AJJ MEDTECH HOLDINGS LIMITED
(Company Registration No: 198403368H)
(Incorporated in the Republic of Singapore)

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BY INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

In compliance with Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Board of Directors (the "**Board**") of AJJ Medtech Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's Independent Auditors, PKF-CAP LLP (the "**Auditors**") has included a material uncertainty related to going concern in their report on the audited financial statements of the Group and Company (the "**Independent Auditors' Report**") for the financial year ended 31 December 2024 ("**FY2024**") (the "**Audited Financial Statements**"). The opinion of the Auditors is not modified in respect of this matter.

The independent Auditors' Report is annexed to this announcement for information purposes. The Independent Auditors' Report and the Audited Financial Statements will form part of the Company's Annual Report for FY2024 (the "**2024 Annual Report**") which will be released to the shareholders of the Company (the "**Shareholders**") in due course. Shareholders are advised to read the Independent Auditors' Report and the 2024 Annual Report in their entirety.

Going Concern

The following is an extract of Note 2.1 to the Audited Financial Statements pertaining to the subject of this announcement

Note 2.1:

> *For the financial year ended 31 December 2024, the Group reported a loss after tax of S$3,865,000 (2023: S$2,527,000) and incurred net operating cash outflows of S$1,662,000 (2024: S$1,785,000) and, as of that date, the Group has net liabilities of S$1,426,000 (2023: S$1,216,000) and the Group and the Company have net current liabilities of S$1,121,000 (2023: S$1,184,000) and S$826,000 (2023: S$1,968,000) respectively. These indicate the existence of material uncertainties that cast significant doubt on the Group's and Company's ability to operate as going concerns.*
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> *The ability of the Group and the Company to continue as going concerns are dependent on the ability of the Group and the Company to generate sufficient cash flows and have the necessary funds to meet the requirements of the Group's operations to settle its liabilities as and when they fall due.*

Board's Comments

Barring any unforeseen circumstances, the directors are of the view that it is appropriate for the Audited Financial Statements of the Group and Company to be prepared and presented on a going concern basis, having regard to the following:

i. Subsequent to financial year 31 December 2024, the Company's director and controlling shareholder, Dr. Zhang Jian, has disbursed additional loans to the Company amounting to S$500,000 in total . There are 3 tranches of loan disbursements of S$170,000, S$300,000 and S$30,000 received in January 2025, March 2025, and April 2025, respectively. The loans are unsecured, non-interest bearing, and fully repayable in 399 days from the date of disbursement of the loan. The purpose of the loan is to support the Group's working capital and operation needs.

ii. The Company has obtained a written undertaking from Dr. Zhang Jian, that he will continue to support the working capital requirements of the Group and Company. It is envisaged that the Company intends to raise additional funds to support the Group's revenue growth.

iii. The Company has obtained a written undertaking from all the executive directors and independent directors that they will not demand for immediate repayment of directors' fees and other balances owed to them at least for the period after 31 December 2024 until April 2026.

iv. The Company has obtained a written undertaking from all key management personnel that they will not demand for immediate repayment of their salaries and other balances owed to them at least for the period after 31 December 2024 until April 2026.

v. There are ongoing negotiations between the management and the various creditors of the Group and the Company regarding the deferment of repayment and repayment timing of those long overdue amounts. The outcome of these negotiations may impact the timing and settlement of these obligations.

vi. Management will continue to undertake measures to improve and manage the cash flows, productivity and cost efficiency of the Group's operations. In this regard, the executive directors are willing to defer the payments of their salaries should such deferment be required to ensure the Group has sufficient funds to sustain its operations.

After considering the abovementioned measures and mitigating actions, management is confident that the Group and the Company will be able to generate sufficient cash flows and have the necessary funds to meet the operating requirements of the Group's operations and to settle its liabilities as and when they fall due for at least another twelve months from the date of the financial statements are authorised for issuance by the Board of directors and that the continuing use of the going concern assumption in the preparation of these financial statements is appropriate. Accordingly, the financial statements do not include adjustments relating to the recoverability and reclassification of recorded asset amounts or the amounts and reclassification of liabilities that might be necessary should the Group and the Company be unable to continue as going concerns.

Should the going concern assumptions be inappropriate, adjustments may have to be made to:

i. Reflect the situation that assets may need to be realised other than in the normal course of the business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statement of financial position;

ii. Provide for further liabilities that might arise; and

iii. Reclassify non-current assets and non-current liabilities as current.

No such adjustments have been made in these financial statements. Further, the Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner and the Board is not aware of any material information that requires disclosure but remains undisclosed as of the date of this announcement.

This announcement is to be read in conjunction with the attached Independent Auditors' Report and the Financial Statement.

Shareholders are advised to read the FY2024 Audited Financial Statements which will be released on SGXNET as part of the Company's Annual Report for FY2024.

By Order of the Board

Zhao Xin
Chief Executive Officer and Executive Director
15 April 2025

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*This announcement has been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

This announcement has not been examined 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 details of the contact person for the Sponsor are: -

Name	*: Mr Jerry Chua (Registered Professional, Evolve Capital Advisory Private Limited*
Address	*: 160 Robinson Road, #20-01/02, SBF Center, Singapore 068914.*
Tel	*:(65) 6241 6626*

INDEPENDENT AUDITOR'S REPORT

To the members of AJJ Medtech Holdings Limited (Formerly known as OEL (Holdings) Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of AJJ Medtech Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 71 to 121.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements, which indicates that for the financial year ended 31 December 2024, the Group reported a loss after tax of S$3,865,000 (2023: S$2,527,000) and incurred net operating cash outflows of S$1,615,000 (2023: S$1,740,000) and, as at 31 December 2024, the Group has net liabilities of S$1,463,000 (2023: S$1,216,000) and the Group and the Company have net current liabilities of S$1,122,000 (2023: S$1,184,000) and S$826,000 (2023: S$1,968,000) respectively. As stated in Note 2.1, these conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and the Company to continue as going concerns. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

To the members of AJJ Medtech Holdings Limited (Formerly known as OEL (Holdings) Limited)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that the matters described below to be the key audit matters to be communicated in our report.

<u>Impairment Assessment of the Company's Investment in Subsidiary</u>
(Refer to Notes 2.14, 3.2(i) and 14 to the financial statements)

The Company's carrying amount of investment in subsidiaries amounted to S$3,720,000 (2023: S$2,650,000) which accounted for 76.2% (2023: 73.8%) of the Company's total assets as at 31 December 2024.

Where there is an indication of impairment, management is required to assess the recoverable amount of its investment in subsidiaries which is the higher of the fair value less costs of disposal and value in use of the subsidiaries assessed as a CGU.

As disclosed in Note 14 to the financial statements, management has performed an impairment test on an investment in subsidiary with indication of impairment. Management estimated the recoverable amount of the investment in subsidiary by assessing the value in use. As the value in use exceeded the carrying amount, the investment in subsidiary is assessed to be not impaired and it is not necessary to estimate the fair value less costs of disposal.

The impairment assessment of investment in subsidiary is considered a key audit matter as it requires management to exercise judgement on the assessment of various key assumptions to estimate the recoverable amount of the investment in subsidiary that are affected by future market and economic conditions. Management made key assumptions in respect of future market and economic conditions such as revenue growth rates, discount rates and long-term economic growth rates when performing the assessment.

Our audit procedures included, among others:

- Performed evaluation of the Company's policies and procedures to identify indicators for potential impairment of the Company's investment in subsidiary.
- Reviewed the management's impairment model used to assess the value in use of the CGU, including reperforming the calculations to verify the accuracy.
- Assessed the appropriateness of the key assumptions used such as revenue growth rate, discount rate and long-term economic growth rates.
- Assessed and tested the key assumptions which the outcome of the impairment is most sensitive to.
- Assessed the adequacy of disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of AJJ Medtech Holdings Limited (Formerly known as OEL (Holdings) Limited)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Recoverability Assessment of the Company's Amount Due From Subsidiaries
(Refer to Notes 2.17, 3.2(iv) and 16 to the financial statements)

The Company's gross amount due from subsidiaries totalled S$1,455,000 (2023: S$1,271,000) which accounted for 29.8% (2023: 35.4%) of the Company's total assets as at 31 December 2024.

Management has performed an impairment review based on the expected credit loss ("**ECL**") model and based on the review, ECL allowance of S$694,000 (2023: S$941,000) was provided for by management.

The estimated credit loss allowance is based on the historical and forward-looking trends of the receivables from the subsidiaries, which includes analysis of the age of these receivables and the financial ability of the subsidiaries to repay the amounts.

We identified this as a key audit matter as the assessment of the determination of ECL requires management to exercise significant judgement and estimation. Additionally, in determining the credit quality and whether any significant increase in credit risk occurs, this requires both forward-looking and historical information to be considered.

Our audit procedures included, among others:

- Obtained understanding of the Company's processes in assessing ECL for the amount due from subsidiaries, including discussion with management to understand management's assumptions and judgement used in determining the ECL allowance.

- Assess the reasonableness of management's assumptions and judgement used in determining the ECL of the amount due from subsidiaries, including reviewing any forward-looking information in respect of the developments of the subsidiaries' operations and business activities that may impact on the ECL amount.

- Reviewed whether there are subsequent receipts for the settlement of the amount due from subsidiaries after the financial year end.

- Assessed the adequacy of disclosures made in the financial statements.

Impairment Assessment of Plant and Equipment, Including Right-of-Use Assets
(Refer to Notes 2.15, 3.2(iii), 12 and 13(a) to the financial statements)

The Group's and Company's total carrying amount of plant and equipment and right-of-use assets totalled S$1,555,000 (2023: S$1,074,000) and S$129,000 (2023: S$233,000) respectively which accounted for 39.8% (2023: 31.2%) and 2.6% (2023: 6.5%) of the Group's and Company's total assets respectively as at 31 December 2024.

An impairment review is performed when there are indications of impairment. Management had carried out impairment assessment to determine whether the recoverable amounts of the plant and equipment and right-of-use assets are less than the respective carrying amounts. The value in use calculations of the CGUs to which the plant and equipment and right-of use assets are allocated require management to estimate the future expected cash flows that the Group and the Company expect to derive from the continuing use of the assets.

As disclosed in Note 12 and Note 13(a) to the financial statements, management has performed impairment test of plant and equipment and right-of-use assets with indication of impairment. Management estimated the recoverable amount of the plant and equipment and right-of-use assets by assessing the value in use. As the value in use exceeded the carrying amount, the plant and equipment and right-of-use assets are assessed to be not impaired and it is not necessary to estimate the fair value less costs of disposal.

INDEPENDENT AUDITOR'S REPORT

To the members of AJJ Medtech Holdings Limited (Formerly known as OEL (Holdings) Limited)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Impairment Assessment of Plant and Equipment, Including Right-of-Use Assets (Continued)

We identified this as a key audit matter as the estimation of the recoverable amount involved significant judgement and estimation. Management made key assumptions in respect of future market and economic conditions such as revenue growth rates, discount rate and long-term economic growth rate when performing the assessment.

Our audit procedures included, among others:

- Performed evaluation of the Group's policies and procedures to identify indicators for potential impairment of the plant and equipment and right-of-use assets.

- Reviewed the impairment model used to assess the value in use of the CGUs to which the plant and equipment and right-of-use assets is allocated for impairment testing, including reperforming the calculations to verify the accuracy.

- Assessed that the discounted future cash flows are based on the cash flows forecast approved by the Board of Directors.

- Assessed the appropriateness of the key assumptions used such as revenue growth rates, discount rate and long-term economic growth rate.

- Assessed and tested the key assumptions which the outcome of the impairment is most sensitive to.

- Assessed the adequacy of disclosures made in the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the Group's Annual Report 2024, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the members of AJJ Medtech Holdings Limited (Formerly known as OEL (Holdings) Limited)

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

To the members of AJJ Medtech Holdings Limited (Formerly known as OEL (Holdings) Limited)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Lim Ryh Jye.

PKF-CAP LLP
Public Accountants and
Chartered Accountants

Singapore
15 April 2025