

**RESPONSE TO QUERIES FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

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*Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the annual report issued to shareholders on 5 May 2022 (the “Annual Report”).*

The Board of Directors (the “**Board**”) of Axington Inc. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the questions raised by the Securities Investors Associations (Singapore) (“**SIAS**”) relating to the Company’s Annual Report for the financial year ended 31 December 2021 and sets out the replies as follows:

1. **Would the board help shareholders understand how it is carrying out the search for a new operating business that would meet the requirements of a listing on SGX-ST? Has the board considered engaging a formal, professional investment bank?**

As mentioned in the Company’s extraordinary ordinary meeting circular dated 5 May 2022, the Board was informed on 2 August 2021 that DBS Bank Ltd. has appointed two personnel from RSM Corporate Advisory Pte. Ltd. as the joint and several receivers (“**Receivers**”) of all the shares owned by Dorr Global Healthcare International Pte. Ltd. (“**Dorr Shares**”).

Following the appointment of Receivers, the Board has been working closely with the Receivers, who are from a reputable formal, professional corporate advisory firm, to search for potential viable targets for a potential reverse takeover (“**RTO**”) via a public expression of interest process (“**Process**”) which includes newspaper advertisements and tapping on the business networks of the Receivers and the Board which comprises, amongst other parties, reputable, formal and professional law/accounting/corporate advisory firms and investment banks.

Accordingly, the Board has considered and is of the view that it will not be necessary to separately engage a formal professional investment bank which could be costly.

2. **In addition, what are the criteria (including geographical area, industry/sector, size of the target, deal structure etc) used by the board in the search?**

The Process targets generally companies which i) are capable of meeting the requirements of listing on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), ii) have a straightforward business model and are not located in unfamiliar jurisdictions thus minimising the risk of having a lengthy due diligence process and iii) have reputable and financially sound sponsor(s) and/or shareholder(s).

3. **Would the board help shareholders understand how the proposed acquisition of Veivo (at a valuation of \$676 million for 100%) would have been “in the right direction”? How would that create shareholder value in the long run?**

As mentioned in the Company’s announcement dated 8 July 2021, the memorandum of understanding with Delta Investment Holding Group Ltd (“**MOU**”) was non-binding in nature, to protect shareholders’ interest and/or value, and was announced to update shareholders and other stakeholders on the Company’s plans. The purpose of the MOU was for the Company to obtain more information for preliminary due diligence to be conducted on Veivo. With the benefit of a preliminary due diligence undertaken by the Company, the Board has decided that Veivo does not meet the Company’s criteria for a potential RTO and accordingly, the Board has decided not to progress further with the MOU.

4. **For the RTO, how much due diligence does the group carry out on the target company and on the vendor?**

Any RTO undertaken by the Company will require comprehensive full diligence, which will be undertaken in accordance with SGX-ST’s listing requirements and the Association of Banks in Singapore Listing Due Diligence Guidelines.

5. **Given that the Company had been designated a cash company on 1 April 2021, what are the Company's plans to apply for a time extension to meet the requirements to remain listed?**

The Company had on 18 March 2022 submitted an application for an extension of time ("EOT") to the SGX-ST to, among others, meet the requirements of a new listing pursuant to Rule 1017(2) of the SGX-ST Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**"). The Company had on, 29 March 2022, via the Company's sponsor, received the no-objection letter in relation to the EOT from the SGX-ST subject to certain conditions, which are set out in the Company's announcement dated 31 March 2022 which include, among others, that the EOT would be the final extension requested by the Company and the Company would seek a voluntary delisting should it fail to submit the RTO application to SGX-ST by 30 September 2022.

The Company is currently working closely with the Receivers to identify an RTO target and pursue the RTO process as soon as possible.

6. **In addition, will the Company be submitting a resumption proposal to SGX? What are the milestones before the company is ready to submit the resumption proposal?**

As mentioned above, the Company is working closely with the Receivers on a potential target for the purposes of the RTO, which will culminate in the submission of a resumption proposal. Set out below is an indicative timeline being pursued by the Company:

<u>Indicative Timing</u>	<u>Event</u>
May 2022	Commencement of preliminary due diligence and negotiations in connection with the proposed acquisition of the potential target
June 2022	Entry into a binding conditional sale and purchase agreement for the assets to be acquired by the Company.  Commencement of due diligence (legal and financial, as applicable) of the assets, proposed directors and management to be appointed in connection with the acquisition
July 2022	Submission of pre-clearance application to SGX-ST in respect of the reverse takeover  Submission of Resumption Proposal
Mid July 2022	Proposed Distribution to be completed
August 2022	Receipt of no-objection letter from the SGX-ST on the Resumption Proposal
September 2022 onwards	Implementation of Resumption Proposal

The Company wishes to highlight that while the Board will undertake best endeavours to pursue an RTO which will enhance shareholders' value, there is no certainty or assurance that an RTO will be completed.

7. **How significant is the risk that the Company will be delisted pursuant to SGX-ST listing rules?**

As mentioned in response to question 5 above, the EOT would be the final extension requested by the Company and the Company would seek a voluntary delisting should it fail to submit the RTO application to SGX-ST by 30 September 2022.

8. **If the resolutions to distribute \$26.0 million were approved by shareholders at the EGM, how much cash will be left in the Company?**

Based on the Company's announcement dated 23 May 2022, the Company's cash balances as at 30 April 2022 amounted to approximately S\$28.4 million. After the proposed distribution of S\$26 million, the Company will be left with approximately S\$2.4 million.

9. **The board is of the view that the proposed distribution would facilitate the identification of potential targets for an RTO. Can the board help shareholders understand the basis for this view? Without the distribution, would the cash holdings allow the Company to consider a wider group of potential target companies (that are more sizeable)?**

As mentioned above, the Receivers have been appointed over Dorr Shares, which constitute more than 75% of the Company's issued share capital which is a large shareholding block. The Receivers are naturally motivated to recover amounts owed under the underlying loan whereas the Company is looking to identify a target, with sound operations and good future prospects that would help the Company resume trading. This lack of alignment of interests means that the potential targets for an RTO will be more limited.

The proposed distribution will allow the Receivers to recover a substantial amount of the underlying loan and consequently, a better alignment of interest between the Receivers and the Company, which in turn facilitate the identification of potential RTO targets.

10. **What is the current cash burn-rate of the group?**

The forecast cash burn-rate is approximately S\$60,000 per month over the next 12 months.

11. **What are the estimated expenses (as estimated by the board) for the Company to develop and implement an RTO?**

The material RTO expenses may include fees for the following:

- financial adviser to the Company;
- legal adviser(s) to the Company;
- legal adviser to the financial adviser;
- external auditor;
- business and/or property valuers; and
- internal auditor.

12. **Can the independent directors help shareholders understand their level of involvement in the search for a new business and in the preparation of the trading resumption?**

Each independent director have their unique business networks across different geographies and have conscientiously tapped on such networks to source for potential RTO targets. Collectively, the independent directors have sourced for more than 10 potential RTO targets.

In addition, the independent directors hold regular meetings with the executive director and his team to obtain updates on and review the status of the potential RTO.

13. **Given that three of the four directors are first time directors, is there sufficient experience/familiarity with the relevant listing rules during this critical transition period for the company?**

Mr Teo Choon Kow @ William Teo ("**Mr Teo**") has sat on the boards of numerous companies listed on the SGX-ST and has been guiding the Board in ensuring that the Company complies with the relevant listing rules. In addition, the Board is also assisted by its sponsor as well as its legal adviser. As far as the Board is aware, the Company has complied with all the relevant listing rules since the reconstitution of the Board in November 2020.

14. **What is the level of experience of the board in deal sourcing, due diligence and deal structuring?**

The board comprises mainly corporate finance and investment professionals who have decades of combined experience in deal sourcing, due diligence and deal structuring with reputable, formal and global professional advisory firms, banks and investment companies. As set out in the Annual Report:

- Mr Teo was a senior corporate finance manager and investment manager for approximately 15 years and since then, Mr Teo continues to work on corporate finance and investment engagements in his personal capacity;

- Mr Luke Anthony Furler (“**Mr Furler**”) is a corporate finance and restructuring professional and currently leads the Asian operations for a global advisory business. Mr Furler has approximately 11 years of corporate finance experience; and
- Mr Ang Chiang Meng was a former banker and led the China business for a global advisory firm. Currently, he also leads a regional management consultancy and turnaround firm focusing on amongst others, corporate finance engagements, and has approximately 12 years of corporate finance experience.

Collectively, the Board has extensive experience in mergers and acquisitions, divestments, capital raising, due diligence, investments and corporate structuring/restructuring globally.

**15. Has the nominating committee reviewed the current competency matrix of the Board and had identified any gaps in skills or competencies that need to be addressed in future director appointments?**

The nominating committee has reviewed the competency of the current Board and is of the view that the current Board has the requisite capabilities and experience to deal with the current unique circumstances faced by the Company.

By Order of the Board

Ang Chiang Meng  
Executive Director  
23 May 2022

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

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