

1 April 2016

Ms Anjuli Sinniah  
Advisor, Listings Compliance (Perth)  
Level 40, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

Dear Ms Sinniah

**Vonex Limited – ASX aware query**

In response to your letter dated 29 March 2016, the Company provides the following response:

- 1. When was the Facility agreed? Was it on or about 1 September 2016 (as claimed in the Matrix One Letter), was it at the meeting that allegedly took place between Mr Lee and Mr Rowbottam on 12 October 2015 (as referred to in VNX's response to paragraph 4.4 of ASX's Letter) or was it some other date?***

The business and potential investment opportunity in a broad sense was initially discussed by telephone in mid August when Mr Kase Plug travelled to Cambodia to meet with Mr Stephen Lee in respect to other business. Mr Rowbottam held discussions with Mr Lee via Mr Plug's phone at which time Mr Lee indicated a strong interest in investing in the upcoming capital raising.

The Facility terms were discussed in the meeting on 12 October 2015, which is the date that the Facility was agreed verbally between Mark Rowbottam on behalf of VNX and Stephen Lee on behalf of Matrix One. The advantageous terms were provided by Matrix One to build a relationship with VNX as Matrix One had wanted to receive an allocation in the capital raising under the prospectus, however VNX had already received firm commitments in respect of the capital raising. The favourable terms were provided so that VNX would look favourably on Matrix One in respect of any subsequent capital raising following reinstatement of the Company's shares to official quotation. It is noted that no capital raising subsequent to reinstatement of the Company's shares to official quotation had been discussed or planned by the Board and no representations or undertakings were given to Matrix One by Mark Rowbottam.

- 2. Regardless of when the Facility was agreed, does VNX have any emails, letters, file notes or other contemporaneous evidence to corroborate the fact that the Facility was agreed to on the terms set out in VNX's response to paragraph 4.4 of ASX's Letter (please note that ASX does not regard the travel itinerary referred to in VNX's response to paragraph 4.10 of ASX's Letter as corroborating in any way an agreement to the terms of the Facility)?***

VNX has file notes from Mr Rowbottam dated 12 October 2015 and 11 January 2016 and the signed agreement dated 29 February 2016 along with emails dated 2 March 2016 when Matrix One and VNX executed the written agreement. Please find the documents

ABN: 39 063 074 635

Ground Floor Unit 5, 1 Centro Avenue, Subiaco WA 6008 PO Box 510, Subiaco WA 6904

Ph: +61 8 6388 8888 // Fax: +61 8 6388 8898 // Web: [www.vonex.com](http://www.vonex.com) // Email: [info@vonex.com](mailto:info@vonex.com)

attached.

VNX has no other corroborating information.

- 3. If the answer to question 2 above is “no”, please explain why that is so. In doing so, please specifically address the fact that the Facility was on very advantageous terms from the VNX’s perspective (being at call, unsecured and interest-free) but VNX apparently made no attempt to document those very advantageous terms until 29 February 2016, after ASX called into question the use of the funds from VNX’s capital raising.**

N/A – however VNX’s agreement with Matrix One was based on trust due to Matrix One’s strong interest in developing a relationship with the Company. The Company was comfortable with the verbal agreement as agreed in the meeting on 12 October 2015. However once ASX began to ask questions of VNX, the Company resolved to document the terms in writing as was done on 29 February 2016.

- 4. ASX asks again, please explain how the Facility was “formalised”, as referred to in VNX’s Supplementary Prospectus.**

As per our prior response and the file notes made at the meeting held in Hong Kong on 11 January 2016, this was when the final additional terms were agreed.

- 5. When was the Facility “formalised”? Was it at the 12 October 2015 meeting (as suggested in VNX’s response to paragraph 4.6 of ASX’s letter), in January 2016 (as stated in the Supplementary Prospectus) or some other date?**

VNX believes that the Facility was agreed on 12 October 2015, however not formalized (meaning the final more detailed terms were agreed) until the meeting held in Hong Kong on 11 January 2016.

- 6. Regardless of how and when it was “formalised”, does VNX have any emails, letters, file notes or other contemporaneous evidence to corroborate the fact that the Facility was “formalised” and on what terms (again, please note that ASX does not regard the travel itinerary and invoice referred to in VNX’s response to paragraph 4.10 of ASX’s Letter as corroborating in any way an agreement to the terms of the Facility)?**

The relationship between Mr Rowbottam and Mr Lee has been based principally on direct personal contact and hence why these discussions were held in person, therefore VNX considers the supportive documentation confirming Mr Rowbottam’s travel to Hong Kong as relevant.

The formalisation of terms is further supported by file notes from Mr Rowbottam dated 12 October 2015 and 11 January 2016 and the signed agreement dated 29 February 2016 along with emails dated 2 March 2016 when Matrix One and VNX executed the written agreement.

- 7. Was VNX’s due diligence committee for its prospectus aware of the Facility?**

No.

- 8. If the answer to question 7 is “yes”, please explain why the existence of the Facility was not disclosed in VNX’s prospectus for its capital raising.**

N/A

**9. If the answer to question 7 is “no”, please explain what level of due diligence was undertaken into VNX’s financial circumstances and why the loan was not uncovered by the due diligence process?**

The Investigating Accountants and auditors prepared the financial statements for the Company for inclusion in the Prospectus, these were based on adjustments to the 30 June accounts. The Facility had not been documented prior to the prospectus being closed and was therefore not tabled at any due diligence meetings. The agreed terms were not considered material by Mark Rowbottam and therefore not raised with the due diligence committee as VNX were under the expectation that it would to be listed in December 2015 at which time it would have access to investors funds raised under the prospectus. Accordingly, it was considered that VNX would have sufficient working capital to meet demands of the Company and the draw down on the Facility would not exceed the materiality threshold.

**10. Was VNX’s board of directors aware of the Facility at the time they signed the prospectus?**

Mark Rowbottam was aware of the Facility but the remaining board members were not aware of the Facility. The board was aware that the financing of operational activities was stretching the Company’s remaining cash reserves however were under expectation that the receipt of the ASX conditional approval letter and settlement would occur in December and therefore the Company would obtain access to the funds raised in order to meet its working capital needs.

**11. If the answer to question 10 is “yes”, please explain why they signed off on VNX’s prospectus without it including any reference to the Facility?**

N/A.

**12. If the answer to question 10 is “no”, please explain why the matter was not brought to the attention of VNX’s directors.**

When the Facility was initially discussed, it was agreed verbally and did not contain terms that were considered to have a material effect on the price or value of the Company’s securities or effect investors informed assessment of the assets, liability, financial position and performance, profits and losses and prospects of the Company.

This was the position as the Facility is neither secured or interest bearing and of no fixed term. Also, given the funds would be repaid following the Company’s re-instatement to ASX the Facility was considered merely as an instrument to manage the timing of expenditure that was within the use of funds disclosed in the prospectus.

**13. If the Facility was to be used as required by VNX until it had access to the capital raised under the prospectus and was able to be called whenever VNX wanted to draw it, why did VNX use funds from its capital raising instead of using funds from the Facility for its operational expenditure?**

This was simply an oversight due to being under resourced, which once realised was rectified immediately via the drawdown of the Facility to cover any deficiency in the applicant funds held on trust.



29 March 2016

Mr Ranko Matic  
Company Secretary  
Vonex Limited  
Ground Floor Unit 5  
1 Centro Avenue  
SUBIACO WA 6008

By email: [RMatic@perth.bentleys.com.au](mailto:RMatic@perth.bentleys.com.au)

Dear Mr Matic

**VONEX LIMITED ("VNX")**

ASX Limited ("ASX") refers to ASX's letter to VNX dated 8 March 2016 ("ASX's Letter") and VNX's letter to ASX dated 16 March 2016 ("VNX's Response"). Capitalised terms in this letter have the same meaning as in ASX's Letter.

VNX's Response is unsatisfactory.

The Matrix One Letter referred to the Facility being agreed on or about 1 September 2015. Paragraph 4.4 of ASX's Letter asked for:

*Any evidence VNX can provide to corroborate the fact that the Facility was agreed on or about September 1 2015 and the amount of the Facility agreed to be made available at that time. This should include any emails, telephone records or other evidence confirming the communications between the persons mentioned in 4.1 and 4.2 leading up to the agreement by MOH to provide the Facility to VNX.*

VNX's Response referred to a meeting that took place on the morning of Monday 12 October 2015 at which time Mr Lee allegedly confirmed to Mr Rowbottom that he was holding the funds for Aleator/VNX on the following terms:

- *Facility of up to A\$1,000,000 to be used as required by Aleator until it had access to capital raised under the prospectus;*
- *At call for whenever Aleator wanted to draw it;*
- *Unsecured;*
- *Non-interest bearing.*

No explanation was provided as to inconsistency between the date the Facility was said to have been agreed in the Matrix One Letter and the date of the meeting referred to in VNX's Response. Further, no evidence was provided in VNX's Response corroborating that the agreed terms of the Facility were as set out in VNX's Response.

Paragraph 4.5 of ASX's Letter asked: "If there is no evidence to corroborate the fact that the Facility was agreed on or about September 1 2015 or the amount of the Facility, an explanation of why that is so." VNX has responded "N/A", which is plainly an incomplete and inappropriate response in the circumstances.



The Supplementary Prospectus made reference to the Facility being “formalised” in January 2016. Paragraph 4.6 of ASX’s Letter asked:

*How was the Facility “formalised” in early January 2016? If it was formalised in a written agreement, please provide a copy of the agreement.*

VNX’s Response stated:

*During the meeting on 12 October 2015 Mr Lee and Mr Rowbottam revisited the terms of the Facility and again Mr Lee confirmed that he had A\$1,000,000 in one of his accounts that he was holding for an on behalf of Aleator. The following additional term was agreed:*

*Repayable within 30 days of the Company being reinstated to the ASX.*

*These terms are reflected in the signed Facility dated 29 February 2016 and supported by the Facility being drawn for \$755,000.*

It is entirely unclear to ASX why VNX’s Response should be referring to the meeting on 12 October 2015, when the Supplementary Prospectus asserted that the Facility was formalised in January 2016, and how this undocumented meeting led to the Facility being “formalised” in any way. It is also unclear why VNX has referred in its response to paragraph 4.1 of ASX’s Letter to certain terms for the Facility being agreed at the meeting on 12 October 2015 and then in its response to paragraph 4.6 of ASX’s Letter to an additional term being agreed at the same meeting.

Paragraph 4.10 of ASX’s Letter asked for:

*Any evidence VNX can provide to corroborate the fact that the Facility was increased and formalised in early January 2016. This should include any emails, telephone records or other evidence confirming the communications between the persons mentioned in 4.8 and 4.9 leading up to the agreement by MOH to increase the Facility to VNX.*

VNX’s Response simply included a travel itinerary which showed that Mr Rowbottam had travelled to and from China between 11 and 14 October 2015 and an invoice for flights to and from China by Mr Rowbottam in January 2016.

Paragraph 4.11 of ASX’s Letter asked: “If there is no evidence to corroborate the fact that the Facility was increased and formalised in early January 2016, an explanation why that is so.” Again, VNX’s Response was “N/A”, which again is plainly an incomplete and inappropriate response in the circumstances.

Pursuant to Listing Rules 1.17 and 18.7, ASX requires VNX to provide the following additional information:

1. When was the Facility agreed? Was it on or about 1 September 2016 (as claimed in the Matrix One Letter), was it at the meeting that allegedly took place between Mr Lee and Mr Rowbottam on 12 October 2015 (as referred to in VNX’s response to paragraph 4.4 of ASX’s Letter) or was it some other date?
2. Regardless of when the Facility was agreed, does VNX have any emails, letters, file notes or other contemporaneous evidence to corroborate the fact that the Facility was agreed to on the terms set out in VNX’s response to paragraph 4.4 of ASX’s Letter (please note that ASX does not regard the travel



itinerary referred to in VNX's response to paragraph 4.10 of ASX's Letter as corroborating in any way an agreement to the terms of the Facility)?

3. If the answer to question 2 above is "no", please explain why that is so. In doing so, please specifically address the fact that the Facility was on very advantageous terms from the VNX's perspective (being at call, unsecured and interest-free) but VNX apparently made no attempt to document those very advantageous terms until 29 February 2016, after ASX called into question the use of the funds from VNX's capital raising.
4. ASX asks again, please explain how the Facility was "formalised", as referred to in VNX's Supplementary Prospectus.
5. When was the Facility "formalised"? Was it at the 12 October 2015 meeting (as suggested in VNX's response to paragraph 4.6 of ASX's letter), in January 2016 (as stated in the Supplementary Prospectus) or some other date?
6. Regardless of how and when it was "formalised", does VNX have any emails, letters, file notes or other contemporaneous evidence to corroborate the fact that the Facility was "formalised" and on what terms (again, please note that ASX does not regard the travel itinerary and invoice referred to in VNX's response to paragraph 4.10 of ASX's Letter as corroborating in any way an agreement to the terms of the Facility)?
7. Was VNX's due diligence committee for its prospectus aware of the Facility?
8. If the answer to question 7 is "yes", please explain why the existence of the Facility was not disclosed in VNX's prospectus for its capital raising.
9. If the answer to question 7 is "no", please explain what level of due diligence was undertaken into VNX's financial circumstances and why the loan was not uncovered by the due diligence process?
10. Was VNX's board of directors aware of the Facility at the time they signed the prospectus?
11. If the answer to question 10 is "yes", please explain why they signed off on VNX's prospectus without it including any reference to the Facility?
12. If the answer to question 10 is "no", please explain why the matter was not brought to the attention of VNX's directors.
13. If the Facility was to be used as required by VNX until it had access to the capital raised under the prospectus and was able to be called whenever VNX wanted to draw it, why did VNX use funds from its capital raising instead of using funds from the Facility for its operational expenditure?

ASX would remind you that an officer or employee of a listed entity who gives, or authorises or permits the giving of, materially false or misleading information to ASX:

- knowingly, breaches section 1309(1) of the Corporations Act, which is a criminal offence punishable by a fine of up to 200 penalty units and/or imprisonment for up to 5 years; or



- without taking reasonable steps to ensure that the information was not false or misleading, breaches section 1309(2) of the Corporations Act, which is a criminal offence punishable by a fine of up to 100 penalty units and/or imprisonment for up to 2 years.

In view of these potential criminal consequences, ASX would strongly suggest that you take legal advice before you respond to this letter.

**When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **5pm WST on Friday 1 April 2016**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [anjuli.sinniah@asx.com.au](mailto:anjuli.sinniah@asx.com.au).

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

*[sent electronically without signature]*

Anjuli Sinniah  
**Adviser, Listings Compliance (Perth)**