



VGX LIMITED ARBN 612 834 572

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PROPOSED CAPITAL REDUCTION BY WAY OF CANCELLATION OF SHARES HELD BY CERTAIN SHAREHOLDERS

The directors of VGX Limited (NSX:VGX) (the **Company**) wish to announce that the Company had on 3 March 2020 entered into a Capital Reduction Agreement (the **Agreement**) with Metsys Sdn. Bhd., Eric CHUNG Chi Kong and YAP Poh Yee (collectively, the **Relevant Shareholders**).

Under the terms of the Agreement and subject to the conditions precedent contained in the Agreement being fulfilled:

- (a) the Company will transfer an aggregate 5,100,000 ordinary shares in and representing 51% of the issued and paid up share capital of its wholly-owned subsidiary, Virgin Greens X Sdn Bhd (**VGXM**), to Metsys Sdn Bhd and YAP Poh Yee (collectively, the **Transferees**); and
- (b) the Relevant Shareholders will consent to the Company's cancellation of an aggregate 54,479,730 ordinary shares (the **Relevant Shares**) in and representing 51% of the Company's issued and paid up share capital,

together, the **Proposed Transaction**.

Conditions precedent

Completion of the Proposed Transaction is conditional upon the following conditions precedent, amongst others, being fulfilled:

- (1) consent being received from the National Stock Exchange of Australia Limited (NSX) for the Relevant Shareholders to deal with the Relevant Shares in the manner set out in the Agreement¹; and
- (2) approval being received from shareholders of the Company (other than the Relevant Shareholders) for Proposed Transaction².

Other salient term of the Agreement

On and as a condition for completion of the Proposed Transaction, the Transferees will enter into a Block Voting Agreement with the Company, under which the Transferees:

¹Consent from NSX is required because the Relevant Shares for part of shares which are subject to escrow arrangements until 30 May 2020.

²Shareholders' approval is required because the Proposed Transaction is a transaction which directors have interest in. See the disclosure under *Directors' interests* below for details of the directors' interests.



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- (i) will exercise their voting rights in VGXM in accordance with the directions of the Company; and
- (ii) grants the Company the right of first refusal and last look in the event they wish to dispose of their shares (or any part thereof) in VGXM.

Rationale for the Proposed Transaction

VGXM is a BioNexus status company which qualifies it to receive a number of incentives and concessions from the Government of Malaysia. Notwithstanding that currently VGXM is ultimately majority-controlled by Malaysian citizens, the government department which is responsible to implement and disburse the incentive schemes under the BioNexus programme requires that VGXM itself be directly majority-controlled by Malaysian citizens if it is to enjoy certain more generous incentives under the programme. Therefore, the Proposed Transaction seeks to achieve this effect without adversely affecting the economic interests and rights of the Company's shareholders.

Directors' interests

Two of the Relevant Shareholders, namely Eric CHUNG Chi Kong and YAP Poh Yee are directors of the Company, and the other Relevant Shareholders, namely Metsys Sdn Bhd is a company in which KONG Teck Chin, a director, has an interest. YAP Poh Yee and Metsys Sdn Bhd are also the Transferees. For these reasons, each of Eric CHUNG Chi Kong, YAP Poh Yee and KONG Teck Chin are directors who have interests in the Proposed Transaction.

Therefore, each of Eric CHUNG Chi Kong, YAP Poh Yee and KONG Teck Chin will not participate in any directors' deliberations and voting in relation to the Proposed Transaction. They will also not vote on the shareholders' resolution in relation to the Proposed Transaction.

Extraordinary general meeting to be convened

The Company will convene an extraordinary general meeting to seek the requisite shareholders' approval shortly.

For and on behalf of
VGX Limited

CHONG Ying Choy
Independent Non-Executive Chairman
Kuala Lumpur, 3 March 2020