

## **AXINGTON INC.**

(Company Registration No.: LL12218)

(A Company incorporated under the Labuan Companies Act 1990, Malaysia)

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## **PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN MUSHAN FOOD INDUSTRIES PTE. LTD., MUSHAN FOODS PTE. LTD., VITAMAX FOOD INTERNATIONAL SDN BHD AND VITAMAX FOOD BEVERAGES CO. LTD.**

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### **1. INTRODUCTION**

- 1.1. The Board of Directors (the "**Board**") of Axington Inc. (the "**Company**") wishes to announce that the Company had on 18 July 2022 entered into a non-binding memorandum of understanding (the "**MOU**") with Mr. Lim Boon Chay, Mr. Tan Soo See, Mr. Tan Soo Seng and Mr. Wong Sin Ting (each a "**Vendor**", collectively the "**Vendors**" and together with the Company, the "**Parties**") in connection with the proposed acquisition by the Company of 100% equity interest in each of Mushan Food Industries Pte. Ltd., Mushan Foods Pte. Ltd., Vitamax Food International Sdn Bhd and Vitamax Food Beverages Co. Ltd. (each a "**Target Company**" and collectively the "**Target Group**") from the Vendors (the "**Proposed Acquisition**").
- 1.2. The MOU sets out certain terms and conditions which will form the broad basis of the definitive agreement(s) to be entered into in relation to the Proposed Acquisition (the "**Sale and Purchase Agreement**") to be signed between them in relation to the Proposed Acquisition within one (1) month from the date of the MOU, or such later date as the Parties may agree.

**The MOU is not intended to be legally binding between the Parties, except for certain provisions relating to (i) costs, (ii) confidentiality, (iii) exclusivity, (iii) counterparts, (iv) binding effect, and (v) governing law and dispute resolution. As such, the Proposed Acquisition is subject to the Parties' entry into the Sale and Purchase Agreement.**

- 1.3. The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover ("**RTO**") of the Company as defined under Chapter 10 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). In accordance with Chapter 10 of the Catalist Rules, the Proposed Acquisition will be subject to, amongst others, the approval of the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting ("**EGM**") to be convened pursuant to Rule 1015 of the Catalist Rules.

### **2. INFORMATION ON THE VENDORS AND THE TARGET GROUP**

*The information on the Vendors and the Target Group in this paragraph 2 was provided by the Vendors. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.*

- 2.1. As at the date of this announcement, the Vendors are the legal and beneficial owner of the entire issued and paid-up share capital of the Target Companies.
- 2.2. The Vendors are not related to the Company, the Directors or controlling shareholders of the Company, and their respective associates. As at the date of this announcement, the Vendors do not hold any shares in the share capital of the Company.
- 2.3. The Target Group is a manufacturer of instant, nutritious, healthy, and tasty beverages, and snacks. Mushan Food Industries Pte. Ltd. ("**Mushan**") was set up as a company to make and distribute ground coffee powder. Mushan concocted the first ever 3-in-1 instant cereal beverage which was launched under the flagship brand "Vitamax". Throughout the years, Mushan has garnered recognition of its quality products as well as production excellence.

As at the date of the announcement, the Target Group has two (2) production facilities, one located in each of Malaysia and the People's Republic of China. Both manufacturing facilities serve as the Target Group's manufacturing arm. The Target Group's head office is located in Singapore.

- 2.4. Upon completion of the Proposed Acquisition, the Company will own 100% of the issued and paid-up share capital of each Target Company and will be entitled to the business of the Target Group.
- 2.5. The Company will provide further details on the Target Group upon the execution of the Sale and Purchase Agreement, and furnish necessary information in compliance with the Catalist Rules.

### **3. RATIONALE FOR THE PROPOSED ACQUISITION**

- 3.1. As announced by the Company on 31 March 2022, the Company has received a further 6-month extension of time till 30 September 2022 (the "**Extension of Time**") to sign a definite sale and purchase agreement and to submit a RTO application to Singapore Exchange Regulation Pte. Ltd. The Company shall be required to submit a fresh extension of time application of up to 6 months to complete the RTO, upon submission of the RTO application to the Singapore Exchange Regulation Pte. Ltd.
- 3.2. Accordingly, the Proposed Acquisition would allow the Company to fulfill its obligations under the Extension of Time and pursuant to the completion of the Proposed Acquisition, the Company intends to submit a fresh extension of time application to complete the RTO. The Board therefore believes that the Proposed Acquisition will provide an opportunity for the Company to remain listed and to acquire a new business that has potential for growth.

**Shareholders should note that there is no assurance that the Proposed Acquisition will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

#### 4. SALIENT TERMS OF THE PROPOSED ACQUISITION

##### 4.1. Sale and Purchase

Subject to and on the terms and conditions of the Sale and Purchase Agreement, the Vendors shall sell to the Company, and the Company or its wholly owned subsidiary shall acquire from the Vendors 100% equity interest in each Target Company (the "**Sale Shares**").

##### 4.2. Valuation of the Target Company

Pursuant to Rule 1015(3)(a) of the Catalist Rules, the Target Company shall be valued by a competent independent professional valuer for the purpose of the Proposed Acquisition (the "**Independent Valuer**"). As at the date of this announcement, no independent valuation has been conducted by the Company on the Target Group.

##### 4.3. Consideration

Pursuant to the MOU, the consideration for the Proposed Acquisition will be subject to further negotiation between the Parties after the due diligence review of the Target Group. The consideration for the Proposed Acquisition shall be satisfied by the Company by way of an allotment and issuance of such number of new shares in the Company to the Vendors (or their nominees) in accordance with Rule 1015(3)(c) of the Catalist Rules.

Further information on such payment terms will be provided in the Company's announcements upon the signing of the Sale and Purchase Agreement in compliance with the requirements of Chapter 10 of the Catalist Rules.

##### 4.4. Sale and Purchase Agreement

Following the execution of the MOU, the Parties will, in good faith, negotiate and agree on the terms of the Sale and Purchase Agreement to be entered into as soon as practicable possible before the date falling one (1) month from the date of the MOU (i.e. by 18 August 2022) or such later date as the Parties may agree (the "**Long Stop Date**"). Unless otherwise agreed between the Parties, the MOU shall lapse on the earlier of (a) the date of the Sale and Purchase Agreement; or (b) the Long Stop Date.

##### 4.5. Exclusivity Period

The Parties have agreed to an exclusivity period commencing from the date of the last signature of the MOU till the Long Stop Date (the "**Exclusivity Period**") pursuant to which each Party shall not solicit any third parties in connection with a possible acquisition of the Sale Shares (in the case of the Vendors) or the acquisition of another target (in the case of the Company), whether in whole or in part, and, to the extent that any of the Vendors or the Company receives any unsolicited approach in connection therewith during the Exclusivity Period, he shall promptly notify the other Party of the same.

#### 4.6. Voting Undertakings

The Company shall procure that Dorr Global Healthcare International Pte. Ltd. ("**Dorr**"), being the controlling shareholder of the Company which, as at the date of this announcement, holds in aggregate, 79.44% of the entire issued share capital of the Company, furnishes written undertakings to vote their entire voting rights in favour of the Proposed Acquisition and other transactions contemplated hereunder and in the Sale and Purchase Agreement and not to dispose of their shares in the Company until the conclusion of the general meeting to be convened in the relation to the Proposed Acquisition. This shall form part of the condition precedents of the Sale and Purchase Agreement to be entered into between the Company and the Vendors.

#### 4.7. Conditions Precedent

Completion of the Proposed Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement shall be conditional upon the conditions set out below or such other conditions to be agreed among the Parties and to be set out in the Sale and Purchase Agreement:

- (a) the resumption of trading of the Company;
- (b) if necessary, the passing by the independent shareholders of the Company at a general meeting of the Company to be convened to approve the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement, including but not limited to, the allotment and issue of new Shares;
- (c) the approval from the SGX-ST for the Proposed Acquisition and for the listing and quotation of the new Shares to be issued pursuant to the Sale and Purchase Agreement;
- (d) the approval from the Securities Industry Council of Singapore (the "**SIC**") for the waiver from the requirement of a mandatory takeover offer by the Vendors (the "**Whitewash Waiver**"), and the grant of the Whitewash Waiver remaining in full force and effect on and before the completion of the Proposed Acquisition;
- (e) the Company having completed the due diligence review on the Target Group, the results of which being satisfactory to the Company;
- (f) the obtaining of a valuation report (in form and substance (including the bases and assumptions used) satisfactory to the Company) issued by the Independent Valuer;
- (g) an unqualified opinion by the independent financial adviser in relation to the ordinary resolution to be passed by the independent shareholders of the Company to waive the requirement of the Vendors and their concert parties to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers arising from the issue of the new Shares at the completion of the Proposed Acquisition;
- (h) duly executed moratoriums from all such persons as required by SGX-ST and/or applicable Catalist Rules to observe a moratorium;

- (i) delivery of undertakings from Dorr to vote in favour of the Proposed Acquisition;
- (j) all necessary approvals, consents, authorisation, registration and filings in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Vendor and each member of the Target Group from the PRC government and regulator(s);
- (k) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (l) the warranties to be given by the Vendors under the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respects; and
- (m) any other conditions customary to transactions such as the Proposed Acquisition and agreed by the parties to be included in the Sale and Purchase Agreement.

#### **4.8. Other Salient Terms**

In connection with the Proposed Acquisition, the Company may be required to issue new Shares and/or sell existing shares ("**Vendor Shares**") to satisfy the minimum distribution and shareholding spread requirements of 15% of the enlarged share capital to be held by 200 public shareholders, pursuant to the Catalist Rules ("**Compliance Placement**") and provided always that approval has been obtained from SGX-ST and the Company's shareholders. The issue price for the Compliance Placement shares shall not be less than S\$0.20. The number of Vendor Shares to be sold to satisfy the Compliance Placement shall be subject to agreement between the Vendors and the Company's sponsor.

#### **5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

The Company will, where applicable, announce the financial effects of the Proposed Acquisition when it enters into the Sale and Purchase Agreement.

#### **6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition (other than in their capacity as Directors or Shareholders of the Company).

#### **7. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the MOU will be made available for inspection at (a) the registered office of the Company at Lot A020, Level 1, Podium Level Financial Park, Jalan Merdeka 87000 Federal Territory of Labuan, Malaysia and (b) 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315, during normal business hours for a period of three (3) months commencing from the date of this announcement.

## 8. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) in relation to the Proposed Acquisition as and when there are material developments.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## 10. CAUTIONARY STATEMENT

Shareholders should note that the terms of the MOU are non-binding and are subject to changes, there is no assurance that the Sale and Purchase Agreement will be entered into and there is no certainty or assurance as at the date of this announcement that the Sale and Purchase Agreement will be executed and/or the Proposed Acquisition will be completed. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action which may be prejudicial to their interests. In the event of any doubt, Shareholders and investors are advised to consult their stockbrokers, bank managers, solicitors, accountants and other professional advisers.

The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Shareholders are advised to read this announcement and any further announcements by the Company carefully.

## BY ORDER OF THE BOARD

Ang Chiang Meng  
Executive Director  
18 July 2022

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This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. ("**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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