RNS Number : 4742B
ValiRx PLC
30 January 2020

VALIRX PLC

("ValiRx", the "Company" or the "Group")

Posting of Circular and Notice of General Meeting

London, UK., *30 January 2020*: ValiRx Plc (AIM: VAL), the clinical stage biotechnology company, announces that it has posted a circular to shareholders providing details of a proposed capital reorganisation and authority to allot ordinary shares generally and for cash on a non-pre-emptive basis, which will require the approval of shareholders.

A General Meeting has therefore been convened for 9.00 am on 17 February 2020, to be held at the offices of ValiRx Plc, 180-186 Kings Cross Road, London, WC1X 9DE.

The proposed Capital Reorganisation comprises a Consolidation and Sub-Division of shares. This is achieved by consolidating 125 Existing Shares into 1 Consolidated Share of 12.5 pence, followed by the Sub Division of each Consolidated Share into 1 New Ordinary Share of 0.1 pence each and 1 New Deferred Shares of 12.4 pence each. The New Deferred Shares will have the same rights as the Existing Deferred Shares and will therefore effectively be worthless.

Following the Capital Reorganisation, the Company's issued share capital will comprise 12,278,618 New Ordinary Shares and 12,278,618 New Deferred Shares and 30,177,214 Existing Deferred Shares of 12.4p each in the capital of the Company.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM, which is expected to occur on or around 18 February 2020.

The ISIN for the New Ordinary Shares will be GB00BK6V4W69 and the SEDOL will be BK6V4W69.

Capitalised terms in this announcement carry the same meaning as defined in the Circular.

A copy of the circular will be available to download from the Company's website at www.valirx.com and the full text of the Letter from the Chief Executive of ValiRx Plc can be viewed below.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

***** ENDS *****

For more information, please contact:

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Notes for Editors

About ValiRx

ValiRx is a biotechnology oncology focused company specialising in developing novel treatments for cancer and associated biomarkers. It aims to make a significant contribution in "precision" medicine and science, namely to engineer a breakthrough into human health and well-being, through the early detection of cancer and its therapeutic intervention.

The Company's business model focuses on out-licensing therapeutic candidates early in the development process. By aiming for early-stage value creation, the company reduces risk considerably while increasing the potential for realising value. The group is already in licensing discussions with major players in the oncology field.

ValiRx's two classes of drugs in development, which each have the potential for meeting hitherto unmet medical needs by existing methods, have worldwide patent filings and agreed commercial rights. They originate or derive from World class institutions, such as Cancer Research UK and Imperial College.

Until recently, cancer treatments relied on non-specific agents, such as chemotherapy. With the development of target-based agents, primed to attack cancer cells only, less toxic and more effective treatments are now possible. New drugs in this group-such as those in ValiRx's pipeline-promise to greatly improve outcomes for cancer patients.

The Company listed on the AIM Market of the London Stock Exchange in October 2006 and trades under the ticker symbol: VAL.

LETTER FROM THE CHIEF EXECUTIVE OF VALIRX PLC

Registered Office
Stonebridge House,
Chelmsford Road,
Hatfield Heath
CM22 7BD

ValiRx plc
Incorporated and registered in England and Wales
with registered number (03916791)

29 January 2020

Directors:
Dr Satu Vainikka (Chief Executive Officer)
Dr George Morris (Chief Operations Officer)
Gerry Desler (Chief Financial Officer)
Kevin Alexander (Non-Executive Director)

To all Shareholders
Proposed Capital Reorganisation and Notice of General Meeting

1. Introduction

It is proposed that at the forthcoming General Meeting, the Company undertakes a share capital reorganisation.

The Company currently has 1,534,827,184 ordinary shares in issue with voting rights. The Directors consider that it is in the best interests of the Company to have a more manageable number of issued shares which should accordingly result in a higher share price.

The proposed Capital Reorganisation comprises a Consolidation and Sub-Division of shares. This is achieved by consolidating 125 Existing Shares into 1 Consolidated Share of 12.5 pence, followed by the Sub Division of each Consolidated Share into 1 New Ordinary Share of 0.1 pence each and 1 New Deferred Shares of 12.4 pence each.

The Capital Reorganisation is subject to shareholder approval at the General Meeting, notice of which is set out at the end of this Document. The purpose of this Document is to provide Shareholders with details of the Capital Reorganisation and to explain why the

Directors are recommending that Shareholders vote in favour of the Capital Reorganisation (Resolution 1) at the General Meeting.

The Board also wishes to convene a general meeting for the purposes of considering and passing two additional resolutions (Resolutions 2 and 3); Resolution 2 will be proposed as an ordinary resolution and Resolution 3 as a special resolution. The Resolution 2 seeks shareholder authority for the board to allot ordinary shares in the capital of the Company generally. Resolution 3 seeks shareholder authority to empower the board to allot ordinary shares in the capital of the Company for cash on a non-pre-emptive basis.

The Directors believe it is in the best interests of the Company and the shareholders for the directors to be authorised to be able to allot shares for cash. The Company does not generate revenues, therefore it needs to raise capital to fund its clinical trials, establish and maintain intellectual property and for general working capital purposes. If shareholder authority is not granted, the Company will be impaired in its ability to fund its clinical trial programme. The Company will need to raise further funds in the short term as it has limited financial resources.

If at any time the Company needs to raise funds, then circumstances permitting, the Company will explore ways that would enable existing shareholders to participate in such a transaction.

2. Purpose of the Capital Reorganisation

The Company's issued share capital currently consists of 1,534,827,184 ordinary shares. The number of shares in issue has resulted from significant capital raisings in the past. The Board believes a more manageable number of issued shares going forward, is desirable.

Furthermore, the Company's share price is currently trading close to the nominal value of its Ordinary Shares. A company is unable to issue new ordinary shares at a price below its nominal value, therefore, the Directors believe it is prudent to undertake the Capital Reorganisation in order to increase the headroom between its ordinary share's nominal value and traded price.

The Directors believe that the Capital Reorganisation will also improve the liquidity, perception and marketability of ordinary shares to a broader network of investors.

The structure of the Capital Reorganisation is such that the Company will continue to meet the statutory requirement of having £50,000 minimum nominal value of issued share capital.

3. Proposed Capital Reorganisation

The proposed Capital Reorganisation will comprise two elements:

- Consolidation

Every 125 Existing Ordinary Shares in issue at the Record Date will be consolidated into one Consolidated Share of 12.5 pence each and

- Sub-Division

Immediately following the Consolidation, each Consolidated Share will then be sub-divided into 1 New Ordinary Share of 0.1 pence each and 1 New Deferred Shares of 12.4 pence each.

The Capital Reorganisation requires the passing of Resolution 1 at the General Meeting, which is to be held at 9 a.m. on 17 February 2020. If the Resolution is passed, the Capital Reorganisation will become effective at 6 p.m. on that date.

4. Capital Reorganisation

At the General Meeting, the Directors are inviting Shareholders to approve Resolution 1 which will authorise the Consolidation and Sub-Division pursuant to which every 125 Existing Ordinary Shares will be consolidated into one Consolidated Share of 12.5 pence each followed by the Sub-Division..

Consolidation

In anticipation of the Resolution being passed by the Shareholders, the Company will, immediately prior to the General Meeting, issue such number of additional Ordinary Shares as will result in the total number of Ordinary Shares in issue being exactly divisible by 125.

Assuming no Ordinary Shares are issued between the date of this Document and immediately before the General Meeting, this will result in 66 additional Existing Ordinary Shares being issued and will create 12,278,618 Consolidated Shares (subject to any revision to the Company's issued share capital between the date of this document and the Record Date).

These 66 additional Ordinary Shares will be issued to the Company Secretary. Since these additional shares would only represent a fraction of a New Ordinary Share, this fraction would be sold pursuant to the arrangements for fractional entitlements described below.

As all of the Existing Ordinary Shares are proposed to be consolidated, the proportion of issued ordinary shareholdings in the Company held by each Shareholder immediately before and immediately after the Consolidation will, save for fractional entitlements, remain unchanged.

In the event the number of Existing Ordinary Shares attributed to a Shareholder is not exactly divisible by 125, the Consolidation will generate an entitlement to a fraction of a Consolidated Share. On the Sub-Division, such fractional entitlements will be carried over to the relevant New Ordinary Shares, but not the New Deferred Shares and the New Ordinary Shares, which comprise fractional entitlements, will then be sold on the open market (see further explanation at paragraph [6].

Accordingly, following the implementation of the Capital Reorganisation, any Shareholder who as a result of the Consolidation, has a fractional entitlement to any New Ordinary Shares, will not have a proportionate shareholding of New Ordinary Shares exactly equal to their proportionate holding of Existing Ordinary Shares.

Furthermore, any Shareholders holding fewer than 125 Existing Ordinary Shares as at the Record Date will cease to be a shareholder of the Company. The minimum threshold to receive Consolidated Shares will be 125 Existing Ordinary Shares.

Sub-Division

Immediately following the Consolidation, each Consolidated Share will be sub-divided into one New Ordinary Share of 0.1 pence each and 1 New Deferred Share of 12.4 pence each.

Where there are fractional entitlements to a Consolidated Share, the Board considers it fair that upon Sub-Division, the same fractional entitlements to a Consolidated Share will apply to each New Ordinary Share, but not a New Deferred Share.

The Record Date for the Sub-Division will be the same as for the Consolidation, which is 6 p.m. on 17 February 2020.

5. Effects of the Capital Reorganisation

For purely illustrative purposes, examples of the effects of the Capital Reorganisation are set out below:

Existing Ordinary Shares	New Ordinary Share	New Deferred Share
124	0	0
125	1	1
1,250	10	10

The example below shows a fractional entitlement, the value of which will depend on the market value of the New Ordinary Shares at the time of sale.

Existing Ordinary Shares	New Ordinary	New Deferred	Fractional
1,350	10	10	100

Application will be made for the New Ordinary Shares to be admitted to trading on AIM and dealings in the New Ordinary Shares are expected to commence on or around 18 February 2020.

6. Fractional entitlements to Consolidated Shares

As set out above, the Consolidation will give rise to a fractional entitlement to a Consolidated Share where any holding is not precisely divisible by 125. On Sub-Division of any such Consolidated Share, which occurs immediately thereafter, the same fractional entitlement will apply to each New Ordinary Share, but not a New Deferred Share then arising. As regards to the New Ordinary Shares, no certificates regarding fractional entitlements will be issued. Instead, any New Ordinary Shares, in respect of which there are fractional entitlements, will be aggregated and sold in the market for the best price reasonably obtainable on behalf of Shareholders entitled to fractions (the "Fractional Shareholders").

The Company will distribute the proceeds of sale in due proportion to any such Fractional Shareholders in accordance with article 48 of the Articles. In the event that the net proceeds of sale amount to £3 or less, the Board is of the view that, as a result of the disproportionate costs, it would not be in the best interests of the Company to distribute such proceeds of sale, which instead shall be retained for the benefit of the Company in accordance with article 48.2 of the Articles.

For the avoidance of doubt, the Company is only responsible for dealing with fractions arising on registered holdings. For Shareholders whose shares are held in the nominee accounts of UK stockbrokers, the effect of the Capital Reorganisation on their individual shareholdings will be administered by the stockbroker or nominee in whose account the relevant shares are held. The effect is expected to be the same as for shareholdings registered in beneficial names, however it is the stockbroker's or nominee's responsibility to deal with fractions arising within their customer accounts and not the Company's.

7. Resulting Share Capital

The issued share capital of the Company immediately following the Capital Reorganisation, is expected to comprise 12,278,618 New Ordinary Shares, 12,278,618 New Deferred Shares and 771,905,609 Existing Deferred Shares.

8. Admission of the New Ordinary Shares

Application will be made for the New Ordinary Shares to be admitted to trading on AIM in place of the Existing Ordinary Shares. Subject to shareholder approval of the Resolution, it is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on or around 18 February 2020.

Following the Capital Reorganisation, the Company's new ISIN will be GB00BK6V4W69 and its new SEDOL Code will be BK6V4W6.

Shareholders who hold Existing Ordinary Shares in uncertificated form will have such shares disabled in their CREST accounts on the Record Date and their CREST accounts will be credited with the New Ordinary Shares following Admission, which is expected to take place on 18 February 2020.

Following the Capital Reorganisation, existing share certificates will cease to be valid and new share certificates are expected to be despatched to those Shareholders who hold their Existing Ordinary Shares in certificated form, on or around 2 March 2020. No share certificates will be issued in respect of Consolidated Shares or New Deferred Shares.

9. Rights attaching to New Ordinary Shares and the New Deferred Shares

The New Ordinary Shares arising upon implementation of the Capital Reorganisation will have the same rights as the Existing Ordinary Shares, including voting, dividend and other rights.

The New Deferred Shares will have the same rights as the Existing Deferred Shares and will therefore effectively be worthless. They will have no dividend or voting rights and, upon a return of capital, the right only to receive the amount paid up thereon after the holders of the Ordinary Shares in the capital of the Company have received, not only the aggregate amount paid up thereon, but also £1 million of return of capital per Ordinary Share.

10. Effects on Options and Other Instruments

The entitlements to Ordinary Shares of holders of securities or instruments convertible into Ordinary Shares (such as share options) are expected to be adjusted to reflect the Capital Reorganisation.

11. General Meeting

You will find set out at the end of this Document, a notice convening the General meeting to be held at the offices of ValiRx Plc, 180-186 Kings Cross Road, London, WC1X 9DE at 9 a.m. on 17 February 2020.

The Resolutions to be proposed at the General Meeting are as follows:

Resolution 1: Capital Reorganisation
An ordinary resolution to approve the Capital Reorganisation. The Board considers it desirable to effect the Capital Reorganisation as, in the Board's opinion, it should improve the liquidity and marketability of Ordinary Shares.

Resolution 2: Allotment of share capital
At the annual general meeting (''AGM'') of the Company held on 28 June 2019 the Directors were given authority to allot ordinary shares representing approximately 100 per cent of the Company's then issued share capital.

The Board considers it appropriate that if Resolution 1 is passed further authority to that granted at the 28 June 2019 AGM be granted by the shareholders at the General Meeting, so that (in addition to existing shareholder authority) authority be given to allot Ordinary Shares up to a maximum of twelve thousand two hundred and seventy eight pounds and sixty one pence (£12,278.61), representing approximately 100 per cent of the Company's issued share capital after the approval and implementation of the Capital Reorganisation, during the period up to the conclusion of the next AGM in 2020, or if earlier, the 15 months after the date of passing of this resolution.

As at the date of this letter, the Company does not hold any Ordinary Shares in the capital of the Company in treasury.

Resolution 3: Authority to dis-apply statutory pre-emption rights
If Resolutions 1 and 2 are passed, Resolution 3 will empower the Directors to allot ordinary Shares in the capital of the Company for cash on a non-pre-emptive basis;

- - in connection with a rights issue or other pro-rata offer to existing shareholders; and
- - (otherwise in connection with a rights issue) up to a maximum nominal value of twelve thousand two hundred and seventy eight pounds and sixty one pence (£12,278.61) representing 100 per cent of the issued ordinary share capital after the approval and implementation of the Capital Reorganisation.

12. United Kingdom taxation in relation to the Capital Reorganisation

For the purposes of UK taxation of chargeable gains, a Shareholder should not be treated as making a disposal of all or part of his holding of Existing Ordinary Shares by reason of the Consolidation. The New Ordinary Shares should be treated as the same asset, and as having been acquired at the same time and at the same aggregate cost as, the holding of Existing Ordinary Shares from which they derive. On a subsequent disposal of the whole or part of the New Ordinary Shares comprised in the new holding, a shareholders may, depending on his or her circumstances, be subject to tax on the amount of any chargeable gain realised.

13. Action to be taken

Holders of Existing Ordinary Shares will find enclosed with this Document a Form of Proxy for use by them at the General Meeting.

Whether or not you are able to attend the General Meeting, you are requested to complete the enclosed Form of Proxy and return it to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD as soon as possible and, in any event, so as to arrive by 9 a.m. on 13 February 2020. The completion and return of a Form of Proxy will not prevent you from attending the General Meeting and voting in person if you subsequently wish to do so.

Shareholders are reminded that, if their Ordinary Shares are held in the name of a nominee, only that nominee or its duly appointed proxy can be counted in the quorum at the General Meeting.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your broker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser, immediately.

14. Recommendation

The Directors consider that the Resolutions to be proposed at the General Meeting are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole. The Directors therefore recommend you vote in favour of all of the Resolutions.

The Directors intend to vote in favour of all of the Resolutions in respect of their own beneficial holdings of Existing Ordinary Shares. Such shareholdings comprise 7,152,239 Existing Ordinary Shares representing approximately 0.5 per cent. of the total Existing Ordinary Shares.

Yours faithfully

Satu Vainikka
Chief Executive

DEFINITIONS

"Admission"	Admission of the New Ordinary Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
"AIM Rules"	The AIM Rules for Companies and the AIM Rules for Nominated Advisers, as issued by the London Stock Exchange from time to time;
"AIM"	The AIM market operated by the London Stock

	Exchange;
"Articles"	The articles of association of the Company at the date of this Document;
"Capital Reorganisation"	The proposed Consolidation and the Sub-Division;
"Certificated" or in "Certificated Form"	The description of a share or other security which is not in uncertificated form (that is, not in CREST);
"Company" or "ValiRx"	ValiRx plc (registered under company number 03916791);
"Consolidated Shares"	The Ordinary Shares of 12.5 pence each in the Company to be created following the Consolidation;
"Consolidation"	The proposed consolidation of every 125 Existing Ordinary Shares into one Consolidated Share of 12.5 pence each;
"CREST"	The relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations);
"CREST Regulations"	The Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
"Directors"	The directors of the Company whose names are set out on page 8 of this Document;
"Document"	This document;
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST;
"Existing Deferred Shares"	The existing 583,783,365 deferred shares of 0.9 pence, the existing 157,945,030 deferred shares of 5 pence and the existing 30,177,214 deferred shares of 12.4 pence; in the capital of the Company;
"Existing Ordinary Shares"	The 1,534,827,184 ordinary shares of 0.1p in issue as at the date of this Document;
"Form of Proxy"	The form of proxy for use by Shareholders in connection with the General Meeting;
"General Meeting"	The general meeting of the Company to be held at the offices of ValiRx Plc, 180-186 Kings Cross Road, London, WC1X 9DE on 17 February 2020 at 9 am., notice of which is set out at the end of this Document;

"London Stock Exchange"	London Stock Exchange plc;
"New Deferred Shares"	The 12,278,618 deferred shares of 12.4 pence each in the capital of the Company to be created following the Sub-Division;
"New Ordinary Shares"	The ordinary shares of 0.1 pence each in the capital of the Company to be created following the Sub-Division;
"Record Date"	The record date for the Capital Reorganisation, being 6pm. on 17 February 2020;
"Resolutions"	The ordinary resolutions and the special resolution to be proposed and approved at the General Meeting, details of which are set out in this Document;
"Shareholder(s)"	A holder of Existing Ordinary Shares;
"Sub-Division"	The subdivision of each Consolidated Share of 12.5 pence each into 1 New Ordinary Share of 0.1pence each and 1 New Deferred Shares of 12.4 pence each; and
"United Kingdom"	The United Kingdom of Great Britain and Northern Ireland.

All references in this Document to "£" or "pence" are to the lawful currency of the UK

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2020
Latest time and date for receipt of the Forms of Proxy	9a.m. on 13 February
General Meeting	9 a.m. on 17 February
Last day of dealings in Existing Ordinary Shares	17 February
Record Date	6.00 p.m. on 17 February
Admission effective and commencement of dealings in the New Ordinary Shares	8.00 a.m. on 18 February
CREST accounts credited with the New Ordinary Shares in uncertificated form	18 February
Despatch of definitive certificates for New Ordinary Shares (in certificated form)	week commencing 2 March

Notes:
(1) References to times in this Document are to London time (unless otherwise stated).
(2) The dates set out in the timetable above may be subject to change.
(3) If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement to a regulatory information service.

STATISTICS

Conversion ratio of Existing Ordinary Shares to Consolidated Shares	125 Existing Ordinary Shares : 1 Consolidated Share
Number of Existing Ordinary Shares in issue at the date of this Document	1,534,827,184*
Total expected number of New Ordinary Shares in issue following the Capital Reorganisation	12,278,618
Total expected number of New Deferred Shares in issue following the Capital Reorganisation	12,278,618**
ISIN code for the New Ordinary Shares	GB00BK6V4W69
SEDOL code for the New Ordinary Shares	BK6V4W6

* Based on the register of members of the Company as at close of business on 29 January 2020. To facilitate the Capital Reorganisation, immediately prior to the Record Date, a further 66 Existing Ordinary Shares will be issued to the Company Secretary which will be held on trust for the Company.

**There are in addition 30,177,214 Existing Deferred Shares of 12.4p each in the capital of the Company.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

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