

# AXCELASIA INC.

(Company Registration No.: LL12218)

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

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## COMPLETION OF THE PROPOSED DIVESTMENT OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ITS SUBSIDIARY, AXCELASIA TAXAND SDN BHD

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The board of directors (the “**Board**”) of Axcelasia Inc. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to (i) the announcement of the Company on 11 February 2020 in respect of the proposed divestment of the entire issued and paid-up capital of its subsidiary, Axcelasia Taxand Sdn Bhd (the “**Proposed Divestment**”), and (ii) the circular to shareholders of the Company (the “**Shareholders**”) in respect of the Proposed Divestment dated 25 February 2020 (the “**Circular**”).

*Unless otherwise expressly defined herein, all capitalised terms in this announcement shall bear the same meanings ascribed to them in the Circular.*

The Board of the Company wishes to update the Shareholders on the following matters:

### 1. THE DIVESTMENT

The Board is pleased to announce that the completion of the Proposed Divestment on the terms and conditions set out in the SPA has taken place on 15 April 2020 (the “**Divestment**”). As such, the Sale Companies will cease to be subsidiaries of the Company.

### 2. SATISFACTION OF PURCHASE PRICE

2.1 As stated in paragraph 3.2 of the Circular, the amount of RM2,909,048 minus any Collected Aged Receivables<sup>1</sup> (the “**Retention Amount**”) shall be retained by the Purchaser and shall be paid to the Company in cash as follows:

- (a) from the Completion Date and up to the date falling eight (8) months after the date of the SPA, upon any Aged Receivables being received by the Sale Companies, the Purchaser shall, as soon as reasonably practicable and in any event within 15 Business Days of the Aged Receivables being received, pay to the Company such part of the Retention Amount as is equal to the amount of the Aged Receivables received or, if the Retention Amount is lower than the amount of Aged Receivables received, the full amount of the Retention Amount; and
- (b) after the date falling eight (8) months after the date of the SPA, the Purchaser shall be entitled to retain the remaining balance of the Retention Amount (if any) after the sums due to the Company under paragraph 2.1(a) above have been paid (less any applicable bank charges).

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<sup>1</sup> On 15 April 2020, the Parties have agreed in writing that the definition of Collected Aged Receivables under Clause 1.1 of the SPA shall be amended by adding in the terms in underline and deleting the terms in strikethrough, as follows:

*“**Collected Aged Receivables**” means such amount of the Aged Receivables received by the relevant Group Companies after 1 January 2020 and up to (but excluding and including) 2 April 2020 the Completion Date, as notified in writing by the Vendor to the Purchaser together with the relevant supporting documents evidencing the receipt by the Group Companies”.*

- 2.2 The Purchaser has effected a transfer of the remainder of the Purchase Price (after deducting the Retention Amount) by way of bank transfer to the bank account of the Company.
- 2.3 As the amount of Collected Aged Receivables is RM1,279,709, the Retention Amount is accordingly RM1,629,339.

### **3. USE OF PROCEEDS**

As stated in paragraphs 5.2 and 5.3 of the Circular, the Board is considering various options available to the Company after Completion, which the Company will update Shareholders on in due course. The Board may also consider distributing the proceeds from the Divestment to Shareholders by way of dividend after assessing the cash flow needs of the Company, taking into account the proposed future plans for the Company. The Board wishes to emphasise that no decision on the amount and timing of distribution has been made, and Shareholders will be informed in due course once a definitive decision has been made.

### **4. TIME LIMITATION FOR CLAIMS**

As stated in paragraph 3.8(a) of the Circular, claims against the Company under the SPA are subject to, amongst others, the following provisions:

- (a) Notwithstanding any other provision to the contrary in the SPA but subject to paragraph 4(c) below, the Company shall not be liable under the SPA for breach of any Company's Warranty, indemnity, Leverages, or the SPA, and/or any claim in tort or common law unless:
- (i) a notice of the claim is given by the Purchaser to the Company within eight (8) months from the date of the SPA; and
  - (ii) proceedings are initiated by the Purchaser within one (1) month from the date of the Purchaser's receipt of the Company's response to the Purchaser's notice of claim (pursuant to paragraph 4(b) below).
- (b) Without prejudice to paragraph 4(a) above, the Company agreed to respond in writing to the Purchaser's notice of claim as soon as reasonably practicable but in any event within seven (7) days from the date of notice of the Purchaser's claim.
- (c) The Parties further agreed that the time limitations set out under paragraph 4(a) above shall not apply to any claims in respect of breach of confidentiality obligations under the SPA, which contains the time limitation applicable to it, being from the date of the SPA up to the later of:
- (i) eight (8) months after the date of the SPA; and
  - (ii) the date on which the Undertaking Shareholders are no longer directors of, and no longer hold shares (or any other security giving rise to a right, or an interest, under any option, agreement or other arrangement (including conversion rights and rights of pre-emption) following the exercise of any such right) representing collectively 15% or more of shares in the capital of the Company.

## 5. POST-COMPLETION OBLIGATIONS

- 5.1 As stated in paragraph 3.7 of the Circular, the Company has agreed to undertake certain obligations post-Completion. This includes, amongst others, the change of name of the Company to one which does not contain reference to “Axcelasia” or any part thereof, which is subject to the approval of the Shareholders by way of special resolution at the extraordinary general meeting to be held on 17 April 2020 (the “**EGM**”).
- 5.2 Please refer to (i) the circular of the Company dated 25 March 2020 in respect of the proposed change of name of the Company to “Axington Inc.”, and (ii) the announcement of the Company dated 9 April 2020 in respect of the arrangements for the EGM for more details.

## 6. CAUTION IN TRADING

Shareholders are cautioned that no decision on dividends (if any) have been made currently, and are advised to exercise caution when dealing in the Shares. Shareholders should also consult their stockbroker, bank manager, solicitor or other professional adviser if they have any doubt about the actions that they should take.

## BY ORDER OF THE BOARD

Ranjit Singh A/L Taram Singh  
Group Chief Executive Officer and Executive Director  
15 April 2020

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*This announcement has been prepared by Axcelasia Inc. (“**Company**”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (“**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

*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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

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