AXINGTON INC.

(Formerly known as Axcelasia Inc.)

(Company Registration No.: LL12218)

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

MATERIAL VARIANCES BETWEEN THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 AND THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Board of Directors (the "**Board**") of Axington Inc. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the unaudited full year financial statements announcement for the financial year ended 31 December 2020 ("**FY2020**") released by the Company on 31 March 2021 ("**Announcement**").

All capitalised terms in this announcement shall have the same meanings as ascribed to them in the Announcement unless otherwise defined.

Pursuant to Rule 704 (5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Board wishes to highlight that the Company has adopted certain material adjustments and reclassifications to the unaudited consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for FY2020, following the finalisation of the audit. The details and explanations of the material variances are set out in Appendix A as annexed hereto.

Shareholders of the Company are advised to read the audited financial statements of the Group in conjunction with the Independent Auditors' Report as set out in the Company's annual report for FY2020, which is concurrently released by the Company on 7 July 2021.

By Order of the Board

Ang Chiang Meng
Executive Director
7 July 2021

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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 ("**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 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, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

APPENDIX A

1) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			
	Twelve Months Ended			
	31-Dec-20 (Unaudited)	31-Dec-20 (Audited)	Variance	Note
	RM'000	RM'000	%	
Revenue	25	24	(4)	
Other income	665	665	-	
	690	689		
Expenses				
- Depreciation of plant and equipment	(202)	(167)	(17)	(a)
- Employee benefits expense	(569)	(892)	57	(b)
- Short-term rental expense	(54)	(54)	-	
- Finance cost	(1,361)	(4)	(>100)	(c)
- Other expenses	(3,433)	(7,773)	>100	(d)
- Depreciation on right-of-use assets	-	(71)	>100	(e)
Total expenses	(5,619)	(8,961)		
Loss before taxation from continuing operations	(4,929)	(8,272)	68	
Taxation	-	-	-	
Loss after taxation from continuing operations	**(4,929)**	**(8,272)**		
Discontinued Operations				
Net profit for the period from discontinued operations, net of tax	57,073	57,073	-	
Profit for the year	**52,144**	**48,801**		
Other comprehensive income after tax:				
Items that may be reclassified subsequently to profit or loss	-	-	-	
Currency translation differences	-	7	>100	
Other comprehensive income/(loss) for the year, net of tax	-	7		
Total comprehensive income for the year	**52,144**	**48,808**		

Profit attributable to:				
Owners of the Company	52,166	48,880	(6)	
Non-controlling interests	(22)	(72)	>100	(p)
	52,144	48,808		
Total comprehensive income attributable to:				
Owners of the Company	52,166	48,880	(6)	
Non-controlling interests	(22)	(72)	>100	(p)
Total comprehensive income for the year	52,144	48,808		

N.M – not meaningful

2) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group				Company			
	31-Dec-20 (Unaudited) RM'000	31-Dec-20 (Audited) RM'000	Variance %	Note	31-Dec-20 (Unaudited) RM'000	31-Dec-20 (Audited) RM'000	Variance %	Note
ASSETS								
Current assets								
Trade and other receivables	5,700	3,398	(40)	(f)	5,467	3,304	(40)	(f)
Current tax recoverable	1	1	N.M.		-	-	-	
Cash and cash equivalents	91,729	91,715	N.M.		91,675	91,675	-	
	97,430	95,114			97,142	94,979		
Non-current assets								
Plant and equipment	820	-	>100	(g)	799	-	>100	(g)
Right-of-use assets	-	72	>100	(g)	-	72	>100	(g)
Investments in subsidiary corporations	-	-	-		2,090	-	>100	(n)
	820	72			2,889	72		
Total assets	**98,251**	**95,186**			**100,031**	**95,051**		
LIABILITIES								
Current liabilities								
Other payables and accruals	2,905	3,300	14%	(h)	2,626	3,007	15%	(h)
Bank overdraft	-	1	>100	(i)	*	1	>100	(i)
Lease liabilities	31	110	>100	(j)	31	110	>100	(j)
	2,936	3,411			2,657	3,117		
Non-current liabilities								
Lease liabilities	78	-	>100	(j)	78	-	>100	(j)
Total liabilities	**3,014**	**3,411**			**2,735**	**3,117**		
NET ASSETS	**95,238**	**91,775**			**97,296**	**91,934**		
EQUITY								
Capital and reserves attributable to equity holders of the Company								
Share capital	42,904	42,828	N.M.		42,904	42,828	N.M.	
Share capital (Unpaid)	3,277	3,277	-		3,277	3,277	-	
Treasury shares	(3)	(3)	-		(3)	(3)	-	
Foreign currency translation reserve	93	53	(43)	(k)	-	-	-	
Retained earnings	48,967	45,676	(7)	(a) to (e)	51,117	45,831	(10)	(a) to (e)
	95,238	91,831			97,296	91,934		
Non-controlling interests	*****	**(56)**	>100	(p)	**-**	**-**	-	
TOTAL EQUITY	**95,238**	**91,775**			**97,296**	**91,934**		

* - less than RM1,000

N.M – not meaningful

3) CONSOLIDATED STATEMENT OF CASH FLOWS

	Group Twelve Months Ended 31-Dec-20 (Unaudited) RM'000	31-Dec-20 (Audited) RM'000	Variance %	Note
Cash flows from operating activities				
Loss before taxation				
- Continuing operations	(4,929)	(8,272)	68	(a) to (e)
- Discontinued operations	57,073	57,073	-	
Profit before taxation	52,144	48,801		
Adjustments for:				
Bad debts written off	-	1,537	>100	(d(iv))
Depreciation of plant and equipment	202	167	(17)	(a)
Interest income	(665)	(662)	N.M.	
Gain on disposal of subsidiaries	(57,260)	(57,260)	-	
Plant and equipment written off	-	30	>100	(g)
Unrealised currency translation difference	(7)	-	>100	
Interest expense	4	4	-	
Impairment on plant and equipment made	-	1,014	>100	(g)
Other write-off	-	460	>100	(d(ii))
Depreciation of right-of-use assets	-	71	>100	(e)
Operating cash flows before working capital changes	**(5,581)**	**(5,838)**		
Changes in working capital				
Changes in trade and other receivables	909	988	9	(f)
Changes in prepayments	-	50	>100	(l)
Changes in other payables and accruals	2,309	2,692	17	(h)
Cash used in operations	**(2,363)**	**(2,108)**		
Income tax paid	-	*	N.M.	
Net cash used in operating activities	**(2,363)**	**(2,108)**		
Cash flows from investing activities				
Purchase of plant and equipment	(768)	(1,075)	40	(f)
Interest received	665	662	N.M.	
Disposal of subsidiaries, net of cash disposed of	66,622	66,763	N.M.	
Net cash generated from investing activities	**66,519**	**66,350**		
Cash flows from financing activities				
Acquisition of a subsidiary corporation by non-controlling interest	*	-	-	
Proceeds from issuance of shares	15,086	15,086	-	
Fixed deposit pledged	12	12	-	
Dividend paid	(11,386)	(11,386)	-	
Share issuance expenses	-	(76)	>100	(m)
Repayment of lease liabilities	(42)	(42)	-	
Interest paid	(4)	(4)	-	
Net cash generated from financing activities	**3,666**	**3,590**		

Net increase in cash and cash equivalents	67,822	67,832	N.M.	
Cash and cash equivalents at beginning of year	23,854	23,854	-	
Exchange differences on translation of cash and cash equivalents	53	29	(46)	(o)
Cash and cash equivalents at end of year	**91,729**	**91,715**		

N.M – not meaningful
* - less than RM1,000

NOTES:

(a) Decrease in depreciation of plant and equipment ("**PPE**") is mainly due to the reclassification of approximately RM0.07 million of depreciation relating to a lease arrangement entered into by the Group to depreciation of right-of-use assets, and slightly offset by the depreciation incurred for the medical equipment which was reclassified from other receivables to PPE as mentioned under Note (f).

(b) Increase in employee benefits expense is mainly due to reclassification of directors' fees amounting to approximately RM0.3 million from other expenses.

(c) Decrease in finance cost is mainly due to reclassification of net foreign exchange loss of RM1.3 million to other expenses;

(d) Increase in other expenses is mainly due to:

i. reclassification of net foreign exchange loss as explained under Note (c);

ii. write-off of PPE amounting to RM0.5 million due to the inability of the Company to sight and/or locate the item(s) purchased. See Note (f);

iii. impairment of PPE amounting to RM1.0 million as explained under Note (g);

iv. bad debt written off amounting to RM1.5 million. See Note (f); and

v. accrual of audit fee of RM0.4 million;

which were slightly offset by the reclassification of directors' fee. See Note (b);

(e) Increase in depreciation on right-of-use assets is mainly due to the depreciation accorded to the right-of-use assets following the reclassification of a lease arrangement entered into by the Group from PPE to right-of-use assets as set out in Note (g).

(f) Decrease in trade and other receivables is due to the reclassification of other receivables of approximately RM0.3 million arising from the acquisition of medical equipment in FY2020 to PPE, which was subsequently impaired as the Board is of the opinion that the medical equipment will not be able to generate future cash flows for the Group. Additionally, balance payment of RM0.5 million in relation to the acquisition of medical equipment was written off due to the inability of the Company to sight the medical equipment purchased.

The decrease is also due to bad debt written off from the deferred proceeds receivables in relation the divestment of Tricor Taxand Sdn Bhd ("**Tricor Taxand**") in April 2020 of approximately RM1.4 million.

(g) Decrease in PPE is due to (i) the reclassification of a lease arrangement entered into by the Group from PPE to rights-of-use assets, and (ii) the full impairment recognised on the medical equipment acquired during FY2020 and other assets owned by the Group as the Board is of the opinion that these medical equipment and other assets will not be able to generate future cash flows for the Group.

(h) Increase in other payables and accruals is mainly due to the additional accrual recognised for audit fee amounting to RM0.4 million.

(i) Increase in bank overdraft is attributable to fees incurred as the bank balance had fallen below the minimum holding amount required to be maintained in the bank account of which the Board was unaware of prior to the audit.

(j) Increase in lease liabilities under Current Liabilities is due to reclassification of outstanding lease liabilities which are due within the next 12 months from Non-Current Liabilities.

(k) Decrease in foreign currency translation reserve mainly arose from bad debt being written off by the Group's subsidiaries.

(l) Decrease in prepayment is due to writing-off of petrol card.

(m) Higher share issuance expenses is due to placement commissions made to UOB Kay Hian Private Limited in relation to the sourcing of investors for the compliance placement shares.

(n) Decrease in investment in subsidiaries is due to full impairment of RM1.3 million in Axington Singapore Pte Ltd and RM0.8 million in Audex Governance Sdn Bhd as these subsidiaries are dormant and their recoverable amount have been assessed to be nil.

(o) Decrease in exchange differences on translation of cash and cash equivalents is partly due to write-off of cash and bank account balances of the Group’s subsidiaries amounting to RM0.01 million on the back of inability to obtain the bank confirmations for verification.

(p) Higher loss attributable to non-controlling interests is recognised in view of the lower profit recorded for FY2020.