

**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF
UP TO 24,584,284 NEW ORDINARY SHARES IN THE CAPITAL OF IX BIOPHARMA LTD.**

1. INTRODUCTION

- 1.1 The board of directors ("**Directors**") of iX Biopharma Ltd. (the "**Company**") wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue of up to 24,584,284 new ordinary shares in the capital of the Company (the "**Rights Shares**"), at an issue price of S\$0.21 for each Rights Share ("**Issue Price**"), on the basis of one Rights Share for every 25 existing ordinary shares in the capital of the Company (the "**Shares**") held by Entitled Shareholders (as defined below) as at a date and time to be determined by the Directors for the purposes of determining the entitlements of the shareholders of the Company ("**Shareholders**") under the Rights Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded.
- 1.2 The Issue Price represents a discount of approximately 39.1% to the closing price of S\$0.345 per Share on the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited ("**Catalist**") on 25 May 2016, being the last transacted price of the Shares on Catalist immediately preceding this announcement.
- 1.3 As at the date of this announcement, Mr. Eddy Lee Yip Hang, Mr. Tan See Tee and Mr. Jaspal Singh Narulla (together, the "**Undertaking Shareholders**"), directly (and/or through their nominees) and indirectly (as the case may be), hold an aggregate of 256,978,190 Shares, representing in aggregate approximately 41.81% of the Existing Issued Share Capital (as defined below). To demonstrate their support for the Rights Issue and their commitment to and confidence in the Company, the Undertaking Shareholders have each provided an irrevocable undertaking to the Company (each, an "**Undertaking**" and collectively, the "**Undertakings**") whereby, amongst others:
- (a) each of the Undertaking Shareholders has undertaken to accept, subscribe and pay in full for their respective *pro rata* entitlements under the Rights Issue, and in the case of Mr. Jaspal Singh Narulla, who, other than his direct ownership of Shares in the Company, also indirectly holds Shares through his shareholdings⁽¹⁾ in Wetwaters 8 (S) Pte. Ltd. ("**Wetwaters 8**"), Jaspal Narulla Family Investments Pte. Ltd. ("**JN Family Investments**") and Narulla One (S) Pte. Ltd. ("**Narulla One**"), together with Wetwaters 8 and JN Family Investments, the "**JN Entities**", has additionally undertaken to procure that the JN Entities accept, subscribe and pay in full for their respective *pro rata* entitlements under the Rights Issue; and
 - (b) each of Mr. Eddy Lee Yip Hang and Mr. Tan See Tee has undertaken to subscribe and pay in full for Excess Rights Shares (as defined below) which are not validly subscribed for by other Shareholders, provided that the number of Excess Rights

⁽¹⁾ Mr. Jaspal Singh Narulla holds directly 60.0% of the total issued and paid-up share capital of Wetwaters 8 (which directly holds 11,250,000 Shares), 60.0% of the total issued and paid-up share capital of JN Family Investments (which directly holds 3,000,000 Shares) and 50.0% of the total issued share and paid-up share capital of Narulla One (which directly holds 1,500,000 Shares).

Shares subscribed for by each of Mr. Eddy Lee Yip Hang and Mr. Tan See Tee shall not exceed the number specified in their respective Undertakings.

Please refer to paragraph 5 of this announcement for further details of the Undertakings.

2. AUTHORITY TO ISSUE NEW SHARES

- 2.1. The Rights Shares are to be issued pursuant to the existing general share issue mandate approved by Shareholders at the annual general meeting held on 23 October 2015 ("**General Mandate**"). The General Mandate, amongst other things, authorises the Directors to issue new Shares not exceeding 100.0% of the total number of issued Shares (excluding treasury shares) of the Company as at 23 October 2015 (the "**Base Figure**"), provided that the aggregate number of Shares to be issued other than on a *pro rata* basis to existing Shareholders does not exceed 50.0% of the Base Figure.
- 2.2. As at 23 October 2015, the total number of Shares in issue (excluding treasury shares) was 594,294,220. The Company had on 21 April 2016 issued 14,358,000 Shares under a private placement pursuant to the General Mandate. As such, the maximum number of Shares that may still be issued pursuant to the General Mandate prior to this Application, on a *pro rata* basis, is 579,936,220 Shares, since 14,358,000 Shares have been issued for the current financial year pursuant to the General Mandate. As the maximum number of Rights Shares (being 24,584,284 Shares) to be issued pursuant to the Rights Issue is within the number of Shares that can be issued pursuant to the General Mandate, the prior approval of Shareholders is not required for the issue of the Rights Shares under the Rights Issue. The Company does not hold any treasury shares.

3. RATIONALE FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

- 3.1 As at the date of this announcement, the Company has (a) an issued and paid-up share capital comprising 614,607,107⁽²⁾ Shares ("**Existing Issued Share Capital**"); and (b) 5,000,000 outstanding share options ("**Outstanding Share Options**") granted under the terms of a share option agreement dated 3 December 2014 entered into between the Company and Prof. Paul Edward Rolan for the continuous employment of Prof. Rolan by the Company, which are exercisable into 5,000,000 new ordinary shares in the capital of the Company. As at the date of this announcement, as the exercise period for the Outstanding Share Options is from 2 March 2018 to 2 June 2018, the Outstanding Share Options are not exercisable into Shares.
- 3.2 Based on the Existing Issued Share Capital, up to 24,584,284 Rights Shares will be issued pursuant to the Rights Issue, and the estimated net proceeds from the Rights Issue is expected to be approximately S\$4.94 million (the "**Net Proceeds**"), after deducting professional fees and related expenses incurred in connection with the Rights Issue of approximately S\$0.22 million.

⁽²⁾ This includes: (a) 454,887 Shares (the "**Consideration Shares**") that were issued on 26 May 2016 to the Syrinx Vendors (as defined in the offer document dated 10 July 2015 issued by the Company in connection with the initial public offering of the Company (the "**Offer Document**") at an issue price of Australian Dollars 1.33 per Share, as part consideration for the Company's acquisition of Arrow Property Trust ("**AP Trust**", and the acquisition of AP Trust, the "**AP Trust Acquisition**")) from the Syrinx Vendors. Further details of the AP Trust Acquisition were disclosed in the Offer Document and in the announcement made by the Company on 26 May 2016. The issuance of the Consideration Shares was approved by our shareholders on 14 January 2014; and (b) 5,500,000 Shares that were issued to various persons (including consultants of the Company) pursuant to the exercise of various share acquisition rights that were granted to these persons for services rendered to the Company, further details of which were disclosed in the Offer Document. The issuance of Shares pursuant to the exercise of such rights was approved by our shareholders on 17 June 2015.

- 3.3 The Company intends to utilise the Net Proceeds for the following purposes:
- (a) approximately 80.0% of the Net Proceeds to fund the development of the Company's pipeline products (including undertaking clinical trials, registration with appropriate agencies for marketing approval) and for marketing of the Company's products; and
 - (b) the balance for the acquisition of new product packaging equipment.
- 3.4 Upon completion of the Rights Issue, and pending the deployment of the Net Proceeds for the abovementioned purposes, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interest of the Company.
- 3.5 Based on the reasonable opinion of the Directors as at the date of this announcement, there is no minimum amount which must be raised by the Rights Issue.
- 3.6 The Company will announce any significant disbursements of the Net Proceeds as and when such proceeds are disbursed, and will provide a status report on utilisation of the Net Proceeds in the Company's annual report. Where there is a material deviation in the use of Net Proceeds, the Company will state the reasons for such deviation.

4. PRINCIPAL TERMS OF THE RIGHTS ISSUE

- 4.1. Terms. The Company is proposing the Rights Issue to be offered on a renounceable non-underwritten basis to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**") on the basis of one Rights Share for every 25 existing Shares held by Entitled Shareholders as at the Books Closure Date at the Issue Price, fractional entitlements to be disregarded.

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the offer information statement to be issued by the Company in connection with the Rights Issue ("**Offer Information Statement**") together with the appropriate application forms and accompanying documents at their respective Singapore addresses.

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or, in the case of Entitled Depositors only, trade (during the "nil-paid" rights trading period prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") their provisional allotment of Rights Shares under the Rights Issue ("**Rights**"), and will also be eligible to apply for additional Rights Shares in excess of their provisional allotments ("**Excess Rights Shares**"). All fractional entitlements to the Rights Shares will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with the entitlements not allotted or taken up for any reason, be aggregated and issued to satisfy applications, if any, for Excess Rights Shares, or dealt with in such manner as the Directors in their absolute discretion deem fit. In the allotment of the Excess Rights Shares, preference will be given to the rounding of odd lots, and the Directors and substantial Shareholders of the Company who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of the Company will rank last in priority for the rounding of odd lots and allotment of the Excess Rights Shares.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the Rights and for the applications for Excess Rights Shares, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms.

The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issuance, rank *pari passu* and without preference in all respects with the existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, "record date" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been modified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore (the "**Authority**").

- 4.2. Size of the Rights Issue. Based on the Existing Issued Share Capital, up to 24,584,284 new Shares will be issued pursuant to the Rights Issue.
- 4.3. Eligibility of Shareholders to participate in the Rights Issue. The Company proposes to provisionally allot the Rights Shares to Entitled Shareholders, which comprise Entitled Depositors and Entitled Scripholders (each as defined below), on the basis of their shareholdings as at the Book Closure Date.

"**Entitled Depositors**" are Shareholders with Shares standing to the credit of their securities accounts (the "**Securities Accounts**") and whose registered addresses with The Central Depository (Pte) Limited (the "**CDP**") are in Singapore as at the Books Closure Date or who have, at least three market days (a market day being a day on which the SGX-ST is open for trading in securities ("**Market Day**")) prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude Shareholders who are otherwise located, resident or with a registered address in any jurisdiction in which the offering of Rights (as defined below) and Rights Shares may not be lawfully made.

"**Entitled Scripholders**" are registered holders of Shares in the Company's register of shareholders, excluding CDP, whose share certificates have not been deposited with CDP and who have tendered to the Company's share registrar, Tricor Barbinder Share Registration Services (the "**Share Registrar**"), valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three Market Days prior to the Books Closure Date, provided the Company's Share Registrar with addresses in Singapore for the service of notices and documents, but exclude Shareholders who are otherwise located, resident or with a registered address in any jurisdiction in which the offering of Rights and Rights Shares may not be lawfully made.

- 4.4. Foreign Shareholders. The Offer Information Statement and its accompanying documents will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order

to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three Market Days prior thereto, provided the Share Registrar or CDP, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**").

Foreign Shareholders will not be entitled to participate in the Rights Issue. Accordingly, no provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance or application for the Rights Shares by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing Rights through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers may not accept any Rights credited to their Securities Accounts unless the Company and its counsel is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Foreign Shareholders who wish to be eligible to participate in the Rights Issue may provide a Singapore address by notifying in writing, as the case may be, (a) CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis Tower 2, Singapore 138588 or (b) iX Biopharma Ltd. c/o the Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898, not later than three Market Days before the Books Closure Date.

If it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the Rights which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after commencement of trading of Rights on a "nil-paid" basis. Such sales will, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the depository register maintained by CDP as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company and/or CDP in connection therewith.

Where such Rights are sold "nil-paid" on Catalist, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in connection therewith. If such Rights cannot be sold or are not sold on Catalist as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading of the Rights, the new Shares represented by such provisional allotments will be allotted and issued to satisfy applications for Excess Rights Shares or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in connection therewith.

- 4.5. Non-Underwritten Rights Issue. The Rights Issue will not be underwritten. The Company has decided to undertake the Rights Issue on a non-underwritten basis in view of the Undertakings provided by the Undertaking Shareholders and the savings in cost by the Company as no underwriting fees are payable.

5. IRREVOCABLE UNDERTAKINGS

- 5.1. To demonstrate support for the Company and the Rights Issue:

- (a) Mr. Eddy Lee Yip Hang, the Chief Executive Officer and a substantial Shareholder of the Company, who directly holds 175,400,020 Shares representing approximately 28.54% of the Existing Issued Share Capital, has provided an Undertaking to the Company pursuant to which he will (i) accept, subscribe and pay in full for such number of Rights Shares equal to his *pro rata* entitlement under the Rights Issue; and (ii) subscribe and pay in full for the Excess Rights Shares which are not validly subscribed for by other Shareholders, provided that the number of Excess Rights Shares to be subscribed for by Mr. Eddy Lee Yip Hang shall not exceed 4,000,000 Rights Shares.

Mr. Lee has also agreed in his Undertaking that, depending on the level of subscription for Rights Shares under the Rights Issue, the Company shall, if necessary, scale down his subscription of Rights Shares (including, for the avoidance of doubt, Excess Rights Shares) and/or the subscription of Rights Shares (including, for the avoidance of doubt, Excess Rights Shares) by parties acting in concert (within the meaning of the Singapore Code on Take-overs and Mergers (the "**Code**")) with him, to avoid placing himself and/or parties acting in concert (within the meaning of the Code) with him in the position of incurring an obligation to make a mandatory general offer under the Code;

- (b) Mr. Tan See Tee, who holds (directly and/or through his nominees) 26,228,170 Shares representing approximately 4.27% of the Existing Issued Share Capital, has provided an Undertaking to the Company pursuant to which he will (i) accept, subscribe and pay in full for such number of Rights Shares equal to his *pro rata* entitlement under the Rights Issue; and (ii) subscribe and pay in full for the Excess Rights Shares which are not validly subscribed for by other Shareholders, provided that the number of Excess Rights Shares to be subscribed for by Mr. Tan See Tee shall not exceed 10,305,158 Rights Shares; and
- (c) Mr. Jaspal Singh Narulla, a substantial Shareholder of the Company, who directly holds 39,600,000 Shares and indirectly holds an aggregate of 15,750,000 Shares through the JN Entities, amounting to 55,350,000 Shares representing in aggregate approximately 9.01% of the Existing Issued Share Capital, has provided an Undertaking to the Company pursuant to which (i) he will accept, subscribe and pay in full for such number of Rights Shares equal to his *pro rata* entitlement under the Rights Issue; and (ii) he will procure that the JN Entities accept, subscribe and pay in full for their respective *pro rata* entitlements under the Rights Issue.

Each of the JN Entities has also undertaken to the Company, in the same Undertaking described in paragraph 5.1(c) above, that they will accept, subscribe and pay in full for their respective *pro rata* entitlements under the Rights Issue.

The Undertaking Shareholders have each furnished a confirmation of their financial resources to the SGX-ST to support the Undertakings.

- 5.2. On the assumption that the Rights Issue is fully subscribed, that is, all the Entitled Shareholders subscribe and pay for their *pro rata* entitlements of Rights Shares in full, Mr. Eddy Lee Yip Hang, Mr. Tan See Tee and Mr. Jaspal Singh Narulla will have an interest, whether direct (and/or through their nominees) or indirect (as the case may be), in approximately 28.54%, 4.27% and 9.01% of the enlarged share capital of the Company respectively.
- 5.3. On the assumption that all of the Undertaking Shareholders fulfil their obligations under their respective Undertakings and none of the other Entitled Shareholders subscribe and pay for their *pro rata* entitlements of Rights Shares, Mr. Eddy Lee Yip Hang, Mr. Tan See Tee and Mr. Jaspal Singh Narulla will have an interest, whether direct (and/or through their nominees) or indirect (as the case may be), in approximately 29.16%, 5.88% and 9.01% of the enlarged share capital of the Company respectively.
- 5.4. In view of the Undertakings, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

6. APPROVALS

The Rights Issue is subject to, among others, the following:

- (a) the receipt of the listing and quotation notice of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on Catalist; and
- (b) the lodgment of the Offer Information Statement and its accompanying documents with the SGX-ST, acting as agent on behalf of the Authority.

The Offer Information Statement will be despatched to Entitled Shareholders in due course.

CIMB Bank Berhad, Singapore Branch, the Company's sponsor, will be submitting an additional listing application to the SGX-ST for the listing of and quotation for the Rights Shares on Catalist. An appropriate announcement will be made in due course when the Company receives the listing and quotation notice for the Rights Shares from the SGX-ST.

7. WORKING CAPITAL

- 7.1. The Directors are of the opinion that after taking into account, among others, the present internal resources of the Company and its subsidiaries (the "**Group**"), the Group's operating cash flows and available loan facilities, the Group has sufficient working capital to meet its present requirements. Notwithstanding the above, the purpose of the Rights Issue is to raise funds to support the future growth of the Group, as described in paragraph 3.3 of this announcement.
- 7.2. The Directors are of the opinion that, after taking into consideration the Group's present internal resources, operating cash flows, available loan facilities and the estimated Net Proceeds to be raised, the working capital available to the Group is sufficient to meet its present requirements.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement and in particular, paragraphs 5.1(a) and 5.1(c) of this announcement in relation to the undertakings provided by Mr. Eddy Lee Yip Hang and

Mr. Jaspal Singh Narulla in connection with the Rights Issue, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

9. ANNOUNCEMENTS

Where there are variations or amendments to the terms of the Rights Issue, the Company will make further announcements as and when appropriate.

10. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Rights Issue is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Lee Wei Hsiung / Wang Shin Lin, Adeline
Company Secretaries

27 May 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**"), for compliance with the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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