

**UPDATE ON ISSUANCE OF LETTER OF DEMAND ("LOD") TO SYSMEX CORPORATION
- (A) RECEIPT OF COUNTERCLAIM FROM SYSMEX CORPORATION AND (B) ISSUANCE OF
NOTICE OF ARBITRATION TO SYSMEX CORPORATION**

The board of directors (the "**Board**") of Biolidics Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 16 October 2020 in relation to the issuance of the LOD to Sysmex (the "**Announcement**"). Unless otherwise defined, capitalised terms used herein shall bear the same meaning as ascribed to them in the Announcement.

(A) Receipt of Counterclaim from Sysmex

Further to the Announcement, the Board wishes to announce that in the evening of 4 November 2020, the Company received a letter dated 4 November 2020 from Sysmex's legal counsel pursuant to which Sysmex (1) raised a counterclaim against the Company (the "**Counterclaim**"); and (2) responded to the Company's claims in the LOD (the "**Response**").

1. **Counterclaim**

With regard to the Counterclaim, Sysmex alleged that the Company had breached its obligations under a Feasibility Study Agreement entered into between the Company and Sysmex on 1 August 2014. Specifically, that the Company had filed a patent application under the Patent Co-operation Treaty on 4 May 2016 (the "**Biolidics Patent Application**"), and that the Biolidics Patent Application contained intellectual property that may have belonged to Sysmex. In this regard, Sysmex claims against the Company, among others, that the Biolidics Patent Application and all related applications or patents in the patent family to be converted to one of joint ownership between the Company and Sysmex (with all costs and expenses to be borne by the Company). The Company, having consulted with its legal advisors, is of the opinion that the Counterclaim is wholly without merit.

2. **Response**

With regard to the Response, the Company, having consulted with its legal advisors, is of the view that the Response fails to satisfactorily address and/or comply with the demands set out by the Company in the LOD.

(B) Issuance of Notice of Arbitration to Sysmex

In light of the foregoing, the Board wishes to announce that, pursuant to the Development Agreement, the Company has on 5 November 2020, issued a Notice of Arbitration under the Arbitration Rules of the Hong Kong International Arbitration Centre (the "**NOA**", and in relation to the arbitration proceedings, the "**Arbitration**") to Sysmex.

In this regard, and as set out in the NOA, the Company claims against Sysmex (the "**NOA Claims**"):

- (a) a sum to be assessed;
- (b) a declaration that the subject matter of the Patent Applications comprises, wholly or at least in part, the Company's background intellectual property, and/or newly-developed or jointly-developed intellectual property, under the Development Agreement;
- (c) an order for specific performance by Sysmex to:

- (i) rectify the Patent Applications to accurately reflect the Company as sole proprietor or joint proprietor, as the case may be;
 - (ii) rectify the Patent Applications to accurately reflect the Company's relevant personnel as inventors or co-inventors of the subject matter of the Patent Applications, as the case may be;
 - (iii) deliver up any and all of the Company's background intellectual property in any form or medium whatsoever that continues to remain in Sysmex's power, custody or possession; and
 - (iv) affirm under oath, a full and complete listing of any and all other patent applications filed in respect of or in connection with any subject matter of the Development Agreement, or use of the Company's background intellectual property in any commercial endeavours, research and development programmes, or otherwise howsoever;
- (d) an injunction to restrain the Company by its directors, officers, servants or agents, or affiliates or any of them or otherwise howsoever, from continued retention, use or disclosure of the Company's background intellectual property including confidential information, intellectual property, technical information, and/or know-how contained therein, forthwith; and
- (e) costs of the Arbitration.

The Company is working with its legal advisors to monitor the progress of the Arbitration and will update its shareholders if there are any material developments on this matter. In the meantime, the Group's operations are unaffected by the Arbitration.

With regard to the assessment of the impact the Arbitration may have on the financial performance of the Group for the current FY2020, the Company is advised that, unless Sysmex voluntarily complies with the NOA Claims, the Arbitration is unlikely to conclude within the current FY2020. As such, at this stage of the Arbitration, the Company will continue to incur legal fees expenditure to maintain the Arbitration. The Company, however, is of the view that its legal fees expenditure pursuant to the Arbitration is unlikely to have a significant impact on the Group's financial performance for FY2020.

Be that as it may, the Company is advised that if it is eventually successful in the Arbitration, it may be awarded costs of the Arbitration which may be applied as a partial set-off of the Company's legal fees expenditure. The Company, however, emphasises that the issue of costs of the Arbitration is not guaranteed and is ultimately a matter within the discretion of the Arbitration Tribunal.

Separately, the Company is currently unable to quantify the impact of Sysmex's potential breach of the Development Agreement on the Group's operations, and consequently, on the Group's financial performance in FY2020 until the Company obtains more information, whether through the discovery process of the Arbitration or otherwise.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

BY ORDER OF THE BOARD

Yee Pinh Jeremy
Non-Executive Non-Independent Chairman
5 November 2020

*This announcement has been prepared by the Company and has been reviewed by United Overseas Bank Limited (the "**Sponsor**") for compliance with Rules 226(2)(b) and 753(2) of 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. The contact person for the Sponsor is Mr. Lim Hoon Khat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.*