

**AXINGTON INC.**  
(Company Registration No.: LL12218)  
(A Company incorporated under the Labuan Companies Act 1990, Malaysia)

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**RESPONSE TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS FOR THE  
EXTRAORDINARY GENERAL MEETING ON 22 JANUARY 2024**

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The board of directors ("**Board**") of Axington Inc. ("**Company**") refers to the Company's circular to Shareholders dated 27 December 2023 (the "**Circular**") and the notice of Extraordinary General Meeting dated 27 December 2023 (the "**Notice**").

The Company wishes to thank all shareholders who have submitted their questions in advance of the EGM. The Company will address only the substantial and relevant questions which have not already been addressed and where substantially similar questions are received, the Company will consolidate such questions and consequently, not all questions may be individually addressed.

The responses to substantial and relevant questions submitted by shareholders are published and enclosed in Appendix A of this announcement.

**By Order of the Board**

Ang Chiang Meng  
Executive Director

17 January 2024

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the SGX-ST.*

*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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## Appendix A

### EXTRAORDINARY GENERAL MEETING (QUESTIONS AND ANSWERS)

No.	Substantial and Relevant Questions	Company's Response
1.	How many other acquisition targets did the Board explore before deciding on the Serial Achieva acquisition? Please detail.	As mentioned in the Company's announcement dated 21 April 2023, the Board has been working closely with the Joint Receivers and had collectively reviewed more than 50 potential opportunities before entering into the sale and purchase agreement with Serial I-Tech (Far East) Pte. Ltd.
2.	Why did the Board decide to go forward with the Serial Achieva acquisition and not consider other acquisitions? Please explain and elaborate.	<p>As mentioned in the Company's announcement dated 23 May 2022 and 21 April 2023, the Board has undergone an extensive search for potential viable targets for a potential RTO, targeting companies which:</p> <ul style="list-style-type: none"> <li>(i) are capable of meeting the requirements of listing on the SGX-ST;</li> <li>(ii) have a straightforward business model and are not located in unfamiliar jurisdictions thus minimising the risk of having a lengthy due diligence process; and</li> <li>(iii) have reputable and financially sound sponsor(s) and/or shareholder(s).</li> </ul> <p>Based on the above, Achieva Technology Sdn. Bhd. emerged as the most appropriate target for a potential RTO.</p>
3.	The target made a loss of 849k in FY2022 and made a loss of 427k in H12023. The target is loss making and does not have good prospects. Why is the Board proposing to shareholders the acquisition of a loss-making company? Why does the Board not put forth better acquisition targets that are profitable? Please explain and elaborate.	Apart from the reasons set out above at Question 2, the Board believes that the Target Group is a business area that has potential for significant growth. Please refer to the section titled " <i>Competition and Competitive Strengths</i> " in Appendix A – Letter to Shareholders from the Proposed New Board of the Circular.
4.	The NAV of the target is 955k. Yet, the purchase consideration is a whopping and hefty 27million. The premium is so unjustifiably huge and does not make sense! Would the company please explain and justify clearly the huge premium that shareholders are paying to acquire the target. Why did the Board not negotiate for a better deal, i.e. a lower and more reasonable premium to NAV?	The Purchase Consideration of S\$27 million is supported by an independent valuation, as set out in Appendix F – Business Valuation Report of the Circular from AVA Associates Limited (" <b>Independent Valuation</b> "). In arriving at its valuation, the Independent Business Valuer had utilised two conventional valuation approaches, namely, the "Income Approach – Discounted Cash Flow Analysis" and "Market Approach – Comparable Companies Analysis". In fact, the Purchase Consideration is approximately 0.7% lower than the Independent Valuation.

		<p>In addition, the Independent Financial Adviser, having considered the various factors as set out in Appendix E – Letter from W Capital Markets Pte. Ltd. to the Independent Recommending Directors, are of the opinion that (i) the financial terms of the Proposed Acquisition are fair and reasonable; and (ii) the Proposed Whitewash Resolution, when considered in the context of the Proposed Acquisition, is not prejudicial to the interests of the Independent Shareholders.</p> <p>Having considered and reviewed, among other things, the terms of the SPA and all other relevant factors set out in the Circular, the Directors are of the opinion that the Proposed Transactions are not prejudicial to the Shareholders and are in the interest of the Company.</p>
5.	If the proposed acquisition goes through, would the existing directors be rewarded with a completion payout? Please detail.	The Executive Director will receive a completion bonus which was determined by the Company's remuneration committee comprising only independent directors. The completion bonus is in line with the Company's remuneration policy.
6.	The expected completion date of the acquisition is 31 Jan and the expected trading resumption date is 31 Mar. Why is there a huge time gap of 2 months? Besides the compliance placement that needs to be done in the intervening period of 2 months, what are the other things that need to be done? Why can't the company's shares resume trading earlier? Please detail and explain clearly.	The Company has prepared the indicative timeline taking into consideration, among other things, the time needed to effect Completion, such as fulfilling the remaining Conditions Precedents, carrying out the Proposed Share Consolidation, the Proposed Compliance Placement and the Proposed Share Issuance Transactions.
7.	The proforma market capitalisation of the company is less than 50million. Can you please justify the need for such a large Board size of 7 members? Please elaborate.	<p>The Proposed New Board comprises:</p> <ul style="list-style-type: none"> <li>(i) 1 Chairman and Non-Executive Director;</li> <li>(ii) 1 Non-Executive Director;</li> <li>(iii) 1 Executive Director and CEO; and</li> <li>(iv) 4 Independent Directors.</li> </ul> <p>The composition of the Board has been structured to ensure robust compliance with the Code of Corporate Governance 2018 and takes into consideration the commercial needs of the Target Group.</p>
8.	From A-93. is the General Manager (Thailand) based in Malaysia or in Thailand? Why is Mr Natthawat's address listed in Malaysia? Will he be remotely operating the company's Thai operations from Malaysia? Please explain.	<p>Mr. Natthawat is based in Thailand and will be managing the Target Thai Company from Thailand.</p> <p>In line with industry practice, the Target Company had disclosed a "care-of" address in Malaysia, as all correspondence sent to this address would be accepted and forwarded to Mr. Natthawat.</p>