

IX BIOPHARMA LTD.
(Company Registration Number 200405621W)
(Incorporated in the Republic of Singapore)

PROPOSED ISSUANCE OF CONVERTIBLE BONDS OF AN AGGREGATE PRINCIPAL AMOUNT OF S\$2,000,000

1. INTRODUCTION

The Board of Directors (the "**Board**") of iX Biopharma Ltd (the "**Company**", and collectively with its subsidiaries, the "**Group**") wishes to inform shareholders of the Company ("**Shareholders**") that the Company had on 3 July 2023, entered into a convertible bonds subscription agreement ("**Subscription Agreement**") with Lau Ho Ming Peter (the "**Subscriber**"). Pursuant to the Subscription Agreement, the Company has agreed to issue, and the Subscriber has agreed to subscribe for, an aggregate of S\$2,000,000 in principal amount of interest-bearing convertible bonds ("**Bonds**"), which are convertible into new ordinary shares ("**Conversion Shares**") in the capital of the Company (the "**Proposed CB Issuance**").

2. INFORMATION ON THE SUBSCRIBER

- 2.1. The Subscriber is a Hong Kong resident. He is a private investor and businessman and has expressed keen interest to invest in the Group in view of the Group's future plans. As at the date of this announcement, the Subscriber does not hold any shares in the capital of the Company ("**Shares**").
- 2.2. The Subscriber has confirmed that he is not any of the following persons:
- (a) the Company's directors or substantial shareholders;
 - (b) immediate family members of the directors or substantial shareholders of the Company;
 - (c) substantial shareholders, related companies (as defined under Section 6 of the Companies Act 1967 of Singapore), associated companies and sister companies of the Company's substantial shareholders;
 - (d) corporations in whose shares any of the Company's directors or substantial shareholders has/have an aggregate interest of at least 10%;
 - (e) a person falling within Rule 812 of Chapter 9 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"); and
 - (f) associates (as from time to time defined in the Catalist Rules) of any of the foregoing.
- 2.3. The Subscriber has also confirmed that he is subscribing for the Bonds and will hold the Conversion Shares to be issued upon conversion of the Bonds as a principal, for his own benefit and for investment purposes only and has no intention of influencing the management of, or exercising control over, the Company, and is not acting in concert, and shall not, for as long as the Subscription Agreement is in effect, act in concert with any persons to obtain or consolidate control of the Company. The Subscriber has no relationship (including any business relationship) with the Company and any director, chief executive officer, substantial shareholder or controlling shareholder of the Company.

- 2.4. The Subscriber was introduced to the Company by Crosby Securities Limited ("**Crosby Securities**"). He is an executive director and co-founder of Quali-Smart Holdings Limited, which is the parent company of Crosby Securities. Crosby Securities will be entitled to an introduction fee based on 4% of the total amount of monies subscribed by the Subscriber in the Proposed CB Issuance, payable from the gross proceeds of the Proposed CB Issuance. The fee is subject to the successful completion of the Proposed CB Issuance. Crosby Securities is a company incorporated in Hong Kong and is licensed by the Hong Kong Securities and Futures Commission to carry out the following regulated activities: type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management).

3. **PRINCIPAL TERMS AND CONDITIONS OF THE BONDS**

- 3.1. The principal terms and conditions of the Bonds under Subscription Agreement are summarised as follows:

- Principal Amount** : S\$2,000,000 in aggregate principal amount.
- Maturity Date** : Two (2) years from the Subscription Date (defined herein). The Company will, at least thirty (30) days before the Maturity Date, give notice to the Subscriber of the Maturity Date and will make such announcements where applicable.
- Coupon** : 9% per annum payable annually in arrears on 30 June each year. For the avoidance of doubt, all coupons/interests accruing on the Bonds will be repaid by the Company in cash, and the Subscriber has no right to convert any coupon/interest into Conversion Shares.
- Conversion Right** : Unless previously redeemed, or purchased and cancelled by the Company, the Bonds will be convertible into Convertible Shares at any time during the Conversion Period at the Conversion Price.
- Conversion Period** : Subject to and in compliance with the terms and conditions of the Bonds in the Subscription Agreement and any applicable fiscal or other laws or regulations, the Subscriber may exercise the right to convert the Bonds, in whole or in part, into Conversion Shares at any time on or after the date falling 30 days after the issue date of the Bonds up to the date falling 31 days prior to the Maturity Date.
- Conversion Price** : Subject to adjustments as set out in Subscription Agreement, each S\$1.00 of Bonds can be convert into Conversion Shares at S\$0.1337 per Conversion Share (the "**Conversion Price**"), fractional entitlement to be disregarded.
- The Conversion Price represents a premium of approximately 47% to S\$0.0910, being the weighted average price ("**VWAP**") of the Shares for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), for the full market day up to the Subscription Agreement is signed.
- Specified Events** : If a bona fide offer is made under the Singapore Code on Takeovers and Mergers for all the Shares in the form of a mandatory offer, voluntary offer, scheme of arrangement, delisting & exit

offer and amalgamation (but not a partial offer) ("**Specified Events**"), where the offer price per Share is less than the Conversion Price ("**Specified Event Offer Price**"), the Conversion Price shall be reduced to the Specified Event Offer Price ("**Revised Conversion Price**"). The Revised Conversion Price shall not, in any circumstances, be less than S\$0.0819 ("**Minimum Conversion Price**").

The Minimum Conversion Price represents a discount of 10% to the VWAP of the Shares for trades done on the SGX-ST for the full market day up to the Subscription Agreement is signed.

Early Redemption at the Option of the Company : The Company may, on giving not less than 30 days and no more than 60 days' prior notice, redeem all, but not some only, of the Bonds outstanding at an early redemption amount representing the sum of:

- (a) the outstanding Principal Amount of the Bonds
- (b) any accrued by unpaid interest on the outstanding Principal Amount of the Bonds; and
- (c) any interest payable on the outstanding Principal Amount of the Bonds until the Maturity Date.

The Company may only exercise this right of redemption one (1) year after the date as notified in writing by the Company to the Subscriber where all the conditions precedent as set out in the Subscription Agreement are fulfilled (the "**Subscription Date**")

Final Redemption : Unless previously redeemed or converted in accordance with the Subscription Agreement, the Bonds will be redeemed by the Company at the Maturity Date at a redemption price equal to (i) the outstanding Principal Amount and (ii) any accrued and unpaid interest on the outstanding Principal Amount.

Status of the Bonds : The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking *pari passu* and rateably without any preference or priority among themselves and will be subordinated to and rank after all the secured and unsecured obligations of the Company.

Status of Conversion Shares : The Conversion Shares will be issued unencumbered and free from any security interests, claims (including pre-emptive rights) or liens and will be freely transferable and will rank *pari passu* in all respects with all other then existing Shares, except that such Conversion Shares will not be entitled to any dividends, rights, allotments or other distributions, the record date of which is before the date of allotment and issue of the Conversion Shares, and will be admitted to listing on the SGX-ST.

- Anti-Dilution Protection** : The Conversion Price and the Minimum Conversion Price will from time to time be subject to market standard adjustments in relation to, *inter-alia*, share consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of Shares, options or other securities, issues at less than the Conversion Price and the Minimum Conversion Price then in effect, issues at less than current market price of the shares in Company, modification of rights of conversion and other offers to Company's shareholders.
- Event of Default** : Customary Singapore market events of default in relation to the Company and its Material Subsidiaries (as described in the Subscription Agreement), which includes (amongst others):
- (a) there is default by the Company in the performance of any covenant, condition, provision or obligation contained in the Subscription Agreement or the terms and conditions and on its part to be performed or observed and such default continues for the period of fourteen (14) days next following the service by the Subscriber or any holder of Bonds (as the case may be) on the Company of notice requiring the same to be remedied;
 - (b) any insolvency event occurring in respect of the Company or its Material Subsidiaries; and/or
 - (c) occurrence of Cross Default.
- Upon the occurrence of an Event of Default, the Company will give notice to holders of the Bonds within ten (10) business days of becoming aware of such Event of Default. Holders of the Bonds may, by notice in writing at any time while such default remains unremedied, direct that the principal amount of all outstanding Bonds shall become immediately due and payable.
- Material Subsidiary** : Any Subsidiary representing 5% or more of the total assets of the Group or representing 5% or more of the annual revenue of the Group (as described in the Subscription Agreement).
- Cross Default** : The Bonds are subject to cross default in respect of any financial indebtedness of the Company and its Material Subsidiaries (subject to a threshold of S\$10,000,000 and as described in the Subscription Agreement).
- Listing of the Conversion Shares** : An application will be made by the Company to SGX-ST through the Company's sponsor, UOB Kay Hian Private Limited, for the dealing in and listing and quotation of the Conversion Shares on the Catalist of the SGX-ST. An announcement on the outcome of the application will be made in due course.

Transferability of Bonds : Subject to the Subscription Agreement, the Bond(s) may be transferred in whole (but not in part) to any third party. For the transfer to be effective, the transferee should not be a person that falls within the categories of persons set out in Rule 812 of the Catalist Rules. However, no bondholder may require the transfer of a bond to be registered (i) during the period of fifteen (15) business days ending on the due date for any payment of any principal on the Bonds, or (ii) after the certificate in respect of such Bonds has been deposited for conversion pursuant to the Subscription Agreement.

Listing of the Bonds : The Bonds will not be listed or tradeable on the SGX-ST.

Governing Law : Singapore Law.

3.2. As at the date of this announcement, the Company has no existing warrants or other convertibles.

3.3. The Conversion Price and Minimum Conversion Price was determined on a "willing-buyer willing-seller" basis after taking into account the historical trading and liquidity of the Shares, and the financial performance of the Group.

4. CONDITIONS PRECEDENT

Pursuant to the terms and condition of the Subscription Agreement, the Proposed CB Issuance is conditional upon:

- (a) trading in Shares on the SGX-ST not being suspended at the time of completion;
- (b) the General Mandate (defined herein) being valid, subsisting and adequate for the purposes of the issue of the Bonds and Conversion Shares as at the Subscription Date;
- (c) the receipt of approval in principal for the listing and quotation of the Conversion Shares on the SGX-ST and the approval not having been withdrawn, terminated or revoked for any reason prior to the time of completion and if the approval is subject to conditions, such conditions being satisfied;
- (d) all representations, undertakings and warranties of the Subscriber being and continuing to be complied with, true, accurate and correct up to Subscription Date as if made on each day up to the Subscription Date and the Subscriber not having breached in any manner the terms of the Subscription Agreement, whether such term or such breach is of a material nature, unless waived by the Company; and
- (e) all relevant government or regulatory approvals and waivers and other third party approvals and consents, where applicable and/or required, and any conditions imposed by the authorities in giving such approval having been fulfilled (or waived), and not such approvals, waivers and other third party approvals not being terminated, revoked or withdrawn, for the issue of the Bonds and the execution, delivery and performance of the Subscription Agreement.

5. AUTHORITY TO ISSUE THE CONVERSION SHARES

- 5.1. The Conversion Shares will be issued pursuant to the general mandate ("**General Mandate**") approved by the shareholders of the Company ("**Shareholders**") at the annual general meeting held on 14 October 2022 ("**2022 AGM**").
- 5.2. The General Mandate authorises the Directors to issue new Shares and/or convertible securities of not more than 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the 2022 AGM, of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing Shareholders shall not be more than 50% of the total number of Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2022 AGM.
- 5.3. As at the date of the 2022 AGM, the number of issued Shares was 764,899,934 Shares. No Shares were previously issued under the General Mandate prior to the date of the Subscription Agreement and as such, the total number of Shares that may be issued pursuant to the Share Issue Mandate is 764,899,934 Shares, of which the maximum number of Shares to be issued other than on a *pro-rata* basis is 382,449,967 Shares.
- 5.4. On the basis that all the Bonds are subscribed by the Subscriber and the Bonds are converted at the Conversion Price of S\$0.1337, up to 14,958,863 Conversion Shares will be issued, representing approximately 1.95% of the Company's issued share capital of 766,299,934 Shares ("**Existing Share Capital**") and 1.91% of the enlarged share capital of the Company of 781,258,797 Shares ("**CP Scenario**").
- 5.5. On the basis that a Specified Event occurs, all the Bonds are subscribed by the Subscriber and the Bonds are converted at the Minimum Conversion Price of S\$0.0819, up to 24,420,024 Conversion Shares will be issued, representing approximately 3.19% Existing Share Capital and 3.09% of the enlarged share capital of the Company of 790,719,958 Shares ("**MCP Scenario**")
- 5.6. Accordingly, the proposed issuance and allotment of the Conversion Shares (under either the CP Scenario or the MCP Scenario) is within the limits of the General Mandate.

6. RATIONALE AND USE OF PROCEEDS

- 6.1. The Directors are of the opinion that, taking into consideration all available financing options, the Proposed CB Issuance is the most suitable fundraising option for the Group at this juncture and it is in the interest of the Company to undertake the Proposed CB Issuance to raise funds. The Proposed CB Issuance will allow the Company to strengthen its balance sheet and provide the necessary capital to seize growth opportunities and drive market expansion.
- 6.2. The estimated net proceeds (after payment of Crosby Security's fee and any other relevant expenses) from the Proposed CB Issuance will be S\$1,881,000 and will be used by the Company in the following estimated proportions:

Use of Proceeds	S\$	Percentage Allocation
Support the Group's marketing activities and facilitate the expansion of markets	1,250,000	66%
General corporate and working capital purposes	631,000	34%
Total	1,881,000	100%

- 6.3. Pending the deployment of the net proceeds, the net proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion but subject to the Subscription Agreement, deem fit in the interests of the Company.
- 6.4. The Company will make periodic announcements of utilisation of the net proceeds as and when the funds are materially disbursed and whether such use is in accordance with the stated use and percentage allocated. The Company will also provide a status report on the use of proceeds in the Company's interim and full year financial statements and the Company's annual report. Where there is material deviation from the stated use of the net proceeds, the Company will announce the reasons for such deviation. Where the proceeds have been used for general corporate and/or working capital purposes, the Company undertakes to provide a breakdown with specific details on the use of the proceeds in the announcements and annual reports. Where there is a material deviation in the use of the proceeds, the Company will announce the reasons for such deviation.
- 6.5. The Directors are of the opinion that, after taking into consideration:
- (a) the Group's present bank facilities, the working capital available to the Group are sufficient to meet its present requirements and the Proposed CB Issuance is being undertaken for the purposes set out in paragraph 6.1 above; and
 - (b) the Group's present bank facilities and the net proceeds of the Proposed CB Issuance, the working capital available to the Group is sufficient to meet its present requirements.

7. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed CB Issuance (and the issuance and allotment of Conversion Shares) will be made pursuant to the exemptions under Sections 275 and 276 of the Securities and Futures Act 2001 of Singapore relating to offers of securities or securities-based derivatives contracts to an accredited investor or a relevant person. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

8. FINANCIAL EFFECTS OF THE PROPOSED CB ISSUANCE

8.1. Bases and Assumptions

The *pro forma* financial effects of the Proposed CB Issuance as set out below are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after the Proposed CB Issuance (and the issuance and allotment of Conversion Shares). The *pro forma* financial effects have been prepared based on the latest announced audited financial statements of the Group for the financial year ended 30 June 2022 ("**FY2022**"), such financial year being the most recently completed financial year on the following bases and assumptions:

- (a) the issued Bonds were fully disbursed and fully converted into Conversion Shares (up to 14,958,863 Conversion Shares in the CP Scenario and up to 24,420,024 Conversion Shares in the MCP Scenario);
- (b) the financial effect on the Group's consolidated net tangible assets ("**NTA**") per Share is computed based on the assumption that the Conversion Shares were issued on 30 June 2022;
- (c) the financial effect on the Group's loss per Share ("**LPS**") is computed based on the assumption that the Conversion Shares were issued on 1 July 2021; and

- (d) expenses to be incurred in connection with the Proposed CB Issuance, being professional and administrative fees, are estimated to be approximately S\$119,000. This includes the fee payable to Crosby Securities in an amount equivalent to S\$80,000 which will be paid by the Company to Crosby Securities following the completion of the Proposed CB Issuance.

8.2. Share Capital

	Number of Shares (excluding treasury shares)
Existing Share Capital before the Proposed CB Issuance	766,299,934
After the issuance of Conversion Shares based on the CP Scenario	781,258,797
After the issuance of Conversion Shares based on the MCP Scenario	790,719,958

8.3. NTA

	NTA (S\$'000)	Number of Shares ('000)	NTA per share (Cents)
Before the Proposed CB Issuance (as reported)	19,398	751,190	2.58
After the issuance of Conversion Shares based on the:			
CP Scenario	21,279	766,149	2.78
MCP Scenario	21,279	775,610	2.74

8.4. LPS

	Net loss attributable to Shareholders (S\$'000)	Weighted average number of shares ('000)	LPS (cents)
Before the Proposed CB Issuance (as reported)	4,598	746,125	0.62
After the issuance of Conversion Shares based on the:			
CP Scenario	4,598	761,084	0.60
MCP Scenario	4,598	770,545	0.60

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or, as far as the Directors are aware, controlling shareholders of the Company has any interest, direct or indirect, in the transactions contemplated herein (other than in his capacity as a director or shareholder of the Company).

10. CAUTIONARY STATEMENT AND FURTHER ANNOUNCEMENTS

Shareholders should note that the Proposed CB Issuance is subject to certain conditions (including various conditions precedent), and there is no certainty or assurance as at the date of this announcement that the Proposed CB Issuance will be completed. Accordingly, Shareholders are advised to exercise caution in trading their Shares. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take. The Company will make further announcements if and when there are any material developments regarding the transactions contemplated herein as and when appropriate.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed CB Issuance, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 this announcement in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 105 Cecil Street, #12-02 Octagon, Singapore 069534 for a period of three (3) months from the date of this announcement:

- (a) the Company's Constitution;
- (b) the audited financial statements of the Group for FY2022; and
- (c) the Subscription Agreement.

By Order of the Board

Gwendolin Lee Soo Fern/Lai Kuan Loong, Victor
Company Secretaries

3 July 2023

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.

The contact person for the Sponsor is Mr. Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone: (65) 6590 6881.