

# Xped Limited



## **XPED SECURES CONVERTIBLE NOTE DEEDS OF A\$1,250,000 AND THE SIGNING OF EQUIPMENT PURCHASE AND MANUFACTURING AGREEMENTS**

The directors of XPED Limited (ASX: XPE) ("Xped" or the "Company") are pleased to announce that the Company has entered into Convertible Note Deeds ("Deeds") raising A\$1,250,000 and also received commitments to subscribe for a further A\$100,000 on the same terms by the current Deed holders. At the same time, the Company's wholly owned subsidiary signed an "Equipment Purchase and Sales Agreement" and a "Manufacturing and Supply Agreement" to manufacture air filter plates.

The company has requested a voluntary suspension in order to provide further information regarding Chapter 11 of the Listing Rules.

### **Fund Raising of A\$1,250,000**

On 12 May 2020, the Company entered into Convertible Note Deeds ("Deeds") raising A\$1,250,000. Teko International Limited ("Teko"), a existing substantial shareholder of Xped and an affiliate with Xped's current Chairman Mr. Con Unerkov, has subscribed for A\$625,000 and the remaining A\$625,000 were with an unrelated sophisticated investor.

The Company has received commitments to subscribe for a further A\$100,000 on the same terms as the current Deeds holders which it expects to close in the next few days.

The terms and conditions of the Convertible Note Deeds for Teko and the sophisticated investor are set out in Appendix A and B, respectively.

### **Use of Proceeds**

The proceeds raised will be used to acquire equipment to manufacture plates for air filters and for general working capital to support the air filter operation.

### **Manufacturing and Supply Agreement and Equipment Purchase and Sales Agreement**

On 12 May 2020, the Company's wholly owned subsidiary ("Supplier") entered into an Equipment Purchase and Sales Agreement ("Equipment Agreement") and a Manufacture and Supply Agreement ("Manufacturing Agreement"), both with Nextglass Technologies Corporation ("Nextglass"), a organisation incorporated in Delaware, USA. Nextglass has a proprietary film technology and manufacturing process to affix nano-thin films onto plates installed in air filters.

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The Equipment Purchase and Sales Agreement has the following key terms:

- Total Purchase price is US\$750,000 for the purchase of the Inline PECVD System ("Equipment").
- Within 2 days of signing the Equipment Agreement, payment for purchase of the Sputtering Machine for US\$400,000 and within 1 month from signing the Equipment Agreement, the remaining US\$350,000 is used to pay for the purchase of additional equipment to customise the Inline PECVD System.
- As at the date of this announcement, the Company has paid the first payment of US\$400,000 to purchase the Sputtering Machine.

The Manufacturing Agreement has the following key terms:

- Orders to be received from Nextglass, to manufacture plates used in air filter products.
- Nextglass will provide sufficient orders such that Supplier's manufacturing equipment can operated at near capacity.
- Supplier will contract out the management of the manufacturing services to Nextglass for an agreed monthly fee.
- Supplier will pay a technology license fee based on a percentage of the net profits of our manufacturing operation.
- Nextglass grants the Supplier a put option to require Nextglass to purchase the Equipment for US\$800,000 ("Option Price") for the period commencing from the date of the Manufacturing Agreement to the earlier of when the Supplier has earned net profits exceeding its investment and 12 months from the date of the Manufacturing Agreement.
- The performance of Nextglass in the Manufacturing Agreement is personally guaranteed by Nextglass's CEO.
- Nextglass has the right, for the 12 months period after the date of the Manufacturing Agreement to purchase the Equipment from the Supplier at 125% of the Option Price if the executive management team consisting of Supplier's and Company's Chairman and or CFO involuntary lose their office or directorship.
- The term of this Manufacturing Agreement is for 5 years with a renewal of a further 5 years subject to conditions.

Julie Edwards  
Company Secretary  
Xped Limited

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## Appendix A – Terms and Conditions of the Convertible Note Deed - Teko

Subscription to the Note	AU\$625,000 to be subscribed.
Repayment Date	12 months from the date of the issuance of the Note.
Interests	8% per annum. Interests is payable semi-annually commencing from 30 June 2020. Noteholder may elect to receive cash or Shares at the Conversion Price, provided that such issuance of Shares is approved by Shareholders.
Security	The Company granted a Security Interests over the Equipment in favor of the Noteholder for an amount equal to total moneys payable under all the notes issued in this series multiplied by the ratio that the amount of the Noteholder's Subscription to the total subscription monies under all the notes in this series of Notes.
Voting	The Note shall not provide for any voting rights at Shareholder meetings.
Initial Fees	Subject to the approval of the Shareholders, the Company shall pay 5% of the First Closing Amount of A\$31,250 to Noteholder by issuing 31,250,000 Shares. If the Shareholders approval for issuance of these Shares is not obtained or if no Shareholders meeting was held within 8 weeks from the date of this Deed, then the Noteholder may issue a notice 10 days after the meeting date to the Company that all the monies owing under this Deed and a default payment becomes due for immediate payment.
Conversion of Shares	Subject to the approval of the Shareholders approving the issuance of the Shares underlying the Notes, at the next extraordinary general meeting, the Noteholder has the right to convert the Note into Shares of the Company from the date of the Note to the Repayment Date. If the Shareholders approval for issuance of underlying Shares in the Note at conversion is not obtained or if no Shareholders meeting was held within 8 weeks from the date of this Deed, then the Noteholder may issue a notice 10 days after the meeting date to the Company that all the monies owing under this Deed and a default payment becomes due for immediate payment.
Conversion Price	A\$0.001 per Share, subject to adjustment.
Ownership Restriction	Subject to the Shareholders approval, the Noteholder shall not be obligated to make a general offer under Chapter 6A of the Corporations Act 2001 to acquire all the Shares of the Company.
Options	Subject to the approval of the Shareholders to grant the Options to the Noteholder, the Notes will be issued with 50% option coverage of a total of 312,500,000 Shares of which 50% or 156,250,000 options exercisable for 24 months with an exercise price equal to A\$0.002 and 156,250,000 options exercisable for 24 months with an exercise price equal to A\$0.004. If the Shareholders approval to grant the Options to the Noteholder is not obtained or if no Shareholders meeting was held within 8 weeks from the date of this Deed, then the Noteholder may issue a notice 10 days after the meeting date to the Company that all the monies owing under this Deed and a default payment becomes due for immediate payment.
Regulatory and Shareholder Approvals	The issue of Shares on conversion of the Convertible Notes is subject to and conditional upon the Company seeking and obtaining all necessary shareholder approvals required by the Corporations Act 2001 or the ASX listing rules for the issue of Shares prior to (i) any conversion on the Convertible Note, (ii) exercise of the Options (iii) for the Initial Fees or (iv) the payment of interests.

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## Appendix B - Terms and Conditions of the Convertible Note Deed – Unrelated sophisticated Investor

Subscription to the Note	A\$625,000 to be subscribed in 2 tranche: Tranche 1 A\$390,625 is to be subscribed at signing of the agreement Tranche 2 A\$234,375 is to be paid upon the Company proof of purchase of the Equipment.
Repayment Date	12 months from the date of the issuance of the Note.
Interests	8% per annum. Interests is payable semi-annually commencing from 30 June 2020. Noteholder may elect to receive cash or Shares at the Conversion Price, provided that such issuance will not contravene the Corporations Act or the Listing Rules.
Security	The Company grant a Security Interests over the Equipment in favor of the Noteholder for an amount equal to total moneys payable under all the notes issued in this series multiplied by the ratio that the amount of the Noteholder Subscription to the total subscription monies under all the notes in this series of Notes.
Voting	The Note shall not provide for any voting rights at Shareholder meetings.
Initial Fees	Within 5 days of First Closing, the Company shall pay 5% of the First Closing Amount of A\$19,531.25 by issuing 19,531,250 Shares to the Noteholder; and within 5 days of Second Closing, the Company shall pay A\$11,718.75 representing 5% of the Second Closing Amount, by issuing 11,718,750 Shares to the Noteholder. The Shares to be issued above utilizes the Company's capacity to place shares out of the remaining 15% and additional 10% share placement capacity approved by Shareholders and available to the Board under the ASX listing rules.
Conversion of Shares	Subject to the approval of the Shareholders approving the issuance of the Shares underlying the Notes, at the next extraordinary general meeting, the Noteholder has the right to convert the Note into Shares of the Company from the date of the Note to the Repayment Date. If the Shareholders approval for issuance of underlying Shares in the Note at conversion is not obtained or if no Shareholders meeting was held within 8 weeks from the date of this Deed, then the Noteholder may issue a notice 10 days after the meeting date to the Company that all the monies owing under this Deed and a default payment becomes due for immediate payment.
Conversion Price	A\$0.001 per Share, subject to adjustment.
Ownership Restriction	Noteholder's relevant interests shall not exceed 4.99% immediately after giving effect to the issuance of Shares after the exercise of the conversion on the Note or the exercise of options.
Options	Subject to the approval of the Shareholders to grant the Options to the Noteholder, the Notes will be issued with 50% option coverage of a total of 312,500,000 Shares of which 50% or 156,250,000 options exercisable for 24 months with an exercise price equal to A\$0.002 and 156,250,000 options exercisable for 24 months with an exercise price equal to A\$0.004. If the Shareholders approval to grant the Options to the Noteholder is not obtained or if no Shareholders meeting was held within 8 weeks from the date of this Deed, then the Noteholder may issue a notice 10 days after the meeting date to the Company that all the monies owing under this Deed and a default payment becomes due for immediate payment.
Regulatory and Shareholder Approvals	The issue of Shares on conversion of the Convertible Notes is subject to and conditional upon the Company seeking and obtaining all necessary shareholder approvals required by the Corporations Act 2001 or the ASX listing rules for the issue of Shares prior to (i) any conversion on the Convertible Notes or (ii) exercise of the Options.

ASX RELEASE // 14.05.2020

# Xped Limited



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## FOR MORE INFORMATION:



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