

## AXINGTON INC.

(Company Registration No.: LL12218)

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

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### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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Pursuant to 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 Axington Inc. (the “**Company**” together with its subsidiary, collectively the “**Group**”) wishes to announce that the Company’s independent auditor, Foo Kon Tan LLP (the “**Auditor**”), has included a Material Uncertainty Related to Going Concern section in their report (the “**Independent Auditor’s Report**”) on the audited financial statements of the Group and the Company for the financial year ended 31 December 2023 (“**FY2023**”) (the “**Audited Financial Statements**”). The opinion of the Auditor is not modified in respect of this matter.

The relevant extracts of the Independent Auditor’s Report and Note 2(a) to the Audited Financial Statements are annexed to this announcement for information purposes. The Independent Auditor’s Report and the Audited Financial Statements will form part of the Company’s Annual Report for FY2023 (the “**FY2023 Annual Report**”) which will be released to the shareholders of the Company (the “**Shareholders**”) via publication on the SGXNet concurrently. Shareholders are advised to read the Independent Auditor’s Report and the Audited Financial Statements in their entirety, which will be issued as part of the FY2023 Annual Report.

The following is an extract of Note 2(a) to the Audited Financial Statements pertaining to the subject of this announcement:

Note 2(a):

Going concern

*“The Group incurred net loss and net operating cash outflows of S\$1,428,000 (2022: S\$837,000) and S\$984,000 (2022: S\$827,000), respectively, for the financial year ended 31 December 2023. As at 31 December 2023, the Group had net current assets and net assets of S\$172,000 (2022: S\$1,601,000), mainly comprising cash and bank deposits of S\$783,000 (2022: S\$1,775,000), while the Company had net current assets and net assets of S\$175,000 (2022: S\$1,593,000), comprising cash and bank deposits of S\$783,000 (2022: S\$1,767,000). The Group and the Company continue to tighten controls over expenses and reduce expenses.*

*The Group does not have any revenue generating business after the disposal of Tricor Taxand Sdn. Bhd. and its subsidiaries, and the Company had, on 1 April 2021,*

*notified the SGX-ST of its cash company status. Pursuant to Rule 1017(2) of the Listing Manual - Section B: Rules of Catalist ("Catalist Rules") of the SGX-ST, the SGX-ST will proceed to remove the Company from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The Company may apply to the SGX-ST for a maximum six-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the six-month extension period. On 29 March 2022, the SGX-ST informed the Company that it has no objection to the Company's application to extend the deadline to 30 September 2022 to meet the requirements for a new listing. On 1 December 2022, the SGX Exchange Regulation Pte. Ltd. informed the Company that it has no objection to the Company's application on a second extension of the deadline to 30 September 2023 to meet the requirements for a new listing.*

*On 2 September 2022, the Company had entered into a conditional sale and purchase agreement with Serial I-Tech (Far East) Pte. Ltd., pursuant to which the Company will acquire from the vendor the entire issued and paid-up share capital of Achieva Technology Sdn. Bhd. ("ATSB"). The target group is in the business of distribution of information technology, computer peripherals, parts, software and related products in Malaysia and Thailand. The purchase consideration shall be the lower of a sum of S\$27,000,000 or the valuation ascribed to the sale shares pursuant to an independent valuation to be commissioned, and shall be fully satisfied on completion by the issuance and allotment to the vendor of new ordinary shares in the capital of the Company, based on the issue price at an ascribed valuation of S\$5,500,000 for the Company.*

*On 3 April 2023, the Company entered into an amendment letter to amend certain terms and conditions of the sale and purchase agreement, which include the vendor transferring the shares in Achieva Digital (Thailand) Company Limited. ("ADTCL") to the Company, and the final amounts of the purchaser ascribed value and the purchase consideration being S\$5,500,000 and S\$27,000,000, respectively. On 17 November 2023, the Company entered into a second amendment letter to extend the long-stop date of the sale and purchase agreement to 31 March 2024.*

*At the Extraordinary General Meeting of the Company held on 22 January 2024, the Company's shareholders approved the proposed acquisition of the entire shareholding interest in ATSB and 49% shareholding interest in ADTCL. Correspondingly, the shareholders of Serial System Ltd, the holding company of ATSB, approved the proposed disposal of the entire shareholding interest in ATSB and 49% shareholding interest in ADTCL at the Extraordinary General Meeting held on 27 March 2024.*

*The completion of the acquisition is subject to the fulfilment or waiver of the conditions precedent to the sale and purchase agreement by 31 March 2024 and shall take place on the date falling seven business days after the date of the fulfilment or waiver of the conditions precedent. The conditions precedent include the completion of the issuance and allotment of up to 22,500,000 placement shares at no less than the*

*minimum placement price of S\$0.20 per placement share (i.e. for at least S\$4,500,000) to satisfy the minimum distribution and shareholding spread requirements of 15% of the enlarged share capital of the Company to be held by 200 public shareholders. On 31 March 2024, the Company entered into a third amendment letter to extend the long-stop date of the sale and purchase agreement to 30 June 2024. The directors expect all conditions precedent to the sale and purchase agreement to be fulfilled or waived, where applicable, and the acquisition to be completed by 30 June 2024.*

*Subject to the fulfilment or waiver of the conditions precedent to the sale and purchase agreement and completion of the proposed acquisition of the entire shareholding interest in ATSB and 49% shareholding interest in ADTCL by the long-stop date, the directors believe that the Group and the Company have sufficient working capital and financial resources to enable them to meet their liabilities as and when they fall due and continue as going concern for 12 months from the end of the reporting period, and are of the view that the going concern assumption is appropriate for the preparation of the financial statements.*

*The financial statements do not include any adjustments relating to the recoverability and classification of reported asset amounts or the amounts and classification of liabilities that would be required, where applicable, if the going concern basis is found to be inappropriate.”*

Should any of the above fail to materialise, the Board is of the view that material uncertainty may exist that may cast significant doubt on the Group’s ability to continue as a going concern. Further, the Board confirms that to the best of its knowledge and belief, all material and sufficient information has been disclosed and announced albeit the trading of the Company’s shares are suspended.

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company, which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Ang Chiang Meng  
Executive Director  
4 April 2024

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the SGX-ST.*

*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 Joseph Au - Registered Professional, 36 Robinson Road, #10-06, City House, Singapore 068877, [sponsor@rhtgoc.com](mailto:sponsor@rhtgoc.com).*