

AXINGTON INC.

(Incorporated under the Labuan Companies Act 1990, Malaysia)
(Company Registration No. LL12218)

SGX QUERIES ON THE DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE FY2020 AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The board of directors ("**Board**") of Axington Inc. (the "**Company**", and, together with its subsidiaries, the "**Group**") refers to the disclaimer of opinion included by the Company's Independent Auditors, Foo Kon Tan LLP, in their Independent Auditors Report dated 7 July 2021 (the "**Independent Auditors Report**") in relation to the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("**FY2020**"), as announced by the Company on 7 July 2021.

The Board wishes to update shareholders that it has, through its sponsor, received the following queries from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 8 July 2021 (the "**SGX Queries**"):-

"A. **Medical equipment of RM1.0m acquired in FY2020 which cannot be sighted/located**

1. The auditors noted that included in impairment losses on PPE is an amount of RM1,003,070 relating to medical equipment. Of the total medical equipment recorded by the Group and the Company, the auditors are unable to ascertain the existence of certain medical equipment with costs amounting to RM767,387. Notwithstanding that all the medical equipment have been fully impaired by the Company, the auditors are unable to obtain sufficient appropriate audit evidence to ascertain the veracity of the underlying transactions and the subsequent impairment losses recognised by the Company.

Please explain and elaborate on the background of these PPE which cannot be located / sighted:

- (a) Please explain whom in the Company acquired and authorized such acquisition of the medical equipment.
- (b) When and how did the Company first find out that these medical equipment cannot be located / sighted?
- (c) Whom did the Company acquire the medical equipment from? Are the documentation (i.e. invoices, payment voucher, delivery order, correspondence) complete in relation to such acquisition?
- (d) When and why did the Company fully impair the medical equipment?

B. **Bad debt written off from the deferred proceeds receivables in relation the divestment of Tricor of approx RM1.4m**

2. Please elaborate on the bad debt written off from the deferred proceeds receivables in relation the divestment of Tricor Taxand Sdn Bhd in April 2020.
 - (a) Why was the Company unable to recover such receivables?

(b) Is the Company taking any legal actions in relation to the receipts?

C. **Company unable to ascertain purpose of receipts totaling RM0.9m**

3. Included in other payables and accruals on the Group's and the Company's statement of financial position as at 31 December 2020 are other payables of RM993,179, which relate to an amount of S\$125,000 (RM381,992) and S\$200,000 (RM611,187) received from a company on 19 August 2020. The Company is still in the process of determining the purpose of the receipts.

(a) Who is the company that paid these amounts to Axington?

(b) What other documentation does Axington have in relation to these receipts?

D. **Non-receipt of placement proceeds of RM3.3m**

4. Included in trade and other receivables are other receivables of RM3,277,116 (S\$1,075,000) arising from the issuance of placement shares by the Company on 17 August 2020.

(a) From whom are these receivables due from, i.e. who are the placees who have yet to make payments to the Company? What is their respective shareholding % in the Company?

(b) On 18 August 2020, it was announced that the Placement of 30m shares and Compliance Placement of 150k shares have been **completed** on 17 August 2020, and the respective new shares have been issued, listed and quoted. Please explain why the Company had announced that the Placement had been completed when in fact there were funds that were outstanding and yet to be received by the Company?

(c) Whom in the Board had reviewed and approved the announcement dated 18 August 2020? What documents did the Board review before approving such announcement?

E. **Writing off of remaining balance of payment made to vendor of RM460k**

5. Included in other expenses is RM460,432 which has been written off and relates to the remaining balance of a payment made to a vendor. As the Company has assessed that the amount is not likely to be recoverable, it is fully written off.

(a) What does the amount relate to and what was it previously recorded as?

(b) When was this amount first recorded in the books?

(c) Who is this vendor and how was the vendor introduced to the Company? Whom in the Company was liaising with this vendor?

F. **Others**

6. Included in cash and cash equivalents on the consolidated statement of financial position as at 31 December 2020 are bank balances of RM40,271 held by the subsidiaries of the Company, for which we are unable to obtain confirmations from the

respective banks. Please explain why the auditors are unable to obtain confirmations from the banks?

G. **Next steps**

7. In view of the above concerns from (A) to (F), the auditors had issued a disclaimer of audit opinion. What are the Board's plans to address the concerns raised by the auditors and provide clarity on these concerns?"

The Board will endeavor to address the SGX Queries in an SGXNET announcement as soon as possible. The Board will also take the necessary steps to address the issues raised in the Independent Auditors Report, and is currently considering all options available to it.

The Board has also been made aware, from various media reports published on 8 July 2021, that the High Court of Singapore has granted a bankruptcy order against Mr Terence Loh Ne-Wei ("**Mr Loh**"). Mr Loh is a controlling shareholder of the Company through his shareholdings in Dorr Global Healthcare International Pte. Ltd.. The Company continues to monitor the situation closely and will make the appropriate announcements as and when there are developments that merit disclosure.

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. (the "**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.