opportunities for the adoption of cancer diagnostics.

Increased awareness and adoption of liquid biopsy. Liquid biopsy techniques have been observed to facilitate personalised medicine and targeted therapies. In line with the increased awareness and adoption of precision medicine, the liquid biopsy market is expected to grow. The increased awareness and adoption of liquid biopsy has also been bolstered by regulatory approvals and increased coverage by insurance companies of such tests. The increased awareness and adoption of liquid biopsy will likely lead to an increase in demand for our products and services.

Wide range of potential applications for liquid biopsy. Currently, the use of liquid biopsy is generally limited to metastatic patients with specific traits, with the bulk of such activity being driven by clinical trials. While liquid biopsies have currently been commercialised for therapy selection and treatment monitoring, their use can be expanded to recurrence monitoring and early cancer screening. In particular, the largest potential market for liquid biopsy is predicted to be for early cancer screening to test the general population for cancer. Cancer prevention and screening have also emerged as important issues in every country's health programmes in Asia, further increasing the need and market for such services. The wide range of potential applications for liquid biopsy will allow us to leverage on our existing R&D in this area to expand our product and service offerings in future.

Increased funding. Scientific R&D in the area of precision medicine has been supported by both public and private sector initiatives. Both the US and China have launched their own precision medicine initiatives. The focus on precision medicine will, in turn, also increase the focus on and demand for liquid biopsies. In particular, investors in Asia have made substantial investments in liquid biopsy companies, supporting and driving rapid advancements in this area. Increased public and private funding will increase standards within this field and at the same time, also increase awareness of the benefits and efficacy of, and hence, demand within the healthcare industry for, liquid biopsies.

Certain statements above are representations of, or extracts from, statements or information published by third party sources. Please refer to the citations set out in "Our Business – Prospects and Trends – Prospects" on pages 155 to 158 of the Offer Document.

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in "Risk Factors" on pages 31 to 55, "Our Business – Prospects and Trends" on pages 153 to 158 and "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 94 to 118 of the Offer Document.

WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?

KEY RISKS

Refer to "Risk Factors" on pages 31 to 55 of the Offer Document for more information on risk factors.

We consider the following to be the most important key risks which may materially affect our business, financial condition and results of operations, and your investment in the Placement Shares.

We have incurred losses and negative operating cash flows and cannot be certain that we will achieve or sustain profitability

Based on our audited consolidated statements of comprehensive income, we incurred losses after taxation of approximately S$8.0 million, S$6.9 million, S$7.2 million and S$2.8 million for FY2015, FY2016, FY2017 and HY2018, respectively. In addition, based on our audited consolidated statements of cash flows, we incurred negative operating cash flows of approximately S$3.3 million, S$3.9 million, S$3.7 million and S$1.7 million for FY2015, FY2016, FY2017 and HY2018, respectively.

In recent years, we have incurred significant costs in connection with the development and marketing of our products. For FY2015, FY2016, FY2017 and HY2018, our R&D expenses were approximately S$1.5 million, S$2.3 million, S$1.0 million and S$0.5 million, respectively, and our sales and marketing expenses were approximately S$0.3 million, S$0.3 million, S$0.3 million and S$0.1 million, respectively. After the Placement, we expect our operating expenses to increase in the near term as we continue to expand our business through, among others, the development and marketing of our products, and due to the costs of the Placement. The increase in operating expenses may adversely affect our results of operations and may result in or contribute to net losses in future periods. There can be no assurance that we will be able to generate significant revenue and attain profitability in any future period or that even if attained, we can sustain profitability. We are subject to risks inherent in the operation of a medical technology company in the early stage of commercialisation of products and/or services and there can be no assurance that we will be able to successfully address those risks. Any adverse events relating to our business or a significant shortfall of revenue compared to our expectations or any material delay of market acceptance of our products and/or services may have a material and adverse effect on our business, financial condition and results of operations.

Clinical validation of our products and/or services involves significant costs and risks

Commercial acceptance of our products and/or services by, among others, physicians, patients and the medical community is dependent on the successful demonstration of clinical utility of these products and/or services, which in turn depends on the success of clinical validations. Clinical validation could be time-consuming and expensive. The length of time required to complete clinical validation for clinical diagnostics and laboratory tests varies substantially according to the degree of regulation and the type, complexity, novelty and intended use of a test, and can continue for an extended period of time, causing significant costs to be incurred over several years. The commencement and completion of clinical validation for our products and/or services may be delayed by many factors, including:

- governmental or regulatory delays and changes in regulatory requirements, policies and guidelines that are evaluated for approval;
- limited number of, and competition for, suitable patients that meet the protocol's inclusion criteria and do not meet any of the exclusion criteria;

- delay or failure to reach an agreement on acceptable clinical validation terms or clinical validation protocols with prospective sites or investigators;
- delay or failure to obtain the institutional review board's approval or renewal to conduct a clinical validation at a prospective or accruing site, respectively;
- inability or unwillingness of patients or medical investigators to follow our clinical validation protocols or allocate sufficient resources to complete our clinical validations;
- lack of sensitivity and specificity during clinical validation; and
- varying interpretation of data by regulatory agencies.

Clinical validation may identify significant effectiveness or technical problems or other obstacles that will need to be overcome before we can demonstrate the clinical utility of our products and/or services. This may involve conducting new or additional validation studies at significant additional cost.

Our products and/or services may not enjoy commercial acceptance

We currently derive substantially all of our revenue from the sale of our ClearCell® FX1 System and CTChip® FR1 biochip, which we launched commercially in 2015. We are in varying stages of R&D for other products and/or services that we may offer, such as diagnostic tests for the analysis of CTCs after enrichment with our ClearCell® FX1 System. Even if our products and/or services successfully demonstrate clinical utility and obtain clinical validation, they may not enjoy commercial acceptance or success. Commercial acceptance of our products and/or services will depend on a number of factors, including:

- market acceptance or familiarity among patients, physicians, medical centres and third party purchasers;
- demonstrated clinical safety and efficacy compared to other products and/or services;
- the ability to develop a sales force capable of effectively marketing our products and/or services;
- the extent to which reimbursement is available from government health administration authorities, private healthcare insurers and other healthcare funding organisations;
- timing of market introduction and perceived effectiveness of competitive products and/or services;
- the extent to which our products and/or services are approved for inclusion on the diagnostic tests menus of hospitals and managed care organisations; and
- favourable publicity about our products and/or services from, among others, key opinion leaders and the medical community.

If any of our products and/or services do not achieve an adequate level of acceptance by physicians, patients and the medical community, we may not generate sufficient revenue from these products and/or services, and we may not become or remain profitable. Although we have not experienced any of the above events in the past which had a material impact on our business, financial condition and results of operations, we cannot assure you that any future occurrence of such events will not have a material adverse effect on our business, financial condition and results of operations.

Purchases from two third party manufacturers accounted for a significant percentage of our total cost of sales for the Period Under Review

Our products are currently assembled by two third party manufacturers, which in turn depend on specialised suppliers for certain critical components, such as pumps, flow sensors, raw biochips and other components that are necessary to assemble our ClearCell® FX1 System, as well as for the tooling and production of our CTChip® FR1 biochip. Purchases from these third party manufacturers accounted for approximately 86.7%, 72.9%, 79.8% and 56.9% of our total cost of sales in FY2015, FY2016, FY2017 and HY2018, respectively. Please refer to the section titled "Our Business – Major Suppliers" of the Offer Document for further details.

As these critical components are complex and the assembly process is subject to stringent specifications, there is a limited availability of such suppliers. Components meeting our standards may not always be available on acceptable terms, if at all, and our third party manufacturers may be unable to locate alternative suppliers or produce necessary materials or components on their own. If our third party manufacturers cannot obtain necessary materials or components in a timely manner, they may be unable to assemble products of acceptable quality in sufficient quantities to meet our needs. We may also be unable to develop new products and applications and conduct clinical trials. This would compromise our ability to obtain necessary regulatory approvals, thereby impairing our ability to expand into new markets or develop new products. In addition, certain of our third party manufacturers may be required to possess certain permits, licences or certifications to assemble our medical devices. Any failure by them to obtain or renew such permits, licences or certifications in a timely manner, or at all, could affect their ability to supply products to us and our business operations may be materially disrupted.

If our third party manufacturers or their principal suppliers were to experience an incident leading to work stoppage, uninsured loss or under-insured loss, they might not be able to obtain adequate alternative sources of supplies or products or could face significant delays and incur substantial costs in doing so. Any significant uninsured loss, prolonged or repeated disruption, or inability to operate experienced by any of our third party manufacturers or their principal suppliers could have a material and adverse impact on our business, financial condition and results of operations.

If we experience a modification or disruption of our development or manufacturing arrangements with any of these third parties, we may be unable to deliver products to our customers on a timely basis and we may experience customer dissatisfaction and damage to our reputation.

Our existing arrangements may not be successful and we may not be able to negotiate acceptable arrangements with replacement manufacturers which can meet our needs. Our inability to subcontract the manufacture of or commercialise our devices successfully could have a material adverse effect on our business, financial condition and results of operations.

We also have relationships with institutions that use blood samples and other biological materials for the testing and validation of our current products and our planned future products. If one or more of these institutions terminates their relationship with us, we will need to identify other third parties which have access to such blood samples and biological materials, which could result in a delay in our R&D activities and negatively affect our business. In addition, as we grow, our research and academic institution collaborators may seek additional financial contributions from us, which may negatively affect our results of operations.

We may not be able to adequately protect our patents, intellectual property rights and other proprietary rights

Our patents and proprietary technology may not be sufficient to protect our intellectual property rights, which we believe are critical to our business. In addition, our success will depend, in part, on our ability to maintain and defend our patents, which include patents covering the technologies and processes involved in our ClearCell® FX1 System and our CTChip® FR1 biochip, from which we derive the majority of our revenue. However, the technologies and processes covered by our patents may be found to be obvious or substantially similar to prior work, which could render these patents unenforceable. Moreover, as our patents will at one time or another expire, competitors may then utilise the technology found in such patents. In order to offset the expiring patents, we endeavour to secure additional patents on critical, commercially desirable improvements to the inventions of the expiring patents. There can be no assurance that we will be successful in securing such additional patents, or that such additional patents will adequately offset the effect of the expiring patents.

There can be no assurance that pending patent applications will result in issued patents, that future patent applications will be issued, that patents issued to or licensed by us will not be challenged or circumvented by competitors or that such patents will be found to be valid or sufficiently broad to protect our technology or to provide us with a competitive advantage. The validity and breadth of claims in medical technology patents involve complex legal and factual questions. Our patents may be found to be invalid and other companies may claim rights in or ownership of the patents and other proprietary rights held or licensed by us. Also, our existing patents may not cover products and/or services that we develop in the future. Moreover, when our patents expire, the inventions will enter the public domain.

The coverage of patents is subject to interpretation by the courts, and such interpretation is not always uniform or predictable. Where a competitor infringes on our patent or other intellectual property rights, we intend to enforce such intellectual property rights when we determine that a successful outcome is probable and may lead to an increase in the value of the intellectual property. If we choose to enforce our intellectual property rights against a party, that individual or company has the right to ask the court to rule that such intellectual property rights are invalid or should not be enforced. These lawsuits and proceedings are expensive and would consume time and resources and divert the attention of our managerial and scientific personnel even if we were successful in stopping the infringement of such intellectual property rights. In addition, there is a risk that the court will decide that such intellectual property rights are not valid and that we do not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of such intellectual property rights is upheld, the court will refuse to stop the other party on the ground that such other party's activities do not infringe our intellectual property rights. Any failure to enforce our intellectual property rights or to defend any legal proceedings regarding our intellectual property rights, including those patents covering the technologies and processes involved in our ClearCell® FX1 System and our CTChip® FR1 biochip, may materially and adversely affect our business, financial condition and results of operations. Our registered or unregistered trade marks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trade marks and trade names, which we need to build name recognition by potential partners or customers in our markets of interest. Furthermore, it can be difficult and costly to defend trade marks from encroachment or misappropriation outside Singapore. Over the long term, if we are unable to establish name recognition based on our trade marks and trade names, we may not be able to compete effectively and our business, financial condition and results of operations may be materially and adversely affected. Although we have not experienced any of the above events in the past which had a material impact on our business, financial condition and results of operations, we cannot assure you that any future occurrence of such events will not have a material adverse effect on our business, financial condition and results of operations. **The above are not the only risks that may have a material effect on our business operations, financial performance and position, and your investment in the Placement Shares. Please refer to "Risk Factors" on pages 31 to 55 of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to invest in our Shares, you should consider all the information contained in the Offer Document.**	
WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?	
As of the date of the Offer Document, the issued and paid-up share capital of our Company is approximately S$36.9 million, comprising 215,000,000 Shares. We have only one class of shares, namely, ordinary shares which have identical rights in all respects and rank equally with one another. The Placement Shares and the Award Shares shall have the same interests and voting rights as our existing Shares that were issued prior to the Placement. There is no restriction on the transfer of fully-paid Shares, except where required by law, the Rules of Catalist or the bye-laws of SGX-ST.	Refer to "Share Capital" on pages 69 to 74, "Shareholders" on pages 75 to 86 and "Description of our Shares" on pages 190 to 194 of the Offer Document for more information on the securities offered in the Placement.
HOW WILL THE PROCEEDS OF THE OFFER BE USED?	
Use of Proceeds The estimated net proceeds from the Placement, after deducting placement commissions and estimated offering expenses, will be approximately S$6.1 million. We intend to use the gross proceeds from the Placement of approximately S$7.7 million to be received by us as follows: • approximately S$2.7 million for the expansion of our clinical services applications and clinical services customer segment; • approximately S$2.4 million for the advancement of our pipeline products; • approximately S$1.0 million for general corporate and working capital purposes; and • approximately S$1.6 million for payment of placement commissions, fees and expenses arising from the Placement and the Listing.	Refer to "Use of Proceeds and Listing Expenses" on pages 56 and 57 of the Offer Document for more information on our use of proceeds.

WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?

Past Dividends Our Company has not declared and paid any dividends for FY2015, FY2016, FY2017 and for the period from 1 January 2018 to the Latest Practicable Date. **Dividend Policy** Our Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, general business and financial condition, results of operations, capital requirements, cash flow, plans for expansion and other factors which our Directors may deem appropriate, such as our expected financial performance.	Refer to "Dividend Policy" on page 63 of the Offer Document for more information on our dividend policy.

DEFINITIONS

Award Shares	The new Shares which may be issued pursuant to the vesting of the awards which may be granted pursuant to the Biolidics Performance Share Plan approved by our Shareholders on 20 November 2018
CEO	The chief executive officer of our Company
COO	The chief operating officer of our Company
Controlling Shareholder	A person who (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in our Company. SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over our Company
Directors	The directors of our Company
Executive Directors	The executive directors of our Company
Independent Directors	The independent directors of our Company
Issue Price	S$0.28 for each Placement Share
Placement	The placement of the Placement Shares by the Sponsor and Issue Manager and Placement Agent on behalf of our Company for subscription at the Issue Price, subject to and on the terms and conditions of the Offer Document
Placement Shares	The 27,500,000 Shares which are the subject of the Placement
SGX-ST	Singapore Exchange Securities Trading Limited
Shares	Ordinary shares in the capital of our Company

CONTACT INFORMATION

WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

Registered Office and Business Address: 81 Science Park Drive, #02-03 The Chadwick, Singapore 118257
Telephone/Facsimile Number: (65) 6482 0668/(65) 6482 0778
Internet Address: http://www.biolidics.com

Information contained on our website does not constitute part of the Offer Document or this Product Highlights Sheet and should not be relied on.

Sponsor and Issue Manager and Placement Agent: United Overseas Bank Limited
Address: 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624
Telephone Number: (65) 6533 9898