Biolidics

ANNUAL REPORT 2018

BRINGING CLARITY TO CANCER

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

CORPORATE PROFILE

Incorporated in 2009, Biolidics Limited ("**Biolidics**" or the "**Company**") is 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.

Biolidics has developed and commercialised the ClearCell® FX1 System, a fully automated in vitro diagnostic ("**IVD**") medical device which relies on a novel, patented technology to separate and enrich cancer cells from blood.

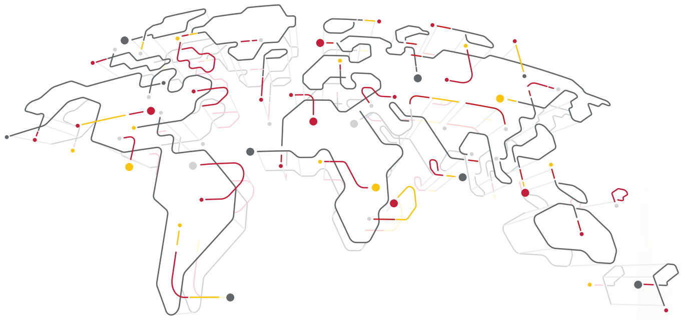
The ClearCell® FX1 System allows users of the system to perform liquid biopsies to test for the presence of cancer cells (specifically circulating tumour cells, or CTCs) in blood samples or perform further analysis on cancer cells.

Liquid biopsies (i.e. analysis of the CTCs in blood samples) have many applications throughout the various stages of a patient's cancer journey, from cancer screening and staging to personalised treatment, and post-cancer monitoring.

Biolidics' quality assurance capabilities have been recognised through its ISO 13485 certification, CE-IVD, US FDA Class I registration and NMPA (formerly CFDA) Class I registration (for the MGI EasyCell System).

COMMERCIALISATION OF OUR PRODUCT

Biolidics' ClearCell® FX1 System is marketed and installed across the world, including Singapore, China, Hong Kong, Japan, Korea, the United States of America ("**US**") and certain European Union ("**EU**") countries.



OVERVIEW OF CANCER

A Global Healthcare Problem

Cancer is the second leading cause of death globally, and is responsible for an estimated

9.6

million deaths in 2018

Globally, about 1 in 6 deaths is due to cancer

The most common cancers are:
- Lung
- Breast
- Colorectal
- Prostate
- Skin cancer (non-melanoma)
- Stomach

https://www.who.int/news-room/fact-sheets/detail/cancer

Cancer Incidence in Singapore

Cancer cases have been rising over the years.

One in every 4 to 5 people in Singapore may develop cancer in their lifetime.

https://www.nccs.com.sg/patient-care/cancer-types/cancer-statistics

Metastasis is responsible for an estimated 90% of cancer deaths

Biolidics' ClearCell® FX1 System can isolate wholly intact and viable CTCs for various downstream applications in the oncology medical field, leading to better healthcare treatment and clinical outcomes for cancer patients.

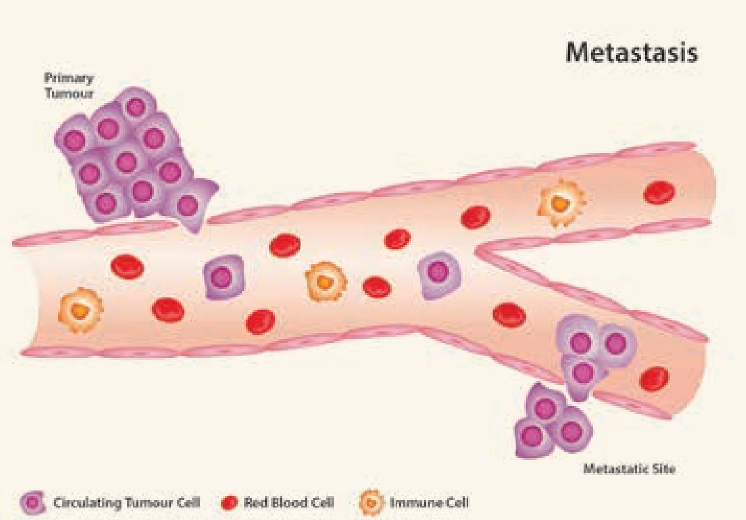
https://academic.oup.com/annonc article/28/9/2045/3938713

What is Cancer?

All cancers are characterised by **abnormal cell growth.** Unlike normal healthy cells, cancer cells do not die. Instead, they continue to grow and divide in an uncontrollable manner. These defective cells may form a mass of tissue called a tumour.

What is Metastasis?

It is the process by which **cancer cells spread through the blood and lymph systems from the place where they first formed.** These CTCs can then form new tumours in other parts of the body.



Limitations of Traditional Diagnostic Methods

Traditional diagnostic methods for solid tumours involve a tissue biopsy, or the surgical removal of tissue from a patient's body.

- **A tissue biopsy is an invasive procedure** and not typically performed on a recurring basis, limiting its usefulness for routine periodic patient monitoring to evaluate potential progression of the disease.
- It may **not always be possible to obtain a tissue sample,** for example where a tumour is not readily accessible for biopsy or a patient's condition is such that a biopsy is not suitable.
- In some cases, the quality and amount of tissue obtained from **a tissue biopsy may be insufficient for diagnostic testing.**
- Furthermore, **cells in different parts of the same tumour can have different molecular features or properties.** In a tissue biopsy, only a few thin slices of tumour tissue are evaluated.
- The pathologist's report only **reflects the parts of the tumour that were analysed** and, if the cells in other parts of the tumour have different features, such as biomarkers corresponding to specific treatments, they can be missed.

COMMERCIAL APPLICATIONS OF OUR TECHNOLOGY

Our Solution: ClearCell® FX1 System

Our Novel, Patented Technology:

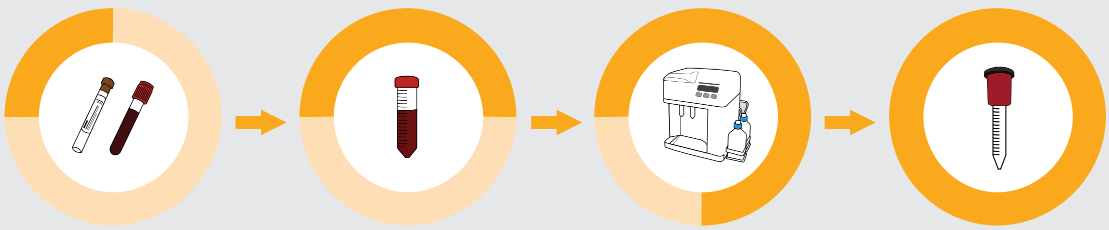
- Our CTChip® FR1 biochip uses a label-free approach to enrich CTCs, which helps to **maintain the CTCs in their original state and preserve their viability for use in diagnostic tests**
- Our label-free method **eliminates the need for a single biomarker and is able to isolate CTCs across a heterogeneous population without bias**
- Recovered CTCs can be **used to perform further analysis on cancer cells,** which has many applications throughout the various stages of a patient's cancer journey
- **Fully automated** medical device

Advantages of our Solution:

1. **A simple blood test** as compared to tissue biopsies, which involve the surgical removal of tissue from a patient's body
2. Of the liquid biopsy techniques, **the analysis of CTCs, as employed in our ClearCell® FX1 System, has been noted to be the most highly developed technique,** as the presence of CTCs is a fundamental prerequisite to metastasis
3. Our technology **can be integrated with other analytical tests to develop a wide range of clinical or laboratory developed tests** for cancer screening and staging to personalised treatment, and post-cancer monitoring

Illustration of the ClearCell® FX1 System work flow:

SAMPLE COLLECTION | RED BLOOD CELL LYSIS | CTC ENRICHMENT | ENRICHED CTC SAMPLE



7.5ml blood sample is collected | Red blood cell lysis is performed | CTC enrichment is performed on the ClearCell® FX1 System | Enriched CTC output ready for downstream analysis

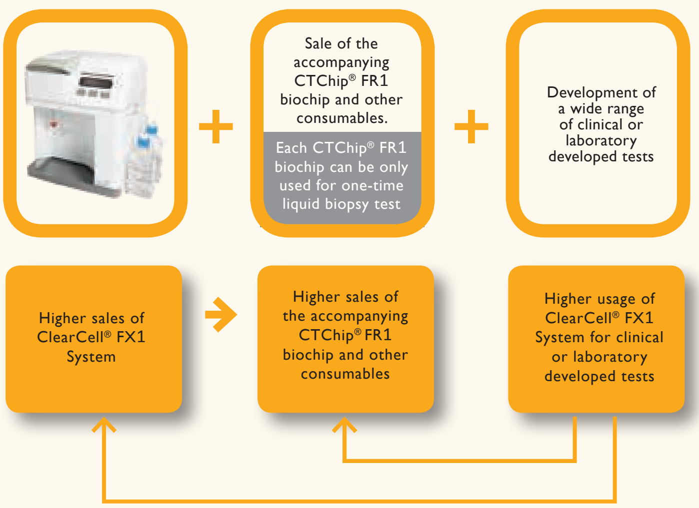
Commercial Potential:

- **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.**

- **Wide range of potential applications for liquid biopsy**
  In particular, the largest potential market for liquid biopsy is predicted to be for early cancer screening to test the general population for cancer – **this market for early cancer screening alone could eventually be worth as much as US$9.0 billion annually.**

- **Increased funding**
  Both the US and China have launched their own precision medicine initiatives, with **China seeking to invest as much as US$9.0 billion over the next 15 years.**

Our Business Model:



CHAIRMAN'S STATEMENT

Cancer remains one of the world's biggest medical challenges and our technology is focused on many important unmet medical needs in this area that provide improved outcomes for individual patients.

MR YEE PINH JEREMY
Non-Executive Non-Independent Chairman

DEAR SHAREHOLDERS,

On behalf of the board of directors ("**Board**" or "**Directors**") of Biolidics Limited ("**Biolidics**" or the "**Company**"), I am pleased to present Biolidics' inaugural annual report for the financial year ended 31 December 2018 ("**FY2018**").

FY2018 was a momentous year for Biolidics as we successfully listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 19 December 2018, raising net proceeds of approximately S$6.1 million to expand the Company's clinical services applications and clinical services customer segment, advance our pipeline products as well as for general corporate and working capital purposes.

As a medical technology company, our journey started 9 years ago as a spin-off from the National University of Singapore and while the journey has its ups and downs, we remained centred on our core mission – lowering healthcare costs and improving clinical outcomes for cancer patients with our technology innovations.

Cancer remains one of the world's biggest medical challenges and our technology is focused on many important unmet medical needs in this area that provide improved outcomes for individual patients.

Our challenges ahead may be substantial, but our opportunities are far greater.

POTENTIAL TO REVOLUTIONISE THE CANCER DIAGNOSTICS MARKET

With our novel, patented technology, Biolidics has developed and commercialised the ClearCell® FX1 System, a fully automated IVD medical device that separates and enrich cancer cells from blood. This allows users of the ClearCell® FX1 System to perform liquid biopsies to test for the presence of cancer cells (specifically CTCs) in blood samples or perform further analysis on cancer cells.

The ClearCell® FX1 System has achieved CE-IVD mark, US FDA Class 1 registration, as well as NMPA (formerly CFDA) Class 1 registration (for the MGI EasyCell System).

Liquid biopsy techniques have been observed to facilitate personalised medicine and targeted therapies.

Of these techniques, the analysis of CTCs, as employed in Biolidics' ClearCell® FX1 System, has been noted to be the most highly developed technique, as the presence of CTCs is a fundamental prerequisite to metastasis and their enumeration offers potential for many applications throughout

CHAIRMAN'S STATEMENT

the various stages of a patient's cancer journey, from cancer screening and staging to personalised treatment, and post-cancer monitoring.

Hence, we believe we have an opportunity to truly meet the immediate needs of cancer patients – minimising invasive procedures, improving clinical outcomes, and optimizing cost and efficiency with our technology.

At the same time, we recognise that technology innovation alone is not enough to meet our access to patients and growth objectives.

CLEAR STRATEGY FOR COMMERICAL APPLICATIONS & LONG-TERM GROWTH

The ClearCell® FX1 System has the potential, when coupled with other analytical tests, 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.

Hence, we have started to develop the ClearCell® FX1 System as a platform technology with new business models such as laboratory developed tests that further enhance the commercial scalability of our technology and allowing our products to be used in a greater number of hospitals and laboratories globally.

In China, Biolidics has entered into agreements with each of Hunan Agen Medicine Laboratory Technology Co., Ltd. ("**Hunan Agen Lab**") and Holistic Integrative Pharmacy Institute, Hangzhou Normal University for the provision of its ClearCell® FX1 System and CTChip® FR1 biochips to them to facilitate the development of CTC diagnostic services.

Forging ahead, we achieved a significant milestone when Hunan Agen Lab announced in March 2019 that they will start offering laboratory-developed cancer tests ("**LDTs**") in China using Biolidics' ClearCell® FX1 System and CTChip® FR1 biochip.

Using a small amount of blood sample, the LDTs offered by Hunan Agen Lab have the potential for many applications throughout the various stages of a patient's cancer journey, such as cancer screening, cancer staging and post-cancer monitoring.

As a result, cancer patients can minimise invasive procedures, improve clinical outcomes, and optimise cost and efficiency with the LDTs that utilise Biolidics' technology.

Demand for such LDT services is expected to lead to increase in demand for ClearCell® FX1 System and higher usage of CTChip® FR1 biochips which are required to perform the test.

According to a report by American Cancer Society Cancer published on 6 July 2017, cancer is the leading cause of death in China, with 4.3 million new cancer cases and 2.8 million cancer deaths estimated each year.

With China having the world's largest number of cancer patients, we believe this strategy will allow us to serve more cancer patients than any other country and create long-term avenues for growth.

Adding to our China strategy, we are also strengthening our market presence in other geographical markets, including making progress on our public and private collaborations, which will provide Biolidics with other opportunities to expand our offerings through services, partnerships and market expansion.

ADVANCING OUR MISSION

We would not be able to achieve our growth objectives and continuously improve our technology without the commitment and contributions of our employees. At the same time, I would also like to express my gratitude to my fellow Board members for their valuable advice, guidance and support.

Working together, we strive to continue to elevate Biolidics' potential and to make a valuable difference for cancer patients, investors and other stakeholders who rely on our commitment to innovation, quality and performance.

We are still in the early phases of this journey, and we strongly believe that Biolidics' ClearCell® FX1 System has the potential to revolutionise the cancer diagnostics market – creating significant growth drivers for the Company, while establishing new healthcare standards for patients.

In closing, on behalf of the Board, I would like to take this opportunity to thank our shareholders for their continued support and to welcome new investors as we harness the significant opportunities within the healthcare industry with our technology.

Thank You!

MR YEE PINH JEREMY
Non-Executive Non-Independent Chairman

CEO'S MESSAGE

Utilising our novel, patented technology to create a platform technology in cancer diagnostics to lower healthcare costs and improve clinical outcomes of cancer patients will be our core value driver to shareholders going forward.

MR LEW KWANG PING (IVAN)
Executive Director and Chief Executive Officer

DEAR SHAREHOLDERS,

It is my pleasure to present to you Biolidics' inaugural annual report for FY2018.

With our IPO and listing on the Catalist Board of the SGX-ST in December 2018, it has been an eventful year for Biolidics. At the same time, it has also given us more opportunities to reflect on the unique responsibilities we have to improve the health of cancer patients around the world – using technology as a vital link in providing cancer patients with holistic, accurate and real-time diagnoses.

The increased prevalence of cancer has inadvertently created an area of enormous opportunity, because the need and desire for better treatment and clinical outcomes will always exist.

The cancer diagnostics 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.

Utilising our novel, patented technology to create a platform technology in cancer diagnostics to lower healthcare costs and improve clinical outcomes of cancer patients will be our core value driver to shareholders going forward.

Our roadmap ahead is clear with our strong technology leadership and a relentless focus on the commercial applications of our technology and business performance of the Company.

OUR PROGRESS SO FAR

With a keen focus on partnering with other industry leaders to expand our clinical services applications and clinical services customer segment, we have endeavoured to develop the clinical applications of our system and enhance the market position of our products in key markets such as China, Japan, the EU countries and the US.

On this front, I am pleased to share that Biolidics has entered into a strategic collaboration with Japan-based Sysmex

CEO'S MESSAGE

Corporation ("**Sysmex**"), to jointly collaborate and develop laboratory assays in the field of circulating tumor cells.

A global leader in the hematology, hemostasis and urinalysis fields, Sysmex delivers total solutions in the domain of healthcare testing, supplying products and services to customers in more than 190 countries. Sysmex is listed on the Tokyo Stock Exchange with a market capital of approximately S$17 billion as at 18 February 2019.

Underscoring the strengths of Biolidics' technological capabilities, we have also worked together for the joint development of a customised biochip specifically for Sysmex.

Our key objective for this current collaboration is to promote laboratory assays developments, applications and market developments for the potential commercialisation of these laboratory assays.

Hence, Biolidics will be ideally positioned to increase the sales potential of our ClearCell® FX1 System and CTChip® FR1 biochip once these blood-based laboratory assays are approved clinically.

Besides breaking new ground on new services and business models, we look to enhance our internal capabilities and processes to achieve greater efficiencies and returns. With greater product sales, there will be opportunities to capitalise on economies of scale by leveraging on manufacturing technology. In addition, we will be enhancing our procurement capabilities to achieve more cost-effective purchases of certain components to drive margin expansion.

Technology is in our DNA and our research and development efforts will be focused on developing new technology either through in-house development or external collaborations. We will also be evaluating other analytical tests that can be integrated with our technology platform to create new services that can be deployed in the healthcare industry.

OUR COMMITMENT TOWARDS LONG-TERM SHAREHOLDER VALUE

We know how important it is to consistently execute our growth strategies and it is a major focus for the management team. In the coming year, you will see us sharpen our focus to tap new opportunities to expand commercial applications of our offerings and streamline costs.

On behalf of the team at Biolidics, I wish to give thanks and appreciation to our Board, whom have been actively engaged in strategic oversight of the Company, providing meaningful insights into our strategies and plans ahead.

We are confident that our technological innovation and margin expansion opportunities, as well as our disciplined capital deployment, will support our growth plans through multiple inflexion points.

These are exciting times for Bioldics as we take our technology beyond our current boundaries and expand our reach across the healthcare landscape to create more meaningful impact on cancer patients and shareholders.

MR LEW KWANG PING (IVAN)
Executive Director and Chief Executive Officer

OPERATIONS & FINANCIAL REVIEW

OPERATIONS REVIEW

Recent Corporate Development

Prior to its successful IPO in December 2018, Biolidics completed a Pre-IPO and Recapitalisation Exercise (please refer to Note 18 of the Financial Statements for more information) in 2018 that attracted investments from oncology medical professionals as well as investors focused in healthcare and biotechnology.

One of the investors included Professor Xie Tian, who is currently the Dean of the Department of Medical Oncology, Holistic Integrative Oncology Institute and Holistic Integrative Cancer Center of Traditional Chinese and Western Medicine in Hangzhou Normal University and a recipient of the Wu Jieping Medical Innovation Award in 2014, an award which honours top medical personnel in China, and the Prize for Scientific and Technological Innovation from the Ho Leung Ho Lee Foundation in 2016, an award that recognises scientific and technical personnel with outstanding contributions to the development of science and technology in China.

To accelerate its growth plans in the cancer diagnostics market, Biolidics raised net proceeds of approximately S$6.1 million from the IPO to expand its clinical services applications and clinical services customer segment, advance its pipeline products as well as general corporate and working capital purposes.

In February 2019, Biolidics announced a strategic collaboration with Sysmex to jointly develop laboratory assays in the field of CTCs with the key objective of promoting laboratory assays developments, applications and market developments for the potential commercialisation of these laboratory assays.

It is worth noting that Sysmex delivers total solutions in the domain of healthcare testing, supplying products and services to customers in more than 190 countries. Listed on the Tokyo Stock Exchange with a market capital of approximately S$17 billion as at 18 February 2019, Sysmex has the number 1 market share in the hematology, hemostasis and urinalysis fields globally.

By forging this strategic collaboration, Biolidics will be ideally positioned to increase the sales potential of its ClearCell® FX1 System and CTChip® FR1 biochip once these blood-based assays are approved clinically.

Separately, in March 2019, Biolidics announced that its laboratory partner in China, Hunan Agen Lab will start offering LDTs in China using Biolidics' ClearCell® FX1 System and CTChip® FR1 biochip.

Demand for such LDT services is expected to lead to increase in demand for ClearCell® FX1 System and higher usage of CTChip® FR1 biochips which are required to perform the test.

FINANCIAL REVIEW

Revenue

Revenue decreased by 39.2% or S$0.81 million, from S$2.08 million in FY2017 to S$1.27 million in FY2018, due mainly to the completion of milestones and deliverables under our joint development collaboration with Sysmex in FY2017. As a result, no project revenue was recognized in FY2018, as compared to S$0.77 million in FY2017.

Revenue from product sales decreased by 3.3% or S$0.04 million, from S$1.31 million in FY2017 to S$1.27 million in FY2018, due mainly to a decrease in the sales of our ClearCell® FX1 System and related consumables as a result of the completion of a collaboration agreement with MGI Wuhan to collaboratively develop a BGI-assembled CTC enrichment system (the MGI EasyCell System) based on our ClearCell® FX1 System. The decrease in sales from the MGI Wuhan collaboration was partially offset by the increase in sales of our ClearCell® FX1 System and related consumables from other existing customers and new customers via our distributor network set up in the fourth quarter of FY2017.

Other income

Other income decreased by 45.4% or S$0.05 million, from S$0.12 million in FY2017 to S$0.07 million in FY2018, due mainly to absence of Capability Development Grant from Enterprise Singapore in FY2018.

OPERATIONS & FINANCIAL REVIEW

Changes in Inventories

We recorded a decrease of approximately S$7,000 in the closing balance of our inventories in FY2018, as compared to an increase of S$0.57 million in FY2017. The fluctuations in the balance of our inventories were due mainly to the timing of purchase and sale of inventories.

Purchases

Our purchases decreased by 70.5% or S$0.91 million from S$1.29 million in FY2017 to S$0.38 million in FY2018, due mainly to fewer purchases made for our ClearCell® FX1 Systems as we had stocked up our inventories in FY2017.

Employee benefits expense

Employee benefits expense decreased by 19.9% or S$0.33 million, from S$1.67 million in FY2017 to S$1.34 million in FY2018. This was attributable to the streamlining of our commercial and operating activities during FY2018.

Depreciation expense

Depreciation expense decreased by 25.4% or S$0.13 million, from S$0.49 million in FY2017 to S$0.36 million in FY2018 as a majority of the production, tooling and mould equipment were fully depreciated during FY2018.

Amortisation expense

Amortisation expense remained relatively stable at S$0.02 million and S$0.03 million in FY2017 and FY2018, respectively.

Research and development ("R&D") expense

R&D expense remained relatively stable at S$1.00 million and S$1.07 million in FY2017 and FY2018, respectively.

Change in fair value of financial liabilities designated as FVTPL

Change in fair value of financial liabilities designated as FVTPL decreased by 82.6% or S$1.49 million, from S$1.80 million in FY2017 to S$0.31 million in FY2018, due mainly to the following:

(i) the probability of successful equity financing adopted in the discounted cash flow methodology for measure of the fair value of the convertible loans increased from 60.0% as at 31 December 2016 to 85.0% as at 31 December 2017. Comparatively, the probability of

successful equity financing adopted increased from 85.0% as at 31 December 2017 to 100.0% as at 6 July 2018 pursuant to the Pre-IPO and Recapitalisation Exercise (please refer to Note 18 of the Financial Statements for more information); and

(ii) the absence of convertible loans issued in FY2018.

Other expenses

Other expenses increased by 38.0% or S$0.97 million, from S$2.55 million in FY2017 to S$3.52 million in FY2018. The increase was due mainly to the following one-off expenses:

(i) professional fees and other miscellaneous expenses incurred pursuant to the Pre-IPO and Recapitalisation Exercise as well as the IPO which amounted to S$1.42 million; and

(ii) intangible assets written off which amounted to S$0.16 million as a result of the Group discontinuing our patent filing in the less relevant regions.

This was partially offset by the decrease in the following expenses:

(a) a S$0.17 million decrease in travel expenses, as financing opportunities for the Series C financing round were mainly focused in Asia in FY2018, as compared to Europe in FY2017;

(b) a S$0.14 million decrease in sales and marketing expenses following the streamlining of commercial activities during FY2018;

OPERATIONS & FINANCIAL REVIEW

(c) a S$0.17 million decrease in clinical studies as a result of completion of a collaboration with Institute of Cancer Research: Royal Cancer Hospital in FY2018; and

(d) a S$0.11 million decrease in foreign exchange loss.

Finance costs

Finance costs decreased by 51.1% or S$0.60 million, from S$1.18 million in FY2017 to S$0.58 million in FY2018, due mainly to a decrease in interest expense accreted on the redeemable convertible preference shares ("**RCPS**"), as the RCPS was fully converted into ordinary shares in July 2018 pursuant to the Pre-IPO and Recapitalisation Exercise.

Loss for the year

As a result of the foregoing, loss for the year decreased by 13.3% or S$0.96 million, from S$7.21 million in FY2017 to S$6.25 million in FY2018.

Excluding the one-off Pre-IPO and Recapitalisation Exercise and the IPO expenses of S$1.42 million, the change in fair value of financial liabilities designated as FVTPL of S$0.31 million and finance costs of S$0.58 million relating to accretion of interest expense on RCPS, the Group's loss before tax was S$3.94 million in FY2018.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Current assets

The Group's current assets increased by 224.8% or S$9.18 million, from S$4.08 million as at 31 December 2017 to S$13.26 million as at 31 December 2018, due mainly to the proceeds from the Pre-IPO and Recapitalisation Exercise as well as the IPO of S$9.04 million.

Non-current assets

The Group's non-current assets decreased by 17.2% or S$0.19 million, from S$1.12 million as at 31 December 2017 to S$0.93 million as at 31 December 2018, due mainly to a decrease in property, plant and equipment of S$0.15 million.

Current liabilities

The Group's current liabilities decreased by 86.1% or S$9.47 million, from S$11.00 million as at 31 December 2017 to S$1.53 million as at 31 December 2018, due mainly to (i) a decrease in convertible loans of S$9.79 million as it was fully converted into ordinary shares of the Company pursuant to the Pre-IPO and Recapitalisation Exercise in FY2018; (ii) a decrease in trade payables of S$0.50 million due to lower purchases of inventories closer to the end of FY2018; and partially offset by an increase in other payables of S$0.65 million comprising accrued professional fees and expenses incurred in relation to the IPO, and an increase in contract liabilities of S$0.19 million comprising invoicing in advance for delivery for goods and warranty services.

Non-current liabilities

The Group's non-current liabilities decreased by 99.4% or S$17.95 million, from S$18.05 million as at 31 December 2017 to S$0.10 million as at 31 December 2018, due mainly to the conversion of all convertible loans and RCPS into ordinary shares of the Company pursuant to the Pre-IPO and Recapitalisation Exercise in FY2018.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Cash outflow before movements in working capital amounted to S$4.76 million in FY2018. Net cash used in working capital amounted to S$0.07 million due mainly to an increase in other payables of S$0.65 million and an increase in contract liabilities of S$0.28 million, and partially offset by an increase in trade receivables of S$0.17 million, an increase in other receivables of S$0.17 million and a decrease in trade payables of S$0.51 million. As a result, net cash used in operating activities was S$4.69 million in FY2018.

Net cash used in investing activities for FY2018 amounted to S$0.20 million. This was due mainly to the additions in property, plant and equipment and intangible assets in FY2018.

Net cash from financing activities for FY2018 amounted to S$13.94 million. This was due mainly to the net proceeds from the IPO issuance taking into account the share issuance expenses capitalised against share capital of S$7.23 million and the proceeds from the Pre-IPO and Recapitalisation Exercise of S$6.84 million, and partially offset by the cash of S$0.13 million paid on settlement of convertible loans pursuant to the Pre-IPO and Recapitalisation Exercise.

As a result, after adjusting for the effect of foreign exchange rate changes, there was a net increase in cash and cash equivalents by S$9.04 million, from S$2.46 million as at 31 December 2017 to S$11.50 million as at 31 December 2018.

BOARD OF DIRECTORS

Yee Pinh Jeremy

Date of First Appointment: 27 April 2017
Member: Remuneration Committee

Present directorships in other listed companies:
Clearbridge Health Limited (SGX-ST)

Past directorships in other listed companies:
Cordlife Group Limited (SGX-ST)
Cordlife Limited (now known as Life Corporation Limited) (ASX)

Jeremy is the Non-Executive Non-Independent Chairman of the Company. He founded Clearbridge Medical Group Pte. Ltd. (formerly known as Insight Medica Pte. Ltd.) in 2016. Since 2017, he has served as the Executive Director and Chief Executive Officer ("**CEO**") of Clearbridge Health Limited ("**Clearbridge**"), a company listed on Catalist, where he is responsible for identifying and implementing company-wide business growth strategies and overseeing all aspects of the group's growth and operating functions.

From 2011 to 2016, Jeremy was the CEO of Cordlife Group Limited, a company listed on the SGX-ST, where he was responsible for identifying and implementing company-wide business growth strategies. From 2002 to 2011, he was the Director of Corporate Development, then Chief Operating Officer and subsequently, Executive Director and Group Chief Financial Officer of Cordlife Limited (now known as Life Corporation Limited), a company listed on the Australian Securities Exchange ("**ASX**"). During his tenure, Jeremy was responsible for the group's overall corporate development activities and financial functions, including statutory filings, accounting audits, finance controls and treasury matters. He spent the early part of his career in the banking and finance industry.

Jeremy obtained his Bachelor of Arts in Economic and Social Studies from the Victoria University of Manchester in 1994, Master of Commerce (Finance with Banking/Management) from the University of Sydney in 1997, Bachelor of Commerce in Professional Accounting from Murdoch University in 2009, Master of Business Administration from the Nanyang Technological University in 2011, Master of Business Administration from the University of Chicago Booth School of Business in 2012 and Master of Arts from Columbia University in 2016. He completed the UC Berkeley – Nanyang Advanced Management Program in 2010 and the EIT Health Advanced Management Programme on Health Innovation in 2018.

Lew Kwang Ping (Ivan)

Date of First Appointment: 19 September 2018

Present and past directorships in other listed companies: Nil

Ivan is the Executive Director and CEO of the Company. Prior to this, from 2016 to 2018, he was the CEO of Shaw Investment APAC Pte. Ltd., an investment company, where he managed the Singapore and regional operations and was responsible for executing business growth strategies.

From 2015 to 2016, Ivan served as the CEO of C&G (Asia) Engineering Pte Ltd, a company in the engineering, procurement and construction industry, where he managed the Singapore operations. From 2011 to 2014, he served as the CEO and Director of Business Development at Ramky International (Singapore) Pte. Ltd., an environmental management solution provider, where he led various business development initiatives and partnerships. In the early years of his career, he held business development positions in various companies.

Ivan graduated with a Bachelor of Science in Naval Architecture from the Western Australia Institute of Technology in 1988.

BOARD OF DIRECTORS

Chen Johnson

Date of First Appointment: 19 July 2009
Member: Nominating Committee

Present directorships in other listed companies:
Clearbridge Health Limited (SGX-ST)

Past directorships in other listed companies: Nil

Johnson is the Non-Executive Non-Independent Director and Founder of the Company. Since 2002, he has been the Executive Director of 1Bridge Partners Limited, where he oversees investment management. He is also the Chairman, Executive Director and CEO of CapBridge Pte. Ltd. ("**CapBridge**"), a global private capital raising platform regulated by the Monetary Authority of Singapore. At Capbridge, he is responsible for overall strategic planning and business execution. From 1999 to 2002, he was the President of CyberWorks Ventures, the venture capital arm of Hong Kong-based information communications technology company Pacific Century Cyberworks.

Johnson sits on the Singapore National Research Foundation Proof-of-Concept grant panel and is a member of the Strategic Research Innovation Fund committee of NTUitive, Nanyang Technological University's innovation and enterprise company. As the top graduate in the Singapore Armed Forces officer cadet course during National Service, he was awarded the Sword of Honour by the President of Singapore.

Johnson graduated with a Bachelor of Arts (Manufacturing Engineering Tripos) degree and a Master of Manufacturing Engineering from the University of Cambridge, the UK in 1997.

Leong Yow Seng

Date of First Appointment: 20 November 2018
Chairman: Remuneration Committee
Member: Audit Committee and Nominating Committee

Present and past directorships in other listed companies: Nil

Yow Seng is the Lead Independent Director of the Company. Since 2014, he has been the Group Chief Financial Officer of Minergy Resources Pte. Ltd., where his responsibilities include fund raising, financial reporting, investment analysis and investor communication. He is also currently a Behaviour Therapist at Lazarus Centre Pte. Ltd., an early intervention centre for children with autism.

From 2018 to 2019, Yow Seng was a Project Consultant at Agritrade Logistics Pte. Ltd., a logistics, shipping and commodities trading company, where he acts as a consultant to senior management and leads fund raising projects. From 2012 to 2014, he served as a Director (corporate and client solutions) at CIMB Bank Berhad, where he led a team of relationship managers and managed client relationships with regional small and medium-sized enterprises and multi-national corporations. From 2010 to 2012, he was the Group Chief Investment Officer of EGI Group Limited, where he was responsible for investment, divestment, and business development related activities. Yow Seng spent the early part of his career in the corporate finance industry.

Yow Seng graduated cum laude with a Bachelor of Business Administration (Double Major in Finance and Psychology) from Western Michigan University in 1997 and obtained a Master of Business Administration from Western Michigan University in 2003.

BOARD OF DIRECTORS

Ong Hsien Chih, James (Weng Xianzhi, James)

Date of First Appointment: 20 November 2018
Chairman: Nominating Committee
Member: Audit Committee

Past directorships in other listed companies: Nil

James is an Independent Director of the Company. Since 2015, he has been the Chief Investment Officer of YCH Group Pte Ltd ("**YCH Group**"), where he is responsible for mergers and acquisitions, capital structure and negotiation of joint ventures, as well as heading the asset management team. He is also a Partner at Supply Chain Angels Pte. Ltd., the corporate venture arm of YCH Group, which invests in start-ups that are synergistic and complementary to YCH Group's supply chain and logistics business.

From 2012 to 2015, James was a Senior Manager of IL&FS Global Financial Services Pte. Ltd., an infrastructure development and finance company, where he was responsible for advising on a portfolio of Asian investment and advisory opportunities and provided execution expertise in the areas of corporate finance, equity and debt syndications and project finance. From 2006 to 2011, he served as a Director of Oppenheimer Investments (Singapore) Pte. Ltd., a boutique investment banking company which focuses on advising clients on funding and syndication in the debt capital markets. James spent the early part of his career in the banking and finance industry.

James graduated from the University of Western Australia with a Bachelor of Commerce in 2002 and obtained a Master of Business Administration from the University of Chicago Booth School of Business in 2012. He was also admitted as a Certified Public Accountant in Australia in 2010.

Peter Koh Heng Kang

Date of First Appointment: 20 November 2018
Member: Remuneration Committee

Present directorships in other listed companies:
Oceanus Group Limited (SGX-ST)

Past directorships in other listed companies: Nil

Peter is an Independent Director of the Company. He is currently the Executive Director and CEO of Oceanus Group Limited ("**Oceanus**"), a land-based abalone producer listed on the SGX-ST, where his responsibilities include planning the strategic direction for and development of the group. From 2013 to 2016, Peter served as the Executive Director of Opulence Group Pte. Ltd., a private equity firm with investments in countries ranging from Australia to Japan, where he was responsible for the strategic direction and development of the company. From 2013 to 2014, he was appointed Investment Advisor to Ramky Revo Holding JV Co Pte. Ltd. for its overseas investments.

In 1988, Peter founded Pete's Creation International (now known as Pete's Creation International (S) Pte. Ltd.), a marketing and branding consultancy business, where he was involved in day to day management as well as business development until his retirement in 2010.

An astute entrepreneur, Peter also actively champions social causes and was conferred the Public Service Medal in 2014. He currently sits on the council of the North West Community Development Council. His previous appointments include sitting on the Advisory Board of the National Youth Council's National Youth Award, Chairman of Rotary Club of Singapore Vocational that oversees the Rotary-ASME Entrepreneur of the Year Award, Councilor at Central Singapore Community Development Council and Singapore Community Chest Share Committee.

BOARD OF DIRECTORS

Toh Shih Hua

Date of First Appointment: 20 November 2018
Chairman: Audit Committee

Present directorships in other listed companies:
Vibropower Corporation Limited (SGX-ST)

Past directorships in other listed companies: Nil

Shih Hua is an Independent Director of the Company. In 2004, Shih Hua founded Genesis Capital Pte Ltd, a corporate finance advisory company, where she continues to serve as a Director and oversees deal origination and has completed numerous corporate finance transactions including initial public offerings, mergers and acquisitions, take-overs and fund raisings. In 2016, she founded TNT Global Capital Pte Ltd, a fund management company, where she also serves as a Director. She spent the early part of her career in the banking and finance industry.

Shih Hua graduated from the Nanyang Technological University with a Bachelor of Accountancy in 1997 and is a member of the Institute of Singapore Chartered Accountants.

EXECUTIVE OFFICERS

Huang Junquan

Chief Operating Officer

Junquan joined the Company in July 2011. He was appointed the Chief Operating Officer in August 2018 and is responsible for overseeing the operations of the Company. From 2011 to 2018, he held several positions within the Company, including Manager (Product Development), Senior Manager (Product Development), Director (Product Development) and Senior Director (Strategic Development).

From 2010 to 2011, he was appointed as a regulatory specialist with the Health Sciences Authority ("**HSA**") medical device branch, where he performed pre-market evaluations of high-risk medical devices to meet safety and performance standards. He also assisted in developing Singapore's medical devices standards and HSA guidance documents to ensure device compliance. From 2008 to 2010, he was a senior officer of the Biomedical Research Council at the Agency for Science, Technology and Research ("**A*STAR**"), overseeing budget utilisation and key performance indicators monitoring of research institutions. He assisted in planning and strategising Singapore's research landscape, as well as A*STAR's funding mechanisms over four financial years. From 2006 to 2008, he was a human islet isolation coordinator at St Vincent's Institute in Australia, where he led a team of doctors and scientists in successfully isolating islets in a GMP (Good Manufacturing Practice) facility. He also coordinated the first human islet transplantation in Victoria, Australia.

Junquan obtained his Bachelor of Biomedical Science in 2005 and his Bachelor of Science (Degree with Honours) in 2006 from the University of Melbourne.

Tan Wei Chee

Financial Controller

Wei Chee has been with the Company since January 2016 and is responsible for the Company's finance and management reporting, internal controls and human resources.

From 2009 to 2015, he was an audit manager at Deloitte & Touche LLP, Singapore, where he was responsible for the application of International Financial Reporting Standards and Singpaore Financial Reporting Standards. During his tenure, he led teams and managed resources in audit engagements to ensure proper and timely head-office reporting and statutory reporting. He also identified corporate governance deficiencies and offered best practice proposals, and ensured compliance to clients' internal controls and regulatory requirements.

Wei Chee obtained his Degree of Bachelor of Accountancy from the Nanyang Technological University in 2009. He qualified as a Chartered Accountant of Singapore and was admitted as a Member of the Institute of Singapore Chartered Accountants in 2014.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Yee Pinh Jeremy
Non-Executive Non-Independent Chairman

Lew Kwang Ping
Executive Director and CEO

Chen Johnson
Non-Executive Non-Independent Director and Founder

Leong Yow Seng
Lead Independent Director

Ong Hsien Chih, James (Weng Xianzhi, James)
Independent Director

Peter Koh Heng Kang
Independent Director

Toh Shih Hua
Independent Director

AUDIT COMMITTEE
Toh Shih Hua
(Chairman)
Leong Yow Seng
Ong Hsien Chih, James (Weng Xianzhi, James)

NOMINATING COMMITTEE
Ong Hsien Chih, James (Weng Xianzhi, James)
(Chairman)
Chen Johnson
Leong Yow Seng

REMUNERATION COMMITTEE
Leong Yow Seng
(Chairman)
Yee Pinh Jeremy
Peter Koh Heng Kang

COMPANY SECRETARY
Selena Leong Siew Tee
(Associate (ISCA))

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
81 Science Park Drive
#02-03 The Chadwick
Singapore 118257

SPONSOR
United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

AUDITORS
Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Partner-in-charge: Tsia Chee Wah
(Member of the Institute of
Singapore Chartered Accountants)
Date of appointment: 18 March 2016

INVESTOR RELATIONS
8PR Asia Pte Ltd
37 Tannery Lane
#06-05 Tannery House
Singapore 347790

CORPORATE
GOVERNANCE REPORT

The Board of Biolidics is committed to achieving and maintaining high standards of corporate governance in managing its business and affairs, so as to improve the performance, accountability, and transparency of the Company.

For FY2018, in connection with its preparation for a listing on Catalist, the Board has reviewed its corporate governance practices and ensured that they are in compliance with the applicable provisions of the Code of Corporate Governance 2012 (the "**Code**") issued by the Monetary Authority of Singapore and the disclosure guide ("**Disclosure Guide**") issued by the SGX-ST in January 2015.

This corporate governance report sets out how the Company has and/or will apply the principles of good corporate governance in a disclosure-based regime where the Board's accountability to the Company's shareholders, ("**Shareholders**") and the Company's management's ("**Management**") accountability to the Board provides a framework for achieving a mutually beneficial tripartite relationship aimed at creating, enhancing and growing sustainable Shareholders' value.

The Company has substantially complied with the principles and guidelines as set out in the Code and the Disclosure Guide. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Disclosure Guide.

BOARD MATTERS

Principle 1 The Board's Conduct of Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Role of the Board

The Board comprises:

Yee Pinh Jeremy	Non-Executive Non-Independent Chairman
Lew Kwang Ping	Executive Director and CEO
Chen Johnson	Non-Executive Non-Independent Director and Founder
Leong Yow Seng	Lead Independent Director
Ong Hsien Chih, James (Weng Xianzhi, James)	Independent Director
Peter Koh Heng Kang	Independent Director
Toh Shih Hua	Independent Director

CORPORATE GOVERNANCE REPORT

The Board is committed to achieving and maintaining high standards of corporate governance and the Company sets out principles and general guidelines for the Directors who are required to abide by any applicable laws or legislation, including the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**") and the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"). This set of principles and guidelines covers aspects such as Board composition and balance, Board diversity, tenure, maximum number of directorships, Board member selection, code of conduct for the avoidance of conflicts of interest, and dealing in the shares of the Company.

The Board is entrusted to lead and oversee the Company, with the fundamental principle to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company. In addition to its statutory duties, the Board's principal functions are to:

- provide entrepreneurial leadership and set the corporate strategies of the Company. This includes setting the direction and goals for Management;
- establish a framework of prudent and effective controls, which enables risks to be assessed and managed, including safeguarding of Shareholders' interest and the Company's assets;
- supervise, monitor and review Management's performance against the goals set to enhance Shareholders' value;
- identify the key stakeholders and recognise that their perceptions affect the Company's reputation;
- set the Company's values and standards (including ethical standards), and ensure that obligations to Shareholders and other stakeholders are understood and met;
- consider sustainability issues, e.g. environmental and social factors, as part of its strategy formulation process; and
- oversee the overall corporate governance of the Company.

Delegation by the Board

The Board has delegated certain responsibilities to the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively, the "**Board Committees**"). The Board accepts that while these Board Committees have the authority to examine specific issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. The composition of the Board Committees are as follows:

Composition of the Board Committees

Board Committee Designation	AC	NC	RC
Chairman	Toh Shih Hua	Ong Hsien Chih, James (Weng Xianzhi, James)	Leong Yow Seng
Members	Leong Yow Seng	Chen Johnson	Yee Pinh Jeremy
	Ong Hsien Chih, James (Weng Xianzhi, James)	Leong Yow Seng	Peter Koh Heng Kang

Board Meetings and Attendance

CORPORATE GOVERNANCE REPORT

The Company was admitted to the Official List of the Catalist of the SGX-ST on 19 December 2018. No Board and Board Committees meetings were held subsequent to the admission in FY2018.

All Board and Board Committee meetings are scheduled well in advance every year in consultation with the Directors. To ensure meetings are held regularly with Directors' participation, the Company's constitution (the "**Constitution**") allows for meetings to be held through telephone and video conference. The Company ensures that telephonic and screen sharing facilities are made available for Directors to attend the meetings.

Regular meetings are held by the Board to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results. The Board will also convene additional meetings for particular matters as and when they are deemed necessary.

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion which the Board uses to measure Directors' contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Company.

The day-to-day operations are entrusted to the Executive Director and CEO who is assisted by an experienced and qualified team of executive officers.

Material Transactions Requiring Board Approval

The Company has in place policies for the approval of, *inter alia*, investments and divestments, related persons transactions and cash management. Such material transactions are specifically reserved for the Board's consideration and approval. The Company has also set out clear directions to Management in relation to such material transactions that are subject to the Board's approval.

Matters that require the Board's approval include, amongst others, the following:

- overall Company business and budget strategy;
- capital expenditures exceeding certain material limits;
- investments or divestments;
- all capital-related matters including capital issuance;
- significant policies governing the operations of the Company;
- corporate strategic development and restructuring;
- interested person transactions exceeding S$100,000 threshold; and
- risk management strategies.

Formal Appointment Letter to Each Director

The Company will provide each Director with a formal letter of appointment setting out the Director's duties and obligations.

Board Induction and Training

All newly appointed Directors will undergo an orientation programme where the Directors are briefed on the Company's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Company's business, the Directors will also be given the opportunity to visit the Company's operational facilities and meet with Management, whenever required.

CORPORATE GOVERNANCE REPORT

All first-time Directors who have no prior experience as a director of a company listed on the SGX-ST are required to attend the Mandatory Training as prescribed in the Catalist Rules.

The Board values on-going professional development and recognises that it is important that all Directors receive regular training(s) so as to be able to serve effectively on and contribute to the Board. To this end, the Company encourages continuous professional development for its Directors and funds such trainings.

Furthermore, Directors are regularly updated with the latest professional developments in relation to the Catalist Rules and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure compliance.

Principle 2 Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Independent Directors

Currently, the Board comprises 7 Directors, 4 of whom are independent, which complies with the Code's guideline on the proportion of independent directors on the Board.

Mr Leong Yow Seng has also been appointed as the Lead Independent Director to represent the views of Independent Directors, and to facilitate flow of information between Shareholders, the Chairman and the Board. He also makes himself available at all times when Shareholders have concerns and for which normal channels of the Chairman, CEO or Financial Controller (the "**FC**") have failed to resolve or are inappropriate. The Lead Independent Director makes himself available to Shareholders at the Company's general meetings.

Review of Directors' Independence

The Company has in place a policy for the Board whereby Directors should refrain from having any conflicts of interests with the Company to ensure that their duty to act in the best interests of the Company is not compromised. Directors must immediately report any conflicts of interests that have occurred or may possibly occur as soon as the Director is aware of such potential or actual conflict of interest. This ensures that Directors continually meet the stringent requirements of independence under the Code.

The NC reviews the independence of the Independent Directors annually. The Board and the NC take into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent.

The NC has reviewed and confirmed the independence of Independent Directors in accordance with the Code. The Independent Directors do not have any relationships with the other Directors, the Company, its related corporations, its 10% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company.

CORPORATE GOVERNANCE REPORT

Duration of Independent Directors' Tenure

There is no Independent Director who has served beyond 9 years since the date of his first appointment.

Board Diversity

The Board comprises 7 Directors: 1 Non-Executive Non-Independent Chairman, 1 Executive Director, 1 Non-Executive Non-Independent Director and 4 Independent Directors, who have the appropriate mix of core competencies and diversity of experience, to direct and lead the Company. There is a good balance between the Executive and Non-Executive Directors, with a strong and independent element on the Board.

The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate balance and diversity of skills, experience, gender and knowledge of the Company. The Board should also provide core competencies such as accounting or finance, business or management experience and industry knowledge for effective decision-making.

The Board's objective in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Company. In addition, the Board places emphasis on ensuring gender representation and diversity. At present, the Board has 1 female Director, Ms Toh Shih Hua.

The Board is of the view that the current board size is appropriate to effectively facilitate decision making in relation to the operations of the Company, taking into account the nature and scope of the Company's operations. The Board believes that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Company. The NC is also of the view that the current Board members comprise persons with a broad range of expertise and experience in diverse areas including accounting, finance, legal, business and management, technology, strategic planning and medical-related business experience.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

To meet the challenges of the changing landscapes in which the Company operates, such reviews and evaluations, which include considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies, would be done on a periodic basis to ensure that the Board dynamics remain optimal.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

Non-Executive Director Meetings in Absence of Management

Non-Executive Directors constructively challenge and help develop proposals on strategies and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. In addition, the Non-Executive Directors meet regularly in the absence of Management to discuss concerns or matters such as overall Company business strategies and investments.

CORPORATE **GOVERNANCE REPORT**

Principle 3 **Chairman and Chief Executive Officer**

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Segregation of the Role of Chairman and the CEO

The roles of the Chairman and the CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the CEO.

The Chairman leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures the quality, adequancy and timeliness of the flow of information between the Board and Management to facilitate efficient decision making. He chairs the Board meetings and encourages the Board members to present their views on topics under discussion at the meetings. He also assists in ensuring compliance with the Company's guidelines on corporate governance.

The CEO is responsible for the overall management, operations, strategic planning and business development of the Company. He also ensures that the Directors are kept updated and informed of the Company's businesses.

Lead Independent Director

Given that the Chairman is not independent, the Board has appointed Mr Leong Yow Seng as the Lead Independent Director. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating flow of information between Shareholders, the Chairman and the Board.

The Board is of the view that given the current composition of the Board, there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on the shared agreement without any individual exercising any significant power or influence.

Independent Directors Meetings in Absence of Other Directors

To facilitate well-balanced viewpoints on the Board, the Lead Independent Director will, where necessary, chair meetings with the Independent Directors without the involvement of other Directors, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

CORPORATE GOVERNANCE REPORT

Principle 4 Board Membership

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Nominating Committee

The NC comprises 3 members, a majority of whom including the chairman, are Independent Directors. The members of the NC are as follows:

Ong Hsien Chih, James (Weng Xianzhi, James)	Chairman
Chen Johnson	Member
Leong Yow Seng	Member

The NC is guided by written terms of reference, of which the key terms of reference are as follows:

(a) review and recommend to the Board the appointment of new directors and executive officers, including re-nominations of existing Directors for re-election in accordance with the Constitution, taking into account the Director's contribution and performance;
(b) review and approve any new employment of persons related to the Directors, CEO or substantial Shareholders and the proposed terms of their employment;
(c) determine on an annual basis whether or not a Director is independent;
(d) review and decide whether or not a Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
(e) review the training and professional development programs for the Board;
(f) review the succession plans for the Directors;
(g) review the Directors' mix of skills, experience, core competencies and knowledge of the Company that the Board requires to function competently and efficiently;
(h) determine and recommend to the Board the maximum number of listed company board representations which any Director may hold and disclosing this in the annual report;
(i) develop a process for evaluation of the performance of the Board as a whole and its committees, and assess the contribution of each Director to the effectiveness of the Board; and
(j) such other responsibilities as may be required by statute and/or the Catalist Rules and/or as recommended by the Code, and by such amendments made thereto from time to time.

Board Representations

The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his directorships in other listed companies and other principal commitments. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively, whilst taking into consideration the maximum number of listed company board representations each Director may hold.

CORPORATE GOVERNANCE REPORT

The considerations in assessing the capacity of Directors include the following:

- expected and/or competing time commitments of Directors;
- size and composition of the Board; and
- nature and scope of the Company's operations and size.

The NC takes into consideration the following measures and evaluation tools in its assessment of competing time commitments of Directors:

- declarations by each Director of their directorships in other listed companies and other principal commitments;
- annual confirmation by each Director on his ability to devote sufficient time and attention to the Company's affairs, having regard to his other commitments; and
- assessment of the each Directors' performance based on the pre-determined criteria.

As the Company was listed in December 2018, no review on the devotion of time and resources by each of the Directors to the Company's affairs was conducted by the NC in FY2018. Such reviews, taking into account the multiple directorships and other principal commitments of each of the Directors (if any) will be conducted for the financial year ending 31 December 2019 ("**FY2019**").

The Board has deliberated and set the maximum number of listed company board representations which any Director may hold to be 5. This is to ensure the Directors have sufficient time and attention to adequately perform their role.

Alternate Directors

None of the Directors have appointed an alternate director in FY2018.

Board Nomination Process

The Board has adopted the following nomination process for the Company for selecting and appointing new Directors and re-electing incumbent Directors:

Process for the selection and appointment of new Directors:

1.	Determination of selection criteria	• The NC, in consultation with the Board, will identify the current needs of the Board in terms of skills, experience, knowledge and gender to complement and strengthen the Board and increase its diversity.
2.	Search for suitable candidates	• The NC will consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions such as the Singapore Institute of Directors, professional organisations or business federations to source for a suitable candidate.
3.	Assessment of shortlisted candidates	• The NC will meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of Director	• The NC will recommend the selected candidate to the Board for consideration and approval.

CORPORATE GOVERNANCE REPORT

Process for the re-election of incumbent Directors:

1.	Assessment of Director	• The NC will assess the performance of the Director in accordance with the performance criteria set by the Board. • The NC will also consider the current needs of the Board.
2.	Re-appointment of Director	• Subject to the NC's satisfactory assessment, the NC will recommend the proposed re-appointment of the Director to the Board for consideration and approval.

The Constitution requires that at least one-third of the Board (or, if their number is not a multiple of 3, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting ("**AGM**"). A retiring Director is eligible for re-election at the AGM. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years.

The NC has reviewed and recommended the re-nomination and re-election of Mr Chen Johnson, Mr Lew Kwang Ping, Mr Peter Koh Heng Kang, Mr Leong Yow Seng, Ms Toh Shih Hua and Mr Ong Hsien Chih, James (Weng Xianzhi, James) who will be retiring as Directors at the forthcoming AGM.

Mr Chen Johnson will be retiring pursuant to Regulation 97 of the Constitution. Mr Lew Kwang Ping, Mr Peter Koh Heng Kang, Mr Leong Yow Seng, Ms Toh Shih Hua and Mr Ong Hsien Chih, James (Weng Xianzhi, James) will be retiring pursuant to Regulation 103 of the Constitution. All of them have offered themselves for re-election. The Board has accepted the recommendations of the NC.

Each member of the NC has abstained from voting on any resolutions and making recommendations and/or participating in respect of matters in which he has an interest.

Directors' Key Information

Key information regarding the Directors such as their date of first appointment and directorships held presently and in the past 3 preceding years in other listed companies are set out on pages 11 to 14 of this annual report.

Principle 5 **Board Performance**

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Performance Criteria

The Board has established processes to be carried out by the NC, including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual Directors. At the same time, the processes also identify areas where improvements can be made. This will then allow the Board and individual Directors to direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual Directors.

CORPORATE
GOVERNANCE REPORT

The NC will evaluate the Board's performance covering areas that include, *inter alia*, size and composition of the Board, Board's access to information, Board processes, strategic planning and accountability.

The NC shall also review the overall performance of the Board and the Board Committees in terms of their roles and responsibilities and the conduct of their affairs as a whole.

The NC may also engage an external facilitator for the evaluation process where necessary.

The review of the performance of the Board will be conducted by the NC annually. The review of the performance of each Director will also be conducted annually and when the individual Director is due for re-election.

It is envisaged that the review process of the performance of the Board and the individual Directors will be based on the following:

1. each Director will complete a board evaluation questionnaire on the effectiveness of the Board based on the Board's pre-determined criteria;
2. the Company Secretary will collate and submit the questionnaire results to the NC chairman in the form of a report;
3. each Director will send the duly completed confidential individual Director self-assessment checklist to the NC chairman for review; and
4. the NC will discuss the report and the NC chairman will present the results of the performance review during the NC meeting.

All NC members will abstain from the voting or review process of any matter in connection with the assessment of their individual performance. The assessment criteria for individual Director evaluation includes, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and ability, teamwork, and overall effectiveness.

The NC will review the aforementioned criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long-term Shareholders' value. Where circumstances deem it necessary for any of the criteria to be changed, the NC will propose amendments to the Board for approval.

As the Company was listed in December 2018, no Board and individual Director evaluations were conducted by the NC in FY2018. Such Board and individual Director evaluations will be conducted in FY2019.

Principle 6 Access to Information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Provision of Information

All Directors are furnished at least on a quarterly basis with information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Management. Information provided to the Board includes board papers, copies of disclosure documents, budgets, forecasts, business strategies, risk analyses and assessments, financial statements and reports from the internal and external auditors. The Board has unrestricted access to the Company's records and information.

CORPORATE **GOVERNANCE REPORT**

The Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, the Management endeavours to circulate information for the Board meetings at least one week prior to the meetings to allow sufficient time for the Directors' review.

The Board has separate and independent access to Management at all times. The Management is available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or such information can also be provided by external consultants engaged on specific projects. The Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.

The Management will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects. In addition, the Management keeps the Board appraised of regulatory updates and implications, as well as significant project updates.

Frequent information updates are provided by the Executive Director and CEO through emails, telephone conferences and informal meetings.

Company Secretary

The role of the Company Secretary is as follows:

- ensuring that Board procedures are observed and that the Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act and the Catalist Rules, are complied with;
- assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term Shareholders' value;
- assisting the Chairman to ensure good information flow within the Board, the Board Committees and the Management;
- facilitating orientation and assisting with professional development as required;
- training, designing and implementing a framework for the Management's compliance with the Catalist Rules, including timely disclosure of material information;
- attending and preparing minutes for all Board and Board Committee meetings;
- assisting to ensure coordination and liaison between the Board, the Board Committees and the Management; and
- assisting the Chairman, the chairman of each Board Committees and the Management in the development of the agenda for the various Board and Board Committee meetings.

The Directors have separate and independent access to the Company Secretary.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Independent Professional Advice

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Principle 7 Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No directors should be involved in deciding his own remuneration.

Remuneration Committee

The RC comprises 3 members, a majority of whom including the chairman, are Independent Directors:

Leong Yow Seng	Chairman
Yee Pinh Jeremy	Member
Peter Koh Heng Kang	Member

The RC recommends to the Board a framework of remuneration for the Directors and executive officers, and determines the specific remuneration package for the Executive Director and executive officers. The RC recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and benefits-in-kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.

The RC is guided by written terms of reference, of which the key terms of reference as follows:

(a) to recommend to the Board a framework of remuneration for the Executive Director and CEO and executive officers;
(b) to be responsible for the administration of the Company's performance share plan;
(c) to be responsible for all aspects of remuneration, including, but not limited, to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
(d) to review the remuneration of the executive officers and employees related to the Directors, CEO or substantial Shareholders, if any, to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
(e) to review and approve any bonuses, pay increments and/or promotions for the executive officers and employees related to the Directors, CEO or substantial Shareholders, if any; and
(f) to seek expert advice from external consultants on remuneration matters, if necessary.

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Remuneration Consultant

The RC may, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Company remains competitive in this regard. For FY2018, the Company did not engage any external remuneration consultant.

Principle 8 **Level and Mix of Remuneration**

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Remuneration Structure

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The RC also seeks to ensure that the structure of remuneration packages for the Executive Director and executive officers are appropriate in linking rewards with performance and that is aligned with the interests of Shareholders and promote the long-term success of the Company. The remuneration of the Independent Directors is also reviewed by the RC to ensure that the remuneration is commensurate with the contribution and responsibilities of the Independent Directors.

The Company had entered into a service agreement (the "**Service Agreement**") with the Executive Director and CEO, Mr Lew Kwang Ping, for an initial period of 3 years (the "**Initial Term**") and renewable automatically on a yearly basis thereafter, unless otherwise agreed. The Executive Director and CEO receives a monthly salary and is entitled to an annual wage supplement of one month's salary in respect of each complete year of service or part thereof. In addition, after the first 12 months of employment, Mr Lew Kwang Ping may, in respect of each financial year, be entitled to receive an annual performance bonus after the audited financial statements for the relevant year have been approved by the Board, which shall be at the sole discretion of the Board and/or RC, taking into account the performance of Mr Lew Kwang Ping and the Company against performance goals set by the Company. The Company is entitled to recover from the Executive Director and CEO all or part of any annual wage supplement, annual performance bonus and shares paid to the Executive Director and CEO under the Service Agreement in the event that there is a restatement of the financial statements of the Company made to reflect the correction of a misstatement due to error or fraud during the financial year and the preceding year of the Company, or misconduct of the Executive Director and CEO resulting in financial loss to the Company. Please refer to the Company's offer document dated 11 December 2018 ("**Offer Document**") for further details.

Each Independent Director receives a Director's fee which takes into account factors such as effort and time spent and scope of responsibilities. The fees for Independent Directors are subject to Shareholders' approval at the forthcoming AGM.

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Principle 9 **Disclosure on Remuneration**

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Directors' Remuneration

The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. Total compensation is pegged to the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market.

The remuneration (including salary, bonuses, contributions to the Central Provident Fund, allowances and benefits-in-kind) of each of the Directors and executive officers are linked to the financial performance of the Company and the individual's performance so as to promote the long-term sustainability of the Company.

The breakdown of the total remuneration of the Directors for FY2018 is as follows:

Name	Salary (%)	Benefits (%)	Bonus (%)	Directors' fee (%)	Total (%)
Below S$250,000					
Yee Pinh Jeremy	–	–	–	–	–
Lew Kwang Ping	100	–	–	–	100
Chen Johnson	–	–	–	–	–
Leong Yow Seng	–	–	–	100	100
Ong Hsien Chih, James (Weng Xianzhi, James)	–	–	–	100	100
Peter Koh Heng Kang	–	–	–	100	100
Toh Shih Hua	–	–	–	100	100

No compensation was paid or is to be paid in the form of share awards to the Directors. There were no termination, retirement or post-employment benefits granted to the Directors in FY2018.

Executive Officers' Remuneration

The breakdown of the total remuneration of the Company's executive officers (who are not Directors or the CEO) for FY2018 is as follows:

Name	Salary (%)	Benefits (%)	Shares (%)	Bonus (%)	Total (%)
Below S$250,000					
Huang Junquan	100	–	–	–	100
Tan Wei Chee	100	–	–	–	100

No compensation was paid or is to be paid in the form of share awards to the executive officers of the Company. There were no termination, retirement or post-employment benefits granted to the Company's executive officers in FY2018.

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In considering the disclosure of remuneration of the Directors and executive officers of the Company, the Board has decided not to disclose the full details of the remuneration of each Director and executive officer due to the sensitive nature of such information and to prevent the poaching of key executives.

The annual aggregate remuneration paid to the executive officers of the Company (excluding the CEO) for FY2018 was approximately S$259,000.

Employees Related to a Director or the CEO

There is no employee who is an immediate family member of a Director and/or the CEO, whose remuneration exceeded S$50,000 during FY2018.

Biolidics Performance Share Plan

The Company has implemented the Biolidics Performance Share Plan (the "**Plan**"). The primary objective of the Plan is to retain employees whose contributions are essential to the well-being and prosperity of the Company and to give recognition to outstanding employees who have contributed to the growth of the Company.

Eligible participants (the "**Participants**") under the Plan will have the opportunity to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity and promoting organisational commitment, dedication and loyalty of Participants towards the Company, as well as motivating Participants to strive towards performance excellence and to maintain a high level of contribution to the Company. The Plan also affords the Company greater flexibility in structuring compensation packages so that the Company is able to make employee remuneration sufficiently competitive to recruit new employees and/or to retain existing employees whose contributions are important to the long-term growth and profitability of the Company.

The Plan is administered by the RC.

The RC may decide the eligibility of Participants, the number of shares to be granted (the "**Awards**") to the Participants and the vesting period as the RC may determine, in its absolute discretion, taking into account factors including the Company's financial performance and factors such as the rank, job performance, potential for future development and contribution to the success and development of the Company of the Participant.

The RC may grant Awards in relation to which a performance condition is specified ("**Performance-related Awards**"). In relation to each Performance-related Award, the RC must determine that the relevant performance condition has been satisfied during the relevant performance period before the shares comprised in the Award may be allotted or transferred to the relevant Participant. If the RC determines, in its sole discretion, that the relevant performance condition has not been satisfied during the relevant performance period, or if the relevant Participant (being an employee of the Company) has not continued to be an employee from the date of grant up to the end of the relevant performance period, the Performance-related Award will lapse.

As at the date of this annual report, no Awards have been granted under the Plan.

Please refer to the Offer Document for further details.

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Performance Criteria for Remuneration

The remuneration received by the Executive Director and executive officers takes into consideration his or her individual performance and contribution towards the overall performance of the Company. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The performance criteria to assess the remuneration of Executive Director and executive officers includes, among others, the profitability of the Company, leadership skills, as well as the Executive Director's and executive officers' compliance with all audit matters. The short-term incentive scheme would be the performance-related variable component of remuneration while the long-term incentive scheme would be the Plan.

As the Company was listed in December 2018, the RC is still in the process of finalising the performance criteria. As such, there are no agreed upon performance conditions for assessment for FY2018. Such performance conditions will be evaluated in FY2019.

ACCOUNTABILITY AND AUDIT

Principle 10 **Accountability**

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Assessment of Company's Performance, Position and Prospects

The Board is accountable to Shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with legislative and regulatory requirements, including the Catalist Rules.

Price sensitive information will be publicly released either before the Company meets with any Company of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within regulatory prescribed periods.

The Management provides the Board with updates covering operational performance, financial results, marketing and business developments and other relevant information on a quarterly basis and as and when the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

The Board also acknowledges its responsibility in relation to the preparation of the financial statements of the Company. The Board ensures that the preparation of the financial statements of the Company is in accordance with statutory requirements and applicable accounting standards.

All material information are released in a timely manner through various media, including announcements and press releases posted on the Company's website and disclosure via SGXNET.

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Principle 11 **Risk Management and Internal Controls**

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Risk Management and Internal Controls

The Board, with the assistance from the AC, is responsible for risk governance and ensuring that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Company's assets. The Board acknowledges that risk management is an on-going process in which the Management continuously participates to evaluate, monitor and report to the Board and the AC on significant risks. The Board is cognizant, however, that internal controls and risk management systems are designed to manage identifiable risks and limit the Company's exposure to risk of errors and irregularities and can only provide reasonable mitigation and not absolute assurance against material misstatement or loss.

The Board will, at least annually, review the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems.

Adequacy and Effectiveness of Internal Controls

The Management is responsible for the design and implementation of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The review of the adequacy and effectiveness of such internal controls and risk management systems is under the purview of the AC. The AC carries out the review at least annually with the assistance of the internal auditors, KPMG Services Pte. Ltd ("**KPMG**"). The AC reviews the audit plans and the findings of the external auditors and the internal auditors and ensures that appropriate measures are implemented to address those issues and any weaknesses in the internal controls are highlighted.

The Board has obtained the following assurance from the CEO and the FC in respect of FY2018:

(i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
(ii) the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

Based on the internal controls policies and procedures established and maintained by the Company, work performed by the internal auditors and the external auditors, assurance from the CEO and the FC, as well as reviews performed by the AC and the Management, the Board confirms that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2018. The AC concurs with the Board's comments.

The Board notes that the internal controls and risk management systems established by the Company provide reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledge that no internal controls and risk management systems can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

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Principle 12 **Audit Committee**

The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.

Audit Committee

The AC comprises 3 members, all of whom, are Independent Directors:

Toh Shih Hua	Chairman
Leong Yow Seng	Member
Ong Hsien Chih, James (Weng Xianzhi, James)	Member

The AC will meet with the internal auditors and the external auditors without the presence of the Management at least once a year to, *inter alia*, ascertain if there are any material weaknesses or control deficiency in the Company's financial reporting and operational systems.

The members of the AC do not have any management and business relationships with the Company or any substantial Shareholder.

None of the AC members were previous partners or directors of the Company's existing external auditing firm and none of the AC members hold any financial interest in the external auditing firm.

The AC is guided by written terms of reference, including:

(a) assist the Board in the discharge of its responsibilities on financial and reporting matters;
(b) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits compiled by the internal and external auditors, and will review at regular intervals with the Management the implementation by the Company of the internal controls recommendations made by the internal and external auditors;
(c) review the periodic financial statements and any formal announcements relating to Company's financial performance before submission to Board for approval, focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audits, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory or regulatory requirements, concerns and issues arising from the audits, including any matters which the auditors may wish to discuss in the absence of Management, where necessary;
(d) review the cash management processes;
(e) review and report to the Board, at least annually, the effectiveness and adequacy of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems and discuss issues and concerns, if any, arising from the internal audits;
(f) review the independence and objectivity of the internal and external auditors as well as consider the appointment or re-appointment of internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors;
(g) commission and review the findings of internal investigations into, and discuss with the internal and external auditors, any suspected fraud or irregularity, or suspected infringement of any laws, rules or regulations which has or is likely to have a material impact on the Company's results of operations or financial position, and the Management's response;

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GOVERNANCE REPORT

(h) review the financial risk areas, with a view to providing an independent oversight of the Company's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, to be immediately announced via SGXNET;
(i) review the cooperation given by the Management to the internal and external auditors;
(j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
(k) review any potential conflicts of interest and set out a framework to resolve or mitigate any potential conflict of interest;
(l) review and approve all hedging policies and instruments (if any) to be implemented by the Company;
(m) review and establish procedures for receipt, retention and treatment of complaints received by the Company concerning, among others, criminal offences involving the Company or the employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Company, and ensure that there are arrangements in place for independent investigation and follow-up action;
(n) review the procedures by which the employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to the chairman of the AC, and ensure that there are arrangements in place for independent investigation and follow-up action;
(o) such other responsibilities as may be required by statute and/or the Catalist Rules and/or as recommended by the Code, and by such amendments made thereto from time to time;
(p) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising therefrom and which require the attention of the AC; and
(q) monitor the implementation of a policy and procedures for sustainability reporting.

In addition, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's results of operations or financial position.

Qualifications of AC

The Board is of the view that the AC chairman and members are appropriately qualified, with the necessary accounting, financial advisory, business management, corporate and finance and investment expertise and experience to discharge the AC's functions.

Ms Toh Shih Hua is a Chartered Accountant and has extensive corporate and financial management knowledge. Mr Leong Yow Seng is currently the Group Chief Financial Officer of Minergy Resources Pte. Ltd., with many years of financial reporting and corporate finance experience. Mr Ong Hsien Chih, James (Weng Xianzhi, James) is a Certified Public Accountant in Australia and has extensive corporate finance exposure.

Authority of AC

Apart from the duties listed above, the AC has the power to conduct or authorise investigations into any matters within the AC's terms of reference. The AC has full access to and cooperation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC is authorised to obtain independent professional advice as it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

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Meeting between AC and Auditors

The AC has met with the external auditors without the presence of the Management to understand the issues (if any) and the level of cooperation given by the Management in respect of their audit for FY2018.

Independence of External Auditors

A breakdown of the fees paid to the external auditors of the Company for FY2018 is as follows:

Fees Paid/Payable to the External Auditors for FY2018		
	S$	% of total
Audit fees	80,000	33.64
Non-audit fees	157,800	66.36
Total	237,800	100

The non-audit fees relates to the one-off IPO fees and tax filing services. The AC has undertaken a review of all non-audit services that are provided by the external auditors and is satisfied that the provision of such services has not affected the independence and objectivity of the external auditors.

The Company confirms that it complies with Rule 712 of the Catalist Rules on the appointment of auditing firm for the Company.

As a matter of good corporate governance, the AC is of the view that it would be appropriate to periodically rotate audit firms to enable the Company to benefit from fresh perspectives and views of another professional accounting firm, thereby enhancing the value of the audit. The Board concurs with this view and believes that it is timely to consider a change of auditors of the Company for the audit for FY2019.

Deloitte & Touche LLP will not be seeking re-appointment as auditors of the Company at the forthcoming AGM. The Board will be seeking Shareholders' approval on the appointment of Ernst & Young LLP as the auditors of the Company. Please refer to the Appendix to Notice of AGM for further information.

Whistle-blowing Policy

The Company has in place a whistle-blowing policy. It is intended to provide a framework to promote responsible and secure whistleblowing without fear of adverse consequences. The Company's employees and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters verbally or in writing to the FC. All matters reported will be reviewed within a reasonable timeframe, and after due consideration and inquiry, a decision will be taken on whether to proceed with a detailed investigation. Guidance/direction may be sought from the CEO and other appropriate parties. While all complaints received by the FC will be reported to the CEO, whistleblowing complaints alleging fraud and breaches of corporate governance will be escalated to the AC and the Chairman of the Board. No incidence of whistle blowing was received by the AC.

The details of the policy have been disseminated and made available to all parties concerned in the Company's Staff Handbook.

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Principle 13 **Internal Audit**

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Internal Audit

The AC reviews and approves the internal audit plan on an annual basis to ensure the adequacy of the scope of audit. The AC also ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

The internal audit plan complements that of the external auditors and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Company's internal controls and risk management systems.

The Company's internal audit function is outsourced to KPMG and they report directly to the AC chairman and administratively to the CEO. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

KPMG is a member of The Institute of Internal Auditors Singapore, and is staffed with professionals with relevant qualifications and experience. The Company's engagement with KPMG stipulates that its work shall comply with the KPMG's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by The Institute of Internal Auditors ("**IIA Standards**"). The internal audit continues to meet or exceed the IIA Standards in all key aspects. KPMG has confirmed their independence to the AC and the Board. With reference to the above, the AC is satisfied that KPMG is able to discharge its duties effectively.

The internal auditors report their findings to the AC and the Board. The Management is responsible for ensuring that appropriate measures are implemented to address the internal controls weaknesses highlighted by the internal auditors.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 **Shareholder Rights**

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Shareholder Rights

The Company treats all Shareholders fairly and equitably, and recognises, protects and facilitates the exercise of Shareholders' rights and continually reviews and updates such governance arrangements.

The Company is committed to making timely, full and accurate disclosures to Shareholders and the public. All information on the Company's new initiatives which would be likely to materially affect the price or value of the Company's shares will be promptly disseminated via SGXNET to ensure fair communication with Shareholders. The Company does not practice selective disclosure.

All Shareholders are informed of general meetings through notices contained in our annual reports or circulars sent to them. Shareholders will be given the opportunity to participate effectively in and vote at the general meetings.

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The Constitution allows members of the Company to appoint 2 proxies to attend, speak and vote at the general meetings on their behalf. A relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to different share or shares held by such member.

Supplementary Retirement Scheme Investors ("**SRS Investors**") may attend and cast their vote(s) at the general meetings in person. SRS Investors who are unable to attend the general meetings but would like to vote, may inform their Supplementary Retirement Scheme approved nominees to appoint the chairman of the general meetings to act as their proxy.

Principle 15 Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Communication with Shareholders

The Company commits itself to disclose and convey pertinent information to all stakeholders in a timely manner.

General meetings are the principal forum for dialogue with Shareholders and Shareholders are encouraged to participate in such meetings. During these meetings, Shareholders are able to engage with the Board and the Management in discussions on the Company's business activities, financial performance and other business-related matters. This enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company on investors' views.

The Company's financial results and annual reports are announced or issued within the period specified under the Catalist Rules, and are also made available to the public via the Company's website, https://www.biolidics.com. The website is also updated regularly and contains various other investor-related information on the Company which serves as an important resource for investors.

As and when necessary, the Executive Director and the key management personnel will meet analysts and fund managers who wish to seek a better understanding of the Company's business and operations.

The Company has appointed an investor relations firm, 8PR Asia Pte Ltd, to manage communication with its stakeholders and to ensure that their queries and concerns are promptly addressed by the relevant management personnel.

Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors such as levels of cash and accumulated profits, actual and projected financial performance, projected levels of capital requirements and general financing conditions, restrictions on payment of dividends imposed on the Company by its financing arrangements (if any), general economic and business conditions in countries the Company operates and other relevant factors as the Board may deem appropriate.

No dividend was declared by the Company for FY2018 as the Company is not profitable.

CORPORATE GOVERNANCE REPORT

Principle 16 Conduct of Shareholder Meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Conduct of Shareholder Meetings

Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay apprised of the Company's strategy and goals. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Notice of the general meetings will be advertised in newspapers and announced on SGXNET.

The Constitution allows for absentia voting (including but not limited to the voting by mail, electronic mail or facsimile). A shareholder is entitled to attend and vote or to appoint not more than 2 proxies who need not be a shareholder, to attend and vote at the general meetings on his behalf.

An independent polling agent will be appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meeting. The Company ensures that Shareholders are given the opportunity to participate effectively in and vote at general meetings.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Separate resolutions are proposed for substantially separate issues at Shareholders' meetings for approval. "Bundling" of resolutions is done only where the resolutions are interdependent and linked so as to form one significant proposal and only where there are reasons and material implications involved.

Directors (including the respective chairmen of the Board Committees) will be present at general meetings, to address Shareholder's queries. The external auditors are also required to be present to address Shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

All minutes of general meetings including the questions raised by Shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will be made available to Shareholders on their request.

All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meetings. Electronic poll voting will be adopted so as to ensure greater transparency. Votes cast for and against each resolution will be tallied and displayed live-on-screen to Shareholders immediately at the general meeting.

Material Contracts

Save for the Service Agreement, there were no material contracts of the Company involving the interests of the CEO, any Director or controlling Shareholder which are either still subsisting at the end of FY2018 or, if not then subsisting, entered into since the end of FY2017.

CORPORATE GOVERNANCE REPORT

Interested Persons Transaction ("IPT")

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)
Name of Interested Person	**FY2018 (S$'000)**
Hybrionic Pte Ltd – Purchases of products	126

The Company does not have a general mandate for IPT.

The Company has implemented an internal policy in respect of any transactions with an interested person (as defined in the Catalist Rules) and has established procedures for the review and approval of all IPTs entered into by the Company. In the event that a potential conflict of interest arises, the Director concerned will not participate in discussions, abstain from decision making, and refrain from exercising any influence over other members of the Board.

The Company has also established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and the transactions will not be prejudicial to the interest of the Company and its minority Shareholders. To ensure compliance with Chapter 9 of the Catalist Rules, the Board and the AC will review, on a quarterly basis, IPTs entered into by the Company (if any).

Dealing in Securities

The Company has adopted an internal policy which prohibits all employees of the Company from dealing in the securities of the Company while in possession of price-sensitive information. All employees of the Company are expected to observe insider trading laws at all times.

All employees of the Company are discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in the Company's securities 1 month before the announcement of the Company's half year and full year financial statements.

Non-sponsor Fees

Save for the fees in relation to the IPO, no non-sponsor fees were paid to the Company's sponsor, United Overseas Bank Limited, for FY2018.

CORPORATE GOVERNANCE REPORT

Use of IPO Proceeds and Proceeds Raised from the IPO

The Company received net proceeds from the IPO of approximately S$6.1 million.

The net proceeds have been utilised as follows:

	Amount allocated (as disclosed in the Offer Document) (S$'000)	Amount utilised as at the date of this annual report (S$'000)	Balance (S$'000)
Expand our clinical services applications and clinical services customer segment	2,700	(302)	2,398
Advance our pipeline products	2,400	–	2,400
General corporate and working capital purposes[1]	1,000	(568)	432
Total	6,100	(870)	5,230

Note:

(1) Comprises employee salaries, rental expenses and travelling expenses.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Biolidics Limited (formerly known as Clearbridge Biomedics Pte. Ltd.) (the "Company") and its subsidiaries (collectively, the "Group") and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 50 to 108 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Chen Johnson	
Yee Pinh Jeremy	
Lew Kwang Ping	(Appointed on September 19, 2018)
Leong Yow Seng	(Appointed on November 20, 2018)
Ong Hsien Chih, James (Weng Xianzhi, James)	(Appointed on November 20, 2018)
Peter Koh Heng Kang	(Appointed on November 20, 2018)
Toh Shih Hua	(Appointed on November 20, 2018)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraph 4 of the Directors' statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of year or date of appointment, if later**	**At end of year**	**At beginning of year or date of appointment, if later**	**At end of year**
The Company				
(Ordinary shares)				
Chen Johnson	–	2,748,300	164,880	60,135,400
Ong Hsien Chih, James (Weng Xianzhi, James)	–	52,200	–	–
(Preference shares)				
Chen Johnson	–	–	126,703	–

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

By virtue of Section 7 of the Singapore Companies Act, no director is deemed to have interest in the subsidiaries held by the Company.

The director's interests in the shares and options of the Company at January 21, 2019 were the same at December 31, 2018.

4 SHARE OPTIONS

(a) Options to take up unissued shares

The Employees Share Option Scheme (the "Scheme") in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on May 25, 2011.

On September 26, 2018, the Company allotted and issued an aggregate of 48,601 ordinary shares to the participants in the Scheme in connection with their exercise of options granted to them and the Scheme was terminated on the same day. As of September 26, 2018, there were no options granted under the Scheme that remained unexercised.

(b) Unissued shares under option and options exercised

The number of outstanding share options under the Scheme are as follows:

Date of grant	Balance at January 1, 2018	Granted	Exercised	Buyback/ Cancelled/ Lapsed	Outstanding at December 31, 2018	Exercise price per share
May 25, 2011	14,353	–	(14,353)	–	–	$0.03
June 25, 2012	5,294	–	(5,294)	–	–	$1.36
January 1, 2014	1,125	–	(1,125)	–	–	$4.51
January 3, 2014	21,822	–	(19,759)	(2,063)	–	$4.51
January 20, 2014	1,125	–	(1,125)	–	–	$4.51
April 17, 2014	1,125	–	(1,125)	–	–	$4.51
October 1, 2014	376	–	(376)	–	–	$6.92
October 1, 2015	7,493	–	(5,444)	(2,049)	–	$6.92
	52,713	–	(48,601)	(4,112)	–	

The information on directors of the Company participating in the Scheme is as follows:

Name of director	Balance at January 1, 2018	Granted	Exercised	Cancelled/ Lapsed	Outstanding at December 31, 2018
Chen Johnson	13,642	–	(13,642)	–	–
Roelofs Nicholas Henry (Resigned on September 19, 2018)	1,125	–	(1,125)	–	–

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE

The Audit Committee ("AC") of the Company was formed by the Board of Directors on November 20, 2018. The AC is chaired by Ms. Toh Shih Hua, an Independent Director, and includes Mr. Leong Yow Seng, the Lead Independent Director and Mr. Ong Hsien Chih, James (Weng Xianzhi, James), an Independent Director. From the date of forming of the AC until the date of this report, the AC convened 1 meeting on February 28, 2019 with full attendance from all members. The AC has also met with the external and internal auditors without the presence of the Company's management.

The AC carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the co-operation and assistance given by the Company's management to the external and internal auditors;
- Reviewed the annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

DIRECTORS' **STATEMENT**

6 AUDITORS

Deloitte & Touche LLP will not be seeking re-appointment and Ernst & Young LLP has been nominated to be the auditors for the year ending December 31, 2019. The appointment is subject to shareholders' approval at the Annual General Meeting on April 30, 2019.

ON BEHALF OF THE DIRECTORS

Lew Kwang Ping
Director

Yee Pinh Jeremy
Director

Singapore
April 4, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIOLIDICS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Biolidics Limited (formerly known as Clearbridge Biomedics Pte. Ltd.) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 108.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of property, plant and equipment and intangible assets

As at December 31, 2018, the carrying amounts of the Group's property, plant and equipment ("PPE") and intangible assets ("IA") amounted to approximately $351,000 and $578,000 respectively. These assets are used in or derived from the research and development activities of the Group on the biomedical products.

The Group has been incurring losses and there is a risk that the recoverable amount of the PPE and IA might be lower than the carrying amounts.

Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test PPE and IA for impairment at least annually or more frequently when there is an indication that the PPE and/or IA may be impaired. Management assessed the recoverable amounts by discounting the estimated future cash flows expected from the sale of the biomedical products to their present value. This assessment requires the exercise of significant judgement and use of subjective assumptions by management, particularly the growth rates of the business and the discount rates applied to the estimated future cash flows.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIOLIDICS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Our audit procedures focused on evaluating and challenging key assumptions used by management in conducting the impairment assessment. These procedures included:

- Reviewing management's key assumptions and estimates used such as the penetration rate and sales volume of the biomedical products, the discount rate and the long term growth rate, and performing a retrospective review of management's judgments applied in prior year's cash flow forecasts;

- Involving our valuation specialists to assess the reasonableness of the valuation methodology, and to independently develop expectations, in particular, the discount rate, long term growth rate and compare the independent expectations to those used by management;

- Obtaining an understanding of management's business strategy and challenging the remaining key assumptions used in the cash flow forecast, by comparing to current and future market data; and

- Performing sensitivity analysis around the key drivers of the cash flow forecasts.

We have also reviewed the adequacy and appropriateness of the disclosures included in Notes 11 and 12 respectively to the financial statements in relation to the key sources of estimation uncertainty and the key assumptions used.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIOLIDICS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cause significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIOLIDICS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tsia Chee Wah.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 4, 2019

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018

	Note	December 31, 2018* $	Group December 31, 2017 $ (Restated)	January 1, 2017 $ (Restated)
ASSETS				
Current assets				
Cash and cash equivalents	6	**11,499,177**	2,454,536	1,033,029
Trade receivables	7	**454,605**	289,510	700,586
Other receivables	8	**532,640**	361,023	384,018
Inventories	9	**776,647**	979,060	411,453
Total current assets		**13,263,069**	4,084,129	2,529,086
Non-current assets				
Property, plant and equipment	11	**351,020**	503,255	683,003
Intangible assets	12	**577,799**	618,513	513,272
Total non-current assets		**928,819**	1,121,768	1,196,275
Total assets		**14,191,888**	5,205,897	3,725,361
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	13	**308,316**	813,378	223,879
Other payables	14	**1,035,960**	384,990	564,185
Contract liabilities	15	**188,409**	11,042	353,500
Convertible loans	16	**–**	9,794,150	2,907,674
Total current liabilities		**1,532,685**	11,003,560	4,049,238
Non-current liabilities				
Contract liabilities	15	**100,816**	–	–
Convertible loans	16	**–**	6,322,156	5,850,396
Redeemable convertible preference shares	17	**–**	11,726,716	10,547,359
Total non-current liabilities		**100,816**	18,048,872	16,397,755
Capital and reserves				
Share capital	18	**53,798,878**	10,244,066	10,244,066
Translation reserve	19	**–**	9,826	(10,209)
Share option reserve	19	**–**	997,608	930,054
Accumulated losses		**(41,240,491)**	(35,098,035)	(27,885,543)
Total equity (Net capital deficiency)		**12,558,387**	(23,846,535)	(16,721,632)
Total liabilities and equity		**14,191,888**	5,205,897	3,725,361

* During the year, the Group dissolved all of its subsidiaries and as a result, the statement of financial position of the Group is identical to the statement of financial position of the Company as at December 31, 2018 due to the deconsolidation of the subsidiaries.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018

	Note	December 31, 2018 $	Company December 31, 2017 $ (Restated)	January 1, 2017 $ (Restated)
ASSETS				
Current assets				
Cash and cash equivalents	6	**11,499,177**	2,413,239	1,018,673
Trade receivables	7	**454,605**	268,928	700,586
Other receivables	8	**532,640**	1,046,701	566,025
Inventories	9	**776,647**	955,591	411,453
Total current assets		**13,263,069**	4,684,459	2,696,737
Non-current assets				
Investment in subsidiaries	10	**–**	13,645	196,393
Property, plant and equipment	11	**351,020**	503,255	683,003
Intangible assets	12	**577,799**	618,513	513,272
Total non-current assets		**928,819**	1,135,413	1,392,668
Total assets		**14,191,888**	5,819,872	4,089,405
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	13	**308,316**	813,378	223,879
Other payables	14	**1,035,960**	363,704	556,210
Contract liabilities	15	**188,409**	11,042	353,500
Convertible loans	16	**–**	9,794,150	2,907,674
Total current liabilities		**1,532,685**	10,982,274	4,041,263
Non-current liabilities				
Contract liabilities	15	**100,816**	–	–
Convertible loans	16	**–**	6,322,156	5,850,396
Redeemable convertible preference shares	17	**–**	11,726,716	10,547,359
Total non-current liabilities		**100,816**	18,048,872	16,397,755
Capital and reserves				
Share capital	18	**53,798,878**	10,244,066	10,244,066
Share option reserve	19	**–**	997,608	930,054
Accumulated losses		**(41,240,491)**	(34,452,948)	(27,523,733)
Total equity (Net capital deficiency)		**12,558,387**	(23,211,274)	(16,349,613)
Total liabilities and equity		**14,191,888**	5,819,872	4,089,405

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2018

	Note	Group 2018 $	Group 2017 $
Revenue	20	**1,267,906**	2,083,506
Other income	22	**64,767**	119,271
Changes in inventories		**(6,545)**	567,607
Purchases		**(381,234)**	(1,292,510)
Employee benefits expense	26	**(1,330,376)**	(1,669,084)
Depreciation expense	11	**(361,757)**	(484,645)
Amortisation expense	12	**(29,257)**	(18,462)
Research and development expense	26	**(1,072,043)**	(994,714)
Change in fair value of financial liabilities designated as FVTPL	16	**(312,354)**	(1,795,856)
Other expenses	23	**(3,514,976)**	(2,548,248)
Finance costs	24	**(575,668)**	(1,179,357)
Loss before tax		**(6,251,537)**	(7,212,492)
Income tax expense	25	**–**	–
Loss for the year	26	**(6,251,537)**	(7,212,492)
Other comprehensive income (loss) for the year			
Items that may be reclassified subsequently to profit or loss			
– Effects of translation of foreign operations		**2,645**	20,035
– Reclassification adjustment transfer to profit or loss for derecognition of translation reserve upon dissolution of subsidiaries		**(12,471)**	–
Total comprehensive loss for the year		**(6,261,363)**	(7,192,457)
Basic and diluted loss per share (cents)	28	**(4.95)**	(14.37)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018

Group	Note	Share capital $	Translation reserve $	Share option reserve $	Accumulated losses $	Total $
Balance as at January 1, 2017		10,244,066	(10,209)	930,054	(27,885,543)	(16,721,632)
Total comprehensive loss for the year						
Loss for the year		–	–	–	(7,212,492)	(7,212,492)
Other comprehensive income for the year		–	20,035	–	–	20,035
Total		–	20,035	–	(7,212,492)	(7,192,457)
Transactions with owners, recognised directly in equity						
Recognition of share-based payments		–	–	67,554	–	67,554
Total		–	–	67,554	–	67,554
Balance at December 31, 2017		10,244,066	9,826	997,608	(35,098,035)	(23,846,535)

Group	Note	Share capital $	Translation reserve $	Share option reserve $	Accumulated losses[1] $	Total $
Balance as at January 1, 2018		**10,244,066**	**9,826**	**997,608**	**(35,098,035)**	**(23,846,535)**
Total comprehensive loss for the year						
Loss for the year		**–**	**–**	**–**	**(6,251,537)**	**(6,251,537)**
Other comprehensive loss for the year		**–**	**(9,826)**	**–**	**–**	**(9,826)**
Total		**–**	**(9,826)**	**–**	**(6,251,537)**	**(6,261,363)**
Transactions with owners, recognised directly in equity						
Repurchase of vested share options		**–**	**–**	**(6,869)**	**–**	**(6,869)**
Reclassification due to termination of Employee Share Option Scheme ("ESOS")		**–**	**–**	**(109,081)**	**109,081**	**–**
Issuance of shares pursuant to the Pre-IPO and Recapitalisation Exercise	18	**36,320,327**	**–**	**(881,658)**	**–**	**35,438,669**
Issuance of ordinary shares pursuant to the IPO	18	**7,700,000**	**–**	**–**	**–**	**7,700,000**
Share issuance expenses	18	**(465,515)**	**–**	**–**	**–**	**(465,515)**
Total		**43,554,812**	**–**	**(997,608)**	**109,081**	**42,666,285**
Balance at December 31, 2018		**53,798,878**	**–**	**–**	**(41,240,491)**	**12,558,387**

[1] Included in the accumulated losses is an amount of $109,081 related to the ESOS that was terminated during the year.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018

Company	Note	Share capital $	Share option reserve $	Accumulated losses $	Total $
Balance as at January 1, 2017		10,244,066	930,054	(27,523,733)	(16,349,613)
Loss for the year, representing total comprehensive loss for the year		–	–	(6,929,215)	(6,929,215)
Transactions with owners, recognised directly in equity					
Recognition of share-based payments		–	67,554	–	67,554
Total		–	67,554	–	67,554
Balance at December 31, 2017		10,244,066	997,608	(34,452,948)	(23,211,274)

Company	Note	Share capital $	Share option reserve $	Accumulated losses[(1)] $	Total $
Balance as at January 1, 2018		**10,244,066**	**997,608**	**(34,452,948)**	**(23,211,274)**
Loss for the year, representing total comprehensive loss for the year		**–**	**–**	**(6,896,624)**	**(6,896,624)**
Transactions with owners, recognised directly in equity					
Repurchase of vested share options		**–**	**(6,869)**	**–**	**(6,869)**
Reclassification due to termination of Employee Share Option Scheme ("ESOS")		**–**	**(109,081)**	**109,081**	**–**
Issuance of shares pursuant to the Pre-IPO and Recapitalisation Exercise	18	**36,320,327**	**(881,658)**	**–**	**35,438,669**
Issuance of ordinary shares pursuant to the IPO	18	**7,700,000**	**–**	**–**	**7,700,000**
Share issuance expenses	18	**(465,515)**	**–**	**–**	**(465,515)**
Total		**43,554,812**	**(997,608)**	**109,081**	**42,666,285**
Balance at December 31, 2018		**53,798,878**	**–**	**(41,240,491)**	**12,558,387**

(1) Included in the accumulated losses is an amount of $109,081 related to the ESOS that was terminated during the year.

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED DECEMBER 31, 2018

	Group 2018 $	Group 2017 $ (Restated)
Operating activities		
Loss before tax	**(6,251,537)**	(7,212,492)
Adjustments for:		
Gain on dissolution of investment in subsidiaries	**(12,471)**	–
Amortisation expense	**29,257**	18,462
Depreciation expense	**361,757**	484,645
Property, plant and equipment written off	**27,996**	–
Allowance for inventory obsolescence	**1,156**	79,897
Inventories written off	**34,525**	–
Doubtful debts written off	**–**	27,944
Intangible asset written off	**161,873**	–
Share based payment – equity settled (net)	**–**	68,665
Change in fair value of financial liabilities designated as FVTPL	**312,354**	1,795,856
Accretion of interest expense on redeemable convertible preference shares	**575,668**	1,179,357
Operating cash flows before movements in working capital	**(4,759,422)**	(3,557,666)
Trade receivables	**(165,095)**	383,132
Other receivables	**(171,617)**	22,995
Inventories **(Note A)**	**(15,822)**	(637,491)
Trade payables	**(505,062)**	589,499
Other payables	**650,970**	(179,195)
Contract liabilities	**278,183**	(342,458)
Net cash used in operating activities	**(4,687,865)**	(3,721,184)
Investing activities		
Purchase of property, plant and equipment **(Note A)**	**(55,966)**	(314,910)
Acquisition of intangible assets	**(150,416)**	(123,703)
Proceeds from disposal of property, plant and equipment	**1,002**	–
Net cash used in investing activities	**(205,380)**	(438,613)
Financing activities		
Proceeds from Pre-IPO and Recapitalisation Exercise (Note 18)	**6,839,044**	–
Proceeds from issuance of shares during IPO	**7,700,000**	–
Listing expenses paid	**(465,515)**	–
Repurchase of vested employee share options	**(6,869)**	(1,111)
Cash paid on settlement of convertible loans (Note 16)	**(131,419)**	–
Issuance of convertible loans	**–**	5,562,380
Net cash from financing activities	**13,935,241**	5,561,269

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	Group	
	2018	2017
	$	$
		(Restated)
Net increase in cash and cash equivalents	**9,041,996**	1,401,472
Cash and cash equivalents at beginning of year	**2,454,536**	1,033,029
Exchange effects on cash and cash equivalents	**2,645**	20,035
Cash and cash equivalents at end of year	**11,499,177**	2,454,536

Note A:

During the year, the Group transferred inventory to property, plant and equipment that were loaned out to collaboration partners and customers, and transferred property, plant and equipment to inventories that were sold to collaboration partners and customers subsequently.

	Group	
	2018	2017
	$	$
Transfer of inventory to property, plant and equipment	**188,017**	–
Transfer of property, plant and equipment to inventory	**5,463**	10,013

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1 GENERAL

Biolidics Limited (formerly known as Clearbridge Biomedics Pte. Ltd.) (the "Company") (Registration No. 200913076M) is incorporated in Singapore with its principal place of business and registered office at 81 Science Park Drive, #02-03 The Chadwick, Singapore Science Park 1, Singapore 118257. The Company is listed on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST") on December 19, 2018. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of a research, experimental development and marketing on biotechnology, life and medical science and electronics related industrial design services.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

During the year, the Group dissolved all of its subsidiaries, Clearbridge Japan Co., Ltd. and Clearbridge Biomedics, Inc., by way of deregistration. As a result, the Group no longer exists as at December 31, 2018 and the statement of financial position at the Group is identical to the statement of financial position at the Company as at December 31, 2018 due to the deconsolidation of the subsidiaries.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2018 were authorised for issue by the Board of Directors on April 4, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 31 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;

- Is exposed, or has rights, to variable returns from its involvement with the investee; and

- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s).

In the Company's financial statements, investment in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised costs.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other expenses" line item.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 12 months past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In considering the 90 days past due deemed defaulted presumption, it is not expected to be significantly consequential on the amount of expected credit losses measured because of the counterbalancing interaction between the way the Group defines default and the credit losses that arise as a result of that definition of default. Differences in default definition for the Group is not as pertinent because the Group does not have to determine the significant increase in credit risk indicators given that the Group has simplified approach to impairment model.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables is assessed as a separate group. Other receivables is assessed for expected credit losses on an individual basis);

- Past-due status; and

- Nature, size and industry of debtors.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued are recognised by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "change in fair value of financial liabilities designated as FVTPL" line item.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in Note 4(c)(v) to the financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Convertible loans

The convertible loans are initially measured at fair value through profit or loss when issued and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The fair value is determined in the manner described in Note 4 to the financial statements.

During the year, all the convertible loans have been converted into ordinary shares of the Company and ceased to exist as at December 31, 2018.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading or designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Redeemable convertible preference shares

Preference shares, which are redeemable on a specific date, are classified as liabilities, The dividends on these preference shares are recognised as finance costs.

These preference shares which are regarded as compound instruments, consisting of a liability component and an equity component are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis, using the effective interest method, until extinguished upon conversion or at the instrument's maturity date. Interest expense calculated using the effective interest method is recognised over the term of the redeemable convertible preference shares in accordance with the Group's accounting policy for borrowing costs. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised in equity, net of income tax effects, and is not subsequently remeasured.

During the year, all the redeemable convertible preference shares have been converted into ordinary shares of the Company and ceased to exist as at December 31, 2018.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other expenses" line item in profit or loss (Note 23 to the financial statements) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group and the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using first-in-first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computer and office equipment	–	3 years
Laboratory equipment	–	3 years
Testing and trial equipment	–	3 years
Production, tooling and mould equipment	–	3 years
Renovation and furniture & fittings	–	3 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

INTANGIBLE ASSETS – Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Amortisation is charged over their estimated useful lives, using the straight-line method, on the following bases:

Patent rights	–	10 years
Trademark	–	10 years

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION – The Group recognises revenue from the following major sources:

- Sale of devices;
- Sale of consumables;
- Sale of extended warranty services; and
- Project revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of devices

Revenue generated from sale of devices is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery), installed and the training on the use of the machine is provided to the customer. Following the delivery, installation and training, the customer has full discretion over the manner of use of the device. A receivable is recognised by the Group when the device is delivered, installed and knowledge is being transferred to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Included in the transaction price for the sale of devices includes a one year sales-related warranties which are provided by the Group with every purchase of a new device. Sales-related warranties associated with sale of devices cannot be purchased separately and they serve as an assurance that the devices sold comply with agree-upon specifications. Accordingly, the Group accounts for such assurance warranties in accordance with SFRS(I) 1- 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment.

Sale of consumables

Revenue generated from sale of consumables is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of utilisation of the goods and bears risk of obsolescences and loss in relation to the goods. A receivable is recognised by the Group when the consumable is delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Under the Group's standard contract terms, customers do not have a right of return.

Sale of extended warranty services

Included in the transaction price for the sale of devices policy above is a one year sales-related warranties. This period can then be extended, if the customer so requires additional years of warranty services. The additional years of warranty service will be for the price at which these are sold by the Group to all of its customers as at the date of renewal regardless of the existence of a renewal option. Consequently, the option to extend the renewal period does not provide customers with any advantage when they enter into the initial contract and therefore no revenue has been deferred relating to this renewal option.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The extended warranty service is considered to be a distinct service as it is regularly supplied by the Group to the customers on a stand-alone basis.

Revenue relating to the extended warranty service is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released to profit or loss on a straight line basis over the period of service.

Project revenue

Revenue from projects arises from a project collaboration signed with a third party customer to jointly develop specific products for the customer. Under the contract, the Group has an enforceable right to payment upon the commencement of the project. Revenue from projects is therefore recognised as the performance obligation is satisfied over time.

Progress towards complete satisfaction of the performance obligation is measured based on the proportion of the total duration of the contract that has elapsed at the end of the reporting period.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as Singapore Central Provident Fund and state schemes where the Group’s operations are located, are dealt with as payments to defined contribution plans where the Group’s obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

SHARE-BASED PAYMENTS – The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27 to the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) and subsidiaries whose financial statements are denominated in a functional currency other than that used by the Company, are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowance for inventories

At the end of each reporting period, the Group reviews the carrying amount of its inventories to ensure that they are stated at lower of cost or net realisable value. In assessing the net realisable value and making appropriate allowance, management identifies inventories that are slow-moving, considers their physical condition, the market condition and prices for similar items. The carrying amount of inventories at the end of the reporting period is disclosed in Note 9 to the financial statements.

Impairment of property, plant and equipment and intangible assets

The Group assesses annually whether its property, plant and equipment and intangible assets have any indication of impairment in accordance with its accounting policy. The impairment assessment considered the recoverable amount of the property, plant and equipment and intangible assets using value-in-use assessed based on the estimated the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Management has assessed the carrying amount of property, plant and equipment and intangible assets and is of the view that no impairment is required to be recognised. The carrying amount of property, plant and equipment and intangible assets at the end of the reporting period is disclosed in Notes 11 and 12 to the financial statements respectively.

Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment is disclosed in Note 11 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Useful lives of intangible assets

The cost of intangible assets is amortised on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these intangible assets to be 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amount of the Group's intangible assets are disclosed in Note 12 to the financial statements.

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 and 2 inputs are not available, the Group engages third party independent valuer to perform the valuation. The valuation committee works closely with the independent external valuer to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 4(c)(v) and 16 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

Group	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Financial assets			
Financial assets at amortised cost	**12,035,715**	2,825,420	1,822,703
Financial liabilities			
Designated as at FVTPL	**–**	16,116,306	8,758,070
Financial liabilities at amortised cost	**1,280,114**	12,822,058	11,279,980

Company	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Financial assets			
Financial assets at amortised cost	**12,035,715**	3,453,930	1,990,354
Financial liabilities			
Designated as at FVTPL	**–**	16,116,306	8,758,070
Financial liabilities at amortised cost	**1,280,114**	12,800,772	11,272,005

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial instruments subject to offsetting, enforceable master netting agreement and similar arrangements

The Group does not have financial instruments that are subject to enforceable master netting agreement and similar netting arrangements in 2018 and 2017.

(c) Financial risk management policies and objectives

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group.

The Group's activities expose it to a variety of financial risks, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk.

Management actively and regularly reviews and manages the Group's capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency.

The Group maintains sufficient financial resources and management has a reasonable expectation that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook and believes that the Group has adequate resources to continue operational existence for the foreseeable future.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts its business in various foreign currencies, including the United States dollar (US Dollar), Euro and Pound Sterling and is therefore exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Liabilities			Assets		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
Group	$	$	$	$	$	$
US Dollar	**5,720**	7,020,262	18,772	**130,756**	2,881,653	337,392
Euro	**–**	–	–	**231,946**	104,819	2,698
Pound Sterling	**–**	263,263	1,026	**122,797**	21,437	5,208

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

	Liabilities			Assets		
Company	**December 31, 2018 $**	**December 31, 2017 $**	**January 1, 2017 $**	**December 31, 2018 $**	**December 31, 2017 $**	**January 1, 2017 $**
US Dollar	**5,720**	6,322,156	18,598	**130,756**	2,826,777	335,985
Euro	**–**	–	–	**231,946**	104,819	2,698
Pound Sterling	**–**	263,263	1,026	**122,797**	21,437	5,208

The Group ensures that the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Company had investment in foreign subsidiaries, up till date of dissolution (Note 10 to the financial statements), whose net assets were exposed to currency translation risk up till date of dissolution.

Foreign currency sensitivity

The following table details the sensitivity to a 1% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currency strengthens by 1% against the functional currency of each group entity, net loss for the year will (increase) decrease by:

	Group	
	2018 $	**2017 $**
US Dollar impact	**1,250**	(41,386)
Euro impact	**2,319**	1,048
Pound Sterling impact	**1,228**	(2,418)

	Company	
	2018 $	**2017 $**
US Dollar impact	**1,250**	(34,954)
Euro impact	**2,319**	1,048
Pound Sterling impact	**1,228**	(2,418)

In 2017, the Group's sensitivity to foreign currency has increased during the year mainly due to the convertible loans received in US dollar which has resulted in higher US dollar denominated cash and higher US dollar denominated convertible loans. Such convertible loans were all converted to ordinary shares during the year.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(ii) Interest rate risk management

The primary source of the interest rate risk of the Group related to convertible loans. The interest rates on convertible loans are disclosed in Note 16 to the financial statements.

The Group and the Company are not significantly affected by changes in market interest rates as the interest-bearing instruments mainly carried fixed interest.

(iii) Overview of the Group's exposure to credit risk and credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2018, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has a policy that requests first-time customers to make advance payment prior to the delivery of the goods. Subsequently, the Group uses the customers' payment history and any publicly available information to assess its customers and other debtors. The Group's exposure and the payment history of its customers are continuously monitored and any new orders from customers with long overdue payment will be put on hold until they settle their payments.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is > 12 months past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

The assessment of the credit quality and exposure to credit risk of the Group's trade and other receivables have been disclosed in Notes 7 and 8 to the financial statements respectively.

For trade receivables, the Group and Company has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and Company determines the expected credit losses based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions at the reporting date. Accordingly, the credit risk profile of these assets is presented based on their past due status. Note 7 to the financial statements includes further details on the loss allowance for trade receivables.

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for trade receivables and other receivables.

The Group and Company has assessed the ECL for trade receivables and other receivables and concluded that it is insignificant and no (December 31, 2017 and January 1, 2017: no) loss allowance has been provided for in current year.

The Group is dependent on a relatively small group of customers for a substantial portion of its business. The Group has significant concentration of credit risk from 1 (December 31, 2017: 2, January 1, 2017: 2) outside party customers amounting to $237,843 (December 31, 2017: $143,153, January 1, 2017: $637,350) or 52% (December 31,2017: 49%, January 1, 2017: 91%) of total trade receivables balance as at the end of the reporting period. Apart from the above, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents and internally generated cash flows to finance its activities.

As at December 31, 2017, the Group's and Company's total current liabilities exceeded total current assets by $6,919,431 (January 1, 2017: $1,520,152) and $6,297,815 (January 1, 2017: $1,344,526) respectively. The Group and Company were also at a net capital deficiency position of $23,846,535 (January 1, 2017: $16,721,632) and $23,211,274 (January 1, 2017: $16,349,613) respectively.

In 2018, the Group completed the Pre-IPO and Recapitalisation Exercise (Note 18 to the financial statements) which included the issuance of Series C investment shares and other transactions for an aggregate consideration of $6,839,044, and the Initial Public Offering exercise for a net proceed of $6,112,718. As at December 31, 2018, the Group's and Company's net current assets amounted to $11,730,384 with a cash position of $11,499,177. Management is of the opinion that the Group and Company will have sufficient cash flows to be able to meet its liabilities and other obligations as and when they fall due for the next twelve months.

Liquidity and interest risk analyses

Non-derivative financial assets and financial liabilities

All non-derivative financial assets and financial liabilities of the Group and Company as at the end of the reporting period are repayable on demand or due within 1 year.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(v) Fair value of financial assets and financial liabilities

	Financial assets/ financial liabilities	December 31, 2018 Assets $	December 31, 2018 Liabilities $	Fair value as at December 31, 2017 Assets $	December 31, 2017 Liabilities $	January 1, 2017 Assets $	January 1, 2017 Liabilities $	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs(s)	Relationship unobservable inputs to fair value
	Group and Company										
	Financial liabilities designated as FVTPL (Note 16)										
1)	Convertible loans 1 and 2	–	–	–	9,794,150	–	8,758,070	Level 3	The conversion option is calculated by deriving the immediate profit through the conversion of the loan and considering management's expectation of next equity financing. Particularly, 30% (December 31, 2017: 30%, January 1, 2017: 30%) discount has been adopted as the applicable discount to the strike price; whereas 100% (December 31, 2017: 85%, January 1, 2017: 60%) of successful equity financing is adopted in pro-rating the conversion option. The straight debt is calculated based on discounted cash flow methodology with applicable discount rate as proxy to issuer's cost of debt. The discount rate applied has taken into consideration of the latest external bank's offer rate on unsecured borrowing for issuer and issuer's weighted average cost of capital.	Discount rate (Note 1) Rate of successful equity financing (Note 2)	The higher the discount rate, the lower the fair value The higher the rate of success, the higher the fair value

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

	Financial assets/ financial liabilities	Fair value as at December 31, 2018 Assets $	December 31, 2018 Liabilities $	December 31, 2017 Assets $	December 31, 2017 Liabilities $	January 1, 2017 Assets $	January 1, 2017 Liabilities $	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs(s)	Relationship unobservable inputs to fair value
2)	Convertible loans 3 and 4	–	–	–	6,322,156	–	–	Level 3	The conversion option is calculated by deriving the immediate profit through the conversion of the loan and considering management's expectation of the time of occurrence of the next equity financing. Particularly, 100% (December 31, 2017: 85%) of successful equity financing in June 2018 is adopted in pro-rating the conversion option. The straight debt is calculated based on option pricing methodology with applicable discount rate as proxy to issuer's cost of debt. The discount rate applied has taken into consideration of the yield curve of Singapore Government's debt and issuer's weighted average cost of capital.	Discount rate (Note 3) Rate of successful equity financing in June 2018 (Note 4)	The higher the discount rate, the lower the fair value The higher the rate of success, the lower the fair value

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

Note 1: A 5% increase/decrease in the discount rate while holding all other variables constant would decrease/increase the carrying amount of convertible loans by $Nil (December 31, 2017: $41,487, January 1, 2017: $16,743) as at December 31, 2018.

Note 2: A 5% (December 31, 2017: 5%, January 1, 2017: 10%) increase/decrease in the rate of successful equity financing while holding all other variables constant would increase/decrease the carrying amount of convertible loans by $Nil (December 31, 2017: $74,408, January 1, 2017: $51,877) as at December 31, 2018.

Note 3: A 5% increase/decrease in the discount rate while holding all other variables constant would decrease/increase the carrying amount of convertible loans by $Nil (December 31, 2017: $172,729) as at December 31, 2018.

Note 4: A 5% increase/decrease in the rate of successful equity financing in June 2018 used while holding all other variables constant would decrease/increase the carrying amount of the convertible loans by $Nil (December 31, 2017: $13,955) as at December 31, 2018.

Except as disclosed in the table above, the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values due to the relatively short-term maturity of these financial instruments. In respect of the financial assets and financial liabilities recorded at amortised cost whose maturity is more than a year, management also considers that such financial instruments approximate their fair values. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

(d) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the equity balance.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising share capital and reserves.

The Group's capital management objectives are to safeguard its ability to continue as a going concern and to maximise shareholder value. Management monitors the gross and net gearing of the Group and its implication on weighted average cost of capital in deciding the optimal capital structure. These objectives determine the Group's decisions on the amount of dividends to be paid to shareholders and the sources of capital to be raised, be it equity or debt.

The Group's overall strategy remains unchanged from the prior year.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free, repayable on demand unless otherwise stated.

During the year, the Group entered into the following trading transactions with related parties:

	Group and Company	
	2018	**2017**
	$	**$**
Shareholders		
Interest expense	**122,637**	240,000
Rental income	**–**	13,084
Recharge of professional services	**–**	17,880

	Group and Company	
	2018	**2017**
	$	**$**
Company related to a director of the Company		
Purchases	**125,772**	174,495

The balances are unsecured, interest-free, repayable on demand and expected to be settled in cash unless otherwise stated. No guarantees have been given or received.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group and Company	
	2018	**2017**
	$	**$**
Short-term benefits	**474,539**	340,400
Post-employment benefits	**–**	–
Share based payment – equity settled	**–**	27,646
	474,539	368,046

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

6 CASH AND CASH EQUIVALENTS

	Group			Company		
	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Cash at banks	**11,498,918**	2,453,550	1,032,179	**11,498,918**	2,412,316	1,017,904
Cash on hand	**259**	986	850	**259**	923	769
	11,499,177	2,454,536	1,033,029	**11,499,177**	2,413,239	1,018,673

7 TRADE RECEIVABLES

	Group			Company		
	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Trade receivables	**454,605**	289,510	700,586	**454,605**	268,928	700,586
Loss allowance	**–**	–	–	**–**	–	–
	454,605	289,510	700,586	**454,605**	268,928	700,586

The average credit period on sale of goods is 30 days (2017: 30 days). No interest is charged on the trade receivables.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated by reference to past default experience and expected credit losses of the debtor, ranging from 5% to 20% (2017: 5% to 20%) for receivables that are current to less than 12 months past due, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% (December 31, 2017 and January 1, 2017: 100%) against receivables more than 12 months past due because historical experience has indicated that these receivables are generally not recoverable. Management is of the view that the estimated credit loss is immaterial.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

7 TRADE RECEIVABLES (CONTINUED)

The table below is an aging analysis of trade receivables as at the end of reporting period:

	Group			Company		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
	$	**$**	**$**	**$**	**$**	**$**
Not past due	272,992	174,803	665,190	272,992	154,221	665,190
1 month to 6 months	163,352	99,684	27,974	163,352	99,684	27,974
6 months to 12 months	–	9,268	7,422	–	9,268	7,422
> 12 months	18,261	5,755	–	18,261	5,755	–
	454,605	289,510	700,586	454,605	268,928	700,586

There was no significant changes in the gross carrying amount of the trade receivables that had contributed to changes in the loss allowance for the Group during 2018 and 2017.

8 OTHER RECEIVABLES

	Group			Company		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
	$	**$**	**$**	**$**	**$**	**$**
Prepayments	**316,912**	239,043	242,136	**316,912**	234,332	242,136
Deposits	**81,933**	81,374	88,971	**81,933**	81,374	88,971
Subsidiary (Note 10)	**–**	–	–	**–**	690,389	182,007
Goods and services tax receivables	**133,795**	40,606	52,794	**133,795**	40,606	52,794
Others	**–**	–	117	**–**	–	117
	532,640	361,023	384,018	**532,640**	1,046,701	566,025

The balance with subsidiary is unsecured, interest-free and repayable on demand unless otherwise stated.

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Management determines the receivables due from the counterparties are subjected to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

9 INVENTORIES

	Group			Company		
	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Spare parts	**239,213**	342,189	94,008	**239,213**	342,189	94,008
Finished goods	**537,434**	636,871	317,445	**537,434**	613,402	317,445
	776,647	979,060	411,453	**776,647**	955,591	411,453

The cost of inventories includes $1,156 (December 31, 2017: $79,897, January 1, 2017: $Nil) of allowance for inventory obsolescence and $34,525 (December 31, 2017 and January 1, 2017: $Nil) of inventories written off respectively. Allowance of inventories has been estimated based on the age, historical and expected future usage of inventories.

10 INVESTMENT IN SUBSIDIARIES

	Company		
	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Unquoted equity shares, at cost	–	259,113	196,393
Impairment loss	–	(245,468)	–
	–	13,645	196,393

Details of the Company's subsidiaries at December 31, 2018 are as follows:

Name of subsidiary	Principal activities/ Country of incorporation and operations	Proportion of equity interest and voting power held December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Clearbridge Japan Co., Ltd.*	Research, experimental development and marketing on biotechnology, life and medical science and electronics-related industrial design services/Japan	–	100	100
Clearbridge Biomedics, Inc.*	Sales, marketing and distribution of biomedical products/ United States of America	–	100	100

* Dissolved during the financial year.

In 2017, management assessed and recognised an impairment loss of $245,468 due to financial performance of Clearbridge Japan Co., Ltd since incorporation.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

11 PROPERTY, PLANT AND EQUIPMENT

Group and Company	Computer and office equipment $	Laboratory equipment $	Testing and trial equipment $	Production, tooling and mould equipment $	Renovation and furniture & fittings $	Total $
Cost:						
At January 1, 2017	68,867	276,223	864,910	674,276	139,976	2,024,252
Additions	15,878	32,711	238,593	20,240	7,488	314,910
Transfer to inventories	–	–	(16,386)	–	–	(16,386)
At December 31, 2017	84,745	308,934	1,087,117	694,516	147,464	2,322,776
Additions	6,014	19,641	30,311	–	–	55,966
Transfer from inventories	–	–	188,017	–	–	188,017
Disposals	(2,138)	–	(51,701)	–	–	(53,839)
Write-off	(4,529)	(1,650)	(46,667)	–	–	(52,846)
Transfer to inventories	(2,775)	–	(31,770)	–	–	(34,545)
At December 31, 2018	**81,317**	**326,925**	**1,175,307**	**694,516**	**147,464**	**2,425,529**
Accumulated depreciation:						
At January 1, 2017	52,106	240,103	512,740	402,491	133,809	1,341,249
Charge for the year	12,173	37,731	229,608	198,683	6,450	484,645
Transfer to inventories	–	–	(6,373)	–	–	(6,373)
At December 31, 2017	64,279	277,834	735,975	601,174	140,259	1,819,521
Charge for the year	9,452	15,070	251,536	81,546	4,153	361,757
Disposals	(2,139)	–	(50,698)	–	–	(52,837)
Write-off	(2,894)	–	(21,956)	–	–	(24,850)
Transfer to inventories	(1,772)	–	(27,310)	–	–	(29,082)
At December 31, 2018	**66,926**	**292,904**	**887,547**	**682,720**	**144,412**	**2,074,509**
Carrying amount:						
At December 31, 2018	**14,391**	**34,021**	**287,760**	**11,796**	**3,052**	**351,020**
At December 31, 2017	20,466	31,100	351,142	93,342	7,205	503,255
At January 1, 2017	16,761	36,120	352,170	271,785	6,167	683,003

The Group carried out a review of the recoverable amount of property, plant and equipment having regard to its ongoing loss making operations giving rise to indications of impairment. The recoverable amount of the relevant assets has been determined on the basis of their value-in-use through estimation of the forecasted cash flows to be derived from the use of the assets. The key assumptions used for the value-in-use calculation are those relating to the discount rate and long term growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks. The discounted cash flow forecasts prepared by the Group is based on an estimated long term growth rate of 2% (December 31, 2017: 2%) and the rate used to discount the cash flow forecasts is 23% (2017: 23%) per annum. Based on the impairment assessment performed in current year, there is no impairment required.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

12 INTANGIBLE ASSETS

	Patent rights $	Trademark $	Total $
Group and Company			
Cost:			
At January 1, 2017	499,959	41,028	540,987
Additions	122,503	1,200	123,703
At December 31, 2017	622,462	42,228	664,690
Additions	140,939	9,477	150,416
Written off	(161,873)	–	(161,873)
At December 31, 2018	**601,528**	**51,705**	**653,233**
Accumulated amortisation:			
At January 1, 2017	11,199	16,516	27,715
Charge for the year	14,193	4,269	18,462
At December 31, 2017	25,392	20,785	46,177
Charge for the year	24,675	4,582	29,257
At December 31, 2018	**50,067**	**25,367**	**75,434**
Carrying amount:			
At December 31, 2018	**551,461**	**26,338**	**577,799**
At December 31, 2017	597,070	21,443	618,513
At January 1, 2017	488,760	24,512	513,272

The carrying amount of the Company's patent rights includes an amount of $339,588 (December 31, 2017: $557,232, January 1, 2017: $434,729) that is still in the application process with intellectual property office.

The Group carried out a review of the recoverable amount of intangible assets in conjunction with the impairment assessment of property, plant and equipment as disclosed in Note 11 to the financial statements. Based on the impairment assessment performed in current year, there is no impairment required.

13 TRADE PAYABLES

	Group and Company		
	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Outside parties	**262,441**	748,209	184,094
Related party (Note 5)	**45,875**	65,169	39,785
	308,316	813,378	223,879

The average credit period on purchases of goods is 30 days (December 31, 2017: 30 days, January 1, 2017: 30 days). No interest is charged on the trade payables.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

14 OTHER PAYABLES

	Group		
	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Accruals	**337,030**	228,429	211,306
Advances from outside parties	**25,655**	25,650	25,650
Related party (Note 5)	**27,132**	4,599	4,834
Provision for warranty services	**38,507**	77,376	29,793
Listing expenses payables	**503,400**	–	–
Others	**104,236**	48,936	292,602
	1,035,960	384,990	564,185

	Company		
	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Accruals	**337,030**	207,442	203,504
Advances from outside parties	**25,655**	25,650	25,650
Related party (Note 5)	**27,132**	4,599	4,834
Provision for warranty services	**38,507**	77,376	29,793
Listing expenses payables	**503,400**	–	–
Others	**104,236**	48,637	292,429
	1,035,960	363,704	556,210

15 CONTRACT LIABILITIES

	Group and Company		
	December 31, 2018 $	December 31, 2017 $	January 1, 2017 $
Sale of extended warranty services(1)	**156,089**	11,042	10,500
Amount invoiced in advance of delivery for goods(2)	**133,136**	–	–
Amount received in advance of delivery for project deliverables(3)	**–**	–	343,000
	289,225	11,042	353,500
Analysed as:			
Current	**188,409**	11,042	353,500
Non-current	**100,816**	–	–
	289,225	11,042	353,500

(1) Revenue relating to sale of extended warranty services is recognised over time although the customer pays up-front in full for these services. A contract liability is recognised for revenue relating to the warranty services at the time of the initial sales transaction and is released over the service period.

(2) For goods sold, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods is being delivered to the customer. When the Group bills the customer in advance, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer.

(3) For project revenue, revenue is recognised over the total duration of the contract. When the Group bills the customer in advance, the transaction price received at that point by the Group is recognised as contract liability until the project deliverables have been satisfied over time.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

15 CONTRACT LIABILITIES (CONTINUED)

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

The Group's revenue recognised that was included in the contract liability balance at the beginning of the period:

	Group	
	2018	2017
	$	$
Sale of extended warranty services	**11,042**	10,500
Amount received in advance of delivery for project deliverables	**–**	343,000
	11,042	353,500

16 CONVERTIBLE LOANS

	Group and Company					
	Nominal Value			Fair Value		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$	$	$	$	$	$
Convertible loan 1	**–**	3,500,000	3,500,000	**–**	6,556,206	5,850,396
Convertible loan 2	**–**	2,019,975	2,020,000	**–**	3,237,944	2,907,674
Convertible loan 3	**–**	2,793,860	–	**–**	3,207,177	–
Convertible loan 4	**–**	2,768,520	–	**–**	3,114,979	–
	–	11,082,355	5,520,000	**–**	16,116,306	8,758,070
Less: Amount due for settlement within 12 months				**–**	(9,794,150)	(2,907,674)
Amount due for settlement after 12 months				**–**	6,322,156	5,850,396

The fair value of the convertible loans included cumulative accrued interest of $2,331,377 up till date of conversion (December 31, 2017: $1,644,878, January 1, 2017: $562,574).

Convertible loan 1 and 2 with nominal value of $3,500,000 and $2,020,000 was issued on September 28, 2015 and November 1, 2016 respectively to third party and related party convertible loan holders.

Convertible loan 3 and 4 with nominal value of $2,793,860 and $2,768,520 was issued on March 21, 2017 and June 2, 2017 respectively to third party convertible loan holders.

On July 6, 2018, principle amount of convertible loan 1, 2, 3 and 4 and the respective interest accrued up to May 31, 2018 was converted into ordinary shares. The interest accrued from June 1, 2018 to July 6, 2018, amounting to $131,419 was repaid to the convertible loan holders in cash. Further details of the share conversion are disclosed in Note 18 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

16 CONVERTIBLE LOANS (CONTINUED)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

			Non-cash changes		
	January 1, 2018 $	Financing cash flows $	Changes in fair value $	Other changes(i) $	December 31, 2018 $
Convertible loans	**16,116,306**	**(131,419)**	**312,354**	**(16,297,241)**	**–**

			Non-cash changes	
	January 1, 2017 $	Financing cash flows $	Changes in fair value $	December 31, 2017 $
Convertible loans	8,758,070	5,562,380	1,795,856	16,116,306

(i) Relates to the conversion of the convertible loans (Note 18 to the financial statements) during the year.

Convertible loan 1

The key terms of the convertible loan are summarised below:

1) Incentive bonus shares of 61,040 fully paid-up ordinary shares was issued to the lenders at a nominal issue price of $0.01 on September 28, 2015.

2) Interest of 12% per annum shall be accrued until date of settlement.

3) The convertible loan and accrued interest shall be automatically converted into conversion shares at an issue price equivalent to 75% of the issue price of the Next Qualifying Financing Round equity share if the Next Qualifying Financing Round occurs on or prior to March 31, 2016, and 70% of the issue price of the Next Qualifying Financing Round equity share if the Next Qualifying Financing Round occurs after April 1, 2016. Next Qualifying Financing Round is defined as the next equity financing round in a single transaction or a series of related transactions with aggregate subscription proceeds of no less than $8,000,000.

4) In the event that the convertible loan is not converted pursuant to the terms of this agreement, the Company shall repay without further notice an amount equivalent to 200% of the principal amount which is deemed to include all interest accrued.

5) The convertible loan and accrued interest shall be redeemed in full, whether by way of conversion or by cash repayment, by no later than September 28, 2018.

6) The convertible loan shall rank in priority to all other obligations of the Company (except for trade debts and any debts which are preferred by any bankruptcy, insolvency or other similar laws of general applications).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

16 CONVERTIBLE LOANS (CONTINUED)

Convertible loan 2

The key terms of the convertible loan are summarised below:

1) Incentive bonus shares of 35,229 fully paid-up ordinary shares was issued to the lenders at a nominal issue price of $1.01 on November 1, 2016.

2) Interest of 12% per annum shall be accrued until date of settlement.

3) The convertible loan and accrued interest shall be automatically converted into conversion shares at an issue price equivalent to 70% of the issue price of the Next Qualifying Financing Round equity share if the Next Qualifying Financing Round occurs after November 1, 2016. Next Qualifying Financing Round is defined as the next equity financing round in a single transaction or a series of related transactions with aggregate subscription proceeds of no less than $6,000,000.

4) In the event that the convertible loan is not converted pursuant to the terms of this agreement, the Company shall repay without further notice an amount equivalent to 100% of the principal amount together with all interest accrued up to the point of repayment.

5) The convertible loan and accrued interest shall be redeemed in full, whether by way of conversion or by cash repayment, by no later than November 16, 2018 (December 31, 2017: November 16, 2018 and January 1, 2017: November 16, 2017).

6) The convertible loan shall rank *pari passu* with the existing convertible loans but in priority to all other obligations of the Company (except for trade debts and any debts which are preferred by any bankruptcy, insolvency or other similar laws of general applications).

Convertible loan 3

The key terms of the convertible loan are summarised below:

1) Interest of 12% per annum shall be accrued until date of settlement.

2) The convertible loan and accrued interest shall be automatically converted into conversion shares at a conversion price of $59.15 per share if the Next Qualifying Financing Round occurs after March 20, 2017. Next Qualifying Financing Round is defined as the next equity financing round in a single transaction or a series of related transactions with aggregate subscription proceeds of no less than US$5,000,000.

3) In the event that the convertible loan is not converted pursuant to the terms of this agreement, the Company shall repay without further notice an amount equivalent to 100% of the principal amount together with all interest accrued up to the point of repayment.

4) The convertible loan and accrued interest shall be redeemed in full, whether by way of conversion or by cash repayment, by no later than March 31, 2022.

5) The convertible loan shall rank *pari passu* with Convertible Loan 4 but in priority to all existing convertible loans and other obligations of the Company (except for trade debts and any debts which are preferred by any bankruptcy, insolvency or other similar laws of general applications).

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16 CONVERTIBLE LOANS (CONTINUED)

Convertible loan 4

The key terms of the convertible loan are summarised below:

1) Interest of 12% per annum shall be accrued until date of settlement.

2) The convertible loan and accrued interest shall be automatically converted into conversion shares at a conversion price of $59.15 per share if the Next Qualifying Financing Round occurs after June 9, 2017. Next Qualifying Financing Round is defined as the next equity financing round in a single transaction or a series of related transactions with aggregate subscription proceeds of no less than US$5,000,000.

3) In the event that the convertible loan is not converted pursuant to the terms of this agreement, the Company shall repay without further notice an amount equivalent to 100% of the principal amount together with all interest accrued up to the point of repayment.

4) The convertible loan and accrued interest shall be redeemed in full, whether by way of conversion or by cash repayment, by no later than June 9, 2022.

5) The convertible loan shall rank *pari passu* with Convertible Loan 3 but in priority to all existing convertible loans and other obligations of the Company (except for trade debts and any debts which are preferred by any bankruptcy, insolvency or other similar laws of general applications).

17 REDEEMABLE CONVERTIBLE PREFERENCE SHARES

The Series B and B2 Redeemable Convertible Preference Shares ("RCPS") may be redeemable at the call of the holders after 7 and 5 years respectively from date of issue or converted into ordinary shares at conversion ratio of one ordinary share of the Company for every Series B and B2 RCPS held at any time from date of issue. During the year, the RCPS were converted into ordinary share. Further details on these shares are disclosed in Note 18 to the financial statements.

The net proceeds received from the issue of these RCPS were segregated between the liability component and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group as follows:

	Series B RCPS $	Series B2 RCPS $	Total $
Nominal value of RCPS	8,656,626	5,000,392	13,657,018
Equity component	(4,548,472)	(2,627,368)	(7,175,840)
Liability component at date of issue	4,108,154	2,373,024	6,481,178

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17 REDEEMABLE CONVERTIBLE PREFERENCE SHARES (CONTINUED)

	Series B RCPS $	Series B2 RCPS $	Total $
Group and Company			
As at January 1, 2017	6,971,847	3,575,512	10,547,359
Accretion of interest expense (Note 24)	604,578	574,779	1,179,357
As at December 31, 2017	7,576,425	4,150,291	11,726,716
Accretion of interest expense (Note 24)	243,687	331,981	575,668
Conversion of RCPS (Note 18)	(7,820,112)	(4,482,272)	(12,302,384)
As at December 31, 2018	–	–	–

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

			Non-cash changes		
	January 1, 2018 $	Financing cash flows $	Accretion of interest expense $	Other changes[(i)] $	December 31, 2018 $
RCPS	**11,726,716**	**–**	**575,668**	**(12,302,384)**	**–**

			Non-cash changes	
	January 1, 2017 $	Financing cash flows $	Accretion of interest expense $	December 31, 2017 $
RCPS	10,547,359	–	1,179,357	11,726,716

(i) Relates to the conversion of the RCPS (Note 18 to the financial statements) during the year.

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18 SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	Number of shares		$	$
Ordinary shares				
Beginning of year	**296,269**	296,269	**200,001**	200,001
Converted from				
– Series A preference shares(Note A)	**114,729**	–	**2,868,225**	–
– Series B RCPS (Note 17)(Note A)	**236,215**	–	**12,368,584**	–
– Series B2 RCPS (Note 17)(Note A)	**87,206**	–	**7,109,640**	–
– Convertible Loans 1,2,3 and 4 (Note 16)(Note A)	**284,207**	–	**16,297,241**	–
Exercise of share options (Note 27)(Note A)	**48,601**	–	**1,033,897**	–
Issued via Series C Financing(Note A)	**201,451**	–	**6,686,805**	–
Before share split	**1,268,678**	–	**46,564,393**	–
After share split(Note B)	**215,000,000**	–	**46,564,393**	–
Issuance of shares pursuant to Share Placement(Note C)	**27,500,000**	–	**7,234,485**	–
End of year	**242,500,000**	296,269	**53,798,878**	200,001
Series A preference shares(i)				
Beginning of year	**114,729**	114,729	**2,868,225**	2,868,225
Converted to ordinary shares(Note A)	**(114,729)**	–	**(2,868,225)**	–
End of year	**–**	114,729	**–**	2,868,225
Series B RCPS(ii)				
Beginning of year	**236,215**	236,215	**4,548,472**	4,548,472
Converted to ordinary shares(Note A)	**(236,215)**	–	**(4,548,472)**	–
End of year	**–**	236,215	**–**	4,548,472
Series B2 RCPS(iii)				
Beginning of year	**87,206**	87,206	**2,627,368**	2,627,368
Converted to ordinary shares(Note A)	**(87,206)**	–	**(2,627,368)**	–
End of year	**–**	87,206	**–**	2,627,368
Total	**242,500,000**	734,419	**53,798,878**	10,244,066

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

(i) The Series A preference shares ("Series A PS") issued in 2013 are not redeemable. Series A PS may be converted into ordinary shares at conversion ratio of one ordinary share for every Series A PS held at any time from date of issue. All Series A PS carry one vote per share without restriction.

(ii) The Series B RCPS issued in 2013 are non-cumulative and 8% dividend only payable to the extent of the Company's available distributable profits and any shortfall shall not be carried to the next financial year. Series B may be redeemable after 7 years (2017: 7 years) from date of issue at the call of the holders or converted into ordinary shares at conversion ratio of one ordinary share for every Series B RCPS held at any time from date of issue. All Series B RCPS carry one vote per share without restriction.

(iii) The Series B2 RCPS issued in 2014 are non-cumulative and with 8% dividend only payable to the extent of the Company's available distributable profits and any shortfall shall not be carried to the next financial year. Series B2 RCPS may be redeemable after 5 years (2017: 5 years) from date of issue at the call of the holders or converted into ordinary shares at conversion ratio of one ordinary share for every Series B2 RCPS held at any time from date of issue. All Series B2 RCPS carry one vote per share without restriction.

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FINANCIAL STATEMENTS

DECEMBER 31, 2018

18 SHARE CAPITAL (CONTINUED)

During the year, all Series A PS, Series B RCPS and Series B2 RCPS were converted to ordinary shares.

Note A:

The Group undertook a corporate exercise ("Pre-IPO and Recapitalisation Exercise") to rationalise and streamline its corporate and shareholding structure for the purpose of the Initial Public Offering exercise ("IPO"). The Pre-IPO and Recapitalisation Exercise involved, *inter alia*,

(i) The conversion of all the existing Series A PS, Series B RCPS and Series B2 RCPS into ordinary shares at the conversion ratio of one ordinary share for one preference share on July 6, 2018;

(ii) The conversion of all the Convertible loans 1, 2, 3 and 4 into ordinary shares on July 6, 2018;

(iii) The issuance of 115,111 Series C investment shares and 86,340 Series C warrants on July 11, 2018, July 13, 2018 and July 19, 2018 for an aggregate consideration of $6,600,465. The issue price for the Series C investment shares was $57.34 per ordinary share. In addition, 0.75 Series C warrants were issued to each Series C investor for each Series C investment share subscribed for by such Series C investor. There was no issue price for the Series C warrants and they can be converted to ordinary shares at the conversion ratio of 1:1 at $1.00 per warrant;

(iv) The exercise of all Series C warrants on July 24, 2018, August 7, 2018, August 13, 2018 and September 26, 2018 for an aggregate consideration of $86,340, resulting in an allotment and issuance of 86,340 ordinary shares to the Series C investors; and

(v) The exercise of options granted under the Clearbridge Biomedics Employees' Share Option Scheme (the "Scheme") on September 26, 2018 for an aggregate consideration of $152,239.

Note B:

Pursuant to a written resolution dated December 3, 2018, the shareholders of the Company approved the sub-division of 1,268,678 ordinary shares into 215,000,000 ordinary shares (the "Share Split").

Note C:

On December 19, 2018, a total of 27,500,000 shares were issued at $0.28 per share via the IPO. Listing expenses of $465,515 has been capitalised against the share capital.

19 RESERVES

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

During the financial year, the translation reserve was derecognised and reclassified to profit or loss due to the dissolution of foreign operations.

NOTES TO FINANCIAL STATEMENTS

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19 RESERVES (CONTINUED)

Share option reserve

The share option reserve arises on the grant of share options to employees under the Scheme. Further information about the share-based payments to employees is set in Note 27 to the financial statements.

During the financial year, the employees exercised their rights under the Scheme and converted into ordinary shares. Upon exercise, the share option reserve were transferred to share capital (Note 18 to the financial statements).

20 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 21 to the financial statements).

A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2018	**2017**
	$	**$**
Segment revenue		
Global commercial channel management		
– Sale of devices and consumables	**1,205,199**	1,278,548
– Sale of extended warranty services	**62,707**	33,208
Technical and product development		
– Project revenue	**–**	771,750
	1,267,906	2,083,506
Timing of revenue recognition		
At point in time	**1,205,199**	1,278,548
Over time	**62,707**	804,958
	1,267,906	2,083,506

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	Group	
	2018	**2017**
	$	**$**
Sale of goods – devices and consumables[1]	**133,136**	–
Sale of extended warranty services[2]	**156,089**	11,042

(1) The delivery of the devices and consumables is determined by the customer, and the Group has no control over the point in time that these contracts will be satisfied. Due to the lack of information, management has classified 100% of the transaction price allocated to the unsatisfied contracts as of December 31, 2018 as current contract liability amounting to $133,136 (Note 15 to the financial statements).

(2) Management expects that 35.4% of the transaction price allocated to the unsatisfied contracts as of December 31, 2018 will be recognised as revenue during the next reporting period amounting to $55,273. Of the remaining 64.6%, $67,362 will be recognised in the 2020 financial year and $33,454 in the 2021 financial year.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

21 SEGMENT INFORMATION

For management purposes and resource allocation, the Group is organised into business operating units based on reports reviewed by management team that are used to make strategic decisions. This forms the basis of identifying the segments of the Group under SFRS(1) 8 *Operating Segments* as follows:

(i) Technical and product development

The technical and product development segment involves identifying and assessing collaboration partners and their technology, provision of technical expertise in revenue-generating collaboration projects, and product innovation and improvement.

(ii) Global commercial channel management

The global commercial channel management segment involves management of global distributorship network and direct customers.

(iii) Corporate segment

The corporate segment involves the corporate functions in supporting the operations of the entire Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2 to the financial statements. Segment profit represents the profit earned by each segment without allocation of other gains and losses, distribution and selling expenses, administrative expenses, finance income and finance cost. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

2018	Technical and product development $	Global commercial channel management $	Corporate segment $	Total $
Revenue				
External customers	–	1,267,906	–	1,267,906
Inter-segment	–	–	–	–
Total revenue	–	1,267,906	–	1,267,906
Segment results	–	880,127	–	880,127
Other income	–	–	64,767	64,767
Employee benefits expense	–	(627,406)	(702,970)	(1,330,376)
Depreciation expense	(96,616)	(251,536)	(13,605)	(361,757)
Amortisation expense	(29,257)	–	–	(29,257)
Research and development expense	(1,072,043)	–	–	(1,072,043)
Change in fair value of financial liabilities designated as FVTPL	–	–	(312,354)	(312,354)
Other expenses	(203,465)	(247,338)	(3,064,173)	(3,514,976)
Finance costs	–	–	(575,668)	(575,668)
Segment loss before tax	(1,401,381)	(246,153)	(4,604,003)	(6,251,537)
Income tax expense	–	–	–	–
Segment loss after tax	(1,401,381)	(246,153)	(4,604,003)	(6,251,537)

NOTES TO FINANCIAL STATEMENTS

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21 SEGMENT INFORMATION (CONTINUED)

2017	Technical and product development $	Global commercial channel management $	Corporate segment $	Total $
Revenue				
External customers	771,750	1,311,756	–	2,083,506
Inter-segment	–	–	–	–
Total revenue	771,750	1,311,756	–	2,083,506
Segment results	565,688	792,915	–	1,358,603
Other income	–	–	119,271	119,271
Employee benefits expense	–	(735,727)	(933,357)	(1,669,084)
Depreciation expense	(236,414)	(229,608)	(18,623)	(484,645)
Amortisation expense	(18,462)	–	–	(18,462)
Research and development expense	(994,714)	–	–	(994,714)
Change in fair value of financial liabilities designated as FVTPL	–	–	(1,795,856)	(1,795,856)
Other expenses	(410,873)	(399,441)	(1,737,934)	(2,548,248)
Finance costs	–	–	(1,179,357)	(1,179,357)
Segment loss before tax	(1,094,775)	(571,861)	(5,545,856)	(7,212,492)
Income tax expense	–	–	–	–
Segment loss after tax	(1,094,775)	(571,861)	(5,545,856)	(7,212,492)

Segment assets

	Additions to non-current assets(1) December 31, 2018 $	Additions to non-current assets(1) December 31, 2017 $
Technical and product development	**170,057**	176,654
Global commercial channel management	**218,328**	238,593
Corporate segment	**6,014**	23,366
Total	**394,399**	438,613

(1) Additions to non-current assets consist of additions to property, plant and equipment and intangible assets.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers monitor the property, plant and equipment and intangible assets attributable to each segment.

Other assets and liabilities are not allocated as they are not monitored by the chief operating decision makers for the purpose of resource allocation and assessment of segment performance.

NOTES TO FINANCIAL STATEMENTS

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21 SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue information based on the geographical location of customers are as follows:

	Global commercial channel management	
	2018	**2017**
	$	**$**
Segment revenue		
Singapore	**93,013**	125,578
Japan	**359,583**	364,976
China	**87,112**	304,726
Europe	**413,369**	198,026
United States	**35,033**	73,266
Hong Kong	**261,705**	181,144
Others	**18,091**	64,040
	1,267,906	1,311,756

	Technical and product development	
	2018	**2017**
	$	**$**
Japan	**–**	771,750

Information about major customers of the Group

Included in revenue is an amount of $548,270 (2017: $1,267,399) pertaining to the sale of its products to 2 third party customers (2017: 2 third party customers and a collaboration project with 1 third party partner). Other than the aforementioned, the Group is not significantly reliant on revenue derived from any major customer or group of customers under common control during the year.

22 OTHER INCOME

	Group	
	2018	**2017**
	$	**$**
Government grants and rebates	**49,102**	92,358
Rental income (Note 5)	**–**	13,084
Gain on dissolution of investment in subsidiaries (Note 29)	**12,471**	–
Others	**3,194**	13,829
	64,767	119,271

NOTES TO FINANCIAL STATEMENTS

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23 OTHER EXPENSES

	Group	
	2018	**2017**
	$	**$**
Property, plant and equipment written off	**27,996**	–
Intangible asset written off	**161,873**	–
Doubtful debt written off	**–**	27,944
Provision for unconsumed leave	**30,411**	–
Rental expenses	**220,433**	227,913
Travels	**240,956**	410,672
Professional fees	**899,901**	410,275
Sales and marketing expenses	**130,929**	268,268
Clinical studies	**180,712**	343,690
Recharge for professional services provided by shareholder (Note 5)	**–**	17,880
Foreign exchange loss, net	**45,331**	151,776
Listing expenses	**1,121,767**	–
Others	**454,667**	689,830
	3,514,976	2,548,248

24 FINANCE COSTS

	Group	
	2018	**2017**
	$	**$**
Accretion of interest expense on redeemable convertible preference shares (Note 17)	**575,668**	1,179,357

25 INCOME TAX EXPENSE

Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction. The total charge for the year can be reconciled to the accounting loss as follows:

	Group	
	2018	**2017**
	$	**$**
Loss before tax	**(6,251,537)**	(7,212,492)
Tax at the domestic rate of 17% (2017: 17%)	**(1,062,761)**	(1,226,124)
Effect of expenses that are not deductible in determining taxable profit	**237,019**	373,426
Effects of tax losses not recognised	**825,742**	722,840
Others	**–**	129,858
Income tax expense for the year	**–**	–

The Group has estimated unabsorbed tax losses of $37,815,000 (2017: $32,958,000) and unutilised capital allowance of $121,000 (2017: $121,000) available for offsetting against future taxable income subject to agreement with the Comptroller of Income Tax and the relevant provisions of the Income Tax Act. Deferred tax asset is not recognised in the financial statements due to the uncertainty on whether all conditions imposed by law in relation to the utilisation of the deferred tax asset will be met.

NOTES TO FINANCIAL STATEMENTS

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26 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Group	
	2018	2017
	$	$
Employees benefits expense (including directors' remuneration)		
Salaries and bonuses	**1,225,559**	1,476,098
Employer's contribution to defined contribution plans	**95,652**	87,391
Share based payment – equity settled (net)	**–**	68,665
Others	**9,165**	36,930
	1,330,376	1,669,084
Director's remuneration of the Company	**91,239**	143,000
Research and development expense		
Salaries and bonuses of researchers	**761,227**	737,913
Employer's contribution to defined contribution plans of researchers	**77,146**	84,443
Design/Certification	**101,350**	110
Testing	**132,308**	155,223
Others	**12**	17,025
	1,072,043	994,714
Audit fees		
– paid to auditors of the Group	**80,000**	25,000
Non-audit fees		
– paid to auditors of the Group(1)	**157,800**	5,000
Aggregate amount of fees paid to auditors	**237,800**	30,000
Listing expenses(1)	**1,121,767**	–

(1) This included non-audit fee of $150,000 (2017: $Nil) paid to auditors of the Company in connection with the Company's IPO

27 EMPLOYEES SHARE OPTION SCHEME

The Group has an Employees Share Option Scheme (the "Scheme") for its employees. The Scheme is administered by the Board of Directors. Options are exercisable at a price based on 20% of the post-money valuation price per share prevailing at the last completed third party financing exercise before the grant date. The vesting period is dependent on certain milestones achieved by the Group. Options are forfeited if the employee leaves the Group before the options vest.

The share options are exercisable only upon either of the following events:

1) trade sale of the Group;

2) sale of all or substantially all of the assets of the Group; or

3) initial public offering of the Group's shares on an internationally recognised stock exchange.

NOTES TO FINANCIAL STATEMENTS

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27 EMPLOYEES SHARE OPTION SCHEME (CONTINUED)

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2018		2017	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the financial year	52,713	5.25	53,198	5.65
Forfeited during the year	(1,796)	6.92	(281)	9.63
Repurchased during the year	(2,316)	5.93	(204)	10.89
Exercised during the year	(48,601)	3.13	–	–
Outstanding at the end of the financial year	–	–	52,713	5.25
Exercisable at the end of the financial year	–	–	–	–

The weighted average share price at the date of exercise for share options exercised during the year was $3.13 (2017: $Nil).

The Group and the Company recognised total expenses of $Nil (2017: $67,554) related to equity-settled share based payment transactions during the year.

Prior to the exercising of the Scheme, the Company had performed a share repurchase of 2,316 shares at $6,869 along with a forfeiture by an employee of 1,796 options. On September 26, 2018, 48,601 employee share options were exercised and converted to 48,601 ordinary shares (Note 18 to the financial statements). The Scheme was terminated after the exercise. No share options remains exercisable as at December 31, 2018.

28 LOSS PER SHARE

Pursuant to a written resolution dated December 3, 2018, the shareholders of the Company approved the sub-division of 1,268,678 ordinary shares into 215,000,000 ordinary shares (the "Share Split"). Accordingly, the number of outstanding shares is adjusted for the Share Split assuming it had occurred in the earliest period presented, for the purpose of the loss per share computation.

Basic loss per share are calculated by dividing loss for the year, net of tax, attributable to the owners of the Company by the weighted average number of shares held by the owners of the Company, as adjusted for the Share Split.

In 2018, the diluted loss per share is the same as the basic loss per share as pre-conversion, the effect of share options, convertible loans and RCPS are anti-dilutive and, post-conversion, there are no further potential dilutive shares remaining for the year.

In 2017, the diluted loss per share was the same as basic loss per share because the effect of share options, convertible loans and RCPS were anti-dilutive.

	Group	
	2018 $	2017 $
Loss for the year	**(6,251,537)**	(7,212,492)
Weighted average number of shares as adjusted for the Share Split	**126,170,982**	50,208,039
Basic and diluted loss per share (cents)	**(4.95)**	(14.37)

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29 DISSOLUTION OF SUBSIDIARIES

During the year, the Group dissolved its investment in subsidiaries with $Nil carrying amount of net assets at the point of derecognition. The cumulative exchange differences amounting to $12,471 were reclassified from equity to profit or loss.

30 OPERATING LEASE ARRANGEMENTS

The Group as a lessee

	Group	
	2018	2017
	$	$
Minimum lease payments under operating leases and recognised as an expense in the year	**220,433**	227,913

At the end of the reporting period, the Group and the Company have outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$	$	$
Within one year	**214,971**	206,673	206,673
In the second to fifth year inclusive	**–**	214,971	421,644
Total	**214,971**	421,644	628,317

Operating lease payments represent rentals payable by the Group for office premises and laboratory. Leases are negotiated for an average term of 3 years (2017: 3 years) and rentals are fixed for that period.

31 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended December 31, 2018 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS except for the application of SFRS(I) 9 and SFRS(I) 15 and no material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 15 which are effective at the same time.

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31 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

Reconciliations of equity and total comprehensive income

The effects of transition to SFRS(I) and the initial application of SFRS(I) 15 are presented and explained below.

(A) Impact on the Statement of Financial Position as at January 1, 2017 (date of transition to SFRS(I))

	As previously reported under FRS $	Initial application of SFRS(I) 15 $	Note	As adjusted under SFRS(I) $
Group				
Other payables – current	917,685	(353,500)	(a)	564,185
Contract liabilities	–	353,500	(a)	353,500
Company				
Other payables – current	909,710	(353,500)	(a)	556,210
Contract liabilities	–	353,500	(a)	353,500

(B) Impact on the Statement of Financial Position as at December 31, 2017 (end of last period reported under FRS)

	As previously reported under FRS $	Initial application of SFRS(I) 15 $	Note	As adjusted under SFRS(I) $
Group				
Other payables – current	396,032	(11,042)	(a)	384,990
Contract liabilities	–	11,042	(a)	11,042
Company				
Other payables – current	374,746	(11,042)	(a)	363,704
Contract liabilities	–	11,042	(a)	11,042

(C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017 (last financial year reported under FRS)

The transition to SFRS(I) and the initial application of SFRS(I) 15 have not had a material impact on the statement of profit or loss and other comprehensive income.

(D) Impact on the Statement of Changes in Equity for the year ended January 1, 2017 (date of transition to SFRS(I)) and for the year ended December 31, 2017 (last financial year reported under FRS)

The transition to SFRS(I) and the initial application of SFRS(I) 15 have not had a material impact on the statement of changes in equity.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

31 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

(E) Impact on the Statement of Cash Flows for the year ended December 31, 2017 (end of last period reported under FRS)

	As previously reported under FRS $	Initial application of SFRS(I) 15 $	Note	As adjusted under SFRS(I) $
Group				
Other payables – current	(521,653)	342,458	(a)	(179,195)
Contract liabilities	–	(342,458)	(a)	(342,458)

SFRS(I) 15 – Note a

The contract liability balance includes an amount reclassified from other payables – current. This had no impact on the statement of profit or loss.

32 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 Leases
- Amendments to SFRS(I) 9 Financial Instruments: Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-19 Employee Benefits: Plan Amendment, Curtailment or Settlement
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management anticipates that the application of SFRS(I) 16 in the future will have a material impact on amounts reported in respect to the Group’s financial assets and financial liabilities resulting from certain operating lease arrangements being recorded in the Statements of Finance Position. However, it is not practicable to provide a reasonable estimate of the effect of SFRS(I) 16 until the Group undertakes a detailed review. Management does not plan to early adopt the new SFRS(I) 16.

STATISTICS OF SHAREHOLDINGS

AS AT 22 MARCH 2019

Number of shares	:	242,500,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 22 March 2019, approximately 46.76% of the total number of issued shares of the Company was held by the public as defined in the Catalist Rules. Accordingly, Rule 723 of the Catalist Rules has been complied with.

DISTRIBUTION OF HOLDERS OF SHARES BY SIZE OF SHAREHOLDINGS AS AT 22 MARCH 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	3	1.45	2,900	0.00
1,001 – 10,000	22	10.63	163,100	0.07
10,001 – 1,000,000	151	72.95	29,992,051	12.37
1,000,001 and above	31	14.97	212,341,949	87.56
TOTAL	**207**	**100.00**	**242,500,000**	**100.00**

TWENTY LARGEST HOLDERS OF SHARES AS AT 22 MARCH 2019

No.	Name of Shareholder	No. of Shares	% of Shares
1	CLEARBRIDGE BSA PTE. LTD.	60,135,400	24.80
2	SEEDS CAPITAL PTE. LTD.	25,880,800	10.67
3	TRAUWIN PTE. LIMITED	19,044,600	7.85
4	BV HEALTHCARE II PTE. LTD.	13,652,500	5.63
5	LIM CHWEE TECK	12,021,000	4.96
6	DBS NOMINEES PTE LTD	9,195,154	3.79
7	MITSUBISHI UFJ LIFE SCIENCE I, LIMITED PARTNERSHIP	9,139,900	3.77
8	MAYBANK KIM ENG SECURITIES PTE.LTD.	8,219,053	3.39
9	WONG YAT FOO	5,677,200	2.34
10	KENYON PTE LTD	5,581,800	2.30
11	FUND SINGAPORE MEDTECH LTD	5,172,200	2.13
12	LIM HWEE SIAN	3,527,000	1.45
13	COOP INTERNATIONAL PTE LTD	3,500,000	1.44
14	KUIK THIAM HUAT	3,068,900	1.27
15	DARK HORSE INVESTMENT HOLDINGS LIMITED	3,012,800	1.24
16	CHEN JOHNSON	2,748,300	1.13
17	KUIK AH HAN	2,586,100	1.07
18	CHONG SIEW HONG	2,585,900	1.07
19	RACER TECHNOLOGY PTE LTD	2,231,800	0.92
20	NUS TECHNOLOGY HOLDINGS PTE LTD	1,853,800	0.76
	TOTAL	**198,834,207**	**81.98**

STATISTICS OF SHAREHOLDINGS

AS AT 22 MARCH 2019

SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2019

Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
Clearbridge BSA Pte. Ltd.(1)	60,135,400	24.80	25,880,800	10.67
Clearbridge Health Limited(2)	–	–	86,016,200	35.47
SEEDS Capital Pte. Ltd.	25,880,800	10.67	–	–
SPRING Equity Investments Pte. Ltd.(3)	–	–	25,880,800	10.67
Enterprise Singapore(3)	–	–	25,880,800	10.67
Trauwin Pte. Limited	19,044,600	7.85	–	–
Qian Fuqing(4)	–	–	19,044,600	7.85
Qian Xiaojin(4)	–	–	19,044,600	7.85
BV Healthcare II Pte. Ltd.	13,652,500	5.63	–	–
NRF Holdings Pte. Ltd.(5)	–	–	13,652,500	5.63
Sagamore Healthcare I, L.P.(6)	–	–	13,652,500	5.63
Sagamore Investment Management LLC(6)	–	–	13,652,500	5.63

Notes:

(1) Pursuant to a call option granted to Clearbridge BSA Pte. Ltd. ("**CBSA**") by SEEDS Capital Pte. Ltd. ("**SEEDS Capital**"), CBSA has the right to acquire all of the shares held by SEEDS. The call option was exercisable from 31 January 2014 and will expire on 31 January 2020. For the purposes of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), CBSA is deemed to have interest in the shares held by SEEDS Capital.

(2) CBSA is wholly-owned by Clearbridge, a company listed on Catalist. For the purposes of Section 4 of the SFA, Clearbridge is deemed to have interest in the shares held by CBSA.

(3) SEEDS Capital is wholly-owned by SPRING Equity Investments Pte. Ltd. ("**SPRING Equity**"), which is in turn wholly-owned by Enterprise Singapore, a statutory board under the Ministry of Trade and Industry Singapore. For the purposes of Section 4 of the SFA, each of SPRING Equity and Enterprise Singapore is treated as having an interest in the shares held by SEEDS Capital.

(4) Qian Fuqing and Qian Xiaojin hold 50.0% and 30.0%, respectively, of the issued and paid-up share capital of Trauwin Pte. Limited ("**Trauwin**"). For the purposes of Section 4 of the SFA, each of Qian Fuqing and Qian Xiaojin is treated as having an interest in the shares held by Trauwin.

(5) NRF Holdings Pte. Ltd. ("**NRF**") holds 47.6% of the issued and paid-up share capital of BV Healthcare II Pte. Ltd. ("**BV Healthcare**"). NRF is, in turn, wholly-owned by the Minister for Finance (Incorporated), Singapore. For the purposes of Section 4 of the SFA, NRF is treated as having an interest in the shares held by BV Healthcare.

(6) Sagamore Healthcare I, L.P. ("**Sagamore Healthcare**") holds 33.3% of the issued and paid-up share capital of BV Healthcare. Sagamore Investment Management LLC ("**Sagamore Investment**") is the general partner of Sagamore Healthcare. For the purposes of Section 4 of the SFA, each of Sagamore Healthcare and Sagamore Investment is treated as having an interest in the shares held by BV Healthcare.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**AGM**") of Biolidics Limited (the "**Company**") will be held at Palm Room at Oasis, 87 Science Park Drive, Science Hub, Singapore 118260 on Tuesday, 30 April 2019 at 9.30 a.m. for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2018 ("**FY2018**") together with the Auditor's Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$160,000 for the financial year ending 31 December 2019, payable quarterly in arrears. **(Resolution 2)**

3. To re-elect Mr. Chen Johnson who is retiring pursuant to Regulation 97 of the Company's constitution ("**Constitution**"). **(Resolution 3)**
   (See Explanatory Note 1)

   Mr. Chen Johnson will, upon re-election as a director of the Company ("**Director**"), remain as Non-Executive Non-Independent Director and a member of the Nominating Committee.

   There are no relationships including family relationships between Mr. Chen Johnson and the other Directors, the Company, its related corporations, its 10% shareholders or its officers. Further information on Mr. Chen Johnson can be found in the Company's annual report 2018.

4. To re-elect Mr. Lew Kwang Ping who is retiring pursuant to Regulation 103 of the Constitution. **(Resolution 4)**
   (See Explanatory Note 2)

   Mr. Lew Kwang Ping will, upon re-election as a Director, remain as Executive Director and CEO of the Company.

   There are no relationships including family relationships between Mr. Lew Kwang Ping and the other Directors, the Company, its related corporations, its 10% shareholders or its officers. Further information on Mr. Lew Kwang Ping can be found in the Company's annual report 2018.

5. To re-elect Mr. Leong Yow Seng who is retiring pursuant to Regulation 103 of the Constitution. **(Resolution 5)**
   (See Explanatory Note 3)

   Mr. Leong Yow Seng will, upon re-election as a Director, remain as the Lead Independent Director, Chairman of the Remuneration Committee, and a member of the Audit and Nominating Committees. The board of directors ("**Board**") of the Company considers him to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**").

   There are no relationships including family relationships between Mr. Leong Yow Seng and the other Directors, the Company, its related corporations, its 10% shareholders or its officers. Further information on Mr. Leong Yow Seng can be found in the Company's annual report 2018.

6. To re-elect Mr. Peter Koh Heng Kang who is retiring pursuant to Regulation 103 of the Constitution. **(Resolution 6)**
   (See Explanatory Note 4)

   Mr. Peter Koh Heng Kang will, upon re-election as a Director, remain as an Independent Director and a member of the Remuneration Committee. The Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

   There are no relationships including family relationships between Mr. Peter Koh Heng Kang and the other Directors, the Company, its related corporations, its 10% shareholders or its officers. Further information on Mr. Peter Koh Heng Kang can be found in the Company's annual report 2018.

NOTICE OF ANNUAL GENERAL MEETING

7. To re-elect Ms. Toh Shih Hua who is retiring pursuant to Regulation 103 of the Constitution. **(Resolution 7)**
   (See Explanatory Note 5)

   Ms. Toh Shih Hua will, upon re-election as a Director, remain as an Independent Director and Chairman of the Audit Committee. The Board considers her to be independent for the purpose of Rule 704(7) of the Catalist Rules.

   There are no relationships including family relationships between Ms. Toh Shih Hua and the other Directors, the Company, its related corporations, its 10% shareholders or its officers. Further information on Ms. Toh Shih Hua can be found in the Company's annual report 2018.

8. To re-elect Mr. Ong Hsien Chih, James (Weng Xian Zhi, James) who is retiring pursuant to Regulation 103 of the Constitution. **(Resolution 8)**
   (See Explanatory Note 6)

   Mr. Ong Hsien Chih, James (Weng Xian Zhi, James) will, upon re-election as a Director, remain as an Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee. The Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

   There are no relationships including family relationships between Mr. Ong Hsien Chih, James (Weng Xian Zhi, James) and the other Directors, the Company, its related corporations, its 10% shareholders or its officers. Further information on Mr. Ong Hsien Chih, James (Weng Xian Zhi, James) can be found in the Company's annual report 2018.

9. To appoint Messrs Ernst & Young LLP as auditors of the Company in place of retiring auditors of the Company, Messrs Deloitte & Touche LLP, to hold office until conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Resolution 9)**
   (See Explanatory Note 7)

10. To transact any other ordinary business which may be properly transacted at the AGM.

Special Business

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:

11. Authority to allot and issue shares

    "THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Catalist Rules and the Constitution, the Directors be and hereby authorised to:

    I. (a) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

       (b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, or other instruments convertible into Shares;

       at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF
ANNUAL GENERAL MEETING

II. (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force,

provided that:

(a) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this resolution), shall not exceed 100% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company ("**Shareholders**") shall not exceed 50% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) that may be issued under sub-paragraph (a) above, the percentage of the issued Shares shall be based on the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this resolution, provided that such share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Constitution for the time being; and

(d) the authority conferred by this resolution shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier."
(See Explanatory Note 8) **(Resolution 10)**

12. Authority to grant awards and to allot and issue Shares pursuant to the Biolidics Performance Share Plan

That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors to:

(i) offer and grant awards ("**Awards**") from time to time in accordance with the provisions of the Biolidics Performance Share Plan (the "**PSP**"); and

(ii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the vesting of Awards granted under the PSP,

NOTICE OF ANNUAL GENERAL MEETING

provide always that the aggregate number of Shares issued and issuable pursuant to the Awards granted under the PSP, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (ii) all other Shares issued and issuable and/or transferred or transferable in respect of all share options granted or share awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier. **(Resolution 11)**
(See Explanatory Note 9)

By Order of the Board

Selena Leong Siew Tee
Company Secretary
Singapore
15 April 2019

NOTES:

1. A member of the Company (who is not a relevant intermediary as defined in Section 181 of the Act) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of the member. A proxy need not be a member of the Company.

   A member who is a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint more than two proxies to attend and vote at the AGM.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.

3. If the member is a corporation, the instrument appointing the proxy must be given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

4. The instrument appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than 72 hours before the time appointed for holding the AGM.

5. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her name appears on the Depository Register not less than 72 hours before the time of the AGM.

EXPLANATORY NOTES:

(1) Details on Mr. Chen Johnson

Date of Appointment: 19 July 2009

Date of last re-appointment (if applicable): NA

Age: 47

Country of principal residence: Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the corporate governance section of the Company's annual report 2018.

Whether appointment is executive, and if so, the area of responsibility: No

Job Title: Non-Executive Non-Independent Director and a member of the Nominating Committee

Professional qualifications: Please refer to the board of directors section in the Company's annual report 2018.

Working experience and occupation(s) during the past 10 years: Please refer to the board of directors section in the Company's annual report 2018.

NOTICE OF ANNUAL GENERAL MEETING

Shareholding interest in the listed issuer and its subsidiaries: 2,748,300 Shares

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries: No

Conflict of interest (including any competing business): The Company purchases certain components of the CTChip® FR1 biochip from Hybrionic Pte Ltd ("**Hybrionic**") from time to time. Mr. Chen Johnson's father, Mr. Chen Chung Ni Johnny, is a director of, and holds an equity interest of approximately 87.7% in, Hybrionic. Mr. Chen Johnson is also a director of Hybrionic.

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

☑ Yes ☐ No

(2) Details on Mr. Lew Kwang Ping

Date of Appointment: 19 September 2018

Date of last re-appointment (if applicable): NA

Age: 51

Country of principal residence: Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the corporate governance section of the Company's annual report 2018.

Whether appointment is executive, and if so, the area of responsibility: Yes, he is responsible for the overall management, operations, strategic planning and business development of the Company.

Job Title: Executive Director and CEO

Professional qualifications: Please refer to the board of directors section in the Company's annual report 2018.

Working experience and occupation(s) during the past 10 years: Please refer to the board of directors section in the Company's annual report 2018.

Shareholding interest in the listed issuer and its subsidiaries: None

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries: No

Conflict of interest (including any competing business): None

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

☑ Yes ☐ No

(3) Details on Mr. Leong Yow Seng

Date of Appointment: 20 November 2018

Date of last re-appointment (if applicable): NA

Age: 47

Country of principal residence: Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the corporate governance section of the Company's annual report 2018.

Whether appointment is executive, and if so, the area of responsibility: No

Job Title: Lead Independent Director, Chairman of the Remuneration Committee, and a member of the Audit and Nominating Committees

Professional qualifications: Please refer to the board of directors section in the Company's annual report 2018.

Working experience and occupation(s) during the past 10 years: Please refer to the board of directors section in the Company's annual report 2018.

Shareholding interest in the listed issuer and its subsidiaries: None

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries: No

Conflict of interest (including any competing business): None

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

☑ Yes ☐ No

NOTICE OF
ANNUAL GENERAL MEETING

(4) Details on Mr. Peter Koh Heng Kang

Date of Appointment: 20 November 2018

Date of last re-appointment (if applicable): NA

Age: 54

Country of principal residence: Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the corporate governance section of the Company's annual report 2018.

Whether appointment is executive, and if so, the area of responsibility: No

Job Title: Independent Director and a member of the Remuneration Committee

Professional qualifications: Please refer to the board of directors section in the Company's annual report 2018.

Working experience and occupation(s) during the past 10 years: Please refer to the board of directors section in the Company's annual report 2018.

Shareholding interest in the listed issuer and its subsidiaries: None

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries: No

Conflict of interest (including any competing business): None

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

☑ Yes ☐ No

(5) Details on Ms. Toh Shih Hua

Date of Appointment: 20 November 2018

Date of last re-appointment (if applicable): NA

Age: 44

Country of principal residence: Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the corporate governance section of the Company's annual report 2018.

Whether appointment is executive, and if so, the area of responsibility: No

Job Title: Independent Director and Chairman of the Audit Committee

Professional qualifications: Please refer to the board of directors section in the Company's annual report 2018.

Working experience and occupation(s) during the past 10 years: Please refer to the board of directors section in the Company's annual report 2018.

Shareholding interest in the listed issuer and its subsidiaries: None

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries: No

Conflict of interest (including any competing business): None

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

☑ Yes ☐ No

(6) Details on Mr. Ong Hsien Chih, James (Weng Xian Zhi, James)

Date of Appointment: 20 November 2018

Date of last re-appointment (if applicable): NA

Age: 39

Country of principal residence: Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the corporate governance section of the Company's annual report 2018.

NOTICE OF
ANNUAL GENERAL MEETING

Whether appointment is executive, and if so, the area of responsibility: No

Job Title: Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee

Professional qualifications: Please refer to the board of directors section in the Company's annual report 2018.

Working experience and occupation(s) during the past 10 years: Please refer to the board of directors section in the Company's annual report 2018.

Shareholding interest in the listed issuer and its subsidiaries: None

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries: No

Conflict of interest (including any competing business): None

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer

☑ Yes ☐ No

(7) In accordance with the requirements of Rule 712(3) of the Catalist Rules:

(i) Messrs Deloitte & Touche LLP, the Company's current auditors for FY2018, has confirmed that it is not aware of any professional reasons why Messrs Ernst & Young LLP should not accept appointment as new auditors of the Company;

(ii) the Company confirms that there were no disagreements with Messrs Deloitte & Touche LLP on accounting treatments within the last 12 months from the date of the Appendix to Notice of AGM ("**Appendix**") to Shareholders in relation to the proposed change of auditors;

(iii) the Company confirms that it is not aware of any circumstances connected with the proposed change of auditors that should be brought to the attention of Shareholders which has not been disclosed in the Appendix;

(iv) as a matter of good corporate governance, the Audit Committee is of the view that it would be appropriate to periodically rotate audit firms to enable the Company to benefit from fresh perspectives and views of another professional accounting firm, thereby enhancing the value of the audit. The Board concurs with the Audit Committee; and

(v) the Company confirms that it complies with Rule 712 of the Catalist Rules in relation to the proposed appointment of Messrs Ernst & Young LLP as auditors of the Company.

For further information in relation to the proposed change of auditors, please refer to the Appendix which is circulated to Shareholders together with the Company's annual report 2018.

(8) The resolution 10 in item 11 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next AGM, or the date by which the next AGM is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from Shareholders in a general meeting but within the limitation imposed by this resolution, for such purposes as the Directors may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this resolution) to be allotted and issued would not exceed 100% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) at the time of passing of this resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this resolution) other than on a pro-rata basis to all Shareholders shall not exceed 50% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) at the time of the passing of this resolution.

(9) The resolution 11 in item 12 above, if passed, will empower the Directors to offer and grant Awards under the PSP, and to allot and issue Shares pursuant to the vesting of Awards granted under the PSP, provided that the aggregate number of Shares issued and issuable pursuant to the PSP, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all awards granted thereunder; and (ii) all other Shares issued and issuable and/or transferred or transferable in respect of all share options granted or share awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.

PERSONAL DATA PRIVACY

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

APPENDIX TO NOTICE OF AGM

APPENDIX DATED 15 APRIL 2019

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Appendix as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

This Appendix is circulated to Shareholders (as defined herein) of Biolidics Limited (the "**Company**") together with the Company's annual report for the financial year ended 31 December 2018 (the "**2018 Annual Report**"). Its purpose is to provide Shareholders with information relating to the Proposed Change of Auditors (as defined herein), and to seek Shareholders' approval for the same at the annual general meeting of the Company ("**AGM**") to be held at Palm Room at Oasis, 87 Science Park Drive, Science Hub, Singapore 118260 on 30 April 2019 at 9.30 a.m.. The notice of AGM and the proxy form are enclosed in the 2018 Annual Report.

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately forward this Appendix, the 2018 Annual Report and proxy form herewith immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this Appendix. This Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix. The contact person for the Sponsor is Mr Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

Biolidics

BIOLIDICS LIMITED

(Company Registration Number: 200913076M)

APPENDIX TO SHAREHOLDERS

IN RELATION TO

APPOINTMENT OF MESSRS ERNST & YOUNG LLP IN PLACE OF RETIRING AUDITORS, MESSRS DELOITTE & TOUCHE LLP

Important Dates and Times

Last date and time for lodgement of proxy form	:	27 April 2019 at 9.30 a.m.
Date and time of AGM	:	30 April 2019 at 9.30 a.m.
Place of AGM	:	Palm Room at Oasis 87 Science Park Drive, Science Hub Singapore 118260

APPENDIX TO NOTICE OF AGM

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APPENDIX TO NOTICE OF AGM

DEFINITIONS

For the purpose of this Appendix, the following definitions have, where appropriate, been used:

"**2018 Annual Report**"	:	The annual report of the Company for the financial year ended 31 December 2018
"**2018 AGM**"	:	The annual general meeting of the Company to be held at Palm Room at Oasis, 87 Science Park Drive, Science Hub, Singapore 118260 on 30 April 2019 at 9.30 a.m., notice of which is enclosed with the 2018 Annual Report
"**AC**"	:	The audit committee of the Company, comprising Toh Shih Hua, Leong Yow Seng and Ong Hsien Chih, James (Weng Xianzhi, James), for the time being
"**ACRA**"	:	The Accounting and Corporate Regulatory Authority of Singapore
"**AGM**"	:	The annual general meeting of the Company
"**Board**"	:	The board of the Directors for the time being
"**CDP**"	:	The Central Depository (Pte) Limited
"**Companies Act**"	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"**Company**"	:	Biolidics Limited
"**Deloitte**"	:	Deloitte & Touche LLP
"**Directors**"	:	The directors of the Company for the time being
"**Ernst & Young**"	:	Ernst & Young LLP
"**Catalist Rules**"	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
"**Proposed Change of Auditors**"	:	The appointment of Ernst & Young as the auditors of the Company, in place of the retiring auditors of the Company, Deloitte
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent
"**Securities and Futures Act**"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts with CDP are credited with Shares
"**Shares**"	:	Ordinary shares in the capital of the Company

APPENDIX TO NOTICE OF AGM

The terms "**Depositor**", "**Depository Register**" and "**Depository Agent**" shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act. The term "**treasury share**" shall have the meaning ascribed to it in Section 4 of the Companies Act. Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act or the Catalist Rules or any modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Companies Act or the Catalist Rules or any modification thereof, unless otherwise provided.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons, where applicable, shall include corporations.

Any reference to a time of a day and date in this Appendix is a reference to Singapore time and date unless otherwise stated.

APPENDIX TO NOTICE OF AGM

BIOLIDICS LIMITED
(Company Registration Number: 200913076M)

Board of Directors
Yee Pinh Jeremy (Non-Executive Non-Independent Chairman)
Lew Kwang Ping (Executive Director and Chief Executive Officer)
Chen Johnson (Non-Executive Non-Independent Director and Founder)
Leong Yow Seng (Lead Independent Director)
Ong Hsien Chih, James (Weng Xianzhi, James) (Independent Director)
Peter Koh Heng Kang (Independent Director)
Toh Shih Hua (Independent Director)

Registered Office
81 Science Park Drive
#02-03 The Chadwick
Singapore 118257

15 April 2019

To: The Shareholders

Dear Sir/Madam

1. INTRODUCTION

Reference is made to the notice of AGM as set out on pages 111 to 117 of the 2018 Annual Report convening the AGM to be held at Palm Room at Oasis, 87 Science Park Drive, Science Hub, Singapore 118260 on 30 April 2019 at 9.30 a.m..

The proposed ordinary resolution 9 in the notice of AGM relates to the Proposed Change of Auditors.

The purpose of this Appendix is to provide Shareholders with information pertaining to, and the rationale for, the Proposed Change of Auditors, and to seek Shareholders' approval for the resolution in respect of the same at the AGM, the notice of which is set out in the 2018 Annual Report.

2. RATIONALE FOR THE PROPOSED CHANGE OF AUDITORS

The Company's existing auditors, have been the auditors of the Company since 18 March 2016. Deloitte were re-appointed at the last AGM held on 29 August 2018 to hold office until the conclusion of the forthcoming 2018 AGM. The Company has, to date, no concerns with Deloitte on their discharge of the audit responsibility and there was no change in audit scope during the year.

As a matter of good corporate governance, the AC is of the view that it would be appropriate to periodically rotate audit firms to enable the Company to benefit from fresh perspectives and views of another professional accounting firm, thereby enhancing the value of the audit. The Board concurs with this view and believes that it is timely to consider a change of auditors of the Company for the audit for the financial year ending 31 December 2019.

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NOTICE OF AGM

The AC and the Board, in assessing the suitability of Ernst & Young have considered factors such as the adequacy of resources and experience to handle the audit, the audit engagement partner to be assigned to the audit, the size and complexity of the Company and the number and experience of supervisory and professional staff assigned to the audit. The AC also took into consideration the Audit Quality Indicators Disclosure Framework issued by ACRA in assessing the suitability of Ernst & Young.

Following the review, the AC and the Board are of the opinion that Ernst & Young will be able to meet the audit requirements of the Company, and Rule 712 of the Catalist Rules will be complied with.

Ernst & Young had, on 1 April 2019, given their written consent to be appointed as auditors of the Company, subject to the approval of Shareholders at the 2018 AGM.

The appointment of Ernst & Young would be effective upon obtaining the approval of Shareholders at the 2018 AGM for the Proposed Change of Auditors. If approved, Ernst & Young will hold office until the conclusion of the next AGM.

In view of the above, Deloitte has intimated that it will retire and not seek re-appointment as auditors of the Company at the 2018 AGM, being the end of their current term. The Board wishes to express their appreciation for the services rendered by Deloitte.

3. INFORMATION ON ERNST & YOUNG

Ernst & Young, registered with ACRA, is one of the largest professional service firms in Singapore, and is among the Big Four accounting firms in Singapore.

Ernst & Young has more than 129 years of experience providing audit, tax and professional services to Singapore and the global markets and employs more than 1,200 and 260,000 people locally and globally respectively. Ernst & Young has relevant industry experience with audit clients in the medical technology and healthcare industries which the Company is in.

Terry Wee will be the lead engagement partner assigned to the audit of the Company. Terry Wee is a member of the Institute of Singapore Chartered Accountants (ISCA). Terry Wee has more than 20 years of experience in providing audit and assurance services to a variety of clients, including public companies listed on the SGX-ST.

For more information on Ernst & Young, please visit www.ey.com.

4. COMPLIANCE WITH RULE 712 OF THE CATALIST RULES

In accordance with the requirements of Rule 712(3) of the Catalist Rules:

(a) Deloitte, has confirmed by way of a letter dated 29 March 2019 ("**Professional Clearance Letter**") that they are not aware of any professional reasons why Ernst & Young should not accept appointment as auditors of the Company;

(b) the Company confirms that there were no disagreements with Deloitte, on accounting treatments within the last 12 months up to the date of this Appendix;

APPENDIX TO NOTICE OF AGM

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders and which has not been disclosed in this Appendix;

(d) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed above. The Proposed Change of Auditors is neither due to the dismissal of Deloitte nor Deloitte declining to stand for re-appointment; and

(e) the Company confirms that it is in compliance with Rule 712 of the Catalist Rules in relation to the appointment of Ernst & Young as auditors of the Company.

5. AC'S RECOMMENDATIONS

The AC has reviewed the Proposed Change of Auditors, and recommended the Proposed Change of Auditors after taking into account the suitability and independence of Ernst & Young to meet the audit requirements of the Company and compliance with the requirements of the Catalist Rules.

6. DIRECTORS' RECOMMENDATIONS

Having considered the rationale and benefits of the Proposed Change of Auditors and the AC's recommendations, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Change of Auditors at the forthcoming 2018 AGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2018 AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the proxy form attached to the notice of the 2018 AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898, not later than 72 hours before the time fixed for the 2018 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2018 AGM if he so wishes in place of the proxy if he finds that he is able to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2018 AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP not less than 72 hours before the 2018 AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix 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 the Appendix in its proper form and context.

APPENDIX TO
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9. DOCUMENTS FOR INSPECTION

A copy of the following documents may be inspected at the registered office of the Company at 81 Science Park Drive, #02-03 The Chadwick, Singapore 118257, during normal business hours from the date of this Appendix up to and including the date of the 2018 AGM:

(a) the 2018 Annual Report;

(b) the constitution of the Company;

(c) the Professional Clearance Letter; and

(d) the letter of consent to act as auditors of the Company from Ernst & Young dated 1 April 2019.

Yours faithfully,
For and on behalf of the Board of Directors of
Biolidics Limited

Lew Kwang Ping
Executive Director and Chief Executive Officer
15 April 2019

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

ANNUAL GENERAL MEETING
PROXY FORM

Important:
1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 of Singapore (the "**Act**"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the annual general meeting ("**AGM**").
2. For investors who have used their Supplementary Retirement Scheme monies to buy shares in the Company ("**SRS Investors**"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. SRS Investors are requested to contact their respective Agent Banks for any queries they may have with regard to appointment of their proxies.

I/We, ______________________ (Name) ____________ (NRIC No./Passport No./Company Registration No.)
of ____ (Address)
being a member/members of Biolidics Limited (the "**Company**"), hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of shares	%

*and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of shares	%

or failing him/her/they, the Chairman of the AGM, as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM to be held at Palm Room at Oasis, 87 Science Park Drive, Science Hub, Singapore 118260 on Tuesday, 30 April 2019 at 9.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the ordinary resolutions to be proposed at the AGM as indicated hereunder. If no specified directions as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the AGM.

No.		No. of Shares For	No. of Shares Against
	ORDINARY BUSINESS		
1.	To receive and adopt the directors' statement and audited financial statements of the Company for FY2018 together with the auditor's report thereon		
2.	To approve the payment of Directors' fees for the financial year ending 31 December 2019, payable quarterly in arrears		
3.	To re-appoint Mr. Chen Johnson as a director of the Company		
4.	To re-elect Mr. Lew Kwang Ping as a director of the Company		
5.	To re-elect Mr. Leong Yow Seng as a director of the Company		
6.	To re-elect Mr. Peter Koh Heng Kang as a director of the Company		
7.	To re-elect Ms. Toh Shih Hua as a director of the Company		
8.	To re-elect Mr. Ong Hsien Chih, James (Weng Xian Zhi, James) as a director of the Company		
9.	To appoint Messrs Ernst & Young LLP as the Company's auditors		
	SPECIAL BUSINESS		
10.	To allot and issue shares		
11.	To grant awards and to allot and issue shares pursuant to the PSP		

* *If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ______ day of ____________ 2019.

	Total No. of Shares in	No. of Shares
	CDP Register	
Signature of Member(s) or Common Seal	Register of Members	

** Delete accordingly*

IMPORTANT: PLEASE READ NOTES OVERLEAF.

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the member must specify the proportion of shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer of the corporation or attorney duly authorised.
5. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than 72 hours before the time appointed for holding the AGM. If a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointments of the proxy should be revoked.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.
9. An investor who buys shares using SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

BIOLIDICS LIMITED

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