

IX BIOPHARMA LTD.
(Company Registration no. 200405621W)
(Incorporated in the Republic of Singapore)

**PROPOSED SPIN-OFF AND LISTING OF
PHARMACEUTICAL AND MEDICINAL CANNABIS BUSINESS
ON THE HONG KONG STOCK EXCHANGE**

1. Introduction

The board of directors (the “**Board**”) of iX Biopharma Limited (the “**Company**”) wishes to announce that the Company is exploring the possibility of a spin-off of its pharmaceutical business (including medicinal cannabis) by way of a listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**HKEX**”) through Chapter 18A of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Proposed Spin-Off and Listing**”).

2. The Spin Off Company

The Company intends to restructure its pharmaceutical business (including medicinal cannabis) to be held by Ligo Pharma Limited, a wholly-owned subsidiary which was incorporated on 31 March 2021 in the Cayman Islands (the “**Spin-Off Company**”).

Following the restructuring, the Spin-Off Company will be engaged in manufacturing, research and development and sales of pharmaceutical and medicinal cannabis products (the “**Pharmaceutical and Medicinal Cannabis Business**”). These activities are currently undertaken by the Group’s wholly-owned subsidiaries being iX Syrinx Pty Ltd, Arrow Property Trust, iX Biopharma Pty Ltd, iX Biopharma Europe Ltd and iXB Sdn Bhd.

Following the completion of the Proposed Spin-Off and Listing, the Company will focus on sales, marketing and distribution of innovative nutraceutical products under its brand Entity (the “**Nutraceutical Business**”).

3. Rationale for the Proposed Spin-Off and Listing

The rationale for the Proposed Spin-Off and Listing includes the following:

- (a) Different development, commercialisation and risk profiles

The Pharmaceutical and Medicinal Cannabis Business and the Nutraceutical Business are very distinct in that each are subject to separate regulations, development pathways and sales channels. They have substantially different development, commercialisation and risk profiles which puts divergent demands on the Group’s management.

As a pharmaceutical drug developer and drug manufacturer, the Spin-Off Company is subject to stringent legal and regulatory requirements. Pharmaceutical drug development is a costly and lengthy process that can take up to 7 years for drug repurposing and 15 years for a new molecule. To commercialise the pharmaceutical drugs, the Spin-Off

Company may need to partner with other pharmaceutical companies who have established regulatory and sales teams in the markets they operate in.

On the other hand, the Nutraceutical Business will be subject to less product development risks, lower development cost and generally takes a shorter time to market as it can rely on relevant third-party clinical evidence and scientific literature. Entity supplements are sold through various physical and online channels to the individual customers. Sales is driven by marketing and advertising to customers as well as expanding the distribution network directly or through authorised distributors.

It is intended that the Pharmaceutical and Medicinal Cannabis Business and the Nutraceutical Business will be managed by a separate management and operations team, allowing for efficient management focus, development of deeper capabilities, establishment of separate business directions and growth strategies for each business and to deliver and extricate the best value to its shareholders.

(b) Independent access to capital markets

Substantial capital is generally expected for the drug development business due to its lengthy process and complex regulatory requirements. A listing on the HKEX will enable the Spin-Off Company to gain independent access to capital markets. It will allow the Spin Off Company to raise new funds for product development without dilution to the Group's shareholders. The listing will relieve the Company from the burden of having to continuously obtain financing for the operations and future expansion of this business, while allowing the value of the Pharmaceutical and Medicinal Cannabis Business to be unlocked and unbundled.

The Company plans to apply for a listing under the Chapter 18A biotech listing rules established by the HKEX which are specific to the biotech sector. The Chapter 18A listing is set up to encourage investments from financial institutions who understand and have previous experience investing in pharmaceutical companies with good drug development pipelines. These institutions can help provide the necessary funding and support to biopharma companies to commercialise their drug development programs. Such a programme is very attractive to the Spin-Off Company where available funding is very critical to the success of the Spin-off Company's Pharmaceutical and Medicinal Cannabis Business.

4. Consultation with the SGX-ST

Based on the representations made by the Company to the SGX-ST, the SGX-ST has advised that it has no objection to the Proposed Spin-Off and Listing, subject to the following conditions:

- (a) Compliance with the SGX-ST's listing rules;
- (b) Disclosure in the shareholders' circular of the basis for the Board's assessment that the Proposed Spin-off and Listing would bring about benefits to the shareholders;

- (c) An independent financial advisor's letter concerning the Proposed Spin-off and Listing to be obtained and provided in the shareholders' circular as well as the prospectus of the Spin-off Company to be issued; and
- (d) Shareholders' approval to be sought and obtained for the Proposed Spin-off and Listing.

SGX-ST reserves the right to amend and/or vary the above decision and such decision is subject to changes in the Exchange's policies.

5. Status of the Proposed Spin-Off and Listing

The Company commenced preliminary work in relation to the Proposed Spin-Off and Listing which were only finalised and approved in July 2021. Shareholders should note that the restructuring and the Proposed Spin-Off and Listing are dependent on among others, the results of preparatory work to be undertaken, requisite approvals from the relevant regulatory authorities and the then-prevailing market conditions.

Further, the Board may, notwithstanding that all requisite approvals from the relevant regulatory approvals have been obtained, decide not to proceed with the Proposed Spin-Off and Listing if, having regard to investors' interests and response at the material time and any other relevant factors, the Board deems it not to be in the interests of the Company to proceed with the Proposed Spin-Off and Listing. The Proposed Spin-Off and Listing is also expected to be subject to shareholders' approval to be obtained at a general meeting to be convened.

Accordingly, there is no assurance that the Proposed Spin-Off and Listing will materialise.

6. Further Announcements and Cautionary Statement

The Company will announce any material developments on the Proposed Spin-off and Listing as and when appropriate. Shareholders and other investors should exercise caution when dealing in the securities of the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Spin-Off and Listing will be undertaken or that the requisite approvals for the Proposed Spin-Off and/or the Listing will be obtained. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD

Eddy Lee
Chairman & CEO

12 July 2021

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 (the "**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 correctness of any of the statements or opinions made or reports contained in this announcement.

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