

AXINGTON INC.

(Formerly known as Axcelasia Inc.)

(Company Registration No.: LL12218)

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

PROPOSED ACQUISITION OF 60% EQUITY INTEREST IN VEIVO WEB TECHNOLOGY LIMITED

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**”) of Axington Inc. (the “**Company**”) wishes to announce that the Company had on 8 July 2021 entered into a non-binding memorandum of understanding (the “**MOU**”) with Delta Investment Holding Group Ltd (the “**Vendor**”) (the Company and the Vendor are collectively known as, the “**Parties**”) in connection with the proposed acquisition by the Company of 60% equity interest in Veivo Web Technology Limited (the “**Target Company**”) from the Vendor (the “**Proposed Transaction**”).
- 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 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 VENDOR AND THE TARGET COMPANY

The information on the Vendor and the Target Company in this paragraph 2 was provided by the Vendor. 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 Vendor is the legal and beneficial owner of the entire issued and paid-up share capital of the Target Company. The sole shareholder and director of the Vendor is Mr. Gao Hong.
- 2.2. The Vendor is 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 Vendor does not hold any shares in the share capital of the Company.
- 2.3. The Target Company is a company established in Hong Kong. As at the date of the MOU, the Target Company has issued 100 ordinary shares of HK\$1.00 each, which have been fully paid up and are legally and beneficially owned by the Vendor.

- 2.4. The Target Company is the legal and beneficial owner of 趣玩儿科技 (深圳) 有限公司 Quwaner Technology (Shenzhen) Co., Ltd. (the “WFOE”), is a wholly foreign-owned enterprise established in the PRC. The Target Company is procuring the WFOE to have effective 100% control over, and be entitled to the economic interest and assets of, 北京瑞华帷幄网络科技有限公司 Beijing Ruihua Veivo Internet Technology Co., Ltd., which is a company established in the PRC with limited liability (the “PRC Company”) (the Target Company, the WFOE and the PRC Company collectively, the “Target Group”) by entering into control agreement(s) with the PRC Company and its shareholder(s) (the “Control Agreement(s)").
- 2.5. As at the date of this announcement, the PRC Company is principally engaged in operating an instant messaging platform, paid application store and cloud application platform (namely www.veivo.com) in the PRC and has a telecommunications and information services business operating license (《电信与信息服务业务经营许可证》) with its business coverage listed as information services business.
- 2.6. Upon completion of the Proposed Acquisition, the Company will own 60% of the issued and paid-up share capital of the Target Company which will in turn be entitled to the business of the Target Group through the Control Agreement(s).
- 2.7. 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 6 April 2021, the Company does not currently have any revenue generating business and the Company had, on 1 April 2021, notified the SGX-ST (via the Company’s continuing sponsor) of its cash company status pursuant to Rule 1017 of the Catalist Rules.
- 3.2. Accordingly, the Proposed Acquisition would allow the Company to apply to the SGX-ST for the removal of its cash company status pursuant to Rule 1017(2) of the Catalist Rules. 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.

However, 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 Vendor shall sell to the Company, and the Company or its wholly owned subsidiary shall acquire from the Vendor 60% equity interest of the Target Company (the “Sale Shares”).

4.2. Valuation of the Target Company

Based on the MOU, the Vendor confirms that the value of the 100% equity interest in the Target Company is not less than S\$676,000,000 as at the date of the MOU.

Pursuant to Rule 1015(2) 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 Company.

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 and is expected to be approximately S\$405 million (the “**Consideration**”). The Consideration shall be satisfied by the Company by way of allotment and issuance of such number of new shares in the issued share capital of the Company (“**Shares**”) to the Vendor (or its nominee) at the price of no less than S\$0.19 per Share (the “**Issue Price**”), as well as the payment of a cash amount of no less than S\$30.0 million, in aggregate amounting to the Consideration (assuming no new issue of Shares between the period from the date of the MOU until the date of the Sale and Purchase Agreement).

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 7 August 2021) or such later date as the Parties may agree (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 Vendor) 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 Vendor 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, 77.88% 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 Vendor.

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 and the completion of the ongoing announced rights issue undertaken by 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 Vendor (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 WFOE and the PRC Company having executed the Control Agreement(s) in the form and substance to the satisfaction of the Company;
- (g) an unqualified legal opinion having been issued by the PRC legal adviser appointed by the Company in the form and substance to the satisfaction of the Company, as to, among others, (a) the incorporation, good standing and its ability to continue to carry on business of each of the WFOE and the PRC Company; and (b) the validity, enforceability and legality of the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to (i) the enforceability and legality of the Company or its wholly owned subsidiary holding the relevant assets and carry on the relevant business of the Target Company after completion of the Proposed Acquisition; (ii) the enforceability and legality of the WFOE to control and be entitled to the economic interest and/or assets of, the PRC Company by entering into the Control Agreement(s); and (iii) the enforceability and legality of the PRC Company holding the telecommunications and information services business operating license (《增值电信与信息服务业务经营许可证》);
- (h) 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, and the value of the 100% equity interest in the Target Company as appraised in such valuation report to be not less than S\$676,000,000;
- (i) 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 Vendor and his 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;
- (j) duly executed moratoriums from all such persons as required by SGX-ST and/or applicable Catalist Rules to observe a moratorium;
- (k) delivery of undertakings from Dorr to vote in favour of the Proposed Acquisition;
- (l) 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);

- (m) 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;
- (n) all necessary consents and approvals required to be obtained on the part of the Vendor, the Target Company, the WFOE and/or the PRC Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (o) the warranties to be given by the Vendor under the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respects; and
- (p) 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

4.8.1. Proposed Compliance Placement

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\$0.19. The number of Vendor Shares to be sold to satisfy the Compliance Placement shall be subject to agreement between the Vendor 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 the registered address of the Company at Lot A020, Level 1, Podium Level Financial Park, Jalan Merdeka 87000 Labuan F.T., Malaysia, 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
8 July 2021

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.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.