

APPLICATION FOR EXTENSION OF TIME TO SUBMIT PROPOSAL FOR RESUMPTION OF TRADING

1. The board of directors ("**Board**") of Axington Inc. (the "**Company**") refers shareholders of the Company ("**Shareholders**") to:
 - (i) the announcement dated 31 March 2022 on the Company's receipt of a no-objection letter (the "**No-objection Letter**") from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in relation to its application for an extension of time to comply with the requirements of Catalist Rules 707(1), 1017(2) and 1304(1);
 - (ii) the announcement dated 10 August 2022 on the notice of record date for (i) the proposed cancellation of 3,750,000 ordinary shares ("**Shares**") held by Kerrigan Medical Supplies Pte. Ltd., (ii) the proposed reduction of share capital by S\$11.903 million (collectively the "**Proposed Capital Reduction**"), and (iii) the proposed dividend of S\$14.097 million (the "**Proposed Dividend**") (collectively, the "**Cash Distribution**"); and
 - (iii) the announcement dated 2 September 2022 relating to the Company's entry into a sale and purchase agreement with a subsidiary of Serial System Ltd ("**Serial System**") for the Company's acquisition of all the share capital of Achieva Technology Sdn. Bhd. ("**Achieva**" and such acquisition the "**Achieva Acquisition**").
2. The Company wishes to update Shareholders that the Company had, on 16 September 2022, made an application to the SGX-ST for a further extension of time of up to 30 September 2023 to complete the Achieva Acquisition (e.g. the reverse takeover transaction ("**RTO**")) and hence, meet the requirements of Catalist Rule 1017(2) and Catalist Rule 1304 (the "**Further Extension of Time**").
3. The Company is seeking the Further Extension of Time in view of, amongst other things, the following:-
 - (i) the Company's preliminary due diligence indicated that Achieva:-
 - (a) has been in operations for more than 20 years;
 - (b) was profitable in the past two financial years;
 - (c) was in a positive working capital position as of 31 December 2021; and
 - (d) is managed by a separate management team, and the Achieva Business¹ is distinct from Serial System's core business.

Based on the foregoing, the Board is of the view that Achieva, being a wholly-owned

¹ "**Achieve Business**" refers to Achieva's business of the distribution of information technology, computer peripherals, parts, software and related products.

subsidiary of Serial System whose shares are listed on the Mainboard of the SGX-ST satisfies the RTO Criteria² better than any of the targets previously identified;

- (ii) the Board continues to view a successful Resumption Proposal³ as the best outcome for Shareholders. While the Cash Distribution allowed Shareholders to recover some of their initial investment in the Company, the Board notes that many Shareholders had acquired their Shares at a price which is above the Company's net book value as at 31 December 2021. If completed, the Achieva Acquisition would enable Shareholders to participate in any potential upside in Achieva's Business post-completion to recover and potentially profit from their initial investment in the Company;
- (iii) the Achieva Acquisition ascribes a S\$5.5 million valuation on the Company, which is higher than the net tangible assets of the Company after the Cash Distribution. As such, all Shareholders, including minority Shareholders, would stand to benefit from the Achieva Acquisition, especially if compared against a liquidation scenario;
- (iv) save for the submission of a Resumption Proposal, the Company has complied with all of the conditions imposed by the SGX-ST under the No-objection Letter, including obtaining Shareholders' approval for the Cash Distribution at an extraordinary general meeting and the signing of a definitive sale and purchase agreement in connection with a reverse takeover application;
- (v) the joint and several receivers ("**Receivers**") appointed by DBS Bank Ltd. over all the Shares owned by Dorr Global Healthcare International Pte. Ltd. (the "**Dorr Shares**"), are supportive of the Achieva Acquisition and had executed irrevocable undertakings to vote in favour of the Achieva Acquisition at the extraordinary general meeting to be convened by the Company. As the powers to deal in the Dorr Shares (representing 79.44% of the Company's issued share capital) are now vested in the Receivers, this would mean any such resolution tabled at an extraordinary general meeting attended by the Receivers would be passed;
- (vi) the Company has appointed experienced professionals, RHT Capital Pte. Ltd. as the Company's financial advisor and TSMP Law Corporation as the Company's legal counsel for the reverse takeover (the "**RTO**"). Moore Stephens LLP, Achieva's existing auditors, will be appointed as the reporting accountants. The Company is in process of identifying and appointing suitable firms for internal audit, independent valuation and independent financial advisory;
- (vii) Serial System is an established listed company and has concurrently released an announcement on the Achieva Acquisition and its intention to pursue an RTO with the Company ("**Announcement**");
- (viii) as per the Announcement, the Achieva Acquisition would allow the Achieva Business to be financially independent from Serial System and raise the funds required for its

² "**RTO Criteria**" refers to the criteria used by the Company in identifying target companies for the purposes of a RTO exercise which includes, amongst others, the business model of the target company being straightforward, and the business of the target company not being located in jurisdictions which would require a lengthy and complicated due diligence process.

³ "**Resumption Proposal**" refers to a resumption proposal with a view to resume trading in the Company's shares pursuant to Catalist Rule 1304(1).

new growth opportunities without relying on Serial System for financing or financial support. It would also incentivise Achieva Business's senior management personnel to deliver the best possible value to shareholders;

- (ix) given the tight timeline faced by the Company, the parties had expanded considerable time, resources and effort, including the appointment of WongPartnership LLP to advise it on the Achieva Acquisition, to negotiate commercial terms expeditiously, which culminated in the signing of the SPA on 2 September 2022. Based on the above, the Board believes that Serial System, in entering into definitive agreements with the Company, are genuine in their intentions relating to the Achieva Acquisition and the RTO and believes that there is a good chance that the Achieva Acquisition would proceed to completion. It should be noted that this is the first time the Company has entered into definitive agreements relating to an RTO which is binding; and
 - (x) in addition to the other work streams such as drafting of the circular, internal audit, due diligence works etc. to be undertaken, Achieva would also have to complete an audit in respect of its financial year ending 31 December 2022 for inclusion by the Company in its circular to be despatched to Shareholders in connection with the RTO, and work for the audit would only be able to commence after 31 December 2022 at the earliest.
4. In the event that the Company is not granted the Further Extension of Time, the Company will be delisted from SGX-ST and a cash exit offer will need to be made to Shareholders in accordance with Catalist Rules 1017(2) and 1308. Given that the Receivers represent the largest shareholding block in the Company, it is highly unlikely that any exit offer will materialise.
 5. As such, the Board continues to view the resumption of trading of the Company upon completion of an RTO as the best outcome for the Shareholders, in particular, the Company's minority retail investor Shareholders, and has therefore sought the consent of the SGX-ST to proceed with the Achieva Acquisition and its indulgence in granting the Further Extension of Time.
 6. The Company will make further announcement(s) to update Shareholders on the outcome of the application for the Further Extension of Time in due course.

BY ORDER OF THE BOARD

Ang Chiang Meng

Executive Director

16 September 2022

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.

The contact person for the Sponsor is Ms Bao Qing - Registered Professional, 6 Raffles Quay, #24-02, Singapore 048580, sponsor@rhtgoc.com