

AXINGTON INC.

(Formerly known as Axcelasia Inc.)

(Company Registration No.: LL12218)

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

DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board of Directors (the “**Board**”) of Axington Inc. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Auditors, Foo Kon Tan LLP, have included a disclaimer of opinion (the “**Disclaimer of Opinion**”) in their Independent Auditors’ Report dated 7 July 2021 (the “**Independent Auditors’ Report**”) in relation to the audited consolidated financial statements of the Group and the Company for the financial year ended 31 December 2020 (“**FY2020**”) (the “**Financial Statements**”).

The basis for the Disclaimer of Opinion is in relation to (i) other receivables, (ii) cash in banks, (iii) other payables, (iv) impairment losses on plant and equipment, (v) other expenses, (vi) gain on disposal of subsidiaries and discontinued operations, (vii) opening balances and comparative information, and (viii) functional currency.

A copy of the Independent Auditors’ Report is attached to this announcement for information.

Board Comments on Matters Highlighted in the Independent Auditor’s Report

In relation to the matters raised in the Independent Auditor’s Report, the Board wishes to highlight that these issues had arose during a period which the Group had undergone significant changes in its board composition and key management personnel. This has led to challenges in obtaining the necessary information for the conduct of the audit.

In light of certain developments in the media concerning the Company’s controlling shareholders, the Company had on 31 August 2020 requested a voluntary trading suspension of the Company’s shares. Trading of the Company’s shares on the SGX-ST continue to be suspended as at the date of this announcement.

The Company also had, on 6 April 2021, announced that the Group does not currently have any revenue generating business, and the Company had, on 1 April 2021, notified the SGX-ST (via the Company’s continuing sponsor) of its cash company status pursuant to Rule 1017 of the SGX-ST Catalist Rules.

Following the voluntary trading suspension of the Company’s shares, the Company had reconstituted the Board and the relevant board committees, and had further redesignated Mr. Ang Chiang Meng as the Executive Director of the Company on 4 June 2021, in order to facilitate the pursuit of corporate initiatives, in particular given its status as a cash company. The current Board had, among others, put in place various internal controls and risk management policies, and outsourced its finance function to a third-party service provider in the interim, with oversight by the Executive Director and the Audit Committee of the Company.

Given that the Company has minimal activities currently, the Board believes that the existing set-up and control measures put in place by the Board are adequate to manage the accounting, financial reporting and compliance functions of the Company.

In respect of matters highlighted in the Independent Auditors’ Report which are pending resolution, including the outstanding balance of S\$1,075,000 arising from the issuance of placement shares by the Company on 17 August 2020 and the unknown receipts by the Company on 19 August 2020, the Company is currently seeking legal advice and considering all available options to resolve these matters. Further announcements will be made by the Company to update shareholders on any material developments in due course.

The Independent Auditors' Report and a complete set of the Financial Statements are also contained in the Company's Annual Report for FY2020 ("**FY2020 Annual Report**"), which has been concurrently released by the Company on SGXNet on 7 July 2021. Shareholders of the Company are advised to read this announcement in conjunction with the FY2020 Annual Report.

Shareholders of the Company are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Ang Chiang Meng
Executive Director
7 July 2021

*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.

Independent auditor's report to the members of Axington Inc. (formerly known as Axcelasia Inc.)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Axington Inc. (the "Company") and its subsidiaries (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 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Other receivables

Included in trade and other receivables on the Group's and the Company's statement of financial position as at 31 December 2020 are other receivables of RM3,277,116, which relate to the outstanding balance of S\$1,075,000 arising from the issuance of placement shares by the Company on 17 August 2020 (Note 7). We are unable to obtain sufficient appropriate audit evidence to ascertain the recoverability of the outstanding amount and whether any impairment loss should be recognised, and the validity of the placement shares issued. Consequently, we are unable to satisfy ourselves as to the appropriateness of the carrying amounts of the Group's and the Company's other receivables as at 31 December 2020.

(ii) Cash in banks

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. Consequently, we are unable to satisfy ourselves as to the appropriateness of the carrying amounts of these bank balances, any assets held as security, guarantees, commitments and contingencies, and the completeness of bank accounts and any loans or other banking facilities held by these subsidiaries as at 31 December 2020.

(iii) Other payables

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 (Note 13). We are unable to obtain sufficient appropriate audit evidence to ascertain the purpose and rationale of the two receipts and whether the company is a related party of the Group. Consequently, we are unable to determine whether any adjustments might have been necessary in respect of the Group's and the Company's other payables as at 31 December 2020.

Independent auditor's report to the members of Axington Inc. (formerly known as Axcelasia Inc.) (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(iv) Impairment losses on plant and equipment

Included in impairment losses on plant and equipment on the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2020 is an amount of RM1,003,070 relating to medical equipment (Note 3).

Of the total medical equipment recorded by the Group and the Company, we 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, we 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. Consequently, we are unable to satisfy ourselves in respect of the appropriateness of the classification and carrying amounts of plant and equipment at 31 December 2020 and impairment losses on plant and equipment for the financial year ended 31 December 2020.

(v) Other expenses

Included in other expenses on the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2020 is an amount of RM460,432 written off and recognised in profit or loss (Note 18). This 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.

Notwithstanding that the amount has been fully written off, we are unable to obtain sufficient appropriate audit evidence to ascertain the veracity of the transaction and the subsequent write-off recognised by the Company. Consequently, we are unable to satisfy ourselves in respect of the appropriateness of other expenses for the financial year ended 31 December 2020.

(vi) Gain on disposal of subsidiaries and discontinued operations

As disclosed in Note 20 to the financial statements, the gain from discontinued operations of RM57,072,767 for the financial year ended 31 December 2020 comprises loss attributable to the disposal group from 1 January 2020 to 15 April 2020 of RM187,240 and gain on disposal of subsidiaries of RM57,260,007.

We are unable to obtain the underlying accounting records and supporting documents of the significant components making up the profit or loss items of the disposal group from 1 January 2020 to 15 April 2020 and the assets and liabilities of the disposal group as at 15 April 2020. Consequently, we are unable to obtain sufficient appropriate audit evidence in respect of the loss attributable to the disposal group of RM187,240 and gain on disposal of subsidiaries of RM57,260,007, and the presentation and disclosures of discontinued operations in the financial statements for the financial year ended 31 December 2020.

Independent auditor's report to the members of Axington Inc. (formerly known as Axcelasia Inc.) (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(vii) Opening balances and comparative information

We are unable to obtain the underlying accounting records and supporting documents of the significant components making up the assets and liabilities of the Group as at 31 December 2019. Consequently, we are unable to determine whether the opening balances as at 1 January 2020 are appropriately stated. As the opening balances as at 1 January 2020 enter into the determination of the Group's financial performance and cash flows for the financial year ended 31 December 2020, we are unable to determine whether any adjustments might have been found necessary in respect of the financial statements for the financial year ended 31 December 2020, or the completeness, appropriateness and comparability of the corresponding figures and the related disclosures in the financial statements for the financial year ended 31 December 2020.

(viii) Functional currency

Following the divestment of all the Group's operating subsidiaries in Malaysia during the financial year ended 31 December 2020, the Group does not have any revenue generating business, and the Company had, on 1 April 2021, notified the Singapore Exchange Securities Trading Limited ("SGX-ST") of its cash company status.

After the disposal of the subsidiaries, the cash and cash equivalents of the Company, which predominantly make up its total assets, are primarily denominated in Singapore dollar ("SGD"). The liabilities of the Company and expenses incurred by the Company are also mostly denominated in SGD. Nonetheless, the accounting records are still maintained by the Company in Malaysia ringgit ("RM"), and all transactions and balances are still recorded by the Company in RM. The Company is unable to provide further evidence to substantiate RM as the functional currency.

Under SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates*, functional currency is the currency of the primary economic environment in which an entity operates, which is normally the one in which it primarily generates and expends cash. In addition, functional currency reflects the underlying transactions, events and conditions that are relevant to the entity, and if there is a change in those underlying transactions, events and conditions, the entity shall apply the translation procedures applicable to the new functional currency prospectively.

In view of the factors described above, we are unable to satisfy ourselves as to the appropriateness of RM as the functional currency and presentation currency, and the recording of transactions and presentation of financial statements in RM, and to determine if there are any further adjustments or disclosures required in respect of the financial statements of the Group and the Company for the financial year ended 31 December 2020.

Independent auditor's report to the members of Axington Inc. (formerly known as Axcelasia Inc.) (cont'd)

Other Matters

The financial statements of the Group and the Company for the financial year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 16 March 2020.

Following the disposal of Tricor Taxand Sdn. Bhd. (formerly known as Axcelasia Taxand Sdn. Bhd.) and its subsidiaries on 15 April 2020, the Group does not currently have any revenue generating business, and the Company had, on 1 April 2021, notified the SGX-ST of its cash company status. Pursuant to Rule 1017(2) of the Catalist Rules, 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.

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 Labuan Companies Act 1990 ("Labuan Companies Act") and Singapore Financial Reporting Standards (International), 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.

Independent auditor's report to the members of Axington Inc. (formerly known as Axcelasia Inc.) (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

The engagement partner on the audit resulting in this independent auditor's report is Chin Sin Beng.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Labuan Companies Act to be kept by the Company have been properly kept in accordance with the provisions of the Labuan Companies Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

7 July 2021