

VGX LIMITED

(Incorporated in the British Virgin Islands)
BVI Co. No. 1915974 | ARBN 612 834 572

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of VGX Limited (NSX:VGX) (the **Company**) will be held at the following date, time and place:

Date: 11 May 2020
Time: 10:00AM
Place: This extraordinary general meeting will be held online by way of a video conference, the log-in details which are as follows:
URL: <https://zoom.us/join>
Meeting ID: 7037290392 | Password: VGXL

to consider and, if thought fit, to pass the following as an ordinary resolution, with or without modifications:

APPROVAL FOR DISPOSAL OF A SUBSTANTIAL ASSET TO RELATED PARTIES

RESOLVED THAT approval for the purpose of Listing Rule 6.43 be and is hereby given for the Company to:

- (a) dispose of 5,100,000 ordinary shares in and representing 51% of issued capital of Virgin Greens X (M) Sdn Bhd (**VGXM**), a wholly-owned subsidiary of the Company, to Metsys Sdn. Bhd. and YAP Poh Yee (collectively, the **Transferees**); and
- (b) cancel an aggregate 54,479,730 ordinary shares (the **Relevant Shares**) in and representing 51% of the Company's issued and paid up share capital currently issued to Metsys Sdn. Bhd., Eric CHUNG Chi Kong and YAP Poh Yee (collectively, the **Relevant Shareholders**),

on the terms and subject to the conditions set out in the Capital Reduction Agreement dated 3 March 2020 (the **Agreement**) entered into by and amongst the Company and the Relevant Shareholders.


VOTING EXCLUSION STATEMENT

The voting exclusion statement is set out in the Explanatory Notes.

EXPLANATORY NOTES

Explanatory notes for the proposed resolution, presented in a question and answer format, are attached to and accompany this Notice of Extraordinary General Meeting.

By Order of the Board



CHONG Ying Choy
Independent non-executive chairman
Kuala Lumpur, 10 April 2020

EXPLANATORY NOTES
for and accompanying the
Notice of Extraordinary General Meeting dated 10 April 2020

VOTING EXCLUSION STATEMENT

Listing Rule 6.46 provides that a director of an issuer must not vote on any contract or arrangement or any other proposal in which he has a material interest. Therefore, in accordance with Listing Rule 6.46, the Company will disregard any votes cast in favour of the resolution by or on behalf of the following directors of the Company:

- (a) Eric CHUNG Chi Kong;
- (b) YAP Poh Yee; and
- (c) KONG Teck Chin,

or their associates, which for the purpose of this resolution, includes Metsys Sdn. Bhd., a company in which KONG Teck Chin has an interest.

EXPLANATORY NOTES

Q1. What transaction am I being asked to approve?

- A1. The Company is seeking your approval for it to dispose of 5,100,000 ordinary shares in and representing 51% of issued capital of VGXM, a wholly-owned subsidiary of the Company, to Metsys Sdn. Bhd. and YAP Poh Yee. Metsys Sdn. Bhd. is a company in which KONG Teck Chin, a director of the Company, has an interest in, and YAP Poh Yee is a director of the Company. In return, Metsys Sdn. Bhd., YAP Poh Yee and Eric CHUNG Chi Kong, another director of the Company, will consent to the Company cancelling an aggregate 54,479,730 ordinary shares in and representing 51% of the Company's issued and paid up share capital. The terms and conditions of this transaction are set out in the Agreement.

Q2. Why is the Company proposing to enter into this transaction?

- A2. 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, but in a manner which will not affect your economic interests and voting rights and those of the other shareholders of the Company.

Q3. Why is my approval required for this transaction?

- A3. Listing Rule 6.43 requires, amongst other things, that the Company obtains the approval of its shareholders if it disposes of a substantial asset to Metsys Sdn. Bhd. and YAP Poh Yee, both whom are related parties of the Company. Therefore, the Company is seeking your

approval so that it can comply with this listing obligation and complete the proposed transaction.

Q4. What is the market value of the VGXM shares to be transferred to Metsys Sdn. Bhd. and YAP Poh Yee?

- A4. The Company's 100% shareholding in VGXM is its only asset. It does not have any other asset. As the Company's shares (other than shares which are under escrow arrangements) are freely trade-able on the National Stock Exchange of Australia (**NSX**), an open market, transparent and regulated market, directors believe that the Company's market capitalization is a reasonable basis to value shares in VGXM. Therefore, on this basis, the Company estimates that the market value of this 51% stake in VGXM as of 9 April 2020 (being the latest practicable date before this notice of meeting is approved by directors) is A\$7,082,364.

You should note that the Company's market capitalization mentioned above is calculated based on the Company's last traded price which was transacted on 30 May 2017. Notwithstanding this, the Company's shares remain freely trade-able (i.e., not suspended for any reason) throughout the period from that date to the date this notice of meeting is given. Therefore, the Company and directors believe that the Company's listing on NSX continues to provide a reasonable basis to determine the market capitalization and hence, the market value of VGXM, at any given time. The Company and directors also note that because shares in VGXM is the sole asset of the Company, the fair value of VGXM is directly co-related to the fair value of the Company. For these reasons, directors believe that they do not require an independent party to make the assessment of the transaction as a whole.

Q5. What is the market value of the shares to be cancelled?

- A5. Based on the last traded price of the Company's shares as of 9 April 2020, the market value of the 54,479,730 shares to be cancelled is A\$7,082,365. When considering this market value of the shares to be cancelled, you should also note the points mentioned in A4. Above.

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Q6. What is the effect of this transaction on the Company's financial reports?

- A6. The consolidated net assets of the Company and its subsidiary will reduce on completion of this proposed transaction. The consolidated net assets per share will reduce marginally on the account that certain items in the statement of financial position are at the Company level for which the holders of the minority interests do not share.

For illustration purposes only

The effects of this proposed transaction on the Company's consolidated statement of financial position assuming that the transaction was completed on 31 December 2019 (the date of the latest auditor reviewed financial statements) are as follows:

	Before the proposed transaction	Adjustment	After the proposed transaction
Non-current assets	274,490	55,817	330,307
Current assets	499,437		499,437
Total assets	773,927		829,744
Non-current liabilities	525,905		525,905
Current liabilities	152,913		152,913
Total liabilities	678,818		678,818
CONSOLIDATED NET ASSETS	95,109		150,926
Minority Interests	-	(109,200)	(109,200)
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	95,109		41,726
Outstanding shares	106,823,000	(54,479,730)	52,343,270
NET ASSETS PER SHARE	A\$0.0009		A\$0.0008

Q7. What is the effect of this transaction on my shareholding in the Company?

- A7. On completion of this transaction, if shareholders approve of it, your effective economic interest in VGXM, the Company's sole operating asset, will not change. However, your voting rights in the Company will increase. This is because the number of shares the Company has on issue will reduce from 106,823,000 to 52,343,270. For illustration purposes only, if you have 150,000 shares in the Company, your effective economic interest in VGXM and voting rights in the Company before and after the transaction are as follows:

	Effective economic interest in VGXM	Voting rights in the Company
Before the transaction	$\frac{150,000}{106,823,000} \times 100\% = 0.1404\%$	$\frac{150,000}{106,823,000} \times 100 = 0.1404\%$
After the transaction	$\frac{150,000}{52,343,270} \times 49\% = 0.1404\%$	$\frac{150,000}{52,343,270} \times 100 = 0.2866\%$

Q8. Will the Company retain control of VGXM after the transaction is completed?

A8. The short answer is “yes”, the Company will retain control of VGXM after the transaction is completed. One of the terms of the Agreement is that a condition for the Company’s transfers of the 51% stake in VGXM to Metsys Sdn. Bhd. and YAP Poh Yee is that both of them must enter into a Block Voting Agreement with the Company. The Block Voting Agreement remains valid as long as the Company holds at least 20% of the share capital of VGXM. Under the terms of the Block Voting Agreement, both Metsys Sdn. Bhd. and YAP Poh Yee must exercise their voting rights in VGXM in accordance with the directions of the Company. This right is enforceable by way of specific performance in the event Metsys Sdn. Bhd. and/or YAP Poh Yee breaches this obligation. This means that as long as the Company holds at least 20% of VGXM’s share capital, it remains in control of 100% of VGXM’s voting rights.

Q9. What are the other important terms of the Block Voting Agreement?

A9. Under the Block Voting Agreement:

- (a) each of Metsys Sdn. Bhd. and YAP Poh Yee 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, and
- (b) if Metsys Sdn. Bhd. and/or YAP Poh Yee disposes of their shares (or any part thereof) in VGXM to a third party, they must procure the buyer of those shares to agree to be bound by and assume the obligations under the terms of the Block Voting Agreement.

In return, the Company grants each of Metsys Sdn. Bhd. and YAP Poh Yee the right of first refusal and last look in the event it wishes to dispose of its shares (or any part thereof) in VGXM.

Q10. What are the directors’ interests in this transaction?

A10. Three directors of the Company have interests in this transaction, as set out below:

- (a) Eric CHUNG Chi Kong is a party to the Capital Reduction Agreement and, on completion of this transaction, will have 23,797,431 shares registered under his name cancelled. He currently holds 38,114,060 shares. The consideration which Eric CHUNG Chi Kong will receive for his agreement to cancel these 23,797,431 shares on completion of this proposed transaction is the Company transferring shares in VGXM to Metsys Sdn. Bhd., a company in which his spouse, KONG Teck Chin, has an interest in;
- (b) YAP Poh Yee is a party to the Capital Reduction Agreement and, on completion of this transaction, will have:
 - (i) the Company transfer 1,000,000 shares in VGXM transferred to her; and
 - (ii) 10,682,300 shares registered under her name cancelled.

She will also be a party to the Block Voting Agreement which will be signed on and as a condition for the completion of this transaction. She currently holds 15,200,000 shares; and

(c) KONG Teck Chin has an interest in Metsys Sdn. Bhd. in that she is a shareholder and director of that company. Metsys Sdn. Bhd. is a party to the Capital Reduction Agreement and, on completion of this transaction, will have:

- (i) the Company transfer 4,100,000 shares in VGXM transferred to it; and
- (ii) 19,999,999 shares registered its name cancelled.

Metsys Sdn. Bhd. will also be a party to the Block Voting Agreement which will be signed on and as a condition for the completion of this transaction. KONG Teck Chin currently holds 4,800,001 shares in her name and has interests in 19,999,999 shares which are held in Metsys Sdn. Bhd.'s name.

Q11. Did the Company seek the NSX's approval for this transaction?

A11. The shares to be cancelled under the proposed transaction, if shareholders' approval for it is obtained, form part of shares which are subject to escrow arrangements which expires on 30 May 2020. Under the terms of the escrow arrangements, Eric CHUNG Chi Kong, YAP Poh Yee and Metsys Sdn. Bhd. are not to sell, dispose or otherwise deal with these shares without NSX's consent. Therefore, one condition precedent for completion of the proposed transaction is that consent must be received from NSX for Eric CHUNG Chi Kong, YAP Poh Yee and Metsys Sdn. Bhd. to deal with these 54,479,730 shares in the manner set out in the Agreement.

Independent directors, that is to say directors other than the Relevant Shareholders, are of the view that the early release of these 54,479,730 shares from their escrow arrangements poses no risk and no disadvantage to holders of shares which are not subject to escrow arrangements. The bases for the independent directors' view are:

- (a) the Relevant Shareholders are not and will not monetise these shares released from escrow arrangements by disposing them on the open market or by offering them as security for loans. These shares will be cancelled; and
- (b) the interests of the Relevant Shareholders will continue to be aligned to the interests of the Company and its shareholders through their common interests in the operating and financial performance of VGXM.

The Company has applied to and has received consent from NSX for Eric CHUNG Chi Kong, YAP Poh Yee and Metsys Sdn. Bhd. to deal with these 54,479,730 shares in the manner set out in the Agreement. **The fact that NSX has given its consent is not to be taken in any way as an indication of the merits of the proposed transaction or the Company or its listed securities. NSX takes no responsibility for the contents of this notice of meeting including the explanatory notes, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this notice of meeting and the explanatory notes.**

Q12. What is the non-interested directors' recommendation as to how I should vote?

A12. The two directors who do not have any interest in the proposed transaction, namely CHONG Ying Choy and Augustine CHAN Kwok Chuen, after taking into consideration the following factors:

- (a) the commercial rationale for the proposed transaction as set out in A2. above;
- (b) the estimated market value of the VGXM shares which are to be transferred to Metsys Sdn. Bhd. and YAP Poh Yee as set out in A4.;
- (c) the market value of the shares to be cancelled as set out in A5.; and
- (d) all other terms of the proposed transaction, including the main terms as summarised in this explanatory notes,

recommend that you vote in favour of the proposed resolution.

Q13. What will the Company's future direction and objectives be if this proposed transaction is completed?

A13. Directors does not plan to change the Company's future direction and objectives if this proposed transaction is completed.

Q.14 What can I do if I need further clarification and/or additional information on this proposed transaction?

A14. If you need any further clarification and/or additional information, please send your request in writing to the following:

By e-mail: ir@vgxlimited.com
By fax: +603 7490 5333
By mail: C-710 Kelana Square
No. 17 Jalan SS7/26, Kelana Jaya
47301 Petaling Jaya
Selangor, Malaysia

Your request for further clarification and/or additional information must reach the Company no later than 96 hours before the time of the meeting. The Company will provide a consolidated response to such requests (if any) which it considers, at its absolute discretion, to be reasonable by way of a public announcement to be lodged on the NSX announcements portal no later than 72 hours before the time of the meeting.

Q13. What should I do next?

A15. The securities in the Company which you hold are CHESS Depositary Interests (**CDIs**). This means that shares in the Company are held in the name of CHESS Depositary Nominees Pty Ltd (**CDN**), which then issues CDIs representing those shares. However, as the beneficial owner of the same number of shares which are represented by the number of CDIs which you hold, you have all the benefits of share ownership of those shares with the exception of the right to vote directly in person at a general meeting. However, the Company's constitution provides that you (and other CDI holders) may attend and vote at a general

meeting as proxy for CDN in relation to such number of CDIs which you hold. Therefore, for you to exercise voting rights relating to the CDIs you hold, you the holder must either:

- (i) direct CDN in advance of the meeting to appoint you or a person you nominate as CDN's proxy in relation to the number of CDIs you hold to attend and vote at the meeting; or
- (ii) return a voting direction form in advance of the general meeting, which direct CDN how to vote on a particular resolution. CDN is then obliged under the ASX Settlement Operating Rules to lodge proxy votes in accordance with your direction(s).

A CDI Voting Instruction Form of this extraordinary general meeting is attached. You can lodge your duly completed CDI Voting Instruction Form in one of the following methods:

Online:	www.advancedshare.com.au/investor-login	
	In Australia	In Malaysia
By hand delivery to:	Advanced Share Registry Limited 110 Stirling Hwy Nedlands WA 6009	C-710 Kelana Square No. 17 Jalan SS7/26, Kelana Jaya 47301 Petaling Jaya Selangor, Malaysia
By post to:	Advanced Share Registry Limited 110 Stirling Hwy Nedlands WA 6009 or PO Box 1156 Nedlands WA 6909	C-710 Kelana Square No. 17 Jalan SS7/26, Kelana Jaya 47301 Petaling Jaya Selangor, Malaysia
By facsimile to:	+618 6370 4203	+603 7490 5333
By e-mail to	admin@advancedshare.com.au	ir@vgxlimited.com