

AXINGTON INC.
(Formerly known as Axcelasia Inc.)
(Company Registration No.: LL12218)
(A Company incorporated under the Labuan Companies Act 1990, Malaysia)

PROPOSED COMPLIANCE PLACEMENT OF UP TO 150,000 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF AXINGTON INC. AT THE ISSUE PRICE OF S\$0.20 FOR EACH NEW SHARE

1. INTRODUCTION

The board of directors ("**Board**") of Axington Inc. ("**Company**") refers shareholders of the Company ("**Shareholders**") to:

- (a) the announcement issued on 1 June 2020 by DBS Bank Ltd. ("**DBS**") for and on behalf of Dorr Global Healthcare International Pte. Ltd. ("**Offeror**") relating to, *inter alia*, the mandatory unconditional cash offer ("**Offer**") for all the issued and paid-up ordinary shares in the capital of the Company ("**Shares**") other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers;
- (b) the offer document dated 15 June 2020 issued by DBS for and on behalf of the Offeror setting out the full terms and conditions of the Offer ("**Offer Document**");
- (c) the offeree board circular dated 26 June 2020 issued by the Company to the shareholders of the Company ("**Shareholders**") in relation to the Offer ("**Offeree Circular**");
- (d) the announcement issued on 13 July 2020 by DBS for and on behalf of the Offeror relating to, *inter alia*, the close of Offer ("**Close of Offer Announcement**");
- (e) the announcement issued on 22 July 2020 by DBS for and on behalf of the Offeror relating to, *inter alia*, the amendment to the final level of acceptances of the Offer and the resultant shareholding ("**Amendment Announcement**"); and
- (f) the announcement issued on 28 July 2020 by the Company to the Shareholders in relation to, *inter alia*, the proposed placement of up to 30,150,000 new ordinary shares in the capital of the company (inclusive of 30,000,000 placement shares and 150,000 compliance placement shares) ("**Placement Announcement**")

Unless otherwise defined herein, capitalised terms used herein shall bear the same meaning ascribed to them in the Offeree Circular, Close of Offer Announcement, Amendment Announcement and the Placement Announcement.

2. THE COMPLIANCE PLACEMENT

2.1. Background

On 28 July 2020, the Company announced that it intends to undertake a Compliance Placement to allot and issue an aggregate of up to 150,000 new Compliance Placement Shares at an issue price of S\$0.20 (the "**Placement Price**") per Compliance Placement Share to restore the free float of the Company.

2.2. Further Updates on the Compliance Placement

Further to the Placement Announcement, the Board of Directors wishes to announce that it has on 3 August 2020 entered into a placement agreement ("**Placement Agreement**") with UOB Kay Hian Private Limited ("**Placement Agent**") in relation to the Compliance Placement.

Pursuant to the Placement Agreement, the Placement Agent has agreed to procure places for up to the Compliance Placement Shares at the Placement Price for each Compliance Placement Share, on a best endeavours basis in accordance with the terms and conditions of the Placement Agreement. In consideration, the Company shall pay to the Placement Agent, a placement commission of S\$25,000 (and if applicable, goods and services tax thereon) (the "**Commission**"). The Commission is equivalent to approximately 83.33% of the Net Proceeds (as defined herein).

The Placement Shares will not be placed out to any person who is a director or a substantial shareholder of the Company, or any other person falling within the categories set out in Rule 812(1) of the Catalist Rules.

2.3. The Placement Price

The Placement Price represents a discount of approximately 5.39% to the volume-weighted average price of S\$0.2114¹ per Share for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 13 July 2020 (being the last trading day on which the Shares were traded on the SGX-ST prior to the signing of the Placement Agreement).

2.4. Salient Terms and Conditions of the Placement Agreement

Pursuant to the terms and conditions of the Placement Agreement, the completion of the Compliance Placement is subject to, *inter alia*:

- (i) the offer information statement ("**Offer Information Statement**") being lodged with SGX-ST, acting as an agent on behalf of Monetary Authority of Singapore ("**Authority**"), and accepted by the SGX-ST and MAS;
- (ii) the approval for listing and quotation of the Compliance Placement Shares on the SGX-ST being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Compliance Placement Shares on the SGX-ST are required to be fulfilled on or before the Placement Completion Date (as defined herein), they are so fulfilled;
- (iii) the offer, allotment, issuance, transfer and subscription of the Compliance Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to the Company or the Placement Agent;
- (iv) there not having occurred, in the opinion of the Placement Agent, any material adverse change, or any development reasonably likely to involve a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agreement which, in the opinion of the Placement Agent, is or is reasonably likely to be materially adverse in the context of the Compliance Placement or is reasonably likely to prejudice materially the success of the Placement or dealings in the Compliance Placement Shares in the secondary market; and
- (v) the representations, warranties and undertakings in the Placement Agreement remaining true and correct in all material respects as at the Placement Completion Date

¹ Source: Bloomberg L.P.

and the Company having performed all of its obligations hereunder to be performed on or before the Placement Completion Date.

If any of the conditions precedent is not satisfied on or before the date falling four (4) weeks after the date of the Placement Agreement (or such other date as the Company and the Placement Agent may agree), the Placement Agreement shall terminate and shall be of no further effect and no party shall be under any liability to the other in respect of the Placement Agreement save that the Company shall remain liable for the indemnities provided under the Placement Agreement and the reimbursement of costs and expenses incurred by the Placement Agent in respect of the placement of the Compliance Placement Shares up to the date of such termination.

The Proposed Compliance Placement is expected to be completed within three (3) business days after the listing and quotation notice in relation to the Proposed Compliance Placement is granted by the SGX-ST ("**Placement Completion Date**"), or such other date as the Company and the Placement Agent may otherwise agree.

The Compliance Placement Shares shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank in all respects *pari passu* with the then existing issued Shares at the time of the issue except that the Compliance Placement Shares will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of the issue of the Compliance Placement Shares.

2.5. Share Issue Mandate

The Compliance Placement Shares will be issued pursuant to the general share issue mandate ("**Share Issue Mandate**") approved by Shareholders at the annual general meeting of the Company on 17 April 2020 ("**2020 AGM**"), under Article 3 of the Company's articles of association and Rule 806(2) of the Catalist Rules. Pursuant to the Share Issue Mandate granted by the Shareholders at the 2020 AGM, the Directors are authorised and empowered to, *inter alia*, allot and issue Shares in the Company not exceeding 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of passing of the Share Issue Mandate, of which the aggregate number of Shares to be issued other than on a pro-rata basis to all existing shareholders shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company. As at the date of the 2020 AGM, the total number and issued share capital of the Company was 160,310,300 Shares. As no Shares were previously issued under the Share Issue Mandate, the Company is authorised to issue up to 80,155,150 Shares other than on a pro-rata basis. Accordingly, and taking into consideration the proposed allotment and issuance of the Placement Shares and the Rights Shares, the proposed allotment and issuance of the Compliance Placement Shares is within the limits of the Share Issue Mandate.

2.6. Listing and quotation notice and the Offer Information Statement

The Company will be making an application to the SGX-ST, through the Sponsor, for the dealing in, listing of and quotation for the Placement Shares, the Rights Shares, the Consideration Shares and the Compliance Placement Shares on Catalist. An appropriate announcement will be made in due course when the Company receives the relevant listing and quotation notice from the SGX-ST.

The Offer Information Statement containing further details of the Compliance Placement will be lodged with the SGX-ST, acting as agent on behalf of the Authority in due course.

2.7. Use of Proceeds

Assuming that the Compliance Placement Shares are allotted and issued at the Placement Price, the Company expects to receive net proceeds of approximately S\$5,000 (“**Net Proceeds**”), after deducting expenses of approximately S\$25,000 comprising the Commission. The entire Net Proceeds raised from the allotment and issuance of the Compliance Placement Shares will be received by the Company.

Assuming that the Compliance Placement Shares are fully placed out at the Placement Price, the Company intends to allocate the Net Proceeds from the issue of the Compliance Placement Shares for the following purposes:

Use of Net Proceeds	Amount (S\$'000)	As a % of Net Proceeds
Business investments and acquisition	3	60%
General Working capital	2	40%
Total Net Proceeds	5	100%

Pending the deployment of the Net Proceeds for the uses identified above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit from time to time.

Pursuant to Rules 704(30) and 1204(22) of the Catalist Rules, the Company undertakes that it will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed or utilised and, whether such proceeds are materially disbursed or utilised and, whether such use is in accordance with the stated use. The Company will also provide a status report on the specific use of such proceeds in the Company's half year and full year financial results announcement as well as the annual report of the Company. When there is any material deviations there from, the Company will announce the reasons for such deviations, in its annual report. In addition, if there is any material deviation from the specific use of such proceeds, the Company will make a separate announcement setting out the reasons for such deviation. The Company undertakes to provide a breakdown with specific details on the use of the proceeds for working capital in the announcements and annual reports.

The Directors are also of the opinion that, after taking into consideration the Company's present bank facilities (where applicable) and the Net proceeds from the Compliance Placement, the working capital available to the Group will be sufficient to meet its present requirements.

The Directors are of the opinion, after taking into consideration the purpose for the Proposed Compliance Placement as set out in above, that the Compliance Placement is in the interest of the Company.

Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Compliance Placement shall be undertaken for the purpose of complying with the Free Float Requirement.

The Directors confirm that the proceeds from the issuance of the Compliance Placement Shares will be utilised in accordance with the purpose stated above.

2.8. Financial Effects of The Placement, Compliance Placement And Rights Issue

Please refer to the Placement Announcement dated 28 July 2020 for the pro forma financial effects of the Compliance Placement.

The pro forma financial effects of Compliance Placement are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the Placement, Compliance Placement and Rights Issue.

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

4. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the terms and timing of the Compliance Placement, if and when they occur, would depend on various factors such as market conditions. As at the date of this announcement, there is no certainty or assurance that the 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.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

5. 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 Compliance Placement and the Company, 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 or reproduced 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.

6. COMPLIANCE WITH GOVERNING LAWS AND ARTICLES

The Compliance Placement do not contravene any laws and regulations governing the Company and the Memorandum and Articles of Association.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Placement Agreement is available for inspection during normal business hours at the Company's registered office at Lot A020, Level 1, Podium Level Financial Park, Jalan Merdeka 87000 Labuan F.T., Malaysia for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Ms Marjory Loh Erchang
Executive Director

3 August 2020

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. ("**Sponsor**"), in compliance with the 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, 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.