

BIOLIDICS LIMITED
(Company Registration Number: 200913076M)

**RESPONSE TO SGX QUERIES – FURTHER CLARIFICATIONS TO ANNOUNCEMENTS IN
RELATION TO APPOINTMENT OF AYTU BIOSCIENCE, INC. AND US MARKET UPDATE**

The board of directors (the "**Board**") of Biolidics Limited (the "**Company**" or "**Biolidics**") refers to the following announcements (the "**Announcements**") in relation to the Company's COVID-19 Antibody Test Kits:

S/No.	Title of Announcement	Date
1	APPOINTMENT OF AYTU BIOSCIENCE, INC. AS EXCLUSIVE DISTRIBUTOR FOR BIOLIDICS' NOVEL CORONAVIRUS 2019 RAPID TEST KITS (the " Aytu Appointment Announcement ")	23 April 2020
2	COVID-19 ANTIBODY TEST KITS: US MARKET UPDATE	28 June 2020
3	COVID-19 ANTIBODY TEST KITS: FURTHER US MARKET UPDATE	2 July 2020
4	RESPONSE TO SGX QUERIES (the " Response to SGX ")	3 July 2020

Further to the Announcements, the Board wishes to provide the following additional information in response to the queries raised by the Singapore Exchange Securities Trading Limited on 7 July 2020.

Unless otherwise defined, capitalised terms used in this announcement in the Company's responses shall have the same meaning as ascribed to them in the Announcements.

Question 1

Please elaborate on why the remaining 487,000 Covid-19 Antibody Kits were not delivered to Aytu, including whether it was a failure on the Company's part to deliver these COVID-19 Antibody Kits.

Company's response: The Company wishes to highlight that there were no terms in the Distribution Agreement that required the COVID-19 Antibody Test Kits to be delivered within a stipulated time, as it was generally understood that it may take a longer time to fulfill the order as there were (and continues to be) major disruptions on global supply and logistics air freight due to the COVID-19 pandemic. Further, there was no failure on the Company's part to deliver the remaining 487,100 COVID-19 Antibody Test Kits.

The Company would like to clarify that although Aytu was required under the terms of the Distribution Agreement to place an order for 500,000 COVID-19 Antibody Test Kits, it had placed an order for 500,100 COVID-19 Antibody Test Kits. Aytu had requested for an initial test shipment delivery of 13,000 COVID-19 Antibody Test Kits and agreed to take delivery of the balance on a later date to be agreed between Aytu and the Company. The delivery lead time for the 487,100 COVID-19 Antibody Test Kits was subject to the speed at which the Company's contract manufacturer was able to manufacture the COVID-19 Antibody Test Kits, availability of cargo space from the freight forwarder and the speed of the customs clearance. At every step of the order fulfilment process, the Company would keep Aytu apprised of the status of the test kits.

Question 2

Did the non-delivery of the remaining 487,000 Covid-19 Test Kits breach any of the terms in the Distribution Agreement and/or other contracts/agreements with Aytu? Please elaborate if so.

Company's response: The non-delivery of the 487,100 COVID-19 Antibody Test Kits did not breach any of the terms in the Distribution Agreement and/or other contracts/agreements that were mutually agreed upon.

Question 3

Did the terms in the Distribution Agreement and/or other contracts/agreements, in appointing Aytu as the Company's distributor for the Covid-19 Test Kits, spell out the manner which the 500,000 Covid-19 Antibody Test Kits would be fulfilled? If yes, how did the deviation from the terms to fulfil the delivery of the 500,000 Covid-19 Antibody Test Kits impact the Distribution Agreement and/or other contracts/agreements?

Company's response: As set out in the Company's response to Question 1, Aytu was required to place a minimum order for 500,000 COVID-19 Antibody Test Kits within one business day from the date of the Distribution Agreement. There were no terms in the Distribution Agreement and/or other mutually executed contracts/agreements that required the COVID-19 Antibody Test Kits to be delivered within a stipulated time. Purchase orders relating to the COVID-19 Antibody Test Kits provided for indicative dates/lead times only. The delivery of the COVID-19 Antibody Test Kits was subject to availability of the test kits as well as cargo space from the freight forwarder and customs clearance.

Question 4

Can the Company confirm if there was any conditions or terms required to be fulfilled, before Aytu would fulfil the 'binding commitment to purchase from the Company an initial 500,000 COVID-19 Rapid Test Kits within one business day from the date of the Agreement'?

Company's response: There were no other conditions or terms required to be fulfilled before Aytu would fulfil the 'binding commitment to purchase from the Company an initial 500,000 COVID-19 Antibody Test Kits' within one business day from the date of the Agreement.

Question 5

What was the interest to the Company in not enforcing the binding commitment by Aytu to purchase the 500,000 COVID-19 Rapid Test Kits and refunding the deposit that was already paid by Aytu for the remaining 487,000 COVID-19 Rapid Test Kits?

Company's response: The Company wishes to reiterate that, in agreeing to provide a full refund for the undelivered COVID-19 Antibody Test Kits, the Company had considered various factors, including but not limited to, its ability to sell these COVID-19 Antibody Test Kits to other markets outside of the US, and the increased competition in the US market for serology kits. In addition, the Company also wishes to emphasise the points mentioned in its response to Question 1 that the possibility that it may take longer to fulfil subsequent orders due to the following factors such as the delivery lead time from the manufacturer, the speed at which its plant is able to manufacture the COVID-19 Antibody Test Kits, availability of cargo space from freight forwarders, coupled with the global logistics, supply challenges arising from the COVID-19 pandemic and the speed of the customs clearance, played a crucial part in the Company's consideration for the full refund.

Further, the Company believes that there are other business opportunities which the Company may pursue with Aytu as a potential partner. In view of the prospect of future collaboration with Aytu, and in an effort to streamline resources to focus on the Development Project, the Company has thus agreed to a full refund of the undelivered COVID-19 Antibody Test Kits to Aytu and both Aytu and the Company have agreed to, among other things, a mutual release of claims, to maintain the long term working relationship of both parties.

Question 6

Please confirm that the Company had received the full payment for these 13,000 COVID-19 Antibody Test Kits.

Company's response: The Company confirms that it had received the full payment for the 13,000 COVID-19 Antibody Test Kits.

Question 7

What were the terms in the Distribution Agreement, other contracts/agreements and/or the Termination Agreement, or other considerations, that allowed the Company to retain the payments for the 13,000 Covid-19 Antibody Test Kits delivered, but not the undelivered 487,000 Covid-19 Antibody Test Kits?

Company's response: The Company would like to highlight that the arrangement is mutually agreed after much deliberation and negotiation between the Company and Aytu, and is part of the terms for mutual release of obligations in the Termination Agreement. The Company agreed to refund Aytu for the undelivered COVID-19 Antibody Test Kits for the reasons set out in its response to Question 5 above.

Question 8

When did the Company and Aytu decide to not pursue the Section 510(K) Application?

Company's response: As set out in the Company's response to Question 7 of the Response to SGX, owing to the rapidly evolving nature of the COVID-19 situation, the US market for serology test kits has undergone significant changes and competition in the US market for serology test kits has increased significantly.

In view of the foregoing, the Company and Aytu had decided not to pursue the Section 510(k) Application in the US for the current COVID-19 Antibody Test Kits when both parties entered into the Termination Agreement pursuant to which, among other things, each party mutually agreed to a release of claims of the other party of all the obligations and duties pursuant to terms of the Termination Agreement.

Question 9

The Aytu Appointment Announcement stated that 'Aytu shall pay for and lead the clinical trials processes, to complete and obtain regulatory clearance for the COVID-19 Rapid Test Kits under Section 510(k) of the USA Food, Drug and Cosmetic Act'. When did the Company become aware that Aytu was not proceeding with the clinical trials?

Company's response: The Company would like to reiterate that, as set out in the Company's response to Question 7 of the Response to SGX, Aytu had commenced preparations for the Section 510(k) Application and had prepared the clinical trial plan which forms part of the Section 510(k) Application (the "**Clinical Trial Plan**"). The Company would like to highlight that the Clinical Trial Plan is only one part of the Section 510(k) Application, and such an application requires extensive preparation and submission of various documents which may take several months.

As set out in the Company's response to Question 7 of the Response to SGX, owing to the rapidly evolving nature of the COVID-19 situation, the US market for serology test kits has undergone significant changes and competition in the US market for serology test kits has increased significantly. In view of the foregoing, the Company and Aytu had decided not to proceed with the clinical trials for the current COVID-19 Antibody Test Kits when both parties entered into the Termination Agreement pursuant to which, among other things, each party mutually agreed to a release of claims of the other party of all the obligations and duties pursuant to terms of the Termination Agreement.

BY ORDER OF THE BOARD

Yee Pinh Jeremy
Non-Executive Non-Independent Chairman
9 July 2020

This announcement has been prepared by Biolidics Limited (the "Company") and has been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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