

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

PROPOSED COMPLIANCE PLACEMENT OF UP TO 12,500,000 PLACEMENT SHARES IN THE SHARE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.20 FOR EACH PLACEMENT SHARE

- **ENTRY INTO PLACEMENT AGREEMENT**
 - **LODGEMENT OF OFFER INFORMATION STATEMENT**
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*Unless otherwise expressly defined, all capitalised terms and references have the same meaning as ascribed to them in the circular dated 27 December 2023 (the "**Circular**").*

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**" or "**Directors**") of the Company refers to its announcements made on 28 December 2023, 22 January 2024, 6 February 2024, 1 April 2024, 16 April 2024, 13 May 2024, 15 May 2024 and 23 May 2024.
- 1.2 As disclosed in the Circular, Company announced that it intends to undertake the Proposed Compliance Placement to issue and allot up to 22,500,000 Placement Shares at an issue price of no less than S\$0.20 per Placement Share to satisfy the minimum distribution and shareholding spread requirements of 15.0% of the Enlarged Share Capital to be held by 200 public shareholders on Catalist following Completion. The Proposed Compliance Placement was approved by shareholders of the Company at an extraordinary general meeting of the Company held on 22 January 2024.
- 1.3 In relation to the Proposed Compliance Placement, the Board now wishes to update Shareholders on (i) the entry by the Company into the Placement Agreement (as defined below); and (ii) the lodgement of the offer information statement in relation to the Proposed Compliance Placement (the "**Offer Information Statement**").

2. ENTRY INTO PLACEMENT AGREEMENT

2.1 Introduction

- 2.1.1 The Company had, on 25 April 2024, appointed KGI Securities (Singapore) Pte. Ltd. as the placement agent (the "**Placement Agent**") in relation to the Proposed Compliance Placement.
- 2.1.2 The Board wishes to announce that the Company has on 4 June 2024 entered into a placement agreement (the "**Placement Agreement**") with the Placement Agent.
- 2.1.3 Pursuant to the Placement Agreement, the Company has agreed to offer, by way of placement, and the Placement Agent has agreed to procure subscribers on a best efforts basis for, an aggregate of up to 12,500,000 Placement Shares at the placement price of S\$0.20 for each Placement Share (the "**Placement Price**"), amounting to a maximum aggregate consideration of up to S\$2,500,000.

- 2.1.4 As announced by the Company on 23 May 2024, the Joint Receivers over all of the Dorr Shares had on 21 May 2024 entered into sale and purchase agreements with six (6) third-party purchasers (the "**Purchasers**") for the Purchasers' acquisition of an aggregate of 18,451,962 Consolidated Shares (the "**DBS Block Sale**"). The DBS Block Sale has facilitated the Company's compliance with the minimum distribution and shareholding spread requirements under the Catalist Rules, and, as such, the Proposed Compliance Placement will be in respect of up to 12,500,000 Placement Shares only.
- 2.1.5 The Proposed Placement is not underwritten and will be undertaken on the basis of the exemption set out in Section 277 of the Securities and Futures Act 2001 of Singapore (the "**SFA**").

2.2 **The Placement Price**

As disclosed in the Circular, the Placement Price shall be at S\$0.20 per Placement Share.

2.3 **The Placement Shares**

- 2.3.1 The Placement Shares represent approximately 7.36% of the Enlarged Share Capital of the Company (assuming that Proposed Transactions are completed and the maximum number of 12,500,000 Placement Shares have been placed out).
- 2.3.2 The Placement Shares will be issued to the end-placees free from all liens, rights, charges, encumbrances and pre-emptive rights, and shall rank in all respects *pari passu* with the existing issued Shares in the capital of the Company, save for dividends, rights, allotments and other distribution, the record date of which is on or before the relevant date of allotment and issue.
- 2.3.3 The Placement Shares will not be placed to any person who is a Director or a substantial shareholder of the Company ("**Substantial Shareholder**"), or any other person in the categories set out in the Catalist Rules, unless specific approval from the Shareholders for such a placement has been obtained, with the person and its associates abstaining from voting on the resolution approving the placement.
- 2.3.4 The subscription of the Placement Shares would not result in the transfer of a "controlling interest" which requires specific Shareholders' approval pursuant to the Catalist Rules. The number of Placement Shares to be placed to any end-placee is not expected to result in any end-placee becoming a Substantial Shareholder. In the event that any end-placee becomes a Substantial Shareholder as a result of the Proposed Compliance Placement, a further announcement will be released in accordance with the Catalist Rules.

2.4 **Shareholders' Approval for the Issuance of Placement Shares**

Shareholders' approval in relation to the allotment and issuance of the Placement Shares was obtained at the EGM held on 22 January 2024. For more information, please refer to the Company's announcements dated 28 December 2023, 22 January 2024 and 6 February 2024.

2.5 Listing and Quotation of Placement Shares

The Company wishes to note that the listing and quotation notice of the Placement Shares (the "LQN") was obtained on 27 December 2023 and the validity of the LQN has been extended by the SGX-ST to 30 June 2024.

3. SALIENT TERMS OF THE PLACEMENT AGREEMENT

3.1 Placement Commission and Brokerage

The Company shall pay to the Placement Agent a placement commission of 3.50% of the Placement Price for the total number of Placement Shares which the Placement Agent has procured subscribers for pursuant to the Placement Agreement (and if applicable, goods and services tax thereon), as compensation for the Placement Agent's services in connection with the Proposed Compliance Placement and pursuant to the Placement Agreement.

The Company and the Placement Agent have agreed that subscribers of the Placement Shares will pay buy-side brokerage to the Placement Agent of 0.50% of the Placement Price for the total number of the Placement Shares taken up by such subscriber under the Proposed Compliance Placement.

3.2 Placement Completion

Subject to the terms and conditions of the Placement Agreement, completion of the Proposed Compliance Placement shall take place on the closing date at the principal place of business of the Placement Agent or at such other time or place as the Company and the Placement Agent may agree ("**Closing Date**"). By no later than 12.00 noon (Singapore time) on the Closing Date, all remittances accompanying the applications for the Placement Shares shall be deposited or procured to be deposited by the Placement Agent into the bank account notified by the Company to the Placement Agent.

3.3 Conditions Precedent

Completion of the Proposed Compliance Placement pursuant to the Placement Agreement is conditional upon certain conditions, including:

- 3.3.1 the Offer Information Statement having been lodged with the SGX-ST (acting as agent on behalf of the MAS);
- 3.3.2 the LQN being issued or granted by the SGX-ST and such LQN not being revoked or withdrawn on or prior to the Closing Date;
- 3.3.3 the compliance by the Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST in granting the LQN;
- 3.3.4 the compliance with all applicable laws and regulations concerning the Proposed Compliance Placement and the transactions contemplated in the Placement Agreement and the Offer Information Statement and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or other similar matter having occurred which, in the sole opinion of the

Placement Agent, have or may have a material adverse effect on the Proposed Compliance Placement;

3.3.5 there having been, in the sole opinion of the Placement Agent, no material adverse change or any development likely to result in a material adverse change in the business, trading, operational, financial or other condition or prospects of the Group between the date of the Placement Agreement and the Closing Date nor the occurrence of any event nor the discovery of any fact rendering untrue, incorrect or misleading in any material respect, as at any date between the date of the Placement Agreement and the Closing Date, any of the warranties or representations contained in Clause 3 of the Placement Agreement nor any breach by the Company of any of its obligations thereunder; and

3.3.6 the representations, warranties and undertakings in the Placement Agreement remaining true and accurate in all respects as at the Closing Date.

4. USE OF PROCEEDS

4.1 Assuming that the Placement Shares are fully placed out at the Placement Price, the Company intends to allocate the net proceeds from the issue of the Placement Shares (the "**Net Proceeds**") for the following purposes:

Use of Net Proceeds	Amount (S\$'000)	As a % of Proposed Compliance Placement Net Proceeds (%)
Expansion of geographical coverage of the business within ASEAN (which may include acquisitions, investments and the entry into strategic alliances and joint ventures)	1,000	54.1
Upgrading of the Target Group's warehousing, distribution and marketing capabilities	100	5.4
General working capital	750	40.5
Total Net Proceeds	1,850	100.0

4.2 The foregoing represents an estimate of the allocation of the Net Proceeds on current plans and estimates regarding anticipated expenditures. Actual expenditures may vary from these estimates and it may be necessary or advisable to re-allocate the Net Proceeds within the categories described above or to use portions of the Net Proceeds for other purposes. In the event of such re-allocation or use of portions of the Net Proceeds for other purposes, the Company will publicly announce such intention through a SGXNet announcement on the SGX-ST's website at <http://www.sgx.com>.

4.3 The Company will also make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed, and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the Net Proceeds in the Company's annual report(s), until such time the Net Proceeds have been fully utilised.

- 4.4 Pending the deployment of the Net Proceeds as described above, the funds may be placed in short-term deposits, money market instruments and/or used for the Enlarged Group's working capital requirements, as the Company may, in its absolute discretion, deem appropriate.
- 4.5 There is no minimum amount which must be raised from the Proposed Compliance Placement.
- 4.6 None of the proceeds to be raised from the issue of the Placement Shares will be used, directly or indirectly, to acquire or refinance the acquisition of any asset, business or entity, or to discharge, reduce or retire any indebtedness of the Enlarged Group.

5. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED COMPLIANCE PLACEMENT

5.1 As an illustration only and assuming that the Proposed Share Consolidation and Proposed Compliance Placement had been completed on 31 December 2023, the pro forma financial effects of the Proposed Compliance Placement are set forth below and have been computed based on the latest announced consolidated financial statements of the Group for the financial year ended 31 December 2023 ("FY2023"). The financial effects of the Proposed Compliance Placement are based on the following assumptions:

- 5.1.1 the financial effects of the Proposed Compliance Placement on the net asset value (the "NAV") per Consolidated Share is computed based on the assumption that the Proposed Compliance Placement was completed on 31 December 2023;
- 5.1.2 the financial effects of the Proposed Compliance Placement on the loss per Consolidated Share (the "LPS") are computed based on the assumption that the Proposed Compliance Placement was completed on 31 December 2023;
- 5.1.3 the share capital of the Company as at the effective date of the Proposed Share Consolidation comprises 23,338,788 Consolidated Shares;
- 5.1.4 the Placement Shares are fully placed out; and
- 5.1.5 the expenses incurred in connection with the Proposed Compliance Placement amount to approximately S\$0.65 million, and the Net Proceeds amount to approximately S\$1.85 million in aggregate, based on the Placement Price of S\$0.20.

5.2 The pro forma financial effects of the Proposed Compliance Placement are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual financial position of the Group after the completion of the Proposed Compliance Placement.

5.3 NAV per Consolidated Share

	Before the Proposed Compliance Placement	After completion of the Proposed Compliance Placement
NAV attributable to the owners of the Company as at 31 December 2023 (S\$'000)	173	2,023

Number of issued Consolidated Shares ('000) (excluding treasury shares)	23,339	35,839
NAV per Consolidated Share (Singapore cents)	0.741	5.645

5.4 LPS

	Before the Proposed Compliance Placement	After completion of the Proposed Compliance Placement
Loss attributable to the owners of the Company for FY2023 (S\$'000)	(1,432)	(1,432)
Number of issued Consolidated Shares ('000) (excluding treasury shares)	23,339	35,839
LPS (Singapore cents)	(6.16)	(4.00)

6. DIRECTORS' CONFIRMATION

In accordance with Rule 810(1)(c) of the Catalist Rules, the Directors are of the reasonable opinion that, barring unforeseen circumstances and subject to the completion of the Proposed Acquisition, as at the date of this announcement, after taking into consideration the Enlarged Group's internal resources, operating cash flows and present credit facilities, including the banking facilities available to the Target Company, the existing cash and cash equivalents of the Target Company, certain undertakings that have been provided by Serial System in relation to its support of the business and operations of the Enlarged Group, the working capital available to the Enlarged Group is sufficient to meet its present requirements.

7. 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 Compliance Placement other than through their respective shareholdings in the Company (if any).

8. LODGEMENT OF THE OFFER INFORMATION STATEMENT

The Board wishes to announce that it has on 4 June 2024 lodged the Offer Information Statement dated 4 June 2024 in relation to the Proposed Compliance Placement for the allotment and issuance of up to 12,500,000 Placement Shares at a Placement Price of S\$0.20 for each Placement Share with the SGX-ST, acting as agent on behalf of the MAS.

An electronic copy of the Offer Information Statement is available on the SGXNet.

9. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the terms and timing of the Proposed Compliance Placement, if and when they occur, would depend on various factors such as market conditions, as well as potential investors' interest in the shares upon Completion. As at the date of this announcement, there is no certainty or assurance that the Proposed Compliance Placement will be completed or that no changes will be made to the terms thereof. The Company will keep shareholders updated on any developments in this regard and will make such further announcements via SGXNET as and when appropriate. The Shares have, and continue to be suspended from trading since 31 August 2020 and Shareholders and potential investors are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

10. 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 Compliance Placement, 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.

11. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Placement Agreement will be made available for inspection during normal business hours at the registered office of the Company at 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315 for three (3) months from the date of this announcement.

12. FURTHER ANNOUNCEMENTS

The Company will continue to keep Shareholders updated and release announcements relating to the Proposed Compliance Placement (including any material developments and progress made) as may be appropriate from time to time.

BY ORDER OF THE BOARD

Ang Chiang Meng
Executive Director
5 June 2024

*This announcement has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions contained in this announcement.*

The contact person for the Sponsor is Mr Joseph Au – Registered Professional, at 36 Robinson Road, #10-06, City House, Singapore 068877, Email: sponsor@rhtgoc.com.