Annual Report 2021

Aztech Global Ltd.

Contents

Financial Statements

We are a key technology enabler for the connected world of tomorrow. Supported by our core strengths in R&D, design, engineering and manufacturing, our key products are Internet of Things ("IoT") Devices, Data-communication products and niche LED lighting products.

Leveraging on 35 years of track record in the electronics industry and over 25 years in communication and networking technology, we provide one-stop design and manufacturing services to blue chip customers, technology start-ups and companies with innovative products.

1 *Aggregate number of years of our Company and our parent company.*

Vision & Mission

DELIGHTING PEOPLE WITH SMARTER SOLUTIONS.

Values

VALUES THAT ENCAPSULATE THE CULTURE THAT WE DESIRE TO BUILD IN AZTECH:

Integrity

Doing the right thing even when it is not easy.

Commitment

Commitment transforms a promise into a reality.

Excellence

The pursuit of excellence is a whole-hearted endeavour.

Business & Geographical Presence

IoT Devices and Data-communication Products

We provide Original Equipment Manufacturing ("OEM"), Original Design Manufacturing ("ODM"), Joint Development Manufacturing ("JDM") or Contract Manufacturing ("CMS") services to brand owners sold under the label of the respective customers. In addition, we distribute a wide range of IoT devices and Data-communication products sold under our proprietary "Aztech" and "Kyla" brands through channel partners and e-commerce platforms.

LED Lighting Products

We manufacture niche LED lighting products used in residential, commercial and industrial applications, and specialises in the design and development of Smart Lighting Systems.

Headquarters

- *Singapore*

Distribution & Trading

- *Hong Kong, Singapore*

DONGGUAN
SHENZHEN
HONG KONG

Revenue
$624.4 million
$484.3 million in 2020

EBITDA
$95.8 million
$76.3 million in 2020

Net Profit
$74.4 million
$55.7million in 2020

Total Assets
$518.2 million
$300.2 million in 2020

Net Assets Per Share
38.0 cents
6.7 cents in 2020

MALAYSIA
SINGAPORE

R&D Centres

- *Singapore, Hong Kong, Shenzhen & Dongguan*

Factories

- *Dongguan, PRC, and Johor, Malaysia*

Financials at a Glance

Singapore dollar	2018 $'000	2019 $'000	2020 $'000	**2021 $'000**
Results				
Revenue	346,822	428,825	484,273	**624,364**
EBITDA	30,350	64,302	76,313	**95,845**
Net profit for the year	20,010	47,172	55,727	**74,380**
Assets & Liabilities				
Net current assets	35,661	663	17,962	**271,271**
Total assets	197,924	160,711	300,248	**518,201**
Total liabilities	141,816	138,012	258,625	**225,233**
Total borrowings	15,595	15,584	37,371	**18,033**
Shareholders' equity	56,108	22,699	41,623	**292,968**
Per Share Basis (in Singapore dollar)				
Earnings - basic*	0.01	0.02	0.09	**0.10**
Net asset value**	0.09	0.04	0.07	**0.38**

*FY 2021 and FY 2020 EPS were computed based on profit attributable to equity holders of our Company and weighted average number of ordinary shares of 743,892,381 and pre-invitation issued share capital of 618,720,000 shares, respectively. FY2019 EPS was computed after taking into account the Capital Reduction Exercise in 2019. Computation of EPS for FY2019 and FY2018 were based on the weighted average number of ordinary shares of 2,012,692,603 and 2,738,720,000 respectively.

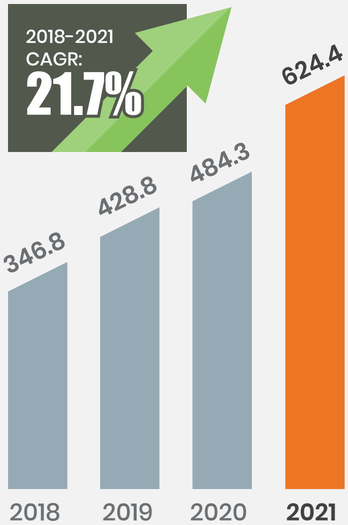
**NAV per share as at 31 December 2021/2020 were computed based on the net assets of our Company and number of ordinary shares of 771,952,945 (excluding treasury shares) and pre-invitation share capital of 618,720,000 shares.

	2018	2019	2020	2021
Net profit margin	5.8%	11.0%	11.5%	**11.9%**
Current ratio	1.25	1.00	1.07	**2.23**
Net gearing ratio*	0.08	0.06	0.62	**n.m**
AR turnover (days)	76	88	83	**80**
AP turnover (days)	117	112	100	**100**
Inventory turnover (days)	48	23	52	**65**

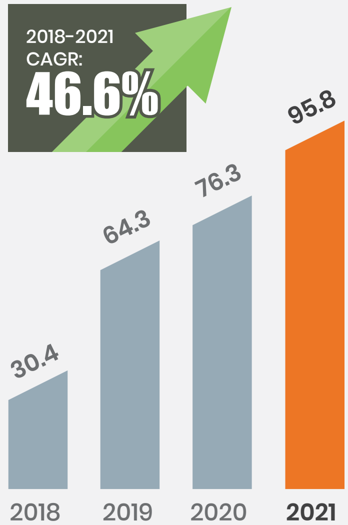
*The net gearing ratio is calculated as net borrowings divided by shareholders' funds. Net borrowings are calculated as total borrowings and lease liabilities less cash and bank balances.

n.m. denotes not meaningful

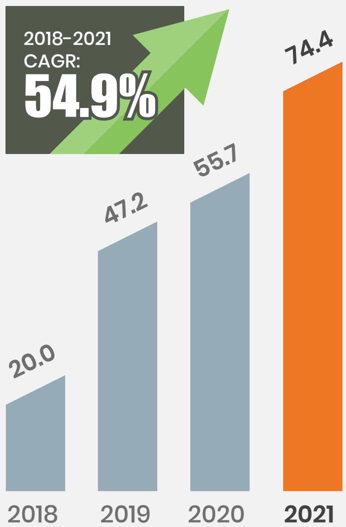
Revenue (S$m)



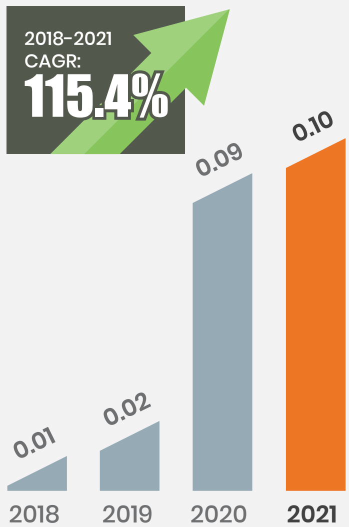
EBITDA (S$m)



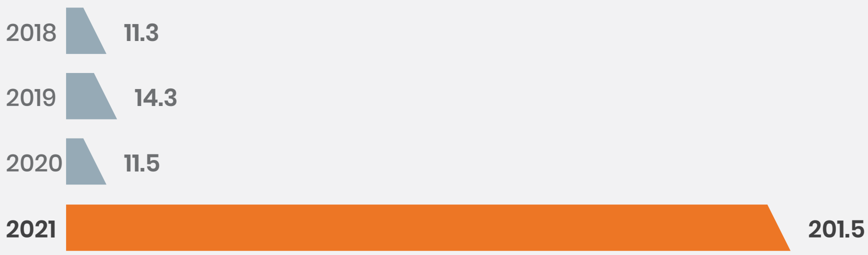
Net Profit (S$m)



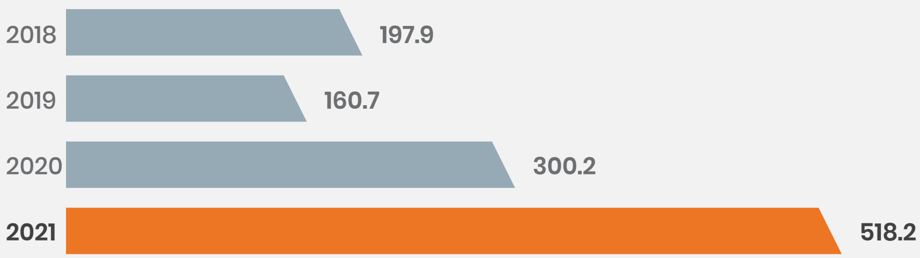
Earnings Per Share (S$)



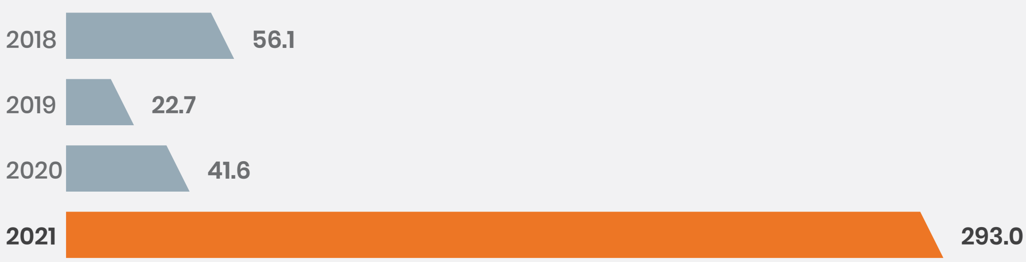
Cash and Cash Equivalents (S$m)



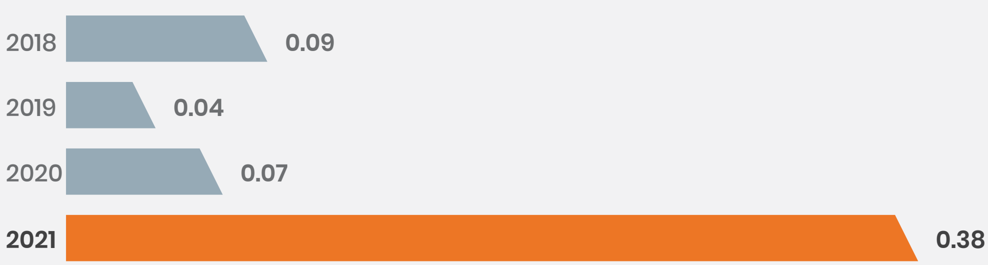
Total Assets (S$m)

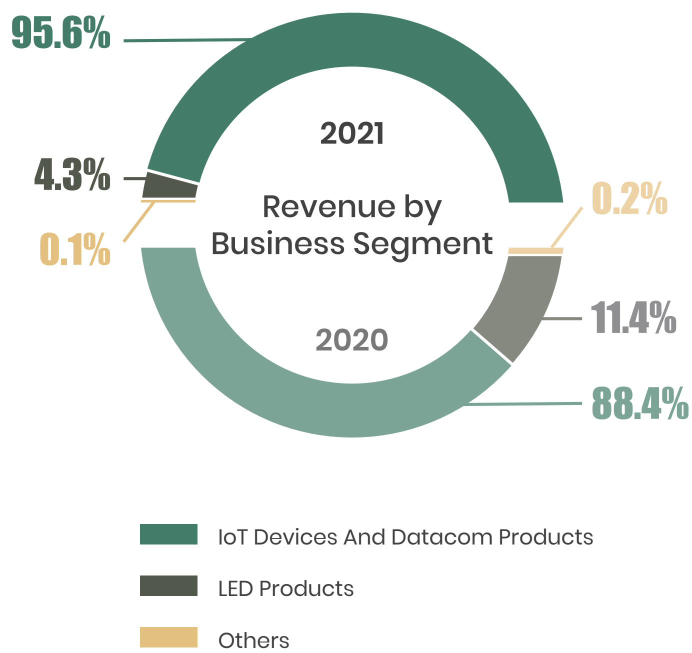


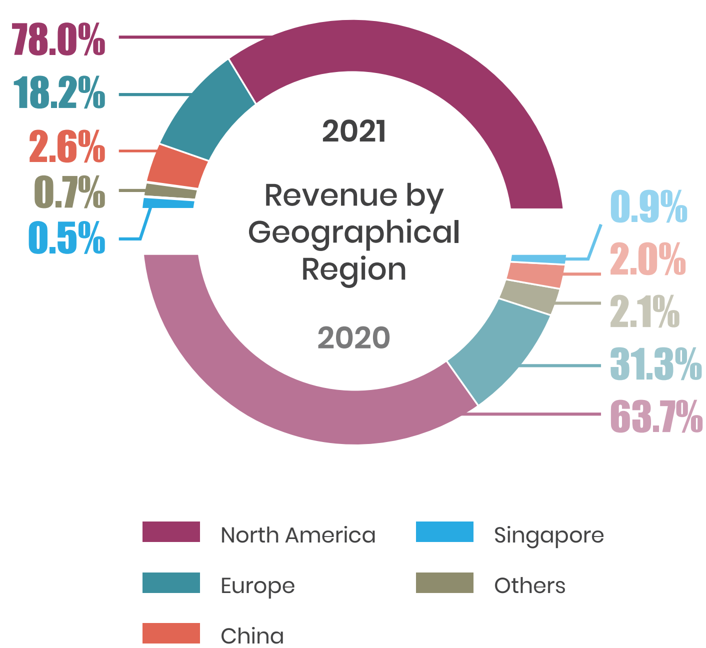
Shareholders' Equity (S$m)



Net Asset Value Per Share (S$)







Revenue is calculated based on geographical locations of our customers where the revenue is derived from. Europe comprises mainly France, Germany, Italy, Netherlands, United Kingdom and Poland. North America comprises mainly United States, Canada, Brazil and Mexico. Others comprise mainly China, Japan and South Korea.

Letter to Shareholders

> "The transformation and our operating track record laid a strong foundation that enabled the Group to navigate the challenges proliferated by the COVID-19 pandemic."

Mr. Michael Mun
Executive Chairman
and CEO

Dear Shareholders,

2021 marked the launch of a new growth chapter with the listing of Aztech Global Ltd.'s shares on the Mainboard of the Singapore Exchange Securities Trading Limited on 12 March 2021.

Aztech Global Ltd. and its group of subsidiaries ("the Group") has successfully transformed from an original equipment manufacturing player into a full-fledged manufacturer with original design manufacturing ("ODM") and joint design manufacturing ("JDM") capabilities in 2018.

The transformation and our operating track record laid a strong foundation that enabled the Group to navigate the challenges proliferated by the COVID-19 pandemic including supply chain disruptions, labour constraints and component shortages, and to focus on cementing relations with valued customers, while forging new ones.

It is with great pleasure to share that the Group has delivered record net profit and revenue for the financial year ended 31 December 2021 ("FY2021") despite tough operating environment posed by the global logistics and component challenges.

Financial Performance Review

The Group attained record revenue of $624.4 million and net profit after tax of $74.4 million for FY2021, an increase of 28.9% and 33.5% from $484.3 million and $55.7 million in the preceding year respectively. This translates into a strong compounded annual growth rate of 21.7% and 54.9% for the Group's revenue and profits respectively from 2018 to 2021.

The resilient performance was achieved amidst the Group's deliberate focus on IoT devices and data-communication products. Driven by higher production volume and shipment of IoT devices and data-communication products to our customers, revenue contribution from the segment advanced 39.5% to $597.0 million, or 95.6% of total revenue from 88.4% in the previous year. Geographically, core markets of North America and Europe contributed 96.2% of total revenue compared with 95.0% a year ago.

Better revenue mix coupled with the initiatives to phase out labour-intensive products to improve productivity led to 25.6% expansion in earnings before interest, taxation, depreciation and amortisation to $95.8 million, while profit before tax gained 27.7% to $85.0 million in FY2021.

Meanwhile, the preferential tax treatment at our operations in Dongguan, China and tax grant for automation equipment led to 370 bps reduction in effective tax rate to 12.5% in FY2021, and lifted net profit margin by 40 bps to 11.9%. Net profit surged 33.5% to $74.4 million, while earnings per share increased by 11.0% to 10.0 cents for FY2021.

Robust Balance Sheet

The Group's balance sheet remains healthy with cash and bank balances of $201.5 million, while total bank borrowings more than halved to $14.7 million, leading to a strong net cash of $186.8 million as at 31 December 2021, following the inclusion of net proceeds of $188.6 million raised from the initial public offering exercise in March 2021, and after deducting net cash dividend payment of $15.3 million in June 2021.

Net current asset expanded from $17.9 million to $271.3 million as at 31 December 2021. Excluding cash and bank balances, the increase was due mainly to higher trade receivables resulting from higher revenue in the quarter ended 31 December 2021, and higher inventories held to meet production requirements amid component tightness. The Group generated free cash flow of $37.1 million during the year.

As at 31 December 2021, net asset value per share of the Group stood at a robust 38.0 cents from 6.7 cents as at 31 December 2020, while its accumulated reserves more than doubled to $91.3 million.

Fortifying Business Resiliency

Following the successful transformation in 2018, the Group has entrenched its positioning as key technology enabler for the connected world of tomorrow with valued customers through its reimagining growth roadmap.

Riding on our core strengths in the IoT space, the Group is committed to fortify business resiliency through five key focuses to pivot growth and diversification across multi-sectors powered by the IoT trend. The five key focuses are as follows:

1) Grow new IoT customers and products across varied sectors such as healthtech, automotive, lifestyle consumer electronic devices and industrial to enhance growth resiliency and widen our portfolio of high-quality customers;

2) Deepen manufacturing, technology and IoT expertise driving innovation and growth in anticipation of new demands including the expansion of our manufacturing capacity with a green facility outside of China;

3) Ensure excellent business execution capability to optimise factors of production and output through application of data analytics;

4) Integrate sustainability into the Group's business model & strategy formulation to future-proof business resiliency; and

5) Discipline balance sheet and cost management which include maintaining a healthy gross debt to equity ratio of not more than 20% and to ensure adequacy of financial resources for operational and expansion needs.

2 EPS for 2021 was computed based on profit attributable to equity holders of our Company and weighted average number of ordinary shares of 743,892,381. The fully diluted EPS is the same as the EPS based on the weighted average number of ordinary shares on issue (no options were exercisable during the financial year).

3 NAV per share as at 31 December 2021 and as at 31 December 2020 were computed based on the net assets of our Company and number of ordinary shares of 771,952,945 (excluding treasury shares) and pre-invitation share capital of 618,720,000 shares respectively.

Business Outlook

The global supply chain remains vulnerable to disruptions amidst the COVID-19 pandemic. As we navigate the global component and logistical challenges, the Group will continue to take precautionary measures, including business continuity plans, and adhere to guidelines from the relevant authorities to protect the welfare of and provide a safe workplace for all of our employees.

We are optimistic of our business prospects and are confident of our business fundamentals amid the continuation of supply chain disruptions. Buoyed by the five focuses to fortify our business resiliency, the Group expects its business to benefit from the unabating global demand for IoT devices and data-communication products and the strong order book secured. As at 31 December 2021, the Group's order book was $495.8 million, and it has since received additional orders of $266.2 million as at 22 February 2022, bringing the total order book to $762.0 million for FY2022.

In addition, we expect our operations to benefit from the improving vaccination rates against COVID-19 in countries the Group has operations in. In March 2022, 97% of our eligible employees in China had been fully vaccinated. In Malaysia, our manufacturing facility is back to operating at 100% workforce after achieving a plant-wide vaccination rate of 100%.

Last but not least, the Group believes our strong balance sheet, healthy net cash position and low gearing will enable us to navigate this uncertain and inflationary landscape and capitalise on opportunities to build resilient and sustainable value for our shareholders.

Proposed Final Dividend

In view of the Group's strong performance, the Board of Directors ("Board") has recommended a final dividend of 5 cents a share on a one-tier tax-exempt basis for the financial year ended 31 December 2021, subject to approval by shareholders at the forthcoming Annual General Meeting. The book closure date and the dividend payment date will be on 9th and 18th May 2022 respectively.

The total estimated dividend payment amounts to $38,597,647 or a dividend payout of 51.9%. This was higher than the indicated distribution of at least 30% of FY2021 net profits excluding exceptional items.

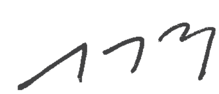
The Group does not have a fixed dividend policy. The Board, however, intends to recommend dividends of at least 30% of net profit after tax excluding exceptional items for FY2022 to reward shareholders for participating in the Group's growth.

Acknowledgement

On behalf of the Group, I would like to express my utmost appreciation for the counsel and guidance provided by fellow directors to the Group, and not forgetting, the management and employees for your hard work and commitment that have been instrumental to achieving another year of record performance for 2021 amidst the ongoing pandemic.

To our valued customers, suppliers and business partners, my deepest gratitude for your confidence and steadfast support all these years to making our 35th year meaningful and successful.

Last but not least, I am grateful to our Shareholders and the investment community who have stood by us, and I thank you for your vote of confidence. We remain committed to sharpening our focus and seizing every opportunity to grow responsibly and sustainably in our quest of strengthening shareholders' value.



Michael Mun
Group Executive Chairman & CEO

4 Facts & Factors, Jan 2022: Global IoT market is projected to grow at a 2021-2028 CAGR of 24.5% to US$1,842 billion in 2028 | Fortune Business Insights, Jun 2021: Global IoT healthcare market is projected to grow at 2021-2028 CAGR of 25.9% from US$89.07 billion to US$446.52 billion | BlueWeave Consulting & Research, Dec 2021: Global automotive IoT market is estimated to grow at 2021-2028 CAGR of 25.5% from US$58.7 billion to US$286.8 billion | Verified Market Research, Jul 2021: Global consumer IoT market is estimated to grow at 2021-2028 CAGR of 16.7% to reach US$153.8 billion in 2028 | Grand View Research, Jun 2021 Global industrial IoT market is estimated to grow at 2021-2028 CAGR of 22.8% to US$1.11 trillion in 2028 | Grand View Research, Aug 2021: Smarting lighting market is projected to grow at 2021-2028 CAGR of 20.4% to US$46.9 billion in 2028 | Grand View Research, Dec 2021: North America Smart home security camera is projected to grow at a 2021-2028 CAGR of 17.4% to US$7.88 billion in 2028

5 The Group's order book in respect as at any particular date is subject to changes in its customers' transactions and may not be indicative of its revenue for any succeeding periods.

6 Vaccination rate is calculated based on employees who are eligible (based on age and health condition) for the inoculation against COVID-19 virus in compliance with local vaccination guidelines

7 Aggregate number of years of our Company and our parent company.

Board of Directors

Michael Mun | Age: 72

Executive Chairman and
Chief Executive Officer

Jeremy Mun | Age: 46

Executive Director and
Chief Operating Officer

Larry Tan | Age: 63

Independent Director

Tan Teik Seng | Age: 67

Lead Independent Director

Christopher Huang | Age: 36

Independent Director

Michael Mun

EXECUTIVE CHAIRMAN & CHIEF EXECUTIVE OFFICER

Date of first appointment as a Director | 27 May 2009

Board Committee memberships: -

Mr Michael Mun Hong Yew, founder of the Group, is the Executive Chairman and Chief Executive Officer of Aztech Global Ltd. He was appointed to the Board on 27 May 2009. Mr Mun is responsible for identifying and implementing business growth strategies across the Group as well as overseeing the Group's growth and operating functions. He has more than 40 years of experience in the electronics industry. He began his career in 1975 at the Singapore office of Rank O'Connors, a British consumer electronics distributor, before the founding of Aztech. Mr Mun spearheaded transformation efforts to transform the Group from a PC manufacturer to a multi-disciplinary business manufacturing, designing and selling IoT Devices and Data-communication products, LED Lighting products and other electrical products.

Jeremy Mun

EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER

Date of first appointment as a Director | 8 August 2017

Date of last re-election as a Director | 30 April 2021

Board Committee memberships: -

Mr Jeremy Mun Weng Hung is the Executive Director and Chief Operating Officer of the Group. He was appointed to the Board on 8 August 2017. Jeremy is responsible for the day-to-day operation and management of the Group's businesses, in particular the manufacturing facilities in the PRC and Malaysia. He has been with the Group since 2002 and was previously involved in the product development and sales of LED lighting business before taking on the current role. Recently, he heads the Sustainability Committee in the development, formalisation and implementation of sustainability policies, objectives and strategy to manage and mitigate key ESG risks to enhance business resiliency and create long term sustainable value to the Group's relevant stakeholders.

Jeremy holds a Bachelor of Science in Management from the University of London.

Tan Teik Seng

LEAD INDEPENDENT DIRECTOR

Date of first appointment as a Director | 19 February 2021

Date of last re-election as a Director | 30 April 2021

Board Committee memberships:
- Chairman, Audit Committee
- Member, Nominating Committee
- Member, Remuneration Committee

Mr Tan Teik Seng is the Lead Independent Director and Chairman of the Company's Audit Committee since his appointment to the Board on 19 February 2021. Mr Tan is currently the independent non-executive director of NASDAQ-listed 02Micro International Ltd and chairs the audit committee. He is also executive director of Teleios SC Pte Ltd, a boutique executive search firm. With over 30 years of experience in the electronics industry, his previous appointments include senior managing director of Advanced Micro Devices (Singapore) Pte Ltd, where he managed the business' Singapore and regional operations.

In addition, Mr Tan held directorships in non-profit organisations. From 2015 to 2019, he was the vice chairman of the board of directors of The Helping Hand, a halfway house for the rehabilitation of ex-drug addicts. At Bizlink Centre Singapore Ltd, a non-profit organisation that provides sheltered workshop and employment placement services for the disadvantaged and disabled, he was a non-executive director from 1999 to 2013, and was the chairman of its board from 2001 to 2010.

Mr Tan holds a Bachelor in Electrical Engineering and a Master of Science in Industrial Engineering from the National University of Singapore. He is a Fellow of the Singapore Human Resource Institute and a member of the Singapore Institute of Directors.

Larry Tan

INDEPENDENT DIRECTOR

Date of first appointment as a Director | 19 February 2021

Date of last re-election as a Director | 30 April 2021

Board Committee memberships:
- Chairman, Remuneration Committee
- Member, Audit Committee
- Member, Nominating Committee

Mr Larry Tan is the Independent Director and Chairman of the Company's Remuneration Committee since his appointment to the Board on 19 February 2021. Mr Tan is currently a retiree. He was recently the Asia President of Texas Instruments Singapore Private Limited from July 2007 to his retirement in July 2018. Mr Tan started his career in 1979 as a process engineer at the memory product division of Texas Instruments Singapore Private Limited before taking on few other portfolios as engineering manager, manufacturing manager as well as site quality and reliability manager. Subsequently, he assumed the role of vice president of marketing in the Asia Pacific sales and marketing division in 1991 prior to being the vice president of sales from 1993.

Mr Tan holds a Bachelor of Science with Honours Class 1 (Mechanical Engineering) from the University of Birmingham and a Master of Business Administration from Brunel University.

Christopher Huang

INDEPENDENT DIRECTOR

Date of first appointment as a Director | 19 February 2021

Date of last re-election as a Director | 30 April 2021

Board Committee memberships:
- Chairman, Nominating Committee
- Member, Audit Committee
- Member, Remuneration Committee

Mr Christopher Huang is the Independent Director and Chairman of the Company's Nominating Committee since his appointment to the Board on 19 February 2021. Mr Huang is currently the managing director of CHP Law LLC and advises on various areas of law, with a focus on the legal and tax aspects of cross border commercial transactions, including transfer pricing. Prior to his founding of CHP Law LLC in April 2019, Mr Huang headed CNP Tax and Advisory Pte Ltd and the tax practice group of Colin Ng & Partners LLP. He joined Colin Ng & Partners LLP (now known as CNPLaw LLP) in April 2015 and was made a partner in 2018. He started his career as an accountant at Hastings Deering Australia Limited and has also worked as business manager at Adcomp Technology Pte Ltd, as tax associate in the transfer pricing department of PricewaterhouseCoopers and as tax lawyer at VoskampLawyers.

Mr Huang holds a dual degree in law (LL.B.) and commerce (B.Com) from the University of Queensland (Australia).

Senior Management

Pavani Nagarajah

SENIOR VICE PRESIDENT - LEGAL AND CORPORATE AFFAIRS

Pavani Nagarajah is the Senior Vice President of Legal and Corporate Affairs. She is responsible for overseeing all legal and corporate matters of the Group and ensuring compliance with statutory and regulatory requirements. As the head of legal, she oversees all of the Group's legal functions and works with the management team to identify legal risks and assess implications of the Group's various business transactions. In addition to the legal portfolio, she heads the investor relations and human resource departments of the Group. Pavani has been with the Group for more than 23 years. She was previously a Senior Manager, Legal at Yamaha Music (Asia) Pte Ltd in Singapore.

Pavani holds a Bachelor of Laws from the National University of Singapore.

Daniel Oh

SENIOR VICE PRESIDENT – SALES/BUSINESS DEVELOPMENT

Daniel Oh is the Senior Vice President of Sales/Business Development. He oversees and drives the business development activities of the Group's OEM/ODM/JDM/CMS for IoT devices and Data-communication products divisions. Daniel has been with the Group for more than 25 years and has close to 30 years of experience and knowledge in international sales for advanced and inter-connected devices. Prior to joining the Group in 1996, he was a Sales and Production Manager at Trio-Tech International Pte Ltd.

Daniel holds a Diploma in Electrical Engineering from Singapore Polytechnic and an Advance Diploma in Management Studies from the Singapore Institute of Management.

Jason Saw

SENIOR VICE PRESIDENT – BUSINESS DEVELOPMENT

Jason Saw is the Senior Vice President of Business Development. He is responsible for the business development activities of the Group's Smart Lights/Smart Devices product division, with a focus on the Smart Technologies for international markets. Jason has been with the Group for more than 16 years. He worked as a research and development manager for Aztech Group from 1991 to 1999 before he joined Celestix Network Pte. Ltd. as a Research and Development Manager. Jason joined the Group in 2005 where he was involved in the Group's R&D activities and was promoted to Senior Vice President of Research and Development in 2011 before his re-designation as Senior Vice President of Business Development in 2019.

Jason holds a Diploma in Electronic Engineering from Ngee Ann Polytechnic.

Annie Qian

FINANCIAL CONTROLLER

Annie Qian is the Financial Controller. She is responsible for overseeing all financial matters of the Group relating to financial management, financial reporting, compliance, taxation and treasury functions. Annie joined the Group in July 2016 as finance manager and brings with her a wealth of knowledge in finance and management accounting. She was subsequently promoted to the current position in November 2017. Formerly, Annie held the positions of Senior Accountant at Dealguru Holdings Pte. Ltd. (May 2014 to June 2016), and Accountant at Sheffield Offshore Services Pte Ltd (November 2013 to April 2014) and at MindChamps Singapore Pte. Limited (January 2012 to October 2013).

Annie holds a Bachelor of Science in Applied Accounting (Honors) from Oxford Brookes University, and is a member of the Institute of Singapore Chartered Accountants.

Terence Kwong

VICE PRESIDENT – RESEARCH AND DEVELOPMENT

Terence Kwong is the Vice President of Research and Development. He oversees all research and development activities of the Group. Terence has been with the Group for more than 16 years and possesses over 25 years of professional experience in electronics and product development. He is an expert in electronics and mechanical engineering integration with strong concept-to-product realisation experience. Leveraging on his expertise, Terence is leading the product development and technologies research team for IoT, Data-communication and smart LED lighting products and is responsible for charting the Group's technological roadmap. Previously, he was a Senior Hardware Engineer at Guangdong Harvest Int'l Ltd and an Assistant Engineering Manager at K-Tech Int'l Ltd.

Terence holds a Bachelor of Engineering in Electronic Engineering from the City University of Hong Kong.

Operations Review

The Group achieved record performance and continued to generate free cash flow in 2021 amidst global supply chain disruptions including component shortages and labour constraints resulting from COVID-19 lockdowns and movement control orders in China and Malaysia.

The record FY2021 results translated into strong double-digit compounded annual growth rate of 21.7%, 46.6% and 54.9% for the Group's revenue, EBITDA and net profit from $346.8 million, $30.4 million and $20.0 million in FY2018 to $624.4 million, $95.8 million and $74.4 million respectively.

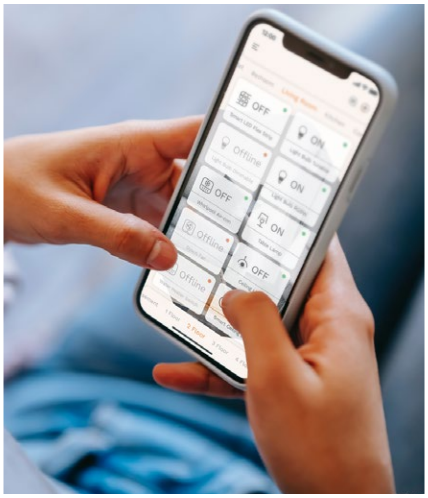
The active collaborations with customers on design changes to use alternative components, close working relations with our long-term suppliers and expansion of our base of alternative suppliers were largely effective in mitigating the impacts of the global component shortage, thus, enabling the Group to secure majority of its component needs to meet higher production volume, and in turn, shipment of IoT devices and data-communication products to our customers.

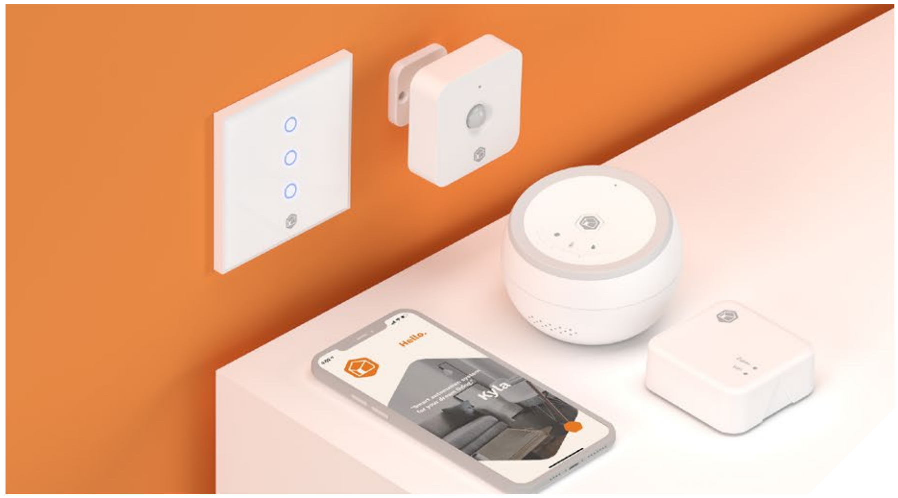
In Malaysia, enhancement works to the facility in Johor was completed and built-up area expanded to 86,000 sq ft. The facility is estimated to be capable of handling up to 60% of the Group's production requirements in value terms on production of comparatively higher value products.

Following a resurgence of COVID-19 infection, the Group's operation in Malaysia was affected by the 60% total workforce limitation imposed by the authority from June 2021. Though this had impeded the transfer of production from China to Malaysia, the impact on the Group was minimal as the facilities in Dongguan took on the production orders with its expanded capacity arising from the phasing out of labour-intensive products. In March 2022, 97% of our eligible employees in Dongguan had been fully vaccinated. After achieving a plant-wide vaccination rate of 100%, the facility in Johor is back to operating at 100% workforce.

As the Group continued to prioritise the safety and well-being of our employees, the increasing automation and phasing out of labour-intensive products had alleviated pressure on labour, improved productivity, and enhanced the flexibility of our production teams. Our production team in Dongguan, for instance, was swift to reschedule production to non-peak and night shifts during the period of power curbs to maintain production momentum and meet the majority of our customers' delivery schedules.

Figure 1: 3-Pronged Approach to Mitigate Global Component Shortages





IoT Devices and Data-communication Products

IoT Devices and Data-communication products continued to be the Group's key growth driver. The segment posted a growth of 39.5% to $597.0 million to account for 95.6% of the Group's total revenue in FY2021. This was 7.2 percentage points higher than 88.4% reported in FY2020.

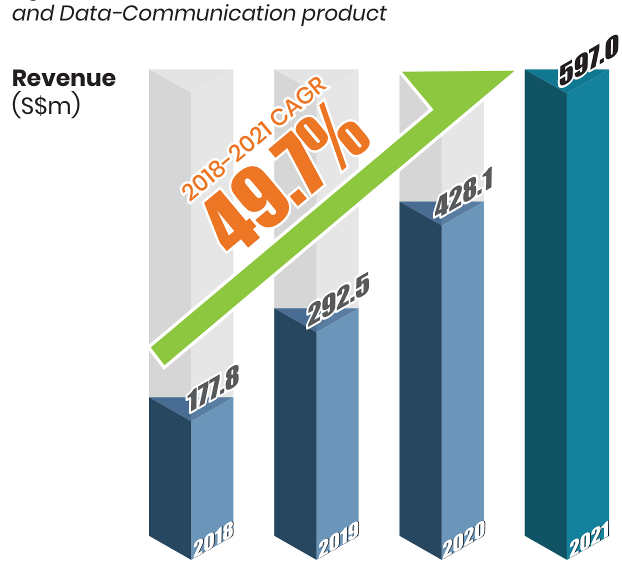
The increase in revenue from IoT devices and Data-communication products was achieved on the Group's deliberate focus on this higher value content segment since its successful transformation to be a full-fledged manufacturer with ODM and JDM capabilities in 2018.

Positioned as a key technology enabler for the connected world of tomorrow, and riding on its core strengths and the growing opportunities powered by the IoT trend, the Group is proud to have achieved a commendable compounded annual growth rate of 49.7% for IoT devices and data-communication products from $177.8 million in FY2018 to $597.0 million in FY2021. The performance was driven largely by lifestyle consumer electronics and consumer healthtech products including smart security cameras, smart home and automation products and smart wearables, etc.

The Group provides design and manufacturing services to brand owners such as home security solutions providers, telecommunication companies, technology start-ups, healthtech and automotive companies with innovative products under ODM, OEM, JDM or CMS arrangement. In addition, the Group distributes a wide range of IoT devices and Data-communication products sold under its proprietary "Aztech" and "Kyla" brands through channel partners and e-commerce platforms.

With a 35 year track record in the electronics industry and over 25 years of experience in communication and networking technology, the Group targets to grow its portfolio of IoT customers and product offerings to enhance growth resiliency and widen its portfolio of high-quality customers. To up its ante, the Group is deepening its R&D capabilities and IoT expertise to drive innovation and growth, and is planning to expand its manufacturing capacity with the construction of a green facility outside of China to meet higher anticipated demand.

Figure 2: 2018-2021 Revenue CAGR of IoT devices and Data-Communication product



8 Vaccination rate is calculated based on employees who are eligible (based on age and health condition) for the inoculation against COVID19 virus in compliance with local vaccination guidelines

9 Aggregate number of years of our Company and our parent company.

LED Lighting Products

The Group manufactures niche LED lighting products used in residential, commercial and industrial applications, and specialises in the design and development of Smart Lighting Systems through OEM, ODM, JDM and CMS services.

Following the initiative to phase out labour intensive and commoditised LED lighting products to reap productivity gains and improve revenue mix, revenue from LED lighting products segment had been streamlined over the years.

Revenue from LED lighting products declined by 51% from $55.4 million to $27.0 million in FY2021 and contributed to just over 4% of the Group's total revenue from over 11% a year ago.

As the Group pivots towards the development of higher value, niche and smart lighting solutions, it will focus on leveraging its scalable IoT domain expertise to develop and monetise its Smart Lighting Systems across the various exciting applications to unleash opportunities for growth.

Other Electrical Products

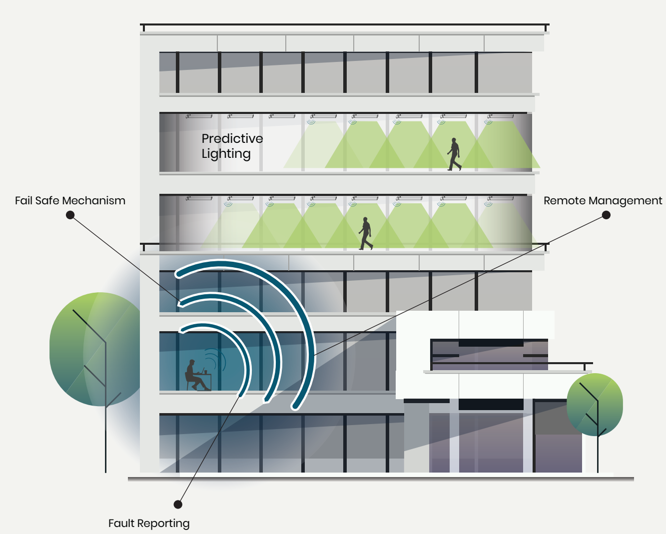
The Group sells electrical products namely kitchen appliances and other home and living products on its e-commerce platform and other online marketplaces. Revenue from the segment decreased from $830,000 in FY2020 to $413,000 to account for less than 0.1% of the Group's revenue in FY2021. The decline was largely due to product realignment and recalibration initiatives. In line with these initiatives, the Group seeks to draw on its insights and understanding of consumer behaviour and demand to design and build sustainable products that are at the forefront of the evolving needs of our consumers.

Deepening Our R&D Capabilities

The Group believes that its strong R&D capabilities and innovation remain critical to developing sustainable products and differentiating it from pure-play contract manufacturers. Hence, it is committed to entrench its position as a manufacturing partner of choice by deepening its R&D and product development capabilities for IoT, data-communication and smart LED lighting products.

Riding on its forte in the provision of one-stop design and manufacturing services with ODM and JDM capabilities in the IoT space, the Group is committed to fortify its business resiliency by sharpening its focus on excellent business development, execution, sustainability and financial discipline to launch its growth chapter to greater heights.

Figure 3: Smart Lighting Systems



Smart Lighting Systems consists of a network of wireless nodes with an in-built smart controller, allowing efficient use of lighting without compromising users' safety and security. It is designed to manage lighting systems intelligently based on demand by using the smart sensors, achieving high energy efficiency and reducing consumption by up to 40%. Aztech has also developed smart lighting systems to provide urban city smartness with on-demand lighting, reducing light pollution and increasing the lifespan of the LED lighting. These smart lighting systems can be connected to the internet, allowing for remote control of the lighting systems.

Smart Building Management with our Smart Lighting Systems

Aztech Global, being a conscientious corporate citizen, embraces the philosophy of giving back to the communities in which we operate.

Besides reducing and managing our impact on the environment through waste reduction and management and mitigating our carbon footprint by consuming energy and resources efficiently, responsibly and meaningfully, we accomplish our social sustainability goal of impacting lives with smarter solutions through our Corporate Social Responsibility initiatives.

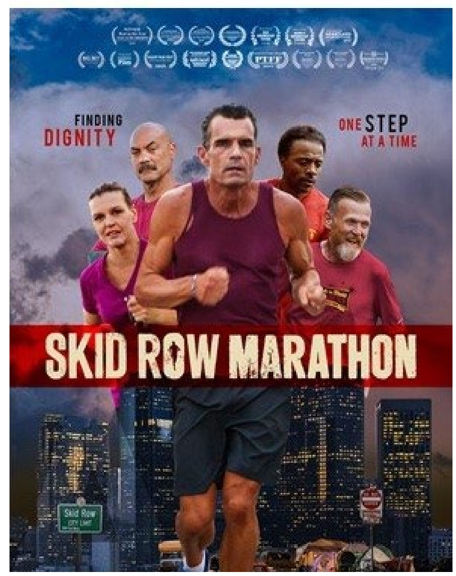
Throughout the year in review, the Group has participated in activities and programs of various charitable, government and non-government organisations including social enterprises to empower and positively impact our vulnerable, underprivileged and disadvantaged stakeholders in the local communities. Last but not least, we remember our dedicated frontliners for braving the COVID-19 pandemic with countless sacrifices and for seeing us through during this very difficult period.

SGX Cares Bull Charge Charity Run 2021 – Our Aztech family and friends ran the extra mile in support of our Bronze Bull sponsorship for underprivileged children and families, persons with disabilities and the elderly (29 October – 7 November 2021)

Goodies & Face Mask Distribution to Frontliners – District Clinic, Johor, Malaysia (August 2021)

Aztech supported Heart Bakers @ North East Community Development Council (April 2021)

ANGEL TREE MOVIE
JOURNEY TOGETHER



Angel Tree Movie Partner sponsorship to support and sustain programmes and services of 70X7 to transform lives and empower positive change to inmates and their loved ones (September 2021)

Blood Donation, Dongguan, China (July 2021)

Aztech empowered crafters to co-create A4 document folder as Christmas gifts for our beloved colleagues enabling crafters to earn passive income and to live life with dignity (December 2021)

Corporate Information

Directors

Mr. Michael Mun (Executive Chairman and CEO)

Mr. Jeremy Mun (Executive Director and COO)

Mr. Tan Teik Seng (Lead Independent Director)

Mr. Larry Tan (Independent Director)

Mr. Christopher Huang (Independent Director)

Audit Committee

Mr. Tan Teik Seng (Chairman)

Mr. Larry Tan

Mr. Christopher Huang

Nominating Committee

Mr. Christopher Huang (Chairman)

Mr. Tan Teik Seng

Mr. Larry Tan

Remuneration Committee

Mr. Larry Tan (Chairman)

Mr. Tan Teik Seng

Mr. Christopher Huang

Company Secretary

Ms. Pavani Nagarajah

Auditors

BDO LLP
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge Mr. Poh Chin Beng
(Appointed for the financial year ended 31 December 2021)

Registrar

B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

Registered Office

31 Ubi Road 1 #01-05
Singapore 408694

Company Registration No.

200909384G

Corporate Governance Report

The Board of Directors (the "**Board**") of Aztech Global Ltd. ("**Aztech**" or the "**Company**") recognises that a good corporate governance framework is essential to ensuring transparency and protecting shareholders' interests.

This report outlines the Company's corporate governance practices for the financial year ended 31 December 2021, with reference to the Code of Corporate Governance 2018 (the "**Code**"). The Company's Board of Directors is pleased to confirm that the Company has generally complied with the principles of the Code and the provisions set out thereunder. Explanations are provided in the report where there are any deviations from the provisions.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board of the Company comprises five (5) Directors, of whom two (2) are Executive Directors and three (3) are non-Executive Directors ("Independent Directors").

<u>Role of the Board (Provisions 1.1 and 1.2)</u>

The main role of the Board is to set the Company's vision and strategy and oversee the conduct of the Company's business and affairs. The Board's key functions include:

1. ensuring that the necessary resources are in place for the Company to achieve its strategic objectives;

2. overseeing the corporate governance of the Company;

3. setting the Company's values and standards (including ethical standards) and ensuring that its obligations to shareholders and others are understood and met;

4. providing guidance to Management on the Company's strategy and reviewing Management's performance;

5. establishing and overseeing the implementation of a sound risk management framework to identify, manage and mitigate risks;

6. reviewing and approving budgets and financial plans;

7. monitoring the Company's financial performance, including approving the annual and interim financial reports; and

8. approving the remuneration polices and guidelines for the Board and Management.

The Board is assisted by an experienced and qualified team of "Key Management Personnel", who have, together with the CEO, authority and responsibility for planning, directing and controlling the activities of the Company. The term "Key Management Personnel" is used interchangeably with the "Management" in this annual report. Details of each member of the Management (who are not Directors or the CEO) are set out at pages 14-15 of this annual report.

The Directors are fiduciaries who must at all times exercise due care, skills and diligence and act in good faith in the best interests of the Company.

Each Director is required to disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as practicable after he or she becomes aware of the relevant facts. Each Director is also required to submit, on an annual basis, the details of his other directorships and interests in other entities for the purpose of monitoring interested person transactions. In the event a Director has a conflict of interest in relation to a matter, the Director will recuse himself from discussions involving the issues of conflict, unless the Board is of the opinion that the Director's presence and participation is necessary, but shall in any event recuse himself from any decision-making in relation to such issues of conflict.

Directors' Induction, Training and Development (Provision 1.2)

As part of the IPO process, all new Directors were briefed on the Company's history, business, corporate governance practices, relevant statutory and regulatory compliance matters as well as their directorship duties by the Company's Management and lawyers respectively. The Company provides the Directors with opportunities to develop and upgrade their skills and knowledge at the Company's expense.

Mr Larry Tan and Mr Christopher Huang, who were first time directors of a listed company, completed the Mandatory Training requirements stipulated by SGX. The Company also arranged training for the other Directors, at their request. Below are the training courses attended by the Directors during the financial year 2021.

Training Courses by Singapore Institute of Directors (SID)	Christopher Huang	Larry Tan	TS Tan	Jeremy Mun
Listed Entity Director Essentials	✓	✓	–	✓
Board Dynamics	✓	✓	✓	✓
Board Performance	✓	✓	–	✓
Stakeholder Engagement	✓	✓	–	✓
Audit Committee Essentials	✓	✓	✓	–
Board Risk Committee Essentials	✓	✓	–	–
Nominating Committee Essentials	✓	✓	–	–
Remuneration Committee Essentials	✓	✓	–	–

Matters Requiring Board Approval (Provision 1.3)

The Company has identified particular transactions which require the Board's approval and provided Management with clear directions on these matters. These include the annual budgets and business plans, any alterations to the Company's share capital, the issuance of shares, declarations of interim dividends and any proposals of final dividends. The Company has established financial authorisations and approval limits for operating and capital expenditures and the acquisition and disposal of investments, and all commitments to term loans and credit lines from banks require the approval of the Board. Board approval is required for any investment, divestments or capital expenditure, noting in particular the following:

(a) any sale, lease, transfer or disposition (other than a mortgage) of any capital asset of the Group exceeding S$500,000 in value;

(b) any investment by the Group, which is not in the ordinary course of the Group's business;

(c) any sale, lease or acquisition of any site or building and/or any immovable property which has any expenditure in excess of S$500,000 per year;

(d) any expenditure by the Group in excess of S$500,000 which is not in the budget; and

(e) the commencement of any new major undertaking by the Group which is not connected directly or indirectly with the business of the Group and which requires any investment in excess of S$500,000; and

(f) the provision of any guarantee by the Group in excess of S$500,000 or which is not in the ordinary course of the business of the Group.

All matters which are not specifically reserved for the Board and are necessary for the day-to-day management of the Company and the implementation of corporate objectives are delegated to Management.

Board Committees (Provision 1.4)

The Board has established the following three (3) committees to assist the Board in discharging its responsibilities:

(a) Audit Committee ("AC")

(b) Nominating Committee ("NC")

(c) Remuneration Committee ("RC")

Each Board Committee has written terms of reference which set out its composition and responsibilities. These terms of reference are regularly reviewed to ensure their continued relevance and to reflect any changes in corporate governance or legal practices. Any changes to the terms of reference of any Board Committee will require Board approval.

Each Board Committee comprises three (3) members, all of whom are Independent Directors.

The Board Committees report their decisions and/or recommendations to the Board. Notwithstanding the delegation of authority to the Board Committees on specified matters, the ultimate responsibility for all matters lies with the Board.

The Board Committees' key responsibilities are summarised as follows:

	Board Committee	Key Responsibilities
1.	AC	Monitor financial performance Identify and manage significant risks
2.	NC	Oversee Management's performance Succession Planning
3.	RC	Determine and review compensation levels

Board Meetings and Attendance (Provisions 1.5 and 1.6)

The Board will meet at least four (4) times a year to discuss the Group's quarterly performance and approval of budget. Special Board meetings may be convened as required. Since listing, the Company held nine (9) formal Board meetings and various Board Committee meetings in FY 2021. The attendance of the Directors at these meetings is as follows:

	Board of Directors	AC	NC	RC
No. of meetings held	9	8	2	4
No. of meetings attended by Directors				
Michael Mun	9	NA	NA	NA
Jeremy Mun	9	NA	NA	NA
TS Tan	9	8	2	4
Larry Tan	9	8	2	4
Christopher Huang	9	8	2	4

The Company Secretary has circulated the schedule of meetings of the Board and Board Committees for the entire year, and the Annual General Meeting, in advance to the Directors. Directors who are unable to attend meetings in person may attend via electronic means as permitted under the Company's Constitution. The Board and Board Committees may make decisions through circulating resolutions.

The Company Secretary is present at all Board and Board Committee meetings. The Company Secretary is responsible for ensuring the Company's compliance with the rules and requirements in the Companies Act 1967 of Singapore and the Listing Manual of the SGX-ST (the "**Listing Manual**") and advising the Board on disclosure requirements, corporate governance practices, regulatory compliance matters and effective board processes. The appointment and removal of the Company Secretary is approved by the Board.

Access to Management (Provision 1.7)

Prior to each Board and Board Committee meeting, the agenda, and any reports and documents pertaining to the agenda items are circulated to the Board or the Board Committee members. This ensures that the Board and Board Committee members are allowed sufficient time to review the information and seek clarification if required.

Management regularly provides the Board with updates on the Group's operational and financial performance and the operational challenges for the Group. Budgets are discussed annually and any material variances between the projections and actual results are explained comprehensively by the finance team. The finance team presents the financial highlights and a detailed analysis of each quarter's performance and also addresses any queries that the Board may have. The Board has separate and independent access to Management and the Company Secretary.

The Company Secretary ensures that corporate governance practices are implemented well. The Company Secretary attends all Board and Board Committee meetings, is directly accountable to the Board, and is responsible for ensuring that Board procedures are adhered to and are regularly reviewed to ensure the Board functions effectively and in compliance with the Company's Constitution and applicable rules and regulations.

The Directors, either individually or as a group, may, subject to the approval of the Chairman, obtain independent professional advice at the expense of the Company.

BOARD COMPOSITION AND GUIDANCE

Principle 2

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Board Composition and Independence of Directors (Provisions 2.1, 2.2 and 2.3)

The Board comprises the following Directors:

Name	Age	Designation
Mun Hong Yew ("Michael Mun")	72	Executive Chairman and CEO
Mun Weng Hung ("Jeremy Mun")	46	Executive Director and COO
Tan Teik Seng ("TS Tan")	67	Lead Independent Director
Tan Jwee Meng ("Larry Tan")	63	Independent Director
Huang Junli Christopher ("Christopher Huang")	36	Independent Director

The background of each director is set out in the "Board of Directors" on pages 12-13 of this annual report.

In compliance with requirements of the Code, three (3) of the five (5) Directors are independent. Each Independent Director has completed a declaration form confirming his independence. The NC reviews the independence of each Director annually and as required from time to time, in accordance with the guidelines set out in the Code and Rules 210(5)(d)(i), 210(5)(d)(ii) and 210(5)(d)(iii) of the Listing Manual.

The Independent Directors are not related to other Directors and/or Substantial Shareholders and do not have any existing business or professional relationship of a material nature with the Group, other Directors and/or Substantial Shareholders which could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company.

The responsibilities of the Independent Directors include:

1. assisting with developing and reviewing plans and strategies proposed by the Executive Directors and Management;

2. reviewing the performance of Management in achieving goals and objectives; and

3. evaluating Board processes, succession planning, corporate governance initiatives and the Group's performance.

The Independent Directors, led by the Lead Independent Director, meet at least once a year without the presence of Management and provide feedback to the Board as appropriate. By doing so, the Independent Directors provide objective and independent checks on Management.

Skills and Diversity (Provision 2.4)

The Company has a Board diversity policy which considers various criteria including gender, age, background, qualifications, expertise and experience. The Board is of the view that this approach facilitates the balancing between growing shareholder returns, ensuring continued business performance and growth, and promoting diversity.

When identifying new Directors for appointment, the Board, together with the NC, will seek out potential female candidates for consideration. The Board has set itself a three (3) year timeline to appoint at least one (1) female Director to the Board. However, the final decision on the selection of Directors will be based on merit and will have regard to the overall balance and effectiveness of a diverse Board. The Board recognises the benefits of gender diversity in its composition.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Chairman and CEO (Provisions 3.1 and 3.2)

Mr Michael Mun is the Chief Executive Officer ("**CEO**") of the Company and Executive Chairman ("**Chairman**") of the Board. As CEO of the Company, Mr Michael Mun is responsible for overseeing the business management, operations and resources of the Company, and the implementation of the Company's corporate and business strategy. As Chairman of the Board, Mr Michael Mun is responsible for leading the Board and ensuring its effectiveness, ensuring that Board meetings are convened when necessary, setting the agenda, and ensuring that Directors are provided complete, adequate and timely information. Mr Michael Mun also chairs Board meetings and facilitates constructive discussions between the Directors at these meetings.

Combining the roles of CEO and Chairman enables Mr Michael Mun to draw upon his extensive knowledge, skills and business experience in leading and expanding the Group's business. The Board is of the view that the Board is sufficiently independent as Independent Directors constitute the majority of the Board and there are sufficient safeguards in place to prevent the concentration of power and authority in any individual. With the majority of the Board being independent, the combination of Mr Mun's roles as CEO and Chairman does not compromise his accountability to the Board and the Company.

Mr Michael Mun is currently the Chairman and Group CEO of the Group's holding company, Azventure Investments Ltd ("**AZI**"), formerly known as Aztech Group Ltd, and also holds directorships in the other subsidiaries of AZI (other than those held in the Group). Mr Michael Mun has informed the Board that he shall retain these positions and directorships given AZI's status as a public company and its public shareholders who continue to rely upon his leadership of AZI and its subsidiaries, as well as the need to remain accountable to the minority shareholders of AZI as the controlling shareholder of AZI.

The NC is of the view that Mr Michael Mun will be able to discharge his duties as the Group's Executive Chairman and CEO, manage the affairs of the Company well and address any potential conflicts of interests. The NC is also satisfied that Mr Michael Mun and the Company have taken adequate steps to mitigate potential conflicts of interests arising from Mr Michael Mun's holding of executive roles in both AZI and the Company.

The NC will conduct an annual review of the performance of Mr Michael Mun and his ability to carry out his duties as the Group's Executive Chairman and CEO, and make recommendations to the Board as appropriate.

Lead Independent Director (Provision 3.3)

The Lead Independent Director ("**LID**") leads the Independent Directors in providing a non-executive perspective in matters presented to the Board, calls and leads meetings of the Independent Directors and provides feedback to the Chairman after such meetings. The LID is also available to address shareholders should they have any concerns in relation to which the normal channels of communication with the Chairman or Management would not be appropriate or adequate.

Mr TS Tan is the current LID of the Company. He was appointed the LID in 2021 for a period of two (2) years. Another Independent Director will be appointed as LID after Mr TS Tan's tenure ends in 2023.

The LID may be contacted via corporate@aztech.com, as stated in the "Investor Relations" link https://www.aztechglobal.com/investor-relations/investor-relations-contact.html.

BOARD MEMBERSHIP

Principle 4

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

NC Members (Provisions 4.1 and 4.2)

The NC comprises the following members, all of whom are Independent Directors:

Mr Christopher Huang – Chairman
Mr TS Tan – Member
Mr Larry Tan – Member

The key responsibilities of the NC include:

1. ensuring that the Company is headed by an effective Board;

2. reviewing and recommending the appointment of new Directors and Management and the re-nomination of Directors having regard to each Director's contribution, performance, and commitments, which includes each Directors' principal occupation and board representations on other companies, if any. The NC will conduct such reviews at least once a year, or more frequently as it deems fit;

3. ensuring that all processes for the selection and appointment of new directors to the Board, including the search and nomination process, are disclosed;

4. determining annually, and as and when circumstances require, whether or not a director is independent;

5. reviewing the skills required by the Board and the Directors' mix of skills, experience, core competencies and knowledge of the Group that the Directors require to function competently and efficiently;

6. reviewing the size of the Board and ensuring that the Company adheres to the board composition requirements, including ensuring that independent directors make up a majority of the Board;

7. determining and recommending to the Board the maximum number of listed company board representations which any director may hold and disclosing these details in the Company's annual report;

8. establishing processes for evaluating, and completing the evaluation of, the performance of the Board, Board Committees and each Director;

9. reviewing and making recommendations on the Board's diversity policy, including qualitative and measurable quantitative objectives where appropriate, and reviewing and reporting to the Board on the Company's progress towards achieving such objectives;

10. reviewing the training and professional development programmes for the Directors and ensuring that the new Directors are aware of their duties and obligations;

11. approving any proposed assumption of roles outside of the Group by a legal representative of the Group's PRC-incorporated subsidiaries;

12. reviewing the Board's succession plans for Directors, the CEO and Management;

13. evaluating the performance of Management; and

14. reviewing and approving the employment of persons related to the Directors or substantial shareholders and the proposed terms of their employment.

Selection, Appointment and Re-appointment of Directors (Provision 4.3)

The NC reviews the need for the appointment of additional director(s) from time to time and oversees the process for nominating and selecting new directors, including alternate directors, to ensure the transparency of these processes. The NC also identifies the competencies required for the Board to fulfil its responsibilities.

The NC may engage recruitment consultants or engage other independent experts to undertake research on or assess candidates for new positions on the Board. After the NC considers the qualifications and experience of each candidate, new Directors are appointed by way of Directors' resolutions.

The Company's Constitution provides that at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Further, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. In addition, Director(s) appointed by the Board during the financial year shall hold office until the next annual general meeting and thereafter be eligible for re-election at that annual general meeting.

The Board has accepted the NC's recommendation to seek shareholders' approval to re-elect each of Mr Michael Mun and Mr Christopher Huang at the Company's forthcoming annual general meeting to be held on 28 April 2022 (the "2022 AGM"). In making this recommendation, the NC has considered the respective Director's overall performance and contributions and each of Mr Michael Mun and Mr Christopher Huang had abstained from the NC's deliberations in respect of their respective performance assessment and re-nomination as a Director of the Company.

As required under Rule 720(6) of the Listing Manual, the information relating to Mr Michael Mun and Mr Christopher Huang, each of whom is standing for re-election as a Director at the 2022 AGM, has been set out in the Appendix to this report entitled "Additional Information on Directors Seeking Re-Election".

Assessing the Independence of Directors (Provision 4.4)

The NC reviews the independence of Directors and presents its recommendations to the Board annually. The Board, having considered the views of the NC, is of the view that each of Mr TS Tan, Mr Larry Tan and Mr Christopher Huang is independent and that no individual or small group of individuals dominates the Board's decision-making process.

Directors' time commitment

The Company has implemented guidelines for addressing situations where directors serve on multiple boards and have competing commitments. These guidelines provide that each Director should not hold more than six (6) directorships in listed companies. All Directors are required to disclosed their directorships in listed companies to the NC on an annual basis, following which the NC determines whether or not a director with multiple board representations is able to and has been adequately carrying out his duties.

Alternate Directors

The Company does not have alternate Directors.

Key Information on Directors (Provision 4.5)

The date of appointment, directorships (present and those held over the preceding three (3) years in listed companies) and principal commitments of each Director are disclosed below.

Name of Director	Date of appointment	Date of Re-Appointment	Directorships in Listed Companies	Past directorships in other listed companies from 1 January 2019 to 31 December 2021
Michael Mun	27 May 2009		Nil	Nil
Jeremy Mun*	8 August 2017	30 April 2021	Nil	Nil
TS Tan	19 February 2021	30 April 2021	02 Micro International (Nasdaq Listed)	Nil
Larry Tan	19 February 2021	30 April 2021	Nil	Nil
Christopher Huang	19 February 2021	30 April 2021	Fu Yu Corporation Limited	Nil

*Mr Jeremy Mun is the son of Mr Michael Mun.

Further key information of Directors is disclosed at pages 12-13 of this annual report.

BOARD PERFORMANCE

Principle 5

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Evaluation of the Board, Board Committee and Individual Directors (Provisions 5.1 and 5.2)

The NC evaluates the performance and effectiveness of the Board and Board Committee as a whole annually. The evaluation process involves Directors completing a Board evaluation form, which addresses various matters including Board structure, composition, strategies, accountability, standards of conduct, and the discharge of its responsibilities.

The NC also evaluates the performance and effectiveness of individual Directors annually. In this evaluation process, each Director evaluates the contributions of the other Directors to the Board according to criteria which include attendance, commitment, participation, knowledge and abilities, teamwork and overall contributions to the Board.

All responses by the Directors are subsequently collated by the Company Secretary and presented to the NC. The NC will discuss and assess the performance of the Board as a whole, the Board Committees, and the individual Directors, identify key areas for improvement, and propose steps which may be taken to enhance the effectiveness of the Board, Board Committees and individual Directors.

The Board has not engaged any external facilitator in assessing the Board's performance.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

RC Members and Responsibilities (Provisions 6.1, 6.2 and 6.3)

The RC comprises the following members, all of whom are Independent Directors:

Mr Larry Tan – Chairman
Mr TS Tan – Member
Mr Christopher Huang – Member

The RC meets at least annually and plays a key role in ensuring that the Group is able to attract, recruit, motivate and retain the best talent through competitive remuneration. RC members shall not be involved in decisions regarding his own remuneration.

The key responsibilities of the RC include:

1. reviewing and recommending to the Board, for its approval, a remuneration framework and specific remuneration packages for the Board and Management. The remuneration framework includes, but is not limited to, directors' fees, salaries, allowances, bonuses, grant of shares and share options and benefits in kind. The remuneration framework also sets out the various performance criteria for evaluating the performance of the Directors and Management;

2. ensuring that the remuneration framework and policies further the Group's objectives and strategies and are consistently administered;

3. reviewing, annually, the level and mix of remuneration and benefits, and the policies and practices of the Company, including the long-term incentive schemes, taking into consideration the performance of each Key Management Personnel and the Company;

4. reviewing the Company's obligations in the event of termination of the service agreements of the Executive Chairman and CEO, Executive Directors and Management to ensure that the termination clauses in these service agreements are fair and reasonable and are not overly generous;

5. administering the Employee Share Option Scheme ("**ESOS**") in accordance with its terms and conditions and the Listing Manual rules, and recommending to the Board any modifications, if required;

6. administering the Performance Share Plan ("**PSP**") in accordance with the rules of the PSP and the Listing Manual, and recommending to the Board any modifications, if required;

7. overseeing the administration of the Long-Term Retirement Incentive Plan ("**LTRP**"); and

8. reviewing the performance of Key Management Personnel in accordance with the Company's leadership competencies framework, and formulating plans for their continued growth within the Company.

Engagement of Remuneration Consultants (Provision 6.4)

The RC has access to both internal and external expert advice on remuneration matters if required. In the event that external consultants are appointed, the RC shall ensure that the Company's relationships with these external consultants will not affect the independence and objectivity of these external consultants. The RC has not engaged external remuneration consultants in FY 2021 but sought the advice of an internal expert, the HR Director (Regional) who has over sixteen (16) years of experience in human resources matters in both Singapore and China.

LEVEL AND MIX OF REMUNERATION

Principle 7

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Remuneration of Executive Directors and Management (Provisions 7.1 and 7.3)

The RC reviews the remuneration of the Executive Directors and Key Management Personnel annually and benchmarks the remuneration and employment conditions with those in the industry and in comparable companies. The RC also takes into consideration the prevailing market conditions. The RC seeks to ensure that the remuneration of Executive Directors and Key Management Personnel links rewards with performance and is competitive and appropriate to attract, motivate and retain the best talents to continually grow the Company's business.

Remuneration Policy (Provision 7.1)

For FY2021, the RC has reviewed the remuneration framework and specific remuneration packages for the Board and Management to ensure that a significant proportion of remuneration is linked to performance on an annual and long-term basis, with targets appropriately set for threshold and payment for stretch and exceptional performance levels. The RC has also benchmarked the Company's remuneration packages against those in similar companies and evaluated their competitiveness in attracting and retaining highly experienced and talented individuals. Finally, the RC has also ensured that the remuneration packages are commensurate with the experience and responsibilities of the respective Key Management Personnel, are aligned with the interests of both the Key Management Personnel and shareholders, and will enable the Company to remain competitive. The RC will review the remuneration framework and remuneration packages from time to time to ensure their continued competitiveness and relevance amidst changing market conditions.

The Executive Directors' and Management's remuneration shall be subject to review by the Board and the RC annually and adjusted, taking into account, *inter alia*, their individual contributions, the Group's performance and benchmarking against market rates.

The Executive Directors and Management may, if the RC in its absolute discretion deems fit and approvals are obtained from regulatory authorities where necessary, be entitled to participate in ESOS and/or PSP.

The Executive Directors and Management shall also be entitled to participate in the Company's LTRP, subject to any limits as determined by the Board from time to time.

Remuneration Components

The total remuneration provides an appropriate balance between fixed and performance-related components. The remuneration structure reflects the responsibilities of the Executive Director and Management and their impact on business performance. The average pay mix average ratio of Executive Directors and Management consists of approximately 61% fixed components and 39% variable components. The key remuneration components for Executive Directors and Management are set out below.

Total Remuneration

Fixed Components	Base Salary
	Benefits & Provident
Performance-related Components	Variable Bonus
	Long-term Incentives
	Employee Share Option Scheme (ESOS): Options granted to selected employees

Fixed Components

The Fixed Components comprise the following:

1. A base salary, which reflects the particular job's market value while taking into account each Key Management Personnel's responsibilities, competencies and experience, and is linked to his or her long-term performance; and

2. Benefits and provident, which are consistent with local market practices and legislative requirements. Benefits and provident are not directly linked to performance. The Company contributes towards the Singapore Central Provident Fund or the Hong Kong Mandatory Provident Fund, where applicable. Benefits provided by the Company include a medical scheme, employee discounts and allowances.

Performance-Related Components

The Performance-related components comprise variable bonuses and long-term incentives.

Variable Bonuses

The RC considers various factors including the overall performance of the Key Management Personnel, particular business units, and the Group, as well as market remuneration benchmarks in determining the quantum of the variable bonuses.

Variable bonuses comprise the following:

1. Performance bonuses, which are aimed at rewarding achievements of annual targets set for each Key Management Personnel and are paid in cash. Performance bonuses are linked to performance and their quantum varies according to the actual achievement of performance targets set for each Key Management Personnel, his or her business unit, and the Group more generally.

2. Profit Sharing is an annual cash award conditional upon the Group achieving certain profit after tax targets, and is calculated based on the Group's audited consolidated profit after tax for the relevant financial year, which is subject to review from time to time by the RC and requires the approval of the Board.

Long-term Incentives

The Company has adopted the following long-term incentives aimed at retaining key talent, cultivating loyalty and contributing to the growth of the Company:

1. Aztech Employee Share Option Scheme (ESOS), which recognises employees and Directors based on the Company's performance and profitability. The ESOS is discussed in further detail on pages 36, 55 and 56;

2. Aztech Performance Share Plan (PSP), which provides employees and Directors who have contributed significantly to the growth and performance of the Group an opportunity to participate in the equity of the Company so as to motivate them, cultivate loyalty, encourage higher standards of performance, and recognise their contributions and service to the Company; and

3. Long-Term Retirement Incentive Plan (LTRP), which provides certain employees with a one-time cash pay-out when they reach the minimum retirement age prescribed by law and is an integral component of the Company's compensation plan.

Note: No shares were awarded in FY2021 under the PSP. The LTRP has been in place since FY2019.

Remuneration of Independent Directors (Provision 7.2)

The RC reviews the Independent Directors' fees annually and makes recommendations to the Board. The Independent Directors' fees are subject to the approval of the shareholders at the annual general meeting. No RC member is involved in deliberating on and making decisions in respect of any remuneration, compensation or any form of benefits to be granted to him.

The Board concurred with the RC that the proposed Directors' fees for FY2022 are appropriate to the levels of contribution by the Directors, their responsibilities, and their effort and time spent serving on the Board and Board Committees.

DISCLOSURE ON REMUNERATION

Principle 8

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Remuneration of Directors (Provision 8.1)

The fees for each Director reflect their contributions, experience, qualifications, responsibilities and time commitments.

The structure of the Directors' fees is set out below:

	FY2021	FY2022
Basic Retainer Fee as Board Member	$40,000 per annum	$40,000 per annum
Fee for Appointment as Chairman of each committee	$10,000 per annum	$20,000 per annum*
Fee for Appointment as Lead Independent Director	$10,000 per annum	$10,000 per annum

**The increase has been proposed taking into consideration the time and effort spent by the Chairman of the various committees.*

Independent Directors do not receive any other fees aside from the above. The remuneration of Executive Directors is discussed below.

The aggregate Directors' fees paid or to be paid to Directors in the financial year ended 31 December 2021 and financial year ending 31 December 2022 are S$218,222.21 and S$270,000.00, respectively.

Names	FY2021 (S$)	FY2022 (S$)
Directors		
Michael Mun	40,000.00	40,000.00
Jeremy Mun	40,000.00	40,000.00
TS Tan	51,833.33*	70,000.00
Larry Tan	43,194.44*	60,000.00
Christopher Huang	43,194.44*	60,000.00

*Directors' fees for the period 19 February 2021 to 31 December 2021

Remuneration of CEO and Executive Directors (Provision 8.1)

The remuneration of the CEO (who is also an Executive Director) paid in FY2021 is set out below:

	Salary and Director's Fees	Variable Bonus and Profit Sharing	*Others-Fixed	Total
Michael Mun	$940,000.00	$1,848,203.00	$83,365.71	$2,871,568.71

* Contributions to the Central Provident Fund, allowances and car costs (if any) are included in the "Others – Fixed" column above.

The remuneration of Executive Directors (other than the CEO) paid in FY2021 is set out below:

Executive Directors	Salary and Director's Fees	Variable Bonus and Profit Sharing	*Others-Fixed	Total
Jeremy Mun	$266,000.00	$233,000.00	$35,358.38	$534,358.38

* Contribution to the Central Provident Fund, allowances and car cost (if any) are included in the "Others-Fixed" column above.

Remuneration of Management (Provision 8.1)

Management

The Company's Management (who are not Directors or the CEO) in FY2021 were as follows:

1. Annie Qian Junmin – Financial Controller ("FC")
2. Daniel Oh Yong Boon – Senior Vice President
Sales/ Business Development
3. Jason Saw Chwee Meng – Senior Vice President
Business Development
4. Pavani Nagarajah – Senior Vice President
Legal and Corporate Affairs
5. Terence Kwong Man Hong – Vice President
Research and Development
6. Ivan Mun Weng Kai – Vice President
Sales and Marketing

On 7 January 2022, the Company announced Mr Ivan Mun Weng Kai's secondment to KEEP Labs Inc ("KEEP"), a Canada-based company and a customer of the Group, as their Global Head of Operations and Manufacturing, commencing on 1 February 2022 for a period of three (3) years. Mr Mun Weng Kai has since commenced his secondment to KEEP and is presently involved in managing KEEP's production roll-out and working with KEEP's team to expand their business in the North American markets.

Management and the Board are of the view that Mr Ivan Mun Weng Kai's secondment will not only enhance the Group's working relationship with KEEP but also equip Mr Ivan Mun Weng Kai with new experiences and insights of the North American markets, key markets for the Group, which will in turn enable him to lead the Group into its next phase of growth upon his return.

During his secondment with KEEP, Mr Ivan Mun Weng Kai will be employed by KEEP and will receive all employment-related payments and benefits from KEEP. Mr Ivan Mun Weng Kai's portfolio of sales and marketing has been taken over by Mr Daniel Oh Yong Boon and Mr Jason Saw Chwee Meng.

Remuneration

In light of the confidentiality and commercial sensitivity of remuneration matters in the industry, the Board is of the view that it would be in the best interests of the Company to disclose the remuneration of Management in bands of S$250,000 and provide a percentage breakdown of various components, rather than disclosing the exact remuneration of Management. The breakdowns of their remuneration in FY2021 are as follows:

Management	Salary (%)	Variable Bonus and Profit Sharing (%)	*Others-Fixed (%)	Total (%)
Between $250,001 and $500,000				
Daniel Oh Yong Boon	49	43	8	100
Pavani Nagarajah	51	43	6	100
Up to $250,000				
Ivan Mun Weng Kai	52	30	18	100
Annie Qian Junmin	49	43	8	100
Jason Saw Chwee Meng	74	12	14	100
Terence Kwong Man Hong	67	31	2	100

*Contributions to the Central Provident Fund, Hong Kong Mandatory Provident Fund allowances and car costs (if any) are included in the "Others – Fixed (%)" column above.

The total aggregate remuneration of the abovementioned Management for FY2021 is $1,705,395.53.

No termination, retirement and post-employment benefits were granted to the Directors and Management in FY2021.

Remuneration of Employees who are Related Family Member of a Director or CEO or Substantial Shareholder (Provision 8.2)

The remuneration of Mr Ivan Mun Weng Kai, the son of Mr Michael Mun and brother of Mr Jeremy Mun, has been disclosed above.

The breakdown of the remuneration of Ms. Huang Xiaolin, the spouse of Mr Ivan Mun Weng Kai and who holds the position of Manager, Procurement and Logistics at Aztech Technologies, in FY2021 is as follows:

Management	Salary (%)	Variable Bonus and Profit Sharing (%)	*Others-Fixed (%)	Total (%)
Between $50,000 and $100,000				
Huang Xiaolin	68	17	15	100

*Contributions to the Central Provident Fund and allowances are included in the "Others – Fixed (%)" column above.

Save as disclosed, there are no employees who are immediate family members of a Director or the CEO or a Substantial Shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2021.

The remuneration of employees who are related to the Directors, CEO or Substantial Shareholders will be reviewed by the RC annually to ensure that their remuneration packages are in accordance with the Company's remuneration guidelines and are commensurate with their respective job scopes and responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. Further, any new employment of related employees and the proposed terms of their employment will be subject to the review and approval of the NC. Any member of the RC or NC who is related to the employee whose remuneration or terms of employment are under review shall abstain from the review.

Disclosure of Other Benefits (Provision 8.3)

Aztech Employee Share Option Scheme (ESOS)

On 13 December 2021, pursuant to the ESOS, selected employees were granted in aggregate 2,110,000 options to subscribe for a specified number of Ordinary Shares in the Company at the price of S$0.934 per Share. The exercise price of the options was determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for the five (5) market days immediately preceding the date of the grant. No options were granted at a discount to the prevailing market price of the shares. The vesting of the options is conditional on the selected employees completing another two (2) years of service to the Group, with fifty percent of the options being exercisable at the end of each year of service. Once vested, the options are exercisable for a period of ten (10) years. The options may be exercised in full or in part in respect of 1,000 ordinary shares or a multiple thereof, on payment of the exercise price. No options were granted to a Director or controlling shareholder of the Company and its associates.

As at 31 December 2021, the total options granted remained at 2,110,000. The directors and employees of the parent company and its related corporations are not eligible to participate in the ESOS.

Aztech Performance Share Plan (PSP)

The Company has implemented a Performance Share Plan known as the Aztech Performance Share Plan ("PSP"). The PSP was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 18 February 2021. No shares have been granted pursuant to the PSP.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Risk Management (Provision 9.1)

The Board oversees the Company's risk management framework. The Board ensures that Management maintains an effective system of internal controls and risk management policies and adopts appropriate measures to address any risks identified by the AC or the Board.

The Board, through the AC, will continually review the effectiveness of the Group's risk management and internal control procedures. Management will also regularly review the Group's risk management and internal control procedures to ensure that they are in line with any changes in market conditions and the Group's activities. Management will also ensure that sufficient resources and expertise are directed towards improving the Group's internal policies, practices and procedures and maintaining a high level of governance and internal controls.

Assurance Regarding Financial Records and Risk Management Systems (Provision 9.2)

The Board has received assurance from the current CEO and FC that the financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances and assurance from the CEO and Management that the Group's risk management and internal control systems are adequate and effective.

The Company has engaged Nexia TS Risk Advisory Pte. Ltd. ("**Nexia TS**") to undertake the internal audit of the Group. The Company also has an internal auditor who handles internal audit functions at the plant operations level and is stationed at its plant in China, the location for most of the Company's manufacturing activities during the financial year under review.

Based on the reviews undertaken by the internal auditors and external auditors and Management's representations, the Board, and the AC in concurrence, are of the view that notwithstanding human error and other irregularities which may occur from time to time, the Group's risk management systems and internal controls, including operational, financial, information technology and compliance controls, are adequate and effective in mitigating the financial, operational information technology and compliance risks which may adversely affect the Group's operations.

AUDIT COMMITTEE

Principle 10

The Board has an Audit Committee ("AC") which discharges its duties objectively.

AC Members (Provisions 10.2 and 10.3)

The AC comprises the following members, all of whom are Independent Directors:

Mr TS Tan – Chairman
Mr Larry Tan – Member
Mr Christopher Huang – Member

The Board considers that the AC members are suitably qualified and possess the relevant expertise and experience to effectively discharge their responsibilities as AC members.

The AC Chairman, Mr TS Tan, currently serves as an independent non-executive director of NASDAQ-listed 02Micro International Ltd and has been the chairman of its audit committee since November 2010. Mr Christopher Huang started his career as an accountant at Hastings Deering Australia Limited and later worked as a business manager at Adcomp Technology Pte Ltd, a tax associate in the transfer pricing department of PricewaterhouseCoopers and a tax lawyer at VoskampLawyers.

None of the AC members are former partners or directors of the Group's existing External Auditors or hold any financial interest in the External Auditors.

Responsibilities of the AC (Provision 10.1)

The role of the AC is to assist the Board with discharging its responsibilities of maintaining high standards of corporate governance, safeguarding the Group's assets and the interests of the Company and its shareholders, and maintaining effective systems of risk management and internal controls.

The key responsibilities of the AC include:

Financial Reporting

(a) reviewing and reporting to the Board on any significant financial reporting issues and any announcements relating to financial performance;

(b) reviewing the half yearly and annual financial statements before submission to the Board for approval, focusing in particular, on the following: (i) significant financial reporting issues and judgements so as to ensure the integrity of the consolidated financial statements of the Group and any formal announcements relating to the Company's financial performance; and (ii) changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement and compliance with accounting standards and any stock exchange and statutory/regulatory requirements;

(c) reviewing the assurance from the CEO and FC regarding the Group's financial records and financial statements;

Internal Controls and Risk Management

(d) maintaining independent oversight of the Group's financial reporting and undertaking a review of the Group's key financial risk areas, the findings of which will be disclosed in the Group's annual reports, or immediately announced via SGXNet should any of the findings be material;

Interested Person Transactions

(e) reviewing and approving any interested person transactions falling within the scope of Chapter 9 of the Listing Manual and the procedures for dealing with any such transactions;

Internal Audit and External Audit

(f) reviewing, with the internal and external auditors, the audit plans, scope of work, their evaluation of the Group's system of internal controls, audit reports, and Management's responses to the audit results;

(g) reviewing, at regular intervals with Management, the implementation by the Group of the internal control recommendations made by its internal and external auditors;

(h) reviewing the external auditors' audit plan, audit reports (including assessing and reporting to the Board on the quality of work carried out and the basis of such assessment, and evaluating the performance of the external auditors), and the external auditors' evaluation of the system of internal accounting controls, with the external auditors;

(i) facilitating the co-ordination between the external and internal auditors and Management, reviewing the assistance Management has provided to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(j) reviewing and reporting to the Board, at least annually, the Group's risk profile, the effectiveness and adequacy of the Group's internal control and risk management procedures for managing and mitigating financial, operational, information technology and compliance risks;

(k) reviewing and approving foreign exchange transactions and the Group's hedging policies and procedures;

(l) reviewing and discussing with the Group's external and internal auditors any suspected fraud, irregularity or infringement of any relevant laws and regulations, which has or is likely to have a material impact on the Group's operations, financial performance or financial position as well as Management's responses to these matters;

(m) ensuring that the internal audit function is adequately resourced and staffed with suitably qualified individuals with relevant experience, and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;

(n) ensuring that the internal audit function has appropriate standing within the Group, and unfettered access to all of the Group's documents, records, properties and personnel, including the AC;

(o) evaluating the independence and objectivity of the internal and external auditors and considering the appointment or re-appointment of the internal and external auditors, their remuneration and the terms of their engagement;

Conflicts of Interest

(p) reviewing any actual or potential conflicts of interest, including those which may involve the Directors, implementing the Group's framework for resolving or mitigating such conflicts of interest, and reviewing the effectiveness of such framework. A Director who is a member of the AC will not participate in any proceedings of the AC relating to the review of the conflict of interest involving him;

Other Responsibilities

(q) reviewing the procedures by which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that appropriate arrangements are in place for such concerns raised to be properly and independently investigated;

(r) reviewing and monitoring the measures the Group has implemented in relation to the legal representatives of the PRC-incorporated subsidiaries;

(s) reviewing, at least quarterly, regulatory compliance measures and the effectiveness of measures adopted to rectify past breaches and mitigate the risks of future breaches;

(t) assessing, annually, the performance of the FC, for the relevant period, to determine his or her suitability for the position;

(u) on an annual basis or any other period that the AC deems fit, ensuring that trade receivables are stated at fair value and accurately recorded in the financial statements, and that credit policies are adhered to;

(v) monitoring the Group's cash flow;

(w) periodically reviewing the Group's intellectual property protection policies and procedures to ensure that the policies and/or procedures are complied with, and are adequate and effective for the Group's operations;

(x) reviewing transactions falling within the scope of Chapter 10 of the Listing Manual, if any;

(y) undertaking any other reviews and projects as requested by the Directors from time to time and presenting its findings to the Directors; and

(z) undertaking any other functions and duties as required pursuant to the Listing Manual and any applicable laws and regulations as may be amended from time to time.

The AC has explicit authority to investigate any matters within its terms of reference, unfettered access to Management, full discretion to invite any Director or Management to attend its meetings, and full access to resources required for discharging its functions properly.

In FY2021, the AC reviewed and updated the Company's policies regarding interested person transactions, conflict of interest, the protection of the Group's intellectual property rights, management of contracts entered into by the Group, the appointment of the Group's legal representatives in the People's Republic of China, anti-corruption and anti-bribery measures, and whistle-blowing procedures. The AC will review these policies from time to time to ensure these policies are in line with the latest applicable laws and corporate governance requirements.

Internal Audit (Provision 10.4)

The AC is responsible for the appointment, termination and remuneration of the internal audit function.

The internal audit function, which reports directly to the AC, assists Management with monitoring risks, assessing the adequacy of the Group's internal control systems and procedures, conducting regular internal audits on the Group's business operations, operational compliance and financial risks; and identifying and recommending improvements to internal control systems.

The internal audit function also reports to the AC on any material non-compliance or lapses in internal controls and the measures taken to address them. The AC subsequently reviews the actions taken by Management in response to the internal auditor's recommendations.

The Company's internal audit function is outsourced to Nexia TS, an accounting and consulting firm staffed with suitably qualified professionals with extensive relevant experience. The AC is of the view that outsourcing the Company's internal audit function enhances the independence and quality of the audit.

The AC reviews the independence, adequacy and effectiveness of the internal audit function yearly.

The AC is satisfied that the internal audit function is independent, effective, adequately resourced and has appropriate standing within the Company.

Whistle-blowing Policy

The Company has implemented a whistle-blowing policy which sets out how employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters relating to the Group and its employees.

The AC is responsible for oversight and monitoring of the whistle-blowing policy.

Employees are encouraged to raise their concerns with their immediate supervisors. Employees who are not comfortable doing so, or are not satisfied with their immediate supervisor's response, may raise their concerns with the head of their department or the Head of Legal directly.

Upon receipt of any complaints, the Head of Legal or the AC Chairman, in consultation with the other AC members, shall arrange a meeting with the employee as soon as possible to discuss the concerns, exercise discretion on how to proceed with the investigation, and thereafter recommend any remedial or legal action to be taken, where necessary. All whistle-blowing matters are reviewed by the AC periodically to ensure compliance with the Listing Rules. Matters requiring immediate or urgent attention are reported immediately to the AC Chairman.

The Company is committed to ensuring that the whistle-blower is protected against any form of detrimental or unfair treatment. All information received is treated as confidential to protect the identity of whistle-blowers. Anonymous reports are accepted. Employees who have reported incidents in good faith will be protected from reprisals.

There have been no reported whistle-blowing incidents for FY2021.

External Auditors (Provision 10.5)

The AC has full access to the External Auditors and Internal Auditors and meets them at least annually without the presence of Management.

The AC makes recommendations on the appointment and re-appointment of the External Auditors and reviews the independence of the External Auditors annually.

The Board has considered, and is satisfied that the resources and experience of the Company's External Auditor, BDO LLP, the audit partner-in-charge and the team assigned to the audit of the Group, taking into account the firm's other audit engagements, the size and complexity of the Group, and the number of supervisory and professional staff assigned to the audit, are adequate for BDO LLP to meet their audit obligations.

The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of auditors.

The aggregate amount of fees paid to the External Auditors for FY2021 and a breakdown of the fees paid in total for audit and non-audit services respectively are stated below:

External Auditor Fees for FY2021	S$'000
Statutory Audit	238
Non-Audit Fees	34
Total Fees Paid	**272**

The AC has reviewed all non-audit services provided by the External Auditors to the Company and is of the opinion that the provision of such services will not affect the independence and objectivity of the External Auditors.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11

The Company treats all Shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives Shareholders a balanced and understandable assessment of its performance, position and prospects.

Participation of Shareholders (Provision 11.1)

The Company encourages shareholders' participation at general meetings. Shareholders are informed of meetings through notices sent to them and published on SGXNet. Shareholders are provided opportunities to participate effectively and vote for resolutions to be passed at these meetings and are informed of the rules and voting procedures which govern these meetings.

Separate Resolutions (Provision 11.2)

Resolutions at the Company's general meetings each address a single issue. In the event any resolutions are bundled as they are interdependent and linked so as to form one significant proposal, the Company will explain the reasons and material implications in its notice of the general meeting.

Attendance at General Meetings (Provision 11.3)

The CEO, all the Directors and External Auditors of the Company are present at general meetings.

The 2022 AGM will be held on 28 April 2022. The Company will upload the answers to substantial and relevant queries received prior to the deadline of 20 April 2022 on the Company's website at https://www.aztechglobal.com/agm and SGXNet by 10.00 a.m. on 23 April 2022. Questions received after the deadline will be addressed prior to or at the 2022 AGM.

Absentia Voting (Provision 11.4)

The Company's Constitution allows for each shareholder to appoint up to two (2) proxies to attend and vote on his or her behalf at the Company's general meetings. Shareholders who are relevant intermediaries are allowed to appoint more than two (2) proxies to attend and vote at the Company's general meetings.

Subject to the Company's Constitution and relevant statutes, the Directors may at their sole discretion approve and implement measures allowing shareholders to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

Minutes of General Meetings (Provision 11.5)

In view of the COVID-19 pandemic, the Ministry of Law introduced the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Temporary Measures"). The 2021 AGM was held via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio—visual webcams or "live" audio-only stream), pursuant to these Temporary Measures. To facilitate effective shareholder participation in the 2022 AGM, the Company has ensured steps have been taken to allow shareholders to watch the general meeting proceedings via "live" webcast, to submit questions in advance of general meetings; and/or to vote by proxy at general meetings. Please see the Company's notice titled "Important Notice to Shareholders in relation to the Company's Annual General Meeting on 28 April 2022" and dated 8 April 2022 for details on these alternative arrangements.

The results of the general meeting will be made available to shareholders via SGXNet on the same day of the general meeting and the minutes of the general meeting will be published on the Company's website and SGXNet shortly thereafter.

Dividend Policy (Provision 11.6)

The Company currently does not have a fixed dividend policy. The Directors may, at their discretion and upon consideration of factors including but not limited to the level of the Company's cash and reserves, the Group's actual and projected financial performance, the projected levels of capital expenditure, working capital requirements and investment plans, financial, regulatory or general economic conditions, declaration and payment of future dividends, recommend the declaration and payment of dividends.

For FY2021, the Board has recommended a final dividend of S$0.05 per ordinary share. The Company announced its adoption of the Aztech Scrip Dividend Scheme on 30 March 2021. If applied, this scheme will provide eligible shareholders with the opportunity to elect to receive the dividend in the form of new ordinary shares in the Company credited as fully paid, instead of cash. For the avoidance of doubt, the Scrip Dividend Scheme is not applicable to the final one-tier tax exempt dividend of S$0.05 per ordinary share for the financial year ended 31 December 2021, as proposed in Ordinary Resolution 2.

The Directors intend to recommend dividends of at least 30.0% of the Group's net profit after tax (excluding exceptional items) generated in FY2022, as the Group wishes to reward its Shareholders for participating in its growth.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12

The Company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company.

Avenues for Communication (Provision 12.1)

The Company aims to regularly communicate with its shareholders to increase its shareholders' understanding of the Company's business and growth strategy, and to allow the Company to gather valuable feedback from its shareholders. Management regularly meets with shareholders and actively participates in investor relations activities.

The annual general meeting and other general meetings are the main avenues for the Company to engage in dialogue with its shareholders. Shareholders are informed of these meetings through notices sent to all shareholders and are encouraged to attend these meetings and pose any questions they may have to the Board.

The Company is committed to the proper disclosure and timely dissemination of relevant information to the SGX-ST, its shareholders, analysts and the public. The Company disseminates updates in relation to the Company and its business operations and financial results on its corporate website at https://www.aztechglobal.com and the SGXNet platform.

The Company does not practice selective disclosure. In the event of any inadvertent disclosure to a select group, the Company shall make the same disclosure publicly as soon as practicable. All price-sensitive information is released publicly prior to the Company's meetings with investors or analysts.

Investor Relations (Provisions 12.2 and 12.3)

The Company's investor relations team, headed by the Company Secretary and supported by a Corporate Communications Manager, addresses enquiries from and disseminates information about the Company to shareholders, analysts and the media. The investor relations team is guided by the Company's Investor Relations Policy, which sets out the principles and practices which the Company has adopted to enhance its engagement with shareholders and enable its shareholders and prospective investors to make well-informed investment decisions.

The Company's corporate website features a dedicated "Investor Relations" link (https://www.aztechglobal.com/investor-relations/index.html) which contains the Company's latest and past financial results, annual reports, updates on the Company and its business operations, as well as the contact details of the Company's Corporate Communications Manager.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Identifying and Engaging with Material Stakeholder Groups (Provision 13.1)
Strategy and Key Areas of Focus (Provision 13.2)
Corporate Website (Provision 13.3)

The Company issued its first Sustainability Report in November 2021.

The Company strives to build strong relationships with its material stakeholders, namely the Company's shareholders, customers, suppliers and employees.

Regular engagement with the Company's material stakeholders through various formal and informal channels of communication, including its corporate website https://www.aztechglobal.com, provides the Company with a deeper understanding of the key concerns of its material stakeholders, which in turn assists the Company in formulating business strategies which strike the appropriate balance between the needs and interests of its material stakeholders.

The Company expects to release the Sustainability Report for FY2021 by 31 May 2022 and such report will be made available to stakeholders on its corporate website https://www.aztechglobal.com/sustainability/index.html and on SGXNet. The Sustainability Report will address the Group's management approach and policies, practices and performance relating to the economic, environmental, social and governance factors that are material to the Group's business and stakeholders.

INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has established procedures to ensure that all IPTs are reported to the AC in a timely manner and that these IPTs are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. The AC reviews all interested person transactions to ensure compliance with Chapter 9 of the Listing Manual.

There is currently no shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

The IPTs during FY 2021 are as follows:

Name of interested person	Nature of relationship	Nature of the transaction	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
			$' 000	$' 000
Azventure Investments Ltd ("AZI")	The parent company of the Group	Service fee supply by AZI to the Group	63	–
Huuve Sdn. Bhd. ("Huuve")	A company in which AZI has a 100% beneficial interest	Advance from the Group to Huuve	86	–
Huuve	A company in which AZI has a 100% beneficial interest	Lease of Manufacturing facilities by the Group from Huuve	156	–
AZ Marine Offshore Services Pte. Ltd. ("AMOS")	A wholly- owned subsidiary of AZI	Lease of warehouse by the Group from AMOS	480	–
AVS Printing Pte. Ltd ("AVSP")	An associate of Mr Michael Mun in which Mr Mun has a beneficial interest	Office rental by the Group to AVSP	63	–
AVSP	An associate of Mr Michael Mun in which Mr Mun has a beneficial interest	Supply of masks material by the Group to AVSP	22	–
AVSP	An associate of Mr Michael Mun in which Mr Mun has a beneficial interest	Supply printing service by AVSP to the Group	7	–
AVS Technologies Pte. Ltd ("AVST")	An associate of Mr Michael Mun in which Mr Mun has a beneficial interest	Purchase of disposable face mask by the Group from AVST	4	–
AVST	An associate of Mr Michael Mun in which Mr Mun has a beneficial interest	Supply of mask material, equipment and equipment parts by the Group to AVST	5	–

MATERIAL CONTRACTS

Save as disclosed on SGXNet or herein, there were no material contracts entered into by the Group involving the interests of Directors, CEO or shareholders either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

DEALINGS IN SECURITIES

The Company has adopted a Best Practice Code ("BPC") relating to dealings in securities by its Directors and relevant employees. The BPC is based on the best practices outlined in Rule 1207(19) of the Listing Manual. All Directors and relevant employees have been provided a copy of the BPC and are required to acknowledge receipt of the PBC. The Company Secretary conducts briefing sessions to explain the key points of the BPC to the relevant employees who are new to the Group.

The BPC provides that the Directors and relevant employees are only allowed to deal in the Company's securities in the "window period", which is closed at least two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and at least one (1) month for the half year or financial year results and ending on the date of announcement of the relevant results.

The BPC also prohibits the Company's Directors and relevant employees from dealing in the Company's securities on short term considerations when they are in possession of unpublished price sensitive information. The Company's Directors and relevant employees are required to abide by the insider trading provisions of the Securities and Futures Act 2001 of Singapore and any other relevant laws in the course of their securities transactions.

The Directors and relevant employees are required to provide written confirmation of their compliance with the BPC annually.

USE OF IPO PROCEEDS

As at 31 December 2021, the status of the use of IPO Proceeds are as follows:

Intended use as stated in the Company's prospectus dated 4 March 2021 (the "Prospectus")	Amount allocated (as disclosed in the Prospectus) ($'000)	Amount utilised ($'000)	Balance ($'000)
Expansion and enhancement of the Group's manufacturing Facilities[1]	50,000	1,075	48,925
Expansion of the Group's business through, inter alia, investments, mergers and acquisitions, joint ventures and/or strategic collaboration	50,000	–	50,000
Enhancement of the Group's R&D capabilities	15,000	–	15,000
Increase sales and marketing channels for overseas markets expansion	10,000	–	10,000
Expansion of the Group's ODM/JDM business to capitalise on opportunities in the growing IoT market	5,000	–	5,000
Working capital[2]	58,600	4,034	54,566
Listing expenses[3]	9,800	10,543	–
	198,400	15,652	183,491

1 New equipment purchased to enhance manufacturing productivity

2 Usage of working capital purposes comprises the payment of salary related costs

3 Being payment for underwriting commission and offering expenses

Additional Information on Directors Seeking Re-Election

	MICHAEL MUN	CHRISTOPHER HUANG
Date of Appointment	27 May 2009	19 February 2021
Age	72	36
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for the re-nomination of directors to the Board, is set out in page 28 of this annual report	The process for the re-nomination of directors to the Board, is set out in page 28 of this annual report
Whether appointment is executive, and if so, the area of responsibility	Executive Mr. Michael Mun is responsible for identifying and implementing Group-wide business growth strategies and overseeing all aspects of the Group's growth and operating functions.	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and CEO	Independent Director; NC Chairman; Member of AC, RC and NC
Working experience and occupation(s) during the past 10 years and Professional qualifications	Mr. Michael Mun is the founder of AZI and has been the Chairman and Group CEO of AZI since 2009. He is responsible for the overall strategy and direction and involved in all key aspects of the operations and business of AZI, which includes those of the Group.	Mr Christopher Huang started his career as an accountant at Hastings Deering Australia Limited and later worked as a business manager at Adcomp Technology Pte Ltd, a tax associate in the transfer pricing department of PricewaterhouseCoopers and a tax lawyer at VoskampLawyers. He joined Colin Ng & Partners LLP (now known as CNPLaw LLP) in April 2015 and was made a partner in 2018. At Colin Ng & Partners LLP, he headed its tax practice group. He also headed CNP Tax and Advisory Pte Ltd. In 2019, he founded CHP Law LLC and is presently the Managing Director of CHP Law LLC. Mr Huang graduated with a Bachelor of Law (LL.B.) and Commerce (B.Com) from the University of Queensland in 2011.
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest. Mr. Michael Mun is the sole shareholder of AVS Investments Pte Ltd, which holds approximately 84.09% of issued and paid up capital of AZI, which in turn holds more than 20% of the shares of the Company. Accordingly, Mr. Michael Mun is deemed to be interested in all the Shares held by AZI in the Company.	No

Additional Information on Directors Seeking Re-Election

	MICHAEL MUN	CHRISTOPHER HUANG
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr. Michael Mun is the father of Mr. Jeremy Mun, the Group's Executive Director and COO.	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships – Past (for the last 5 years)	Executive director of: Shenzhen Aztech Trading Company Ltd (Wound up) AVS Holding Pte. Ltd. AVS Projects Pte. Ltd. (Struck off) AZ Marine Logistics Pte. Ltd. Kay Lee Pte. Ltd. Kay Lee Gourmet Pte. Ltd. Kay Lee Tasty Pte. Ltd.	Colin Ng & Partners LLP (April 2015 – April 2019; Partner from 2018-2019) Directorships Digital Crest Global Pte Ltd (struck off) Fund Asia Pte. Ltd. Fund Singapore Pte. Ltd. Van Ameyde APAC Holding Pte. Ltd.
Other Principal Commitments including Directorships – Present	Executive Director of: AZ E-Lite (HK) Limited AZ E-Lite Pte. Ltd. Aztech Communication Device (DG) Ltd Aztech Innovation Pte. Ltd. Aztech Systems (Hong Kong) Limited Aztech Technologies Pte. Ltd. IOT Manufacturing Sdn. Bhd. AZ Evergreen Pte. Ltd. AVS Investments Pte. Ltd. AVS Printing Pte. Ltd AVS Solutions Sdn. Bhd. AVS Technologies Pte. Ltd. AZ Carnation Pte. Ltd. AZ Iris Pte. Ltd. AZ Ivy Pte. Ltd. AZ Lavender Pte. Ltd. AZ Lily Pte. Ltd.	CHP Law LLC (Managing Director) Directorships CHP Law LLC Fu Yu Corporation Limited DEVL Pte. Ltd.

	MICHAEL MUN	CHRISTOPHER HUANG
	AZ Marigold Pte. Ltd. AZ Marine Pte. Ltd. AZ Marine Shipping Pte. Ltd. AZ Materials Pte. Ltd. AZ Orchid Pte. Ltd. AZ Peony Pte. Ltd. AZ Rose Pte. Ltd. AZ Sakura Pte. Ltd. AZ Sunflower Pte. Ltd. AZ Tulip Pte. Ltd. AZ United Pte. Ltd. Azfin Semiconductors Pte Ltd Azventure Investments Ltd. Aztech Systems GmbH Biden Marine Pte. Ltd. Hitemco Pte. Ltd. Huuve Sdn. Bhd. Shiro Corporation (HK) Ltd Shiro Corporation Pte. Ltd.	
Disclosure of the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

	MICHAEL MUN	CHRISTOPHER HUANG
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

Additional Information on Directors Seeking Re-Election

	MICHAEL MUN	CHRISTOPHER HUANG
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

Additional Information on Directors Seeking Re-Election

	MICHAEL MUN	CHRISTOPHER HUANG
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
(v) in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Directors' Statement

The Directors of Aztech Global Ltd. (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2021, the statement of financial position of the Company as at 31 December 2021 and statement of changes in equity of the Company for the financial year ended 31 December 2021.

1. Opinion of the Directors

In the opinion of the Directors,

(a) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are:

Michael Mun Hong Yew
Jeremy Mun Weng Hung
Christopher Huang Junli
Larry Tan Jwee Meng
Tan Teik Seng

3. Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. **Directors' interests in shares or debentures**

The Directors of the Company holding office at the end of the financial year had no interest in the shares or debentures of the Company or its related corporations, either at beginning or end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act 1967 (the "Act"), except as follows:

Name of Directors and companies in which interests are held	**Shareholdings registered in the name of Directors**		**Shareholdings in which Directors are deemed to have an interest**	
	At beginning of financial year	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
Interest in the ultimate holding company				
AVS Investments Pte. Ltd.#	79,806,884	79,806,884	–	–
(Number of ordinary shares)				
Interest in the immediate holding company				
Azventure Investments Ltd. (formerly known as Aztech Group Ltd.)				
(Number of ordinary shares)				
Michael Mun Hong Yew	–	–	79,806,884	79,806,884
Jeremy Mun Weng Hung	600,000	600,000	–	–
Interest in the Company				
Aztech Global Ltd.				
(Number of ordinary shares)				
Jeremy Mun Weng Hung	–	–	–	200,000

Jeremy Mun Weng Hung is deemed to be interested in 200,000 ordinary shares held by his nominee, DBS Nominees Pte Ltd. Michael Mun Hong Yew is deemed to have interest in all 542,197,600 ordinary shares of the Company held by Azventure Investments Ltd.

a company where Michael Mun Hong Yew is a director and sole shareholder

By virtue of Section 7 of the Act, Michael Mun Hong Yew is deemed to have an interest in all the related corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interest as at 21 January 2022 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2021.

5. Long-Term Retirement Incentive Plan

During the financial year ended 31 December 2019, the Group implemented a Long-Term Retirement Incentive Plan ("LTRP") for its key management staff (including the CEO and Executive Director) of the Group. Under the LTRP, the key management staff will be eligible to receive a cash payout when they reach the minimum retirement age of 62 ("Minimum Retirement Age") or elect to receive it later when they retire, if their contract is extended after the Minimum Retirement Age.

The LTRP will be part of the remuneration package for current and future key management staff, and the eligibility to participate in the plan shall be determined by the Board of Directors.

From 1 January 2020 onwards, for all eligible key management staff, the LTRP amount will be computed based on 2% of their annual salary in the relevant financial year (prorated, where applicable), provided that the profit after tax of the Group is at least $5 million for the relevant financial year.

If a key management staff's employment ceases for any reason before he or she reaches the Minimum Retirement Age, then the full amount provided for the respective staff's LTRP payout will be forfeited.

A provision of $930,276 (2020: $888,707) was made for LTRP as at 31 December 2021.

6. Share options

Employee Share Option Scheme

The Company has implemented an Employee Share Option Scheme known as the Aztech Employee Share Option Scheme ("Share Option Scheme"). The Share Option Scheme was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 18 February 2021. The Share Option Scheme provides a means to recruit, motivate and retain employees whose contributions are essential to the long-term growth of the Group.

Under the Share Option Scheme, options to subscribe for the ordinary shares of the Company are granted to key management personnel and selected employees based on the recommendation by the Remuneration Committee. The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five (5) market days immediately preceding the date of the grant. No options are granted at a discount to the prevailing market price of the shares. The vesting of the options is conditional on the key management personnel or selected employees completing another two (2) years of service to the Group with fifty (50) percent of the options are exercisable at the end of each year of service. Once the options are vested, they are exercisable for a period of ten years. The options may be exercised in full or in part in respect of 1,000 ordinary shares or a multiple thereof, on the payment of the exercise price.

The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Share Option Scheme, shall not exceed 15% of the issued shares (excluding treasury shares) of the Company on the day preceding that date.

On 13 December 2021, the Company granted options to subscribe for 2,110,000 ordinary shares of the Company at exercise price of $0.934 per share ("2021 Options"). The 2021 Options are exercisable from 13 December 2022 and expire on 12 December 2031. The total fair value of the 2021 Options granted was estimated to be $670,000 using the Black Scholes Model.

No options have been granted to controlling shareholders of the Company or their subsidiaries.

6. Share options (Continued)

Employee Share Option Scheme (Continued)

Participants under the Share Options Scheme who received 5% or more of the total number of shares under option available under the Share Options Scheme:

	Number of unissued ordinary shares of the Company under option			
Name	**Options granted during 2021**	**Aggregate options granted since commencement of the Share Option Scheme**	**Aggregate Options exercised since commencement of the Share Option Scheme**	**Aggregate options outstanding at 31 December 2021**
Oh Yong Boon	200,000	200,000	–	200,000
Pavani Nagarajah	200,000	200,000	–	200,000
Qian Junmin	200,000	200,000	–	200,000
Lee Pin Rou	200,000	200,000	–	200,000
Saw Chwee Meng	200,000	200,000	–	200,000
Kwong Man Hong	200,000	200,000	–	200,000
He Zhao Yang	200,000	200,000	–	200,000
Sunny Wang	200,000	200,000	–	200,000
	1,600,000	1,600,000	–	1,600,000

The number of unissued ordinary shares of the Company under option in relation to the Share Option Scheme outstanding at the end of the financial year was as follows:

	Number of unissued ordinary shares under option as at 31 December 2021	**Exercise price**	**Exercise period**
2021 Options	2,110,000	0.934	13.12.2022 – 12.12.2031

Performance Share Plan

The Company has implemented a Performance Share Plan known as the Aztech Performance Share Plan ("Performance Share Plan"). The Performance Share Plan was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 18 February 2021. No shares have been granted pursuant to the Performance Share Plan as at the date of this report.

7. Audit committee

The Audit Committee of the Company is chaired by Mr. Tan Teik Seng, an Independent Non-executive Director, and includes Mr. Larry Tan Jwee Meng, an Independent Non-executive Director and Mr. Christopher Huang Junli, an Independent Non-executive Director. The Audit Committee has carried out its functions in accordance with section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors and external auditors of the Company:

(a) assist the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group;

(b) review and report to the Board significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;

(c) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal controls, audit reports, their management letters and the management's response, and the results of audits compiled by internal and external auditors, and will review at regular intervals with the management the implementation by the Group of the internal control recommendations made by internal and external auditors;

(d) review the periodic consolidated financial statements and any formal announcements relating to the Group's financial performance before submission to the Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Listing Manual and any other statutory and regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the management, where necessary, before submission to the Directors for approval;

(e) review the assurance from the CEO and Financial Controller on the financial records and financial statements of the Group;

(f) review the internal and external auditors' audit plan and audit reports (including assessing and reporting to the Board the quality of the work carried out and the basis of such assessment, and evaluating the performance of the internal and external auditors), and the internal and external auditors' evaluation of the system of internal accounting controls, with the internal and external auditors, as well as the assistance given by management to the internal and external auditors;

(g) ensure co-ordination between the external and internal auditors and the management and reviewing the assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(h) review and report to the Board, at least annually, the risk profile of the Group, the effectiveness and adequacy of the internal control and risk management procedures addressing financial, operational, information technology and compliance risks (including the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board), and discuss issues and concerns, if any, arising from the internal audits;

(i) review and discuss with external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's results of operation, financial performance or financial position and the management's response;

(j) review the adequacy and effectiveness of the Group's risk management and internal audit function and ensuring that a clear reporting structure is in place between the Audit Committee and the internal auditors;

(k) ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualification and experience, and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;

7. Audit committee (Continued)

(l) ensure that the internal audit function has unfettered access to all of the Group's documents, records, properties and personnel, including the Audit Committee, and has appropriate standing within the Group;

(m) review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;

(n) review the co-operation given by Management to the internal and external auditors, where applicable;

(o) review the independence and objectivity of the internal and external auditors as well as consider the appointment or re-appointment of the internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors;

(p) review and approve any interested person transactions falling within the scope of Chapter 9 of the Listing Manual and review procedures thereof;

(q) review any actual or potential conflicts of interests (if any) and set out a framework to resolve or mitigate any potential conflicts of interests, as well as monitor compliance with such framework;

(r) review regulatory compliance matters, at least on a quarterly basis, with a view to ensuring that adequate rectification measures are taken for past breaches as well as new initiatives implemented to mitigate and reduce the risks of future breaches;

(s) on an annual basis or any other period that the Audit Committee deems fit, ensure that trade receivables are stated at fair value and accurately recorded in the financial statements, and that credit policies are adhered to;

(t) monitor the cash flows of the Group;

(u) periodically review the Group's intellectual property protection policies to ensure that the policies and/or procedures are complied with, and adequate and effective for the Group's operations;

(v) review the processes and procedures for the Group's resolution of the regulatory issues pertaining to the Dongguan Land and the buildings constructed on it, including the obtaining of the Title Registration in respect of the buildings constructed on the Dongguan Land and the Certificate of Land Use Right in respect of the Dongguan Land;

(w) review transactions falling within the scope of Chapter 10 of the Listing Manual, if any;

(x) undertake such other reviews and projects as may be requested by the Directors, and report to the Directors its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

(y) undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and Executive Officer of the Group to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

8. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

Michael Mun Hong Yew
Director

Jeremy Mun Weng Hung
Director

Singapore
30 March 2022

Independent Auditor's Report

To the Members of Aztech Global Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aztech Global Ltd. (the "Company") and its subsidiaries (the "Group"), set out on pages 65 to 125, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, 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 2021, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial 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.

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 period. 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.

KEY AUDIT MATTER	AUDIT RESPONSE
1 Revenue recognition	
The Group derives revenue from manufacture and sale of IoT devices, Datacom products and LED lighting products. The Group's revenue was recognised at a point in time when the Group's customers obtained control of the goods and it is probable that the agreed consideration will be received. We have determined revenue recognition to be a key audit matter due to the volume of revenue transactions and we placed significant attention and effort on this area as part of our audit approach. Revenue recognised for the financial year is also a significant measure of the Group's financial performance. Refer to Notes 2.12 and 24 of the accompanying financial statements.	Our procedures included, amongst others, the following: ■ Examined the Group's revenue recognition policy in accordance with SFRS(I) 15 Revenue from Contract with Customers and checked that consistent revenue recognition policy is applied; ■ Assessed the Group's internal controls relevant to the revenue and receipt cycle and performed test of controls on the key controls identified; ■ Performed revenue cut off procedures for a sample of revenue transactions, before and after the financial year, by examining relevant supporting documents such as acknowledged delivery orders/shipping documents and invoices to evaluate whether control has passed to determine whether revenue recognised in the appropriate financial year; ■ Performed analytical review to identify unusual trends and movements; ■ Performed substantive test by vouching to contract/agreements, sales invoice and customer acknowledged document for the sampled transactions; and ■ Assessed the adequacy of the related disclosures made in the financial statements.

KEY AUDIT MATTER	AUDIT RESPONSE
2 Impairment assessment of investments in subsidiaries	
As of 31 December 2021, the carrying amount of the Company's investments in subsidiaries amounted to approximately $76,551,000. The subsidiaries primarily engaged in manufacturing and selling IoT devices, Datacom products, and LED lighting products. During the financial year ended 31 December 2021, arising from indicators of impairment in investment in AZ E-Lite Pte. Ltd., Aztech Systems (Hong Kong) Limited and IOT Manufacturing Sdn. Bhd., the management carried out an impairment assessment to determine whether an impairment loss should be recognised in the financial statements. Management determined the recoverable amounts based on the value-in-use calculations by estimating the expected discounted future cash flows derived from the investments in those subsidiaries and no impairment loss was recognised during the financial year. We focused on the impairment assessment of investments in subsidiaries as a key audit matter owing to the significant management estimates involved in the key assumptions used in estimating the expected discounted future cash flows, such as the revenue growth rates, gross profit margins and the discount rates. Refer to Notes 3 and 10 to the accompanying financial statements.	We performed the following audit procedures, amongst others: ■ Examined management's impairment indication assessment of the subsidiaries; ■ Discussed with management and evaluated the reasonableness of management's key assumptions and estimates in the discounted cash flows by comparing revenue growth rates, gross profit margins and discount rates against historical data, recent trends and market outlook, including those potential impact that Covid-19 pandemic will have on the operations, as appropriate; ■ Performed sensitivity analysis around the key assumptions, including the revenue growth rates, gross profit margins and discount rates used in discount cash flow forecasts; ■ Engaged our internal valuation specialist to evaluate the reasonableness of the discount rates used by the management in the value-in-use assessment for investments in subsidiaries with indication of impairment; and ■ Assessed the adequacy of the related disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, 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 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.

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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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, related safeguards.

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 period 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 Poh Chin Beng.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
30 March 2022

Statements of Financial Position

As at 31 December 2021

	Note	Group		Company	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
ASSETS					
Current assets					
Cash and cash equivalents	5	201,512	11,462	192,213	5,142
Trade receivables	6	222,533	196,962	–	–
Other receivables	7	3,443	6,829	19,532	431
Tax recoverable		215	–	–	–
Derivative financial instruments	8	381	96	381	58
Prepayments*		1,114	1,225	79	526
Inventories	9	62,432	53,704	–	–
Total current assets		491,630	270,278	212,205	6,157
Non-current assets					
Other receivables	7	–	–	474	939
Investment in subsidiaries	10	–	–	76,551	76,551
Property, plant and equipment	11	26,571	28,905	–	–
Intangible assets	12	–	1,065	–	–
Total non-current assets		26,571	29,970	77,025	77,490
Total assets		518,201	300,248	289,230	83,647
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13	11,894	29,216	–	–
Lease liabilities	14	1,859	2,430	465	398
Trade payables	15	138,476	141,052	–	–
Other payables	16	56,534	62,859	31,592	42,752
Provision for retirement benefit	17	630	612	630	612
Income tax payable		10,966	16,147	305	–
Total current liabilities		220,359	252,316	32,992	43,762
Non-current liabilities					
Borrowings	13	2,841	3,818	–	–
Lease liabilities	14	1,439	1,907	474	939
Provision for retirement benefit	17	300	277	300	277
Deferred tax liabilities	18	294	307	–	–
Total non-current liabilities		4,874	6,309	774	1,216
Capital and reserves					
Share capital	19	206,166	15,468	206,166	15,468
Treasury share	20	(1,843)	–	(1,843)	–
Capital reserve	21	(4,670)	(4,670)	11,651	11,651
Foreign currency translation reserve	22	808	(2,776)	–	–
Statutory reserve	23	1,254	1,254	–	–
Retained profits		91,253	32,347	39,490	11,550
Total equity		292,968	41,623	255,464	38,669
Total liabilities and equity		518,201	300,248	289,230	83,647

* Included in prepayments as at 31 December 2020 were expenses of $482,000 relating to the Company's initial public offering.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000
Revenue	24	624,364	484,273
Other income	25	1,645	1,031
Changes in inventories of finished goods and work in progress, and raw materials used		(468,896)	(346,079)
Employee benefits expense	26	(52,703)	(43,987)
Amortisation and depreciation expenses	30	(10,207)	(8,636)
Other operating expenses		(13,579)	(14,909)
Loss allowance for trade receivables	6	(489)	(630)
Investment income	30	627	667
Other gains and losses	27	4,877	(4,053)
Finance costs	28	(677)	(1,160)
Profit before income tax		84,962	66,517
Income tax expense	29	(10,582)	(10,790)
Profit for the financial year	30	74,380	55,727
Other comprehensive income:			
Items that may be reclassified subsequently into profit or loss			
Exchange differences on translation of foreign operations		3,584	4,187
Other comprehensive income for the financial year, net of tax		3,584	4,187
Total comprehensive income for the financial year		77,964	59,914
Profit attributable to owners of the Company		74,380	55,727
Total comprehensive income attributable to owners of the Company		77,964	59,914
Earnings per share			
Basic and diluted (cents)	31	10.00	9.01

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2021

Group	Note	Share capital $'000	Treasury share $'000	Capital reserve $'000	Foreign currency translation reserve $'000	Statutory reserve $'000	Retained profits $'000	Total equity $'000
Balance as at 1 January 2021		15,468	–	(4,670)	(2,776)	1,254	32,347	41,623
Total comprehensive income for the financial year								
Profit for the financial year		–	–	–	–	–	74,380	74,380
Other comprehensive income for the financial year		–	–	–	3,584	–	–	3,584
Total		–	–	–	3,584	–	74,380	77,964
Transactions with owners, recognised directly in equity								
Issuance of ordinary shares from initial public offering exercise	19	198,400	–	–	–	–	–	198,400
Share issue expenses	19	(7,843)	–	–	–	–	–	(7,843)
Issuance of ordinary shares from scrip dividends	19	141	–	–	–	–	–	141
Share buyback	20	–	(1,843)	–	–	–	–	(1,843)
Dividends	32	–	–	–	–	–	(15,474)	(15,474)
Total		190,698	(1,843)	–	–	–	(15,474)	173,381
Balance as at 31 December 2021		206,166	(1,843)	(4,670)	808	1,254	91,253	292,968

Group	Note	Share capital $'000	Capital reserve $'000	Foreign currency translation reserve $'000	Statutory reserve $'000	Retained profits $'000	Total equity $'000
Balance as at 1 January 2020		15,468	(4,670)	(6,963)	1,254	17,610	22,699
Total comprehensive income for the financial year							
Profit for the financial year		–	–	–	–	55,727	55,727
Other comprehensive income for the financial year		–	–	4,187	–	–	4,187
Total		–	–	4,187	–	55,727	59,914
Transactions with owners, recognised directly in equity							
Dividends	32	–	–	–	–	(40,990)	(40,990)
Balance as at 31 December 2020		15,468	(4,670)	(2,776)	1,254	32,347	41,623

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2021

Company	Note	Share capital $'000	Treasury share $'000	Capital reserve $'000	Retained profits $'000	Total equity $'000
Balance as at 1 January 2021		15,468	–	11,651	11,550	38,669
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	43,414	43,414
Transactions with owners, recognised directly in equity						
Issuance of ordinary shares from initial public offering exercise	19	198,400	–	–	–	198,400
Share issue expenses	19	(7,843)	–	–	–	(7,843)
Issuance of ordinary shares from scrip dividends	19	141	–	–	–	141
Share buyback	20	–	(1,843)	–	–	(1,843)
Dividends	32	–	–	–	(15,474)	(15,474)
Total		190,698	(1,843)	–	(15,474)	173,381
Balance as at 31 December 2021		206,166	(1,843)	11,651	39,490	255,464
Balance as at 1 January 2020		15,468	–	11,651	17,743	44,862
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	34,797	34,797
Transactions with owners, recognised directly in equity						
Dividends	32	–	–	–	(40,990)	(40,990)
Balance as at 31 December 2020		15,468	–	11,651	11,550	38,669

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2021

	Group	
	2021	2020
	$'000	$'000
Operating activities		
Profit before income tax	84,962	66,517
Adjustments for:		
Amortisation of intangible assets	1,065	1,810
Depreciation of property, plant and equipment	9,142	6,826
Fair value gain on derivative financial instruments	(1,235)	(96)
Loss on disposal of property, plant and equipment	2	6
Interest expense	677	1,160
Interest income	(627)	(599)
Loss allowance for trade receivables	489	630
Net unrealised foreign exchange (gain)/loss	(1,843)	2,146
Property, plant and equipment written off	219	238
Provision for retirement benefit	41	41
Write-down for inventories obsolescence	93	141
Operating cash flows before movements in working capital	92,985	78,820
Trade receivables	(20,748)	(100,273)
Other receivables	3,386	(1,400)
Derivative financial instruments	950	–
Prepayments	111	(783)
Inventories	(8,821)	(34,792)
Trade payables	(2,900)	53,938
Other payables	(6,398)	37,201
Cash from operations	58,565	32,711
Income tax paid	(15,991)	(2,976)
Interest paid	(677)	(1,160)
Net cash from operating activities	41,897	28,575

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2021

	Group 2021 $'000	Group 2020 $'000
Investing activities		
Additions of intangible assets	–	(248)
Interest received	627	599
Proceeds on disposal of property, plant and equipment	64	142
Purchases of property, plant and equipment	(4,789)	(11,190)
Net cash used in investing activities	(4,098)	(10,697)
Financing activities		
Proceeds from issue of share capital	198,400	–
Shares issue expenses	(7,843)	–
Shares buyback	(1,843)	–
Repayment of obligations under lease liabilities (Note A)	(2,573)	(2,751)
Proceeds from bank borrowings (Note A)	33,638	121,903
Repayments of bank borrowings (Note A)	(52,524)	(98,824)
Dividends	(15,333)	(40,990)
Net cash from/(used in) financing activities	151,922	(20,662)
Net change in cash and cash equivalents	189,721	(2,784)
Effects of exchange rate changes on the balance of cash held in foreign currencies	329	(35)
Cash and cash equivalents at beginning of the financial year	11,462	14,281
Cash and cash equivalents at end of the financial year	201,512	11,462

Note A Reconciliation of liabilities arising from financing activities

	2020 $'000	Cash flows $'000	Non cash changes: Lease modification $'000	Non cash changes: Additions of property, plant and equipment under leases $'000	Non cash changes: Foreign exchange differences $'000	2021 $'000
Borrowings	33,034	(18,886)	–	–	587	14,735
Lease liabilities	4,337	(2,573)	396	1,077	61	3,298

	2019 $'000	Cash flows $'000	Non cash changes: Lease modification $'000	Non cash changes: Additions of property, plant and equipment under leases $'000	Non cash changes: Foreign exchange differences $'000	2020 $'000
Borrowings	10,401	23,079	–	–	(446)	33,034
Lease liabilities	5,183	(2,751)	123	1,733	49	4,337

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with these financial statements.

1. General corporate information

Aztech Global Ltd. (the "Company") (Registration number 200909384G) is a public limited company incorporated and domiciled in Singapore with its principal place of business and registered office at 31 Ubi Road 1 #01-05 Singapore 408694. The Company was listed on the mainboard of Singapore Exchange Securities Trading Limited on 12 March 2021.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 10 of the financial statements.

The immediate and ultimate holding companies of the Company are Azventure Investments Ltd. (formerly known as Aztech Group Ltd.) and AVS Investments Pte Ltd respectively, both of which are incorporated in Singapore. Related corporations in these financial statements refer to members of the ultimate holding company's group.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entities operate ("functional currency"). The financial statements are presented in Singapore dollar which is the functional currency and presentation currency of the Company. The financial statements are expressed in Singapore dollar and all values are rounded to the nearest thousand ($'000) unless otherwise indicated.

The preparation of financial statements in conformity with SFRS(I)s requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses throughout the financial year. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

<u>Changes in accounting policies</u>

New standards, amendments and interpretations effective from 1 January 2021

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

New standards, amendments and interpretations issued but not yet effective

The following SFRS(I)s are effective for annual periods beginning on 1 January 2022 and thereafter, and have not been adopted early:

			Effective date (annual periods beginning on or after)
SFRS(I) 3 (Amendments)	:	Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16 (Amendments)	:	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Various	:	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
SFRS(I) 1-1 (Amendments)	:	Classification of Liabilities as Current or Non-current	1 January 2023
Various	:	Disclosure of Accounting Policies	1 January 2023
SFRS (I) 1-8 (Amendments)	:	Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	:	Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

Management anticipates that the adoption of the above new standards, amendments and interpretations in future periods, if applicable, will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, if any.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Group's accounting policies.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Investments in subsidiaries are carried at cost less any impairment loss, in the Company's statement of financial position.

2.3 Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2. Summary of significant accounting policies (Continued)

2.4 Financial instruments

The Group recognises a financial asset or a financial liability in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets.

Amortised cost

These assets arise principally from the provision of goods to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable date about the following events:

- significant financial difficulty of the issuer or the borrower;
- breach of contract, such as default or past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding deposits for land use right and value added tax receivables) and cash and cash equivalents in the statements of financial position.

2. Summary of significant accounting policies (Continued)

2.4 Financial instruments (Continued)

Financial assets (Continued)

Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost.

Trade and other payables (excluding customer deposits) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.13).

2. Summary of significant accounting policies (Continued)

2.4 Financial instruments (Continued)

<u>Financial liabilities and equity instruments</u> (Continued)

Financial liabilities (Continued)

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.5 Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs of raw materials and finished goods are determined on a weighted average basis and include all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured goods, costs include cost of material, direct labour and an appropriate portion of manufacturing overheads.

Work-in-progress is stated at cost which comprises direct material, direct labour and other directly attributable expenses. Allowance is made for anticipated losses, if any, on work-in-progress when the possibility is ascertained.

Net realisable value is the estimated selling price at which the inventories can be realised in the ordinary course of business less all estimated costs of completion and costs of realisation. Where necessary, the carrying values of inventories are adjusted to the lower of cost and net realisable value to account for obsolete, slow-moving and defective inventories.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

2. Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives, on the following bases:

Factory buildings	over the terms of lease, which are from 1.75% to 20%
Computer and office equipment	20% to 100%
Factory equipment	12.5% to 20%
Factory furniture and fittings	20%
Office furniture and fittings	20% to 33.33%
Research and development equipment and tools	20% to 33.33%
Software applications	20% to 100%
Motor vehicles	20% to 33.33%
Right-of-use assets	
Leasehold properties	20% to 50%
Factory equipment	12.5% to 20%
Motor vehicles	20% to 33.33%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2.7 Intangible assets

Internally-generated intangible assets - development expenditure

Expenditure on research activities is recognised as an expense in the financial year in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Development costs that have been capitalised as intangible assets are amortised from the commencement of the commercial production on a straight-line basis over the period of its expected benefits, which normally does not exceed 3 years. Where no internally-generated asset can be recognised, development expenditure is charged to profit or loss in the financial year in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and any accumulated impairment losses.

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets

Property, plant and equipment, intangible assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The Group recognises the estimated liability to repair or replace products still under warranty at the end of the reporting period. This provision is estimated based on historical experience of the level of repairs and replacements.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.10 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when the Group and the Company have a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available at the date of the end of the reporting period, rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2. Summary of significant accounting policies (Continued)

2.11 Leases

<u>The Group as lessee</u>

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets in "Property, plant and equipment" and lease liabilities in the consolidated statement of financial position.

2. Summary of significant accounting policies (Continued)

2.11 Leases (Continued)

<u>The Group as lessee</u> (Continued)

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. (Refer to Note 2.6 for the estimated useful lives for right-of-use assets)

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.8 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities is recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards (see Note 2.13).

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

2. Summary of significant accounting policies (Continued)

2.11 Leases (Continued)

The Group as lessor

When the Group is a lessor, it determines whether each lease entered is a finance or an operating lease at the lease inception date and reassessed only if there is a lease modification. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Whereas, it is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statements of financial position, which represents the lease payments owed to the head lessor.

2.12 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers are fixed amounts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

Sale of electronics products

Revenue from the sale of electronics products is recognised at point in time when the products are delivered to the customers.

There is limited judgement needed to identify when the point of control passes to customers. There is no element of financing component in the Group's revenue transactions as customers are required to pay within a credit term of 90 days. Where the payments are received in advance, a contract liability is recognised and presented as customer deposits in "other payable".

All electronic products sold by the Group include standard warranty which requires the Group either to replace or mend the defective product during the warranty period. The warranty against defect is not accounted for as separate performance obligation.

Dividend income

Dividend income recognised by the Company from the subsidiaries is recognised when the shareholders' rights to receive payment have been established.

Interest income

Interest income is recognised on a time-proportion basis in profit or loss using the effective interest method.

2. Summary of significant accounting policies (Continued)

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the financial year in which they are incurred.

2.14 Retirement benefit obligations

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, and the Group has no legal and constructive obligation to pay further once the payments are made.

Share-based compensation

The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to the share-based payment reserve, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each financial year, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period with a corresponding adjustment to the share-based payment reserve.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Other long-term service benefits

The Group operates a retirement benefit plan which it offers the qualified employees an amount of benefit that an employee will receive on or after retirement, usually dependent on certain percentage of their final pay for every year of completed service and these payments are made in full after the date of retirement. The liability recognised on the statements of financial position in respect of a retirement benefit plan is the present value of the retirement benefit obligation at the reporting date. The present value of the retirement benefit obligation is determined by discounting the estimated future cash outflows using the market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

2.15 Employee leave entitlement

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (Continued)

2.16 Government grants

Government grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

2.17 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax expense is the amount of income tax payable in respect of the taxable profit for a period. Current income tax liabilities for the current and prior financial years shall be measured at the amount expected to be paid to the taxation authorities, using the tax rates and interpretation to applicable tax laws in the countries where the Group operates, that have been enacted or substantively enacted by the end of the reporting period. Management evaluates its income tax provisions on periodical basis.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the financial year when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised directly outside profit or loss (either in other comprehensive income or directly in equity, respectively). In the case of a business combination, the tax effect is taken into account in calculating goodwill.

2.18 Dividends

Equity dividends are recognised when they become legally payable, interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholder.

2. Summary of significant accounting policies (Continued)

2.19 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements, apart from those involving estimations (see below), that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

<u>Measurement of lease liabilities</u>

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group estimates the incremental rate using observable inputs (such as market interest rates) when available and make certain entity-specific estimates (such as own credit rating, lease term, security as well as lease value) in order to reflect what the Group would have to pay.

The incremental borrowing rate applied to lease liabilities as at 31 December 2021 ranged between 2.0% to 6.2% (2020: 2.0% to 6.2%) per annum. The carrying amounts of lease liabilities measured by applying incremental borrowing rate as at 31 December 2021 were $2,981,000 (2020: $3,260,000). If the incremental borrowing rate had been 0.5% higher or lower than management's estimates, the Group's lease liabilities would have been lower or higher by $14,000.

<u>Amortisation of intangible assets</u>

The Group amortises the intangible assets, using the straight-line method, over their estimated useful life. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's intangible assets. The carrying amounts of the Group's intangible assets as at 31 December 2021 were $Nil (2020: $1,065,000).

<u>Loss allowance of trade receivables</u>

Trade receivables

Management determines the expected loss arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile, adjusted with the geographical risk and credit risk profile of customer as appropriate to reflect current conditions and estimates of future economic conditions. Loss allowance of $489,000 (2020: $630,000) was recognised for the financial year ended 31 December 2021. As at 31 December 2021, the carrying amounts of trade receivables were $222,533,000 (2020: $196,962,000).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Estimated write-down for inventories obsolescence

At the end of the reporting period, management carries out a review by product type and on an aging basis to make estimate for obsolete and slow-moving inventory items. The management estimates the net realisable value for such inventory items based primarily on the current market conditions. During the financial year, management has written down approximately $93,000 (2020: $141,000) of its inventories to net realisable value. As at 31 December 2021, the carrying amounts of inventories were $62,432,000 (2020: $53,704,000).

Estimated impairment in value of investment in subsidiaries

Investment in subsidiaries is tested for impairment whenever there is any indication that assets may be impaired. Determining whether investment in subsidiaries is impaired involves the consideration of the performance of the subsidiaries and the market conditions in which the subsidiaries operate in. At the end of the reporting period, the management of the Company has performed an impairment assessment of its investment in its subsidiaries. Arising from the assessment, no impairment loss was recognised on the investment in subsidiaries during the financial year. As at 31 December 2021, the carrying amounts of investment in subsidiaries were $76,551,000 (2020: $76,551,000).

Depreciation of property, plant and equipment

The Group depreciates its property, plant and equipment over their estimated useful lives, after taking into account their estimated residual value using the straight-line method. The estimated useful life reflects the management's estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the management's estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. As at 31 December 2021, the carrying amounts of property, plant and equipment were $26,571,000 (2020: $28,905,000).

4. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Some of the Group's and the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable within the next twelve months unless otherwise stated.

Significant intercompany transactions, other than those disclosed elsewhere in the notes are as follows:

	Company	
	2021	**2020**
	$'000	**$'000**
With subsidiaries		
Dividends received	47,978	41,420

4. Significant related party transactions (Continued)

During the financial year, the Group entities entered into the following transactions with related parties:

	Group	
	2021	2020
	$'000	$'000
Transaction with companies in which directors have equity interests:		
Rendering of services	(89)	(334)
Receiving of services	712	965

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	Group	
	2021	2020
	$'000	$'000
Directors of the Company		
Short-term benefits	3,381	1,871
Post-employment benefits	25	47
	3,406	1,918
Other key management personnel		
Short-term benefits	1,621	1,091
Post-employment benefits	86	103
	1,707	1,194

5. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at banks available on demand	41,645	6,468	32,346	148
Short-term deposits	159,867	4,994	159,867	4,994
Cash and banks balances	201,512	11,462	192,213	5,142

Short-term deposits bear interest of 0.4% to 0.5% (2020: 0.4%) per annum with tenure of 1 week to 1 month (2020: 1 week).

The Group's cash at banks amounting to $151,000 (2020: $206,000) is subject to the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations. The Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

6. Trade receivables

	Group	
	2021	2020
	$'000	$'000
Third parties	224,675	198,602
Less: Loss allowance	(2,142)	(1,640)
	222,533	196,962

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 days (2020: 30 to 95 days) credit terms.

Before accepting any new customer, the Group uses both internal and external credit review systems to assess the potential customer's credit quality and defines credit limits by customer.

As at 31 December 2021, total loss allowance for trade receivables amounts to $2,142,000 (2020: $1,640,000), and the Group does not hold any collateral over these balances.

Movements in the loss allowance for trade receivables are as follows:

	Group	
	2021	2020
	$'000	$'000
Balance as at 1 January	1,640	1,021
Allowance during the financial year	489	630
Exchange difference	13	(11)
Balance as at 31 December	2,142	1,640

6. Trade receivables (Continued)

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. The lifetime expected credit loss allowance for Group's trade receivables are as follows:

	Current $'000	1 - 30 days past due $'000	31 - 60 days past due $'000	More than 60 days past due $'000	Total $'000
2021					
Non-credit impaired					
Expected loss rate (%)	0.6	3.5	5.7	7.4	
Gross carrying amount					
- Trade receivables	201,982	17,332	5,054	307	224,675
Less: Loss allowance	(1,226)	(605)	(288)	(23)	(2,142)
	200,756	16,727	4,766	284	222,533
Total loss allowance	1,226	605	288	23	2,142
2020					
Non-credit impaired					
Expected loss rate (%)	0.7	2.7	4.0	6.5	
Gross carrying amount					
- Trade receivables	191,857	5,831	300	614	198,602
Less: Loss allowance	(1,429)	(159)	(12)	(40)	(1,640)
	190,428	5,672	288	574	196,962
Total loss allowance	1,429	159	12	40	1,640

7. Other receivables

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current				
Other receivables				
- Third parties	105	121	43	–
- Subsidiary	–	–	19,000	–
- Related corporations	–	500	–	–
Value added tax receivable	2,345	5,200	13	22
Deposits	245	292	11	11
Deposits for land use right	748	716	–	–
Finance lease receivables	–	–	465	398
	3,443	6,829	19,532	431
Non-current				
Finance lease receivables	–	–	474	939
Total other receivables	3,443	6,829	20,006	1,370

7. Other receivables (Continued)

Other receivables from third parties and related corporations are non-trade, unsecured, interest free and repayable on demand.

Other receivable from a subsidiary relates to dividends receivable during the financial year.

Deposits for land use right relate to an amount paid for a land use right which the Group had not yet obtained the land use right certificate from the relevant China government authorities. On 29 December 2019, the Group had signed a letter of intent with a third party for the transfer of the land use right. As of the reporting date, the negotiations in relation to the transfer of the land use right is pending due to travel restriction.

Finance lease receivables - Subleases

The Company's sublease of its right-of-use of office premises to related corporations are classified as finance lease because the subleases are for the entire remaining lease term of the head leases. Right-of-use assets relating to the head leases with sublease classified as finance lease are derecognised.

The maturity analysis of lease receivables of the Company is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Amount receivable under lease receivables:				
Within one financial year	480	420	465	398
In the second to fifth financial years	479	958	474	939
Less: Future finance charges	(20)	(41)	–	–
	939	1,337	939	1,337
Less:				
Amount due for settlement within 12 months (shown under current assets)			(465)	(398)
Amount due for settlement after 12 months (shown under non-current assets)			474	939

8. Derivative financial instruments

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Derivative not held for hedging:				
Currency forward contracts at fair value	381	96	381	58

8. Derivative financial instruments (Continued)

At the end of the reporting period, the total notional amount of the currency forward contracts to be settled on a gross basis, are as follows:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Derivative not held for hedging:				
Currency forward contracts at fair value	635,763	148,776	635,763	122,413

As at the end of reporting period, the settlement dates for the derivative financial instruments range from 15 days to 9 months (2020: 15 days to 7 months). The Group and the Company did not apply fair value hedging for the financial year ended 31 December 2021.

9. Inventories

	Group	
	2021	2020
	$'000	$'000
Finished goods	4,249	9,254
Work-in-progress	12,287	11,594
Raw materials	45,896	32,856
	62,432	53,704

During the financial year, the cost of inventories recognised as expense and included in "changes in inventories of finished goods and work in progress, and raw materials used" amounted to $466,104,000 (2020: $341,221,000).

As of 31 December 2021, write-downs of inventories to net realisable value amounting to $93,000 (2020: $141,000) have been included in other operating expenses line item in profit or loss.

10. Investment in subsidiaries

	Company	
	2021	2020
	$'000	$'000
Unquoted equity investments		
– at costs	64,545	64,545
– deemed interest	12,006	12,006
Carrying amount	76,551	76,551

Deemed interest arose from financial guarantees provided by the immediate holding company to banks in respect of financing facilities granted to the Group.

10. Investment in subsidiaries (Continued)

Impairment on investment in subsidiaries

As at the end of the reporting period, the Company carried out a review of the recoverable amount of its investment in AZ E-Lite Pte. Ltd., Aztech Systems (Hong Kong) Limited and IOT Manufacturing Sdn. Bhd., as a result of indicators of impairment based on the existing performance of these subsidiaries during the financial year. The estimates of the recoverable amounts are determined based on value-in-use calculations.

The key assumptions for the value-in-use calculations are those regarding the revenue growth rates, gross margin and discount rates at each reporting date as follow:

	Revenue growth rates	Gross margins	Discount rates
2021			
AZ E-Lite Pte. Ltd.	1,868%	19.4%	8.3%
Aztech Systems (Hong Kong) Limited	-9%	4.5%	12.8%
IOT Manufacturing Sdn. Bhd.	204%	8.0%	14.3%
2020			
AZ E-Lite Pte. Ltd.	544%	11.0%	8.0%
Aztech Systems (Hong Kong) Limited	-25%	5.6%	11.0%
IOT Manufacturing Sdn. Bhd.	1,069%	15.0%	11.0%

Revenue growth rates and gross margins – The forecasted revenue growth rates and gross margins are based on management's expectations for each CGU from historical trends as well as average growth rates of the industry. Arising from the assessment, no impairment loss (2020: no impairment loss) was recognised on the investments in these subsidiaries during the financial year.

The significant revenue growth rate for AZ E-lite Pte. Ltd. ("AZE") was based on the assumption that AZE fulfils the orders of a new product to a new customer in the financial year ending 31 December 2022. The new product has completed the testing phase and is ready for production and deliveries in February 2022.

The significant revenue growth rate for IOT Manufacturing Sdn. Bhd. ("IOTM") was based on the assumption that the IOTM will operate at its intended capacity in the financial year ending 31 December 2022. During the financial year ended 31 December 2021, IOTM was operating at around one third of its capacity.

Discount rates - Management estimates discount rate that reflect current market assessments of the time value of money and the risks specific to the CGUs.

As at end of the reporting period, the recoverable amount of the investments in subsidiaries was determined to be higher than its carrying amount and therefore, no impairment loss recognised.

Sensitivity analysis

As at each reporting date, based on management's assessment of the CGUs, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

10. Investment in subsidiaries (Continued)

The subsidiaries of the Company are set out below:

Name of company	Principal place of business	Principal activities	Effective equity interest	
			2021 %	2020 %
Held by the Company				
Aztech Systems (Hong Kong) Limited[(1)]	Hong Kong	International sale / supply / design / manufacture of Data-communication, electronic and electrical products	100	100
Aztech Technologies Pte. Ltd.	Singapore	International sale / supply / design / manufacture of Data-communication, electronic and electrical products	100	100
AZ E-Lite Pte. Ltd.	Singapore	International wholesale supply of LED lighting	100	100
Aztech Innovation Pte. Ltd.	Singapore	International sale / supply / design / manufacture of Data-communication, electronic and electrical products	100	100
IOT Manufacturing Sdn. Bhd.[(2)]	Malaysia	Manufacture of Data-communication products; electronic and electrical products / LED lights	100	100
Held by Aztech Systems (Hong Kong) Limited				
Aztech Communication Device (DG) Ltd[(3)]	The People's Republic of China	Manufacture of Data-communication products; electronic and electrical products / LED lights and plastic injection parts	100	100
AZ E-Lite (HK) Limited[(1)] [(4)]	Hong Kong	International sale and supply of electronic and electrical products and LED lights	100	100
Held by Aztech Communication Device (DG) Ltd				
AZ E-lite JJS Ltd[(4)]	The People's Republic of China	Manufacture of Data-communication products; electronic and electrical products / LED lights and plastic injection parts	100	100
Shenzhen Aztech Trading Company Ltd[(4)] [(5)]	The People's Republic of China	Research and development of multi-communication products and general trading	100	100

All the subsidiaries are audited by BDO LLP, Singapore except for the subsidiaries that are indicated as follows:

(1) Audited by overseas member firm of BDO network, BDO Limited, Hong Kong.

(2) Audited by overseas member firm of BDO network, BDO PLT, Malaysia.

(3) Audited by overseas member firm of BDO network, BDO Limited, Hong Kong, for consolidation purpose.

(4) Not considered a significant subsidiary under Rule 718 of the SGX-ST Listing Manual.

(5) On 27 March 2020, the Company's indirect subsidiary, Shenzhen Aztech Trading Company Ltd had applied for voluntary liquidation. As at 31 December 2021, the liquidation process is pending for completion of certain procedures to cease its operation entirely.

11. Property, plant and equipment

	Factory buildings	Computer and office equipment	Factory equipment	Factory furniture and fittings	Office furniture and fittings	Research and development equipment and tools	Software applications	Motor vehicles	Right-of-use assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Cost										
Balance as at 1 January 2021	7,603	1,006	33,277	6,268	321	422	1,003	895	12,588	63,383
Additions	–	52	3,043	1,542	7	–	125	–	1,097	5,866
Written off	–	–	(363)	(46)	–	–	–	–	–	(409)
Disposals	–	(22)	(68)	–	–	–	–	–	(90)	(180)
Lease modification	–	–	–	–	–	–	–	–	396	396
Exchange difference	342	2	1,383	210	–	–	28	21	314	2,300
Balance as at 31 December 2021	7,945	1,038	37,272	7,974	328	422	1,156	916	14,305	71,356
Accumulated depreciation										
Balance as at 1 January 2021	(4,624)	(877)	(18,036)	(2,952)	(272)	(422)	(709)	(538)	(6,048)	(34,478)
Charge for the financial year	(305)	(33)	(4,628)	(1,051)	(23)	–	(307)	(110)	(2,685)	(9,142)
Written off	–	–	186	4	–	–	–	–	–	190
Disposals	–	22	20	–	–	–	–	–	72	114
Exchange difference	(214)	(2)	(899)	(150)	–	–	(21)	(15)	(168)	(1,469)
Balance as at 31 December 2021	(5,143)	(890)	(23,357)	(4,149)	(295)	(422)	(1,037)	(663)	(8,829)	(44,785)
Carrying amount										
Balance as at 31 December 2021	2,802	148	13,915	3,825	33	–	119	253	5,476	26,571

11. **Property, plant and equipment** (Continued)

	Factory buildings $'000	Computer and office equipment $'000	Factory equipment $'000	Factory furniture and fittings $'000	Office furniture and fittings $'000	Research and development equipment and tools $'000	Software applications $'000	Motor vehicles $'000	Right-of-use assets $'000	Total $'000
Group										
Cost										
Balance as at 1 January 2020	7,239	963	39,107	3,739	281	422	683	896	10,514	63,844
Additions	–	44	7,737	2,853	40	–	384	34	1,831	12,923
Written off	–	–	(15,212)	(548)	–	–	(82)	(41)	–	(15,883)
Disposals	–	–	–	–	–	–	–	–	(193)	(193)
Lease modification	–	–	–	–	–	–	–	–	123	123
Exchange difference	364	(1)	1,645	224	–	–	18	6	313	2,569
Balance as at 31 December 2020	7,603	1,006	33,277	6,268	321	422	1,003	895	12,588	63,383
Accumulated depreciation										
Balance as at 1 January 2020	(4,119)	(848)	(28,774)	(2,847)	(252)	(422)	(582)	(441)	(3,398)	(41,683)
Charge for the financial year	(290)	(30)	(3,092)	(495)	(20)	–	(196)	(132)	(2,571)	(6,826)
Written off	–	–	14,987	539	–	–	78	41	–	15,645
Disposals	–	–	–	–	–	–	–	–	45	45
Exchange difference	(215)	1	(1,157)	(149)	–	–	(9)	(6)	(124)	(1,659)
Balance as at 31 December 2020	(4,624)	(877)	(18,036)	(2,952)	(272)	(422)	(709)	(538)	(6,048)	(34,478)
Carrying amount										
Balance as at 31 December 2020	2,979	129	15,241	3,316	49	–	294	357	6,540	28,905

11. Property, plant and equipment (Continued)

As at 31 December 2021, the Group's application of the land use right certificate and property ownership certificates in respect of the factory buildings amounting to $2,802,000 (2020: $2,979,000) is still pending approval from the relevant China government authorities.

Right-of-use assets of the Group are as follows:

	Leasehold properties $'000	Factory equipment $'000	Motor vehicles $'000	Total $'000
Cost				
Balance as at 1 January 2021	6,246	5,029	1,313	12,588
Additions	1,077	–	20	1,097
Disposal	–	–	(90)	(90)
Lease modification	396	–	–	396
Exchange difference	88	226	–	314
Balance as at 31 December 2021	7,807	5,255	1,243	14,305
Accumulated depreciation				
Balance as at 1 January 2021	(3,108)	(2,394)	(546)	(6,048)
Charge for the financial year	(1,876)	(636)	(173)	(2,685)
Disposal	–	–	72	72
Exchange difference	(47)	(121)	–	(168)
Balance as at 31 December 2021	(5,031)	(3,151)	(647)	(8,829)
Carrying amount				
Balance as at 31 December 2021	2,776	2,104	596	5,476
Cost				
Balance as at 1 January 2020	4,419	4,788	1,307	10,514
Additions	1,632	–	199	1,831
Disposal	–	–	(193)	(193)
Lease modification	123	–	–	123
Exchange difference	72	241	–	313
Balance as at 31 December 2020	6,246	5,029	1,313	12,588
Accumulated depreciation				
Balance as at 1 January 2020	(1,302)	(1,690)	(406)	(3,398)
Charge for the financial year	(1,783)	(603)	(185)	(2,571)
Disposal	–	–	45	45
Exchange difference	(23)	(101)	–	(124)
Balance as at 31 December 2020	(3,108)	(2,394)	(546)	(6,048)
Carrying amount				
Balance as at 31 December 2020	3,138	2,635	767	6,540

11. Property, plant and equipment (Continued)

As at 31 December 2021, lease liabilities are secured by factory equipment and motor vehicles of the Group with the carrying values of $2,700,000 (2020: $3,402,000).

For the purpose of the consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Additions of property, plant and equipment	5,866	12,923
Acquired under leases	(1,077)	(1,733)
Net cash payment made	4,789	11,190

12. Intangible assets

	Group	
	2021	**2020**
	$'000	**$'000**
Deferred development cost		
Costs		
Balance as at the beginning of the financial year	35,467	35,389
Additions	–	248
Written off	(389)	(133)
Exchange differences	40	(37)
Balance as at the end of the financial year	35,118	35,467
Accumulated amortisation		
Balance as at the beginning of the financial year	34,402	32,772
Amortisation	1,065	1,810
Written off	(389)	(133)
Exchange differences	40	(47)
Balance as at the end of the financial year	35,118	34,402
Carrying amount		
Balance as at end of the financial year	–	1,065

The above deferred development cost has finite useful lives, and is amortised on a straight line basis. The amortisation period for development cost incurred is between one and three years.

13. Borrowings

	Group	
	2021	2020
	$'000	$'000
Secured		
Trade finance	8,800	24,216
Term loans	3,818	4,766
Unsecured		
Term loans	2,117	4,052
Total borrowings	14,735	33,034
The borrowings are repayable as follows:		
On demand or within one financial year	11,894	29,216
Within two to five financial years	2,841	3,818
	14,735	33,034

The fair value above is determined based on cash flow analysis, discounted at market borrowing rates of a similar instrument which management expected to be available to the Group. The fair value is within level 2 of the fair value hierarchy.

The bank facilities are secured by a corporate guarantee from the Company.

13.1 Trade finance

The Group has banking facilities relating to bills discounted with recourse, trade bills payable, revolving credits and export trade loans of $125,600,000 (2020: $99,633,000), of which $8,800,000 (2020: $24,216,000) have been utilised as at 31 December 2021. Excluding bank overdraft facilities, these banking facilities bear interest rates ranged from 1.64% to 4.30% (2020: 1.71% to 2.03%) per annum.

As at 31 December 2021, the undrawn banking facilities for trade finance of the Group amount to $116,800,000 (2020: $75,417,000).

13. Borrowings (Continued)

13.2 Term loans

In the financial year ended 31 December 2021, term loans comprise:

- an amount totalling $5,000,000 was drawn down by subsidiary of the Company for the purpose of funding working capital, repayable in September 2025 by monthly instalment. The loan bears an average effective interest rate of approximately 3% (2020: 3%) per annum and is denominated in Singapore dollar. As at 31 December 2021, the outstanding balance of the loan was $3,818,000 (2020: $4,766,000).

- an amount totalling approximately $2,117,000 (equivalent to RMB10,000,000) was drawn down by a subsidiary of the Company for the purpose of funding working capital, repayable in November 2022. The loan bears an average effective interest rate of approximately 4.35% per annum and is denominated in Renminbi. As at 31 December 2021, the outstanding balance of the loan was $2,117,000 and the amount classified as current liabilities as the lender has unconditional right to call for repayment.

In the financial year ended 31 December 2020, term loans comprise:

- an amount totalling approximately $1,013,000 (equivalent to RMB5,000,000) was drawn down by a subsidiary of the Company for the purpose of funding working capital, repayable in April 2021. The loan bore an average effective interest rate of approximately 5.46% per annum and was denominated in Renminbi. As at 31 December 2020, the outstanding balance of the loan was approximately $1,013,000 and the amount classified as current liabilities as the lender had unconditional right to call for repayment. The loan has been fully repaid as at 31 December 2021.

- an amount totalling approximately $2,026,000 (equivalent to RMB10,000,000) was drawn down by a subsidiary of the Company for the purpose of funding working capital, repayable in July 2021. The loan bore an average effective interest rate of approximately 3.8% per annum and was denominated in Renminbi. As at 31 December 2020, the outstanding balance of the loan was $2,026,000 and the amount classified as current liabilities as the lender had unconditional right to call for repayment. The loan has been fully repaid as at 31 December 2021.

- an amount totalling approximately $1,013,000 (equivalent to RMB5,000,000) was drawn down by a subsidiary of the Company for the purpose of funding working capital, repayable in October 2021. The loan bore average effective interest rate of approximately 3.85% per annum and was denominated in Renminbi. As at 31 December 2020, the outstanding balance of the loan was $1,013,000 and the amount classified as current liabilities as the lender had unconditional right to call for repayment. The loan has been fully repaid as at 31 December 2021.

13.3 Other banking facilities

The Company has banking facilities relating to revolving loans and overdraft of $35,875,000 (2020: $2,654,000) remained undrawn.

14. Lease liabilities

	Leasehold properties $'000	Factory equipment $'000	Motor vehicles $'000	Total $'000
Group				
Balance as at 1 January 2021	3,260	664	413	4,337
Additions	1,077	–	–	1,077
Interest expense (Note 28)	107	1	12	120
Lease payments				
- Principal portion	(1,798)	(679)	(96)	(2,573)
- Interest portion	(107)	(1)	(12)	(120)
Lease modification	396	–	–	396
Exchange difference	46	15	–	61
Balance as at 31 December 2021	2,981	–	317	3,298
Balance as at 1 January 2020	3,225	1,454	504	5,183
Additions	1,633	–	100	1,733
Interest expense (Note 28)	128	33	11	172
Lease payments				
- Principal portion	(1,719)	(841)	(191)	(2,751)
- Interest portion	(128)	(33)	(11)	(172)
Lease modification	123	–	–	123
Exchange difference	(2)	51	–	49
Balance as at 31 December 2020	3,260	664	413	4,337

	Leasehold properties	
	2021 $'000	2020 $'000
Company		
Balance as at the beginning of the financial year	1,337	–
Additions	–	1,792
Interest expense	21	8
Lease payments		
- Principal portion	(398)	(455)
- Interest portion	(21)	(8)
Balance as at the end of the financial year	939	1,337

14. Lease liabilities (Continued)

The maturity analysis of lease liabilities of the Group and the Company at each reporting date are as follows:

	Minimum lease payments		Present value of Minimum lease payments	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Group				
Amounts payable under lease liabilities:				
Within one year	1,939	2,534	1,859	2,430
In the second to fifth years inclusive	1,504	2,005	1,439	1,907
Less: Future finance charges	(145)	(202)	–	–
Present value of lease obligations	3,298	4,337	3,298	4,337
Less:				
Amount due for settlement within 12 months (shown under current liabilities)			(1,859)	(2,430)
Amount due for settlement after 12 months (shown under non-current liabilities)			1,439	1,907
Company				
Amounts payable under lease liabilities:				
Within one year	479	419	465	398
In the second to fifth years inclusive	479	959	474	939
Less: Future finance charges	(19)	(41)	–	–
Present value of lease obligations	939	1,337	939	1,337
Less:				
Amount due for settlement within 12 months (shown under current liabilities)			(465)	(398)
Amount due for settlement after 12 months (shown under non-current liabilities)			474	939

The Group leases a number of properties (i.e. office building and warehouses) in Singapore, Hong Kong and the People's Republic of China with only fixed lease payments over the lease term.

The Company leases office premises with only fixed payment over the lease term. These office premises have been subleased to related companies under finance leases (Note 7).

The Group also leases certain items of factory equipment and motor vehicles with only fixed payments over the lease terms. There are no externally imposed covenants on these lease arrangements.

Certain equipment of the Group are qualified for low value assets and short term lease and the low-value and short term lease exemption is made on lease-by-lease basis.

Total cash outflow for all the leases (including leases on low-value assets and short term leases) in 2021 was $3,281,000 (2020: $3,332,000).

As at 31 December 2021, the incremental borrowing rates applied ranged from 2.0% to 6.2% (2020: 2.0% to 6.2%) per annum, and interest rate explicitly stated in the lease ranged from 1.3% to 2.6% (2020: 1.3% to 3.7%) per annum.

As at 31 December 2021, the Group's lease obligations are secured by the leased assets, recorded within property, plant and equipment (Note 11), with net carrying values of $2,700,000 (2020: $3,402,000).

15. Trade payables

	Group	
	2021	2020
	$'000	$'000
Third parties	138,476	141,052

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The trade amounts are unsecured, interest free and repayable within the credit term of 60 to 120 days (2020: 60 to 120 days).

16. Other payables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Other payables				
- Third parties	1,260	1,267	42	182
- Subsidiaries	–	–	27,395	38,814
- A related corporation	128	–	–	–
Accrued expenses	39,421	53,724	285	823
Customer deposits	11,855	4,935	–	–
Profit-sharing scheme	3,870	2,933	3,870	2,933
	56,534	62,859	31,592	42,752

Other payables to third parties, subsidiaries and a related corporation are unsecured, interest free and repayable on demand.

Included in accrued expenses are amounts of $27,346,000 (2020: $42,938,000) relating to inventories received from vendors for which suppliers' invoices have not been received at the end of the reporting period.

Movements in customer deposits are as follows:

	Group	
	2021	2020
	$'000	$'000
Balance as at beginning of the financial year	4,935	4,964
Amount received in advance	11,855	4,935
Credited to profit or loss	(4,935)	(4,964)
Balance as at end of the financial year	11,855	4,935

Customer deposits represent amounts received in advance which will be recognised as revenue in the subsequent financial year.

The amount of revenue that will be recognised in subsequent periods on these customer deposits when those remaining performance obligations will be satisfied amounted to $14,931,000 (2020: $6,891,000) at the end of the reporting period.

17. Provision for retirement benefit

	Group and Company	
	2021	2020
	$'000	$'000
Present value of retirement benefit obligation		
- Current	630	612
- Non-current	300	277
	930	889

During the financial year ended 31 December 2019, the Group implemented a Long-Term Retirement Incentive Plan ("LTRP") for the qualified employees within the Group. Under the LTRP, the qualifying employees will be eligible to receive a cash payout when they reach the minimum retirement age. Current portion of the provision for retirement benefit related to the amount which the qualified employees had met the minimum retirement age under the LTRP.

There are no plan assets associated with the provision for retirement benefit.

During the financial year, the additional cost of retirement benefit expense of $41,000 (2020: $41,000) is recognised in the "Employee benefits expense" in profit and loss.

18. Deferred tax liabilities

	Group	
	2021	2020
	$'000	$'000
Deferred tax liabilities	294	307

	Accelerated tax depreciation	Deferred expenditure	Total
	$'000	$'000	$'000
Group			
Balance as at 1 January 2021	97	210	307
Credit to profit or loss	(14)	–	(14)
Exchange translation difference	1	–	1
Balance as at 31 December 2021	84	210	294
Balance as at 1 January 2020	58	210	268
Charge to profit or loss	41	–	41
Exchange translation difference	(2)	–	(2)
Balance as at 31 December 2020	97	210	307

Subject to the agreement by the tax authorities in the relevant foreign tax jurisdictions in which the Group operates and conditions imposed by law, the Group has tax losses carry forwards available for offsetting against future taxable income as detailed below. In addition, the tax loss carry forwards are subjected to the retention of majority shareholders in the respective jurisdiction as defined.

18. Deferred tax liabilities (Continued)

No deferred tax asset has been recognised by the Group in respect of the tax losses amounting to $553,000 (2020: $12,132,000) as at 31 December 2021 due to the unpredictability of future profits stream of the relevant subsidiaries.

Subject to the conditions imposed by the relevant taxation laws, the Group's tax loss carry forwards amounting to $553,000 (2020: $12,132,000) as at 31 December 2021 are available for an unlimited future period.

No deferred tax liability of approximately $3,900,000 (2020: $1,852,000) has been recognised in respect of the temporary difference associated with undistributed earnings of subsidiaries because the Group is in the position to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

19. Share capital

	Group and Company	
	2021	**2020**
	Number of ordinary shares	
	'000	**'000**
Issued and paid up:		
Balance as at beginning of the financial year	15,468	15,468
Sub-division of shares	603,252	–
Issuance of shares pursuant to initial public offering exercise	155,000	–
Issue of ordinary shares from scrip dividends	106	–
Balance as at end of the financial year	773,826	15,468

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Issued and paid up:		
Balance as at beginning of the financial year	15,468	15,468
Issuance of shares pursuant to initial public offering exercise	198,400	–
Share issue expenses	(7,843)	–
Issue of ordinary shares from scrip dividends (Note 32)	141	–
Balance as at end of the financial year	206,166	15,468

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

On 18 February 2021, in connection with the proposed initial public offering, the shareholders approved the subdivision of each ordinary share in the capital of the Company into 40 ordinary shares.

On 12 March 2021, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 155,000,000 new ordinary shares at an issue price of $1.28 per ordinary share for cash consideration of $198,400,000 pursuant to an initial public offering.

Included in share issue expenses is an allocation of professional fee of $58,463, paid to the independent auditors of the Company in respect of professional services rendered as independent reporting auditors in connection with the Company's initial public offering.

19. Share capital (Continued)

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

Employee share options

Employees' share options were granted to key management personnel and selected employees based on the recommendation of the Remuneration Committee under the Aztech Employee Share Option Scheme, which became operative on 18 February 2021.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. The vesting of the options is conditional on the key management personnel or selected employees completing another two years of service to the Group with fifty percent of the options are exercisable at the end of each year of service.

Once they have vested, the options are exercisable over a period of ten years. The options may be exercised in full or in part in respect of 1,000 ordinary shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

On 13 December 2021, options to subscribe for 2,110,000 ordinary shares in the Company at an exercise price of $0.934 per ordinary share were granted pursuant to the Scheme ("2021 Options"). The 2021 Options are exercisable from 13 December 2022 and expire on 12 December 2031.

Movements in the number of unissued ordinary shares under the Aztech Employee Share Option Scheme and their exercise prices are as follows:

	Number of unissued ordinary shares of the Company under option					
Group and Company	**Balance as at beginning of the financial year**	**Granted during the financial year**	**Exercised during the financial year**	**Balance as at end of the financial year**	**Exercise price**	**Exercise period**
2021 Options	–	2,110,000	–	2,110,000	0.934	13.12.2022 - 12.12.2031

The estimated fair value of the 2021 Option is $670,000. These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2021
Weighted average sale price	0.930
Weighted average exercise price	0.934
Expected volatility	33.631% - 34.184%
Expected life	5.50 - 6.00
Risk free rate	1.367% - 1.470%
Expected dividend yield	0%

The expected volatility measured on the median volatility of comparable companies based on a calculation of the historical 5.50 and 6.00 years on a daily share price data.

20. Treasury shares

	Group and Company	
	2021	
	Number of ordinary shares '000	$'000
Balance as at beginning of the financial year	–	–
Share buyback	1,873	1,843
Balance as at end of the financial year	1,873	1,843

The Company holds 1,872,600 treasury shares of $1,843,000 as at 31 December 2021 (2020: $Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 31 December 2021.

21. Capital reserve

Group

This comprise primarily the merger reserve which is the difference between the consideration paid and the share capital of the subsidiaries acquired under common control and is non-distributable.

Company

Capital reserve arose from the financial guarantees provided by the immediate holding company, Azventure Investments Ltd. to the banks for bank facilities granted to the Company's subsidiaries and is non-distributable.

22. Foreign currency translation reserve

The foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency and is non-distributable.

23. Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China ("PRC"), the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

24. Revenue

	Group 2021 $'000	Group 2020 $'000
Primary geographical markets		
North America	487,214	308,258
China	16,350	9,864
Europe	113,391	151,715
Singapore	3,288	4,281
Others	4,121	10,155
	624,364	484,273
Product types		
IoT devices and Datacom products	596,994	428,074
LED products	26,957	55,369
Others[1]	413	830
	624,364	484,273
Timing of transfer of goods		
Point in time	624,364	484,273

(1) Others refer to other electrical products.

25. Other income

	Group 2021 $'000	Group 2020 $'000
Scrap sales	168	19
Government grants	1,326	855
Others	151	157
	1,645	1,031

26. Employee benefits expense

	Group 2021 $'000	Group 2020 $'000
Employee benefits expense (including Directors' remuneration):		
Staff costs	46,550	38,384
Defined contributions plans	883	748
Other employee benefits	5,270	4,855
	52,703	43,987

Included in the employee benefits expense were Directors' remuneration as shown in Note 4 to the financial statements.

27. Other gains and losses

	Group	
	2021	2020
	$'000	$'000
Loss on disposal of plant and equipment	(2)	(6)
Net realised foreign exchange gain/(loss)	1,801	(1,997)
Net unrealised foreign exchange gain/(loss)	1,843	(2,146)
Fair value gain on derivative financial instruments	1,235	96
	4,877	(4,053)

28. Finance costs

	Group	
	2021	2020
	$'000	$'000
Interest expense for:		
Trade financing	234	447
Lease liabilities	120	172
Revolving and term loans	323	541
	677	1,160

29. Income tax expense

	Group	
	2021	2020
	$'000	$'000
Current income tax		
- current financial year	9,850	11,346
- under/(over) provision in prior financial years	746	(597)
	10,596	10,749
Deferred income tax		
- current financial year	(14)	41
	10,582	10,790

29. Income tax expense (Continued)

The income tax expense varied from the amount of income tax expense determined by applying the applicable income tax rate of 17% (2020: 17%) of the estimated assessable profit at the end of the financial year. The total charge for the financial years can be reconciled to the accounting profit as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Profit before income tax	84,962	66,517
Income tax calculated using applicable tax rate of 17%	14,444	11,308
Effects of different tax rates of overseas subsidiaries	3,445	313
Effects of tax concession	(6,505)	(1,296)
Non-taxable items	(105)	(1,048)
Non-allowable items	1,533	1,900
Tax rebate	(98)	(73)
Utilisation of deferred tax benefits previously not recognised	(2,878)	–
Deferred tax benefit arising in current year not recognised	–	429
Under/(over) provision in prior financial years	746	(597)
Others	–	(146)
Total income tax expense	10,582	10,790

30. Profit for the financial year

Profit for the financial year has been arrived at after charging/(crediting):

	Group	
	2021	**2020**
	$'000	**$'000**
Amortisation and depreciation expenses		
Amortisation of intangible assets	1,065	1,810
Depreciation of property, plant and equipment	9,142	6,826
Investment income		
Sublease income	–	(68)
Interest income	(627)	(599)

30. Profit for the financial year (Continued)

Profit for the financial year has been arrived at after charging/(crediting): (Continued)

	Group	
	2021	2020
	$'000	$'000
Other operating expenses		
Audit fee paid/payable		
- Statutory audit		
- auditors of the Company	118	102
- other auditors	120	96
- IPO audit		
- auditors of the Company	–	110
Non-audit fees paid/payable to auditors:		
- auditors of the Company	18	–
- other auditors	16	–
Distribution costs	396	555
Lease expenses on		
- short-term leases	575	400
- low value assets	13	9
Other factory costs	8,797	9,690
Property, plant and equipment written off	219	238
Utilities costs	2,154	2,052
Write-down for inventories obsolescence	93	141

31. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2021	2020
Profit attributable to owners of the Company ($'000)	74,380	55,727
Weighted average number of ordinary shares ('000)	743,892	618,720
Earnings per share (in cents) – Basic and diluted	10.00	9.01

Basic earnings per share

The calculation of basic earnings per share for financial year ended 31 December 2021 is based on profit attributable to owners of the Company for the financial year ended 31 December 2021 divided by weighted average of ordinary shares in issue for the financial year ended 31 December 2021 of 743,892,000.

The calculation of basic earnings per share for financial year ended 31 December 2020 was based on profit attributable to owners of the Company for the financial year ended 31 December 2020 divided by weighted average number of ordinary shares in issue for the financial year ended 31 December 2020 computed based on pre-invitation share capital of 618,720,000 ordinary shares, assuming the share split exercise of sub-dividing each existing ordinary share into 40 ordinary shares ("Share Split") occurred at the beginning of financial year ended 31 December 2020.

31. Earnings per share (Continued)

Diluted earnings per share

The diluted earnings per share for the relevant periods are same as the basic earnings per share as the dilutive potential ordinary shares arising from the outstanding employee share options for the relevant periods are not material in relation to the weighted average number of shares in issue, and are anti-dilutive because the market share price as at 31 December 2021 is below the exercise price of the share options.

As at 31 December 2021, none of the outstanding share options issued of 2,110,000 as disclosed in Note 19 to the financial statements are exercisable.

32. Dividends

On 18 June 2021, the Company paid a final dividend of $0.02 per ordinary share of the Company totalling $15,474,048 comprised of cash dividend of $15,332,618 and scrip dividend of $141,430, in respect of financial year ended 31 December 2020.

On 15 July 2020, the Company declared a first interim dividend of $2.00 per ordinary share of the Company totalling $30,936,000 in respect of financial year ended 31 December 2020.

On 18 November 2020, the Company declared a second interim dividend of $0.65 per ordinary share of the Company totalling $10,054,200 in respect of financial year ended 31 December 2020.

The Directors of the Company have proposed a final one-tier tax-exempt dividend of $0.05 per ordinary share, totalling approximate $38,598,000 in respect of the financial year ended 31 December 2021. This proposed final tax-exempt dividend has not been recognised as at year end and will be submitted for to shareholders' approval at the forthcoming Annual General Meeting of the Company in 2022.

33. Commitments

Land use right

(i) Pursuant to a land use right agreement dated 15 June 2002, a subsidiary of the Company is committed to pay to the local authority in China the land management fee of approximately $26,500 (equivalent to RMB130,000) per annum with an increment rate of 10% every five years until 30 September 2052.

The subsidiary is committed to an additional land management fee of $11,000 (equivalent to RMB54,000) per annum with an increment rate of 10% every five years until 2057, in accordance with an additional land use right agreement dated 6 April 2007.

(ii) As at 31 December 2021, the Group's production facilities in China are located on plots of land of which land use right certificates and property ownership certificates have not been obtained. Management has continued to follow up with the relevant local authorities and is of the opinion that nothing has come to the attention of the management that the Group is not able to obtain the land use right certificates and property ownership certificates.

On 11 February 2022, the Group received certification from the relevant local government authority that the subsidiary of the Company will continue to be entitled to the use right of the Land and the buildings until March 2023. Thereon, there will not be any risk for the land and such buildings to be demolished by local government authorities or withdrawn from leasing by local government authorities.

34. Segment reporting

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, Hong Kong, China and Malaysia. All these locations are engaged in the manufacturing, distribution and trading of electronic products.

The Group has two reportable segments being manufacturing segment and distribution and trading segment.

The manufacturing segment manufactures electronic products for its customers including related corporations.

The distribution and trading segment sells the electronic products to Other segment, whole-sale distributors and retailers.

“Other” segments include the Group’s remaining minor trading and investment holding activities which are not included within reportable segments as they are not separately reported to the chief operating decision maker and they contribute minor amounts of revenue to the Group.

The Group’s reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

34. Segment reporting (Continued)

	Distribution and trading		Manufacturing				
	Hong Kong	Singapore	China	Malaysia	Others	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2021							
Revenue							
Revenue from external customers	125,441	495,691	3,232	–	–	–	624,364
Inter-segment revenue	310,152	24,929	551,006	80,291	–	(966,378)	–
Total revenue	435,593	520,620	554,238	80,291	–	(966,378)	624,364
Results							
Segment results	9,451	36,247	42,740	1,329	43,780	(47,908)	85,639
Finance costs	(50)	(366)	(252)	(7)	(21)	19	(677)
Profit before income tax	9,401	35,881	42,488	1,322	43,759	(47,889)	84,962
Income tax expense							(10,582)
Profit for the reporting period							74,380
Significant non-cash items							
Amortisation and depreciation expenses	386	2,108	6,639	1,248	–	(174)	10,207
Other items of income and expense							
Interest income	1	10	34	–	603	(21)	627

34. Segment reporting (Continued)

	Distribution and trading		Manufacturing				
	Hong Kong $'000	Singapore $'000	China $'000	Malaysia $'000	Others* $'000	Eliminations $'000	Total $'000
2020							
Revenue							
Revenue from external customers	132,724	346,596	4,953	–	–	–	484,273
Inter-segment revenue	371,351	13,896	406,713	9,200	–	(801,160)	–
Total revenue	504,075	360,492	411,666	9,200	–	(801,160)	484,273
Results							
Segment results	36,305	38,246	11,171	(1,479)	31,717	(48,283)	67,677
Finance costs	(251)	(282)	(601)	(24)	(8)	6	(1,160)
Profit before income tax	36,054	37,964	10,570	(1,503)	31,709	(48,277)	66,517
Income tax expense							(10,790)
Profit for the reporting period							55,727
Significant non-cash items							
Amortisation and depreciation expenses	857	2,278	4,696	744	454	(393)	8,636
Other items of income and expense							
Interest income	7	1	362	–	229	–	599
Total segment assets							
31 December 2021	182,343	447,675	277,379	51,728	289,284	(730,208)	518,201
Included in the segment assets:							
Addition:							
Property, plant and equipment	650	562	3,175	1,479	–	–	5,866
31 December 2020	173,381	395,755	234,833	17,671	83,700	(605,092)	300,248
Included in the segment assets:							
Addition:							
Property, plant and equipment	6	276	6,760	4,544	1,337	–	12,923
Intangible assets	–	248	–	–	–	–	248
Total segment liabilities**							
31 December 2021	150,651	377,943	151,514	51,656	33,499	(551,290)	213,973
31 December 2020	143,166	336,478	155,890	18,931	45,015	(457,309)	242,171

* All assets and liabilities are allocated to reportable segments, except for certain assets and liabilities included as "Others" comprised of:

(1) Assets - Investment in subsidiaries, other receivables, derivative financial instruments and cash and cash equivalents;

(2) Liabilities - Other payables from subsidiaries, lease liabilities and provision for retirement benefit

** Total segment liabilities exclude current income tax payables and deferred tax liabilities.

34. Segment reporting (Continued)

Geographical and product information

The breakdown of the Group's revenue by geographical and by products are disclosed in Note 24 to the financial statements. As of 31 December 2021, revenue of approximately $520,179,000 (2020: $374,502,000) are derived from two single external customers. These revenues are attributable to Singapore's and Hong Kong's distribution and trading segment.

Location of non-current assets

	Hong Kong $'000	Singapore $'000	China $'000	Malaysia $'000	Consolidated $'000
31 December 2021	660	2,071	17,509	6,331	26,571
31 December 2020	389	3,679	20,963	4,939	29,970

Non-current assets consist of property, plant and equipment and intangible assets.

35. Financial instruments, financial risks and capital risks management

35.1 *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Financial assets				
Trade receivables	222,533	196,962	–	–
Other receivables	3,443	6,829	20,006	1,370
Cash and cash equivalents	201,512	11,462	192,213	5,142
	427,488	215,253	212,219	6,512
Less: Value added tax receivables	(2,345)	(5,200)	(13)	(22)
Less: Deposits for land use right	(748)	(716)	–	–
Amortised cost	424,395	209,337	212,206	6,490
Derivative financial instruments, representing total financial assets measured at fair value through profit or loss	381	96	381	58

35. Financial instruments, financial risks and capital risks management (Continued)

35.1 *Categories of financial instruments* (Continued)

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Financial liabilities				
Trade payables	138,476	141,052	–	–
Other payables	56,534	62,859	31,592	42,752
Borrowings	14,735	33,034	–	–
Lease liabilities	3,298	4,337	939	1,337
Provision for retirement benefit	930	889	930	889
	213,973	242,171	33,461	44,978
Less: Customer deposits	(11,855)	(4,935)	–	–
Amortised cost	202,118	237,236	33,461	44,978

35.2 *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statements of financial position' to the line item amounts presented in the statements of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

	Gross amounts of recognised financial assets and financial liabilities	Gross amounts of recognised financial assets and financial liabilities set off in the statements of financial position	Net amounts of financial assets and financial liabilities presented in the statements of financial position
	$'000	$'000	$'000
Group			
2020			
Financial assets			
Other receivables – related corporations	172,349	(171,849)	500
Financial liabilities			
Other payables – related corporations	171,849	(171,849)	–

There are no financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements as at 31 December 2021.

35. Financial instruments, financial risks and capital risks management (Continued)

35.2 *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements* (Continued)

	Gross amounts of recognised financial assets and financial liabilities $'000	Gross amounts of recognised financial assets and financial liabilities set off in the statements of financial position $'000	Net amounts of financial assets and financial liabilities presented in the statements of financial position $'000
Company			
2021			
Financial assets			
Other receivables - subsidiaries	31,727	(31,727)	–
Financial liabilities			
Other payables - subsidiaries	59,122	(31,727)	27,395
2020			
Financial assets			
Other receivables - subsidiaries	66,789	(66,789)	–
Financial liabilities			
Other payables - subsidiaries	105,603	(66,789)	38,814

35.3 *Financial risk management policies and objectives*

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk management

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies that give rise to this risk are primarily the United States dollar and the Renminbi.

The Group manages foreign currency risk by matching assets and liabilities in the same currency denomination and supplemented with appropriate financial instruments where necessary. The Group uses derivative financial instruments to mitigate the financial impact associated with foreign currency fluctuation relating to certain forecasted transactions.

35. Financial instruments, financial risks and capital risks management (Continued)

35.3 *Financial risk management policies and objectives* (Continued)

(i) Foreign exchange risk management (Continued)

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies at the end of the reporting period are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Renminbi	6,529	313	7	533	–	–	–	–
Hong Kong dollar	–	11	–	–	–	11	–	–
United States dollar	112,498	138,602	236,415	199,619	–	–	6,135	189
Ringgit Malaysia	607	–	61	–	–	–	–	–

Foreign currency sensitivity

The following analyses the sensitivity to a 5% (2020: 5%) increase or decrease in the respective foreign currencies against the respective functional currencies of the entities in the Group. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end of the for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the relevant foreign currency strengthens by 5% against the functional currency of each entity of the Group, the effect on profit or loss will increase by:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Renminbi	(326)	11	–	–
United States dollar	6,196	3,051	307	9

If the relevant foreign currency weakens by 5% against the functional currency of each entity of the Group, the above will have an opposite effect.

The management does not expect any material impact on profit or loss arising from the effects of reasonably possible changes to foreign exchange rates of foreign currency balances denominated in Ringgit Malaysia and Hong Kong dollar at the end of the reporting period.

35. Financial instruments, financial risks and capital risks management (Continued)

35.3 *Financial risk management policies and objectives* (Continued)

(ii) Interest rate risk management

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group monitors the movements in interest rates on an ongoing basis and evaluates the exposure for its debt obligations.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for borrowing from banks and financial institutions in Singapore, China and Hong Kong at the end of the reporting period.

For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2020: 50 basis points) higher or lower with all other variables held constant, the Group's profit for the financial year ended 31 December 2021, would decrease or increase by $74,000 (2020: $165,000).

No analysis is prepared at the Company level as the impact is not expected to be material.

(iii) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial losses from default. Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Cash terms, advance payments and letter of credits are required for customers of lower credit standing.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the consolidated statement of financial position except for the financial guarantees provided by the Company to banks for subsidiaries' borrowings as disclosed in Note 35.3(iii).

Trade receivables

The Group manages concentration of credit risk by performing credit analysis procedures to assess the potential customers' credit quality and defines credit limits by customer before offering credit term to any new customer.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for outstanding trade receivables from 5 (2020: 5) major customers which represent 99% (2020: 99%) of total trade receivables balance as at 31 December 2021.

The Group applies the simplified approach, using a provision matrix, to measure the expected credit losses for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Group's historical credit losses experienced and then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customer.

35. Financial instruments, financial risks and capital risks management (Continued)

35.3 Financi*al risk management policies and objectives* (Continued)

(iii) Credit risk management (Continued)

Trade receivables (Continued)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. Accordingly, the management believes that there is no further impairment required in excess of the loss allowance for trade receivables.

Further disclosures regarding expected credit loss on trade receivables, are disclosed in Note 6 to the financial statements.

Other receivables

Management assessed whether there is significant increase in credit risk for amount due from related corporations since initial recognition. Management considers various operating performance ratios as well as liquidity ratios of these related corporations and concluded that these corporations have sufficient net assets to repay their debts and are therefore subject to insignificant expected credit losses.

For other receivables, the management adopts a policy of dealing with high credit quality counterparties. The management monitors and assesses at each reporting date on any indicator of significant increase in credit risk on these other receivables. As at the end of the reporting period, there is no indication that credit risk on these receivables have increased significantly, hence, these receivables are measured at 12-month expected credit loss model and subject to immaterial credit loss.

Cash and cash equivalents

The Group places its cash with creditworthy institutions with average rating of “AA-”, based on Standard & Poor’s rating. Impairment of cash at banks have been measured using a 12-month expected credit loss model. At the reporting date, the Group and the Company do not expect any material credit loss from non-performance by the counterparties.

Financial guarantee contracts

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks on subsidiaries’ borrowings. The Company’s maximum exposure are the maximum amount the Company could have to pay if the guarantee is called on. As at 31 December 2021, subsidiaries’ borrowings of $12,618,000 (2020: $28,982,000) was guaranteed by the Company. For the financial guarantee issued, the Company have assessed that these subsidiaries have sufficient financial capabilities to meet its contractual cash flows obligation in the near future, hence, does not expect any material loss allowance under the 12-month expected credit loss model.

(iv) Liquidity risk management

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surplus and the raising of loans to cover expected cash demand, subject to approval by the Company’s Board of Directors when the borrowings exceed certain predetermined levels of authority. The Group’s policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liability requirements in the short and longer term. Undrawn facilities are disclosed in Note 13 to the financial statements.

The Company is the holding company for all its subsidiaries and has the ability to control the timing of repayment for the liabilities owing to its subsidiaries, management is satisfied that the Company is able to meet its existing and prospective funding requirements and continue to operate as a going concern.

35. Financial instruments, financial risks and capital risks management (Continued)

35.3 *Financial risk management policies and objectives* (Continued)

(iv) Liquidity risk management (Continued)

Liquidity and interest analysis

Financial liabilities at amortised cost

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

	Weighted average effective interest rate per annum	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
2021						
Non-interest bearing	–	183,785	–	300	–	184,085
Lease liabilities (fixed rate)	3.45	1,939	1,504	–	(145)	3,298
Bank loans (variable rate)	3.51	12,138	2,964	–	(367)	14,735
		197,862	4,468	300	(512)	202,118
2020						
Non-interest bearing	–	199,588	–	277	–	199,865
Lease liabilities (fixed rate)	3.64	2,534	2,005	–	(202)	4,337
Bank loans (variable rate)	2.36	29,516	4,041	–	(523)	33,034
		231,638	6,046	277	(725)	237,236

35. Financial instruments, financial risks and capital risks management (Continued)

35.3 *Financial risk management policies and objectives* (Continued)

(iv) Liquidity risk management (Continued)

Liquidity and interest analysis (Continued)

Financial liabilities at amortised cost (Continued)

	Weighted average effective interest rate per annum %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Company						
2021						
Non-interest bearing	–	32,222	–	300	–	32,522
Lease liabilities (fixed rate)	2.00	479	479	–	(19)	939
Financial corporate guarantee	–	9,777	2,841	–	–	12,618
		42,478	3,320	300	(19)	46,079
2020						
Non-interest bearing	–	43,364	–	277	–	43,641
Lease liabilities (fixed rate)	2	419	959	–	(41)	1,337
Financial corporate guarantee	–	25,164	3,818	–	–	28,982
		68,947	4,777	277	(41)	73,960

Based on expectations at each reporting date, the Company considers that it is more likely than not that no amount will be payable under the arrangement. The financial guarantees have not been recognised in the financial statements of the Group as the Directors of the Company do not consider it probable that a claim will be made against the Group under the guarantees.

Contractual maturity analysis – derivative financial instruments

The following table details the Group's and Company's maturity analysis for its derivative financial instruments. The table has been drawn up based on undiscounted gross cash inflows/(outflows) on those derivatives that require gross settlement.

	On demand or within one financial year			
	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Gross settled:				
Currency forward contracts:				
Gross inflow	635,763	148,776	635,763	122,413
Gross outflow	(635,382)	(148,680)	(635,382)	(122,355)
	381	96	381	58

35. Financial instruments, financial risks and capital risks management (Continued)

35.3 *Financial risk management policies and objectives* (Continued)

(v) Fair value of financial assets and financial liabilities

For financial reporting purposes, the fair value measurement of the Group's and the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)

- Level 2: Observable direct or indirect inputs other than Level 1 inputs

- Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Financial instrument that are not measured at fair value on a recurring basis

The carrying amounts of cash and cash equivalents, trade and other current receivables, payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. In respect of the financial assets and financial liabilities recorded at amortised cost whose maturity is more than a year, management also considers that such financial instruments approximate their fair values.

The fair value of non-current borrowing was based on cash flow analysis, discounted at market borrowing rates of a similar instrument which management expected to be available to the Group. The borrowing is classified as Level 2.

There are no transfers between the levels of the fair value hierarchy during the financial year.

Fair value of financial instruments carried at fair value

The fair value of currency forward contracts is determined using quoted forward currency rates at the end of the financial year. These investments are classified as Level 2.

35.4 *Capital risk management policies and objectives*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The Group's overall strategy remains unchanged as at the end of the reporting period.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital and reserves and retained profits.

35. Financial instruments, financial risks and capital risks management (Continued)

35.4 *Capital risk management policies and objectives* (Continued)

Management monitors capital based on the Group's current ratio and net gearing ratio. As at 31 December 2021, the Group's current ratio were 2.23 (2020: 1.07). The Group's net gearing ratio for 31 December 2021 is not presented as total cash and cash equivalents exceeded total borrowings and lease liabilities (2020: 0.62).

The current ratio is calculated as total current assets divided by total current liabilities.

The net gearing ratio is calculated as net borrowings divided by shareholders' funds. Net borrowings are calculated as total borrowings (Note 13) and lease liabilities (Note 14) less cash and cash equivalents (Note 5).

As disclosed in the Group's consolidated statement of changes in equity and Note 23 to the financial statements, a subsidiary is required by relevant laws and regulations of the PRC to contribute to and maintain a non-distributable PRC statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. The Group has complied with this externally imposed capital requirement.

As at end of each reporting period, management had assessed that the Group's cash and bank balances, together with anticipated cash flow from future operations and borrowings available under the Group's credit facilities, will be sufficient to fund its operations and capital expenditure requirements for the next 12 months.

36. Significant events and transactions

The World Health Organisation announced the Coronavirus Disease 2019 ("Covid-19") as a global health emergency on 11 March 2020. To contain the spread of Covid-19, many countries instituted lockdowns. As at the date of this report, most countries have eased restrictions and the Group's factories and offices have resumed operations.

The Group has set up a specific task force to handle the situation and implemented several measures to prevent the spread of the Covid-19 at the Group's various offices and facilities. The management continues to monitor the situation closely and carries out necessary measures to minimise interruptions of the Group's operations.

Since the outbreak of Covid-19, the Group has experienced disruptions to its operations in the following respect:

- The temporary closure of its manufacturing plants due to the lockdown measures implemented by the local government authority;
- Disruptions in the supply of inventory from major suppliers; and
- Significant uncertainty concerning when government lockdowns will be lifted, control measures will be eased and the long-term effects of the pandemic on the demand for the Group's products.

However, as the Covid-19 pandemic is still evolving rapidly, there is no assurance that the spread of Covid-19 will be contained in the near term and the duration of the Covid-19 pandemic and the extent of its adverse effects cannot be determined with certainty at present. As such, in the event that the containment of Covid-19 does not improve in the near term, and results in a prolonged global economic recession, this may have a protracted negative impact on economic and business activities in the countries which we operate in, as well as the countries or regions where our products are sold.

While the Group has not encountered any disease outbreak, save for Covid-19, that has had a material adverse effect on our financial position and results of operations, there is no assurance that such incidents will not occur in the future. The Group is unable to reasonably estimate the potential financial impact on the Group's business, result of the operations and cash flows for the future financial years.

37. Events after the reporting period

On 4 February 2022, the Group received notice that one of the Group's customers is undergoing a preliminary judicial proceeding (protective shield proceeding) in Germany which could result in the opening of insolvency proceedings. The protective shield proceeding is supervised by a court-appointed preliminary trustee ("Trustee").

The contracts for the sale of goods to the customer contain protective clauses. The customer and the Trustee have informed the Group that the Group's interests are sufficiently protected due to the presence of the protective clause in the contracts and the fact that the inventory stored in the customer's warehouse is more than sufficient to pay for the outstanding monies owed by the customer to the Group.

The Group has received advice from their lawyers in Germany that under German insolvency law, the protective clauses entitle the Group to payment for the products when they are sold, processed or otherwise used by the customer. The Group therefore stands as a secured creditor in the said insolvency proceeding. The Group received further confirmation from the Trustee that all proceeds from the sale of goods in the customer's warehouse from secured creditors will be deposited in a separate account.

Based on the available information and the opinion from the Group's lawyers in Germany that the Group is a secured creditor, the Group has concluded the expected credit losses recognised for the balance as at 31 December 2021 is sufficient and that no additional impairment is required.

38. Authorisation of financial statements

The consolidated financial statements of the Group and statement of financial position of the Company as at 31 December 2021 and statement of changes in equity of the Company for the financial year ended 31 December 2021 were authorised for issue by the Directors on 30 March 2022.

Analysis of Shareholdings

As at 28 March 2022

Issue and paid-up capital (including treasury shares)	:	$214,009,430.30
Number of shares issued including treasury shares	:	773,825,545
Number of shares issued excluding treasury shares	:	771,952,945
Number/percentage of Treasury Shares	:	1,872,600 (0.24%)
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per share
Number of subsidiary holdings held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	10	0.20	364	0.00
100 - 1,000	609	12.19	549,077	0.07
1,001 - 10,000	2,941	58.85	14,746,693	1.91
10,001 - 1,000,000	1,420	28.42	58,796,089	7.62
1,000,001 and above	17	0.34	697,860,722	90.40
Total	4,997	100.00	771,952,945	100.00

TOP TWENTY SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	Azventure Investments Ltd	542,197,600	70.24
2	Raffles Nominees (Pte) Limited	46,383,467	6.01
3	DBS Nominees Pte Ltd	21,189,533	2.74
4	HSBC (Singapore) Nominees Pte Ltd	19,838,298	2.57
5	UOB Kay Hian Pte Ltd	15,282,800	1.98
6	Citibank Nominees Singapore Pte Ltd	14,816,756	1.92
7	OCBC Securities Private Ltd	6,353,140	0.82
8	Phillip Securities Pte Ltd	5,759,908	0.75
9	Starich Investments Pte Ltd	4,726,500	0.61
10	DB Nominees (Singapore) Pte Ltd	4,012,860	0.52
11	CGS-CIMB Securities (Singapore) Pte Ltd	3,765,178	0.49
12	iFast Financial Pte Ltd	3,669,282	0.47
13	Maybank Securities Pte. Ltd.	3,142,700	0.41
14	HPL Investers Pte Ltd	3,000,000	0.39
15	United Overseas Bank Nominees Pte Ltd	1,540,826	0.20
16	Tiger Brokers (Singapore) Pte. Ltd.	1,092,148	0.14
17	OCBC Nominees Singapore Pte Ltd	1,089,726	0.14
18	CST Investment Holdings Pte Ltd	1,000,000	0.13
19	Ronie Tan Choo Seng	990,000	0.13
20	DBSN Services Pte Ltd	636,130	0.08
		700,486,852	90.74

SUBSTANTIAL SHAREHOLDERS
(as shown in the Company's register of Substantial Shareholders)

	NO. OF SHARES	
	DIRECT INTEREST	DEEMED INTEREST
AZVENTURE INVESTMENTS LTD (1)	542,197,600	0
AVS INVESTMENTS PTE LTD (2)	0	542,197,600
MUN HONG YEW (3)	0	542,197,600

Notes:

(1) Azventure Investments Ltd ("AZI"), formerly known as Aztech Group Ltd is directly interested in 542,197,600 shares in the Company.

(2) AVS Investments Pte. Ltd. ("AVSI") holds approximately 84.09% of the issued and paid up share capital of AZI. Accordingly, AVSI is deemed to have an interest in all of AZI's shareholding in the Company.

(3) Mr Mun Hong Yew is the sole shareholder of AVSI, which in turn holds approximately 84.09% of the issued and paid up share capital of AZI. Accordingly, Mr Mun Hong Yew is deemed to have an interest in all of AZI's shareholding in the Company. Mr Mun Hong Yew is also a director of both AZI and AVSI.

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 28 March 2022, approximately 29.74% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Notice of Annual General Meeting

This Notice has been made available on SGXNET and the Company's website and may be accessed at the URL https://www.aztechglobal.com/agm. A printed copy of this Notice will NOT be despatched to members.

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **AZTECH GLOBAL LTD**. (the "Company") will be convened and held by way of electronic means on **Thursday, 28 April 2022 at 10.00 a.m. (Singapore time)**, for the following businesses:

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' Statement and Auditors' Report thereon. **[Resolution 1]**

2. To declare a final one-tier tax exempt dividend of S$0.05 per ordinary share for the financial year ended 31 December 2021. **[Resolution 2]**

3. To approve Directors' fees of S$270,000 for the financial year ending 31 December 2022. **[Resolution 3]** *(Explanatory Note a)*

4. To re-elect Mr. Mun Hong Yew, retiring pursuant to regulation 97 of the Company's constitution (the "**Constitution**"), and who, being eligible, will offer himself for re-election. **[Resolution 4]** *(Explanatory Note b)*

5. To re-elect Mr. Huang Junli Christopher, retiring pursuant to regulation 97 of the Constitution, and who, being eligible, will offer himself for re-election. **[Resolution 5]** *(Explanatory Note b)*

6. To re-appoint Messrs BDO LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 6]**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

8. **Authority to allot and issue shares**

"That authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising share options or the vesting of share awards, provided the share options or share awards were granted in compliance with the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue or consolidation or subdivision of Shares,

provided further that adjustments in accordance with sub-paragraphs (2)(i) and (ii) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and are outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[Resolution 7]
(Explanatory Note c)

9. **Renewal of the Share Purchase Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (the "**Companies Act**") as may be amended from time to time, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting;

(c) in this Resolution:

"**subsidiary holdings**" has the meaning ascribed to it in the listing rules of the SGX-ST;

"**Prescribed Limit**" means, subject to the Companies Act, 10% of the total number of issued Shares of the Company (excluding subsidiary holdings and any Shares which are held as treasury shares) as at the date of the passing of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined hereinafter),

where:

"**Average Closing Price**" means the average of the Closing Market Prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-Market Day period and the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which must not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution. **[Resolution 8]**

(Explanatory Note d)

10. **Authority to grant Options and to allot and issue Shares in accordance with the Aztech Employee Share Option Scheme ("Aztech ESOS")**

"That approval be and is hereby given to the Directors of the Company to:

(a) offer and grant Options in accordance with the provisions of the Aztech ESOS; and

(b) allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of the Options under the Aztech ESOS granted while this Resolution was in force (notwithstanding that such issue of Shares may occur after the expiration of the authority contained in this Resolution),

provided that the aggregate number of Shares to be allotted and issued pursuant to the Aztech ESOS on any date, when aggregated with the number of Shares issued or issuable or existing Shares delivered or deliverable in respect of Options under the Aztech ESOS, awards under the Aztech Performance Share Plan and any other share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day immediately preceding the date on which the Option is granted." **[Resolution 9]**
(Explanatory Note e)

11. **Authority to grant Awards and to allot and issue Shares under the Aztech Performance Share Plan ("Aztech PSP")**

"That approval be and is hereby given to the Directors of the Company to:

(a) grant Awards in accordance with the provisions of Aztech PSP; and

(b) allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the release of the Awards under the Aztech PSP granted while this Resolution was in force (notwithstanding that such issue of Shares may occur after the expiration of the authority contained in this Resolution),

provided that the aggregate number of Shares to be allotted and issued pursuant to the release of the Awards under the Aztech PSP on any date, when aggregated with the number of Shares issued or issuable or existing Shares delivered or deliverable in respect of Awards under the Aztech PSP, Options under the Aztech ESOS and any other share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the day immediately preceding the date on which the Award is granted." **[Resolution 10]**
(Explanatory Note f)

12. **Authority to allot and issue Shares pursuant to the Aztech Scrip Dividend Scheme**

"That approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of new ordinary shares in the Company as may be required to be allotted and issued under the Aztech Scrip Dividend Scheme, on such terms and conditions as may be determined by the Directors and to do all acts and things which they may in their absolute discretion deem necessary or desirable to carry the same into effect." **[Resolution 11]**
(Explanatory Note g)

By Order of the Board

Ms Pavani Nagarajah
Company Secretary
8 April 2022
Singapore

Explanatory Notes:

a. Ordinary Resolution 3

Ordinary Resolution 3, if passed, will facilitate payment of the Directors' fees for the financial year ending 31 December 2022. The Directors' fees for Mr. Mun Hong Yew, Mr. Mun Weng Hung, Mr. Tan Teik Seng, Mr. Tan Jwee Meng and Mr. Huang Junli Christopher will be paid in four (4) instalments on a quarterly basis, within 30 days of the end of each quarter, with the payment for the first quarter of the year to be paid within 30 days of the receipt of approval of the members at the forthcoming Annual General Meeting ("**AGM**"). The aggregate amount of Directors' fees for the said Directors is calculated on the assumption that all Directors will hold office for the whole of the financial year ending 31 December 2022.

b. Ordinary Resolutions 4 and 5

Mr. Mun Hong Yew will, upon re-election, remain as the Chief Executive Director of the Company.

Mr. Huang Junli Christopher will, upon re-election as a Director of the Company, remain as an Independent Director, the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.

The profiles of Mr. Mun Hong Yew and Mr. Huang Junli Christopher can be found in the "Board of Directors" section of the Company's Annual Report 2021 and the additional information required by Rule 720(6) of the Listing Manual of the SGX-ST is provided in the "Additional Information on Directors Seeking Re-election" section of the Company's Annual Report 2021.

c. Ordinary Resolution 7

Ordinary Resolution 7, if passed, will empower the Directors to issue Shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to a number not exceeding fifty per cent. (50%), of which up to twenty per cent. (20%) may be issued other than on a pro rata basis to shareholders of the Company.

For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time that Ordinary Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time that Ordinary Resolution 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision or shares. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company, or by the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

d. Ordinary Resolution 8

Ordinary Resolution 8 relates to the renewal of the mandate, which was first approved by the shareholders at an extraordinary general meeting held on 13 October 2021, authorising the Company to purchase its own Shares. Please refer to the Appendix to this Notice of AGM for more information.

e. Ordinary Resolution 9

Ordinary Resolution 9, if passed, will empower the Directors to offer and grant Options under the Aztech ESOS and to allot and issue new Shares in the capital of the Company upon the exercise of such Options in accordance with the Aztech ESOS (as may be modified by the Committee from time to time), provided that the aggregate number of Shares to be allotted and issued pursuant to the Aztech ESOS, when aggregated with the number of Shares issued or issuable or existing Shares delivered or deliverable in respect of Options under the Aztech ESOS, awards under the Aztech PSP and any other share schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day immediately preceding the date on which an Option is granted.

f. Ordinary Resolution 10

Ordinary Resolution 10, if passed, will empower the Directors to grant Awards and to issue and allot Shares pursuant to the vesting of the Awards under the Aztech PSP. The grant of Awards under the Aztech PSP will be made in accordance with the provisions of the Aztech PSP. The aggregate number of Shares which may be issued pursuant to the Aztech PSP, when aggregated with the number of Shares issued or issuable or existing Shares delivered or deliverable in respect of Awards under the Aztech PSP, Options under the Aztech ESOS and any other share schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day immediately preceding the date on which the Award is granted.

g. Ordinary Resolution 11

Ordinary Resolution 11, if passed, will authorise the Directors to allot and issue Shares of the Company pursuant to the Aztech Scrip Dividend Scheme ("**Scrip Dividend Scheme**") to participating shareholders who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount, in whole or in part, of that qualifying dividend. The authority will continue until the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held, whichever is earlier (unless such authority is revoked at a general meeting). Authority sought under Ordinary Resolution 11 is in addition to the general authority to issue Shares sought under Ordinary Resolution 7. For the avoidance of doubt, the Scrip Dividend Scheme is not applicable to the final one-tier tax exempt dividend of S$0.05 per ordinary share for the financial year ended 31 December 2021, as proposed in Ordinary Resolution 2.

NOTICE OF RECORD DATE AND DISTRIBUTION PAYMENT DATE

As stated in the Notice of Record Date set out in the Company's announcement dated 22 February 2022, the Company wishes to notify shareholders that the Transfer Book and Register of Members of the Company will be closed at 5.00 p.m. (Singapore time) on 9 May 2022 for the purpose of determining shareholders' entitlements to the proposed final dividend of S$0.05 per ordinary share in respect of the financial year ended 31 December 2021 ("FY2021 Final Dividend"). The FY2021 Final Dividend, if approved by shareholders at the 2022 AGM, will be paid on or about 18 May 2022.

Duly completed registrable transfers of the Shares received by the Company's Registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896 up to 5.00 p.m. (Singapore time) on 9 May 2022 will be registered before entitlements to the FY2021 Final Dividend are determined.

Members whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with Shares at 5.00 p.m. on 9 May 2022 will rank for the FY2021 Final Dividend.

Notes:

(i) The AGM will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will not be sent to members. Instead, this Notice of AGM will be sent to members by electronic means via publication on the Company's website at https://www.aztechglobal.com/agm, and will also be made available on the SGXNet's website at www.sgx.com/securities/company-announcements.

(ii) **Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the AGM in person.** Details on the alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" webcast or "live" audio-only stream), submission of questions to the Chairman of the AGM ("**Chairman**") in advance of the AGM, addressing of substantial and relevant questions prior to or at the AGM and voting by appointing the Chairman as proxy at the AGM, are set out in the Company's notice dated 8 April 2022 and titled "Important Notice to Shareholders in relation to the Company's Annual General Meeting on 28 April 2022" ("**Notice to Shareholders**"). For the avoidance of doubt, the Notice to Shareholders is circulated together with and forms part of this Notice of AGM in respect of the AGM. Shareholders may participate in the AGM by taking note of the steps set out in the Notice to Shareholders.

(iii) Shareholders who wish to participate in the AGM by watching the AGM proceedings via "live" webcast must pre-register at https://www.aztechglobal.com/agm no later than **10.00 a.m.** on **25 April 2022** to enable the Company to verify their status as shareholders. The Company may switch to a "live" audio-only stream, in the event that the Company is unable, for any reason, to conduct a "live" webcast.

(iv) If shareholders have any questions in relation to any of the resolutions **tabled for approval at the AGM, shareholders may send their queries in advance of the AGM, by 10.00 a.m. on 20 April 2022** (the "**Deadline**"), via electronic mail to the Company's corporate secretarial team at agm@aztech.com, or by post to 31 Ubi Road 1, #01-05, Singapore 408694. The Company will address all substantial and relevant queries received by the Deadline from shareholders, by 10.00 a.m. on 23 April 2022. Any substantial or relevant questions received after the Deadline will be addressed prior to or at the AGM itself. The Company will also publish its responses to the questions addressed during the AGM on its corporate website and on SGXNET. Please note that the Company is unable to take on questions at the AGM during the "live" webcast, and therefore it is important for shareholders to submit their queries in advance of the AGM.

(v) **A member (whether individual or corporate) that wishes to exercise his/her/its voting rights at the AGM must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The Chairman, as proxy, need not be a member of the Company.** The instrument for the appointment of proxy ("**Proxy Form**") is available on the Company's website at https://www.aztechglobal.com/agm and on SGXNet's website at www.sgx.com/securities/company-announcements. Printed copies of the proxy form will not be sent to members. Where a member (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

(vi) The Proxy Form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must be:

(a) if sent personally or by post, deposited with: Aztech Global Ltd., c/o B.A.C.S. Private Limited, at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896; or

(b) if submitted by electronic mail, received by the Company at agm@aztech.com,

in either case, by **10.00 a.m**. on **25 April 2022**, being seventy-two (72) hours before the time of the AGM, and in default, the instrument of proxy shall be treated as invalid.

A member who wishes to submit a proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation, it may be difficult for members to submit completed proxy forms by post and for the Company to process completed proxy forms which are submitted by post. There may also be delays in the delivery of completed proxy forms which are submitted by post. **Therefore, members are strongly encouraged to submit duly completed proxy forms electronically via electronic mail.** If a member elects to submit duly completed proxy forms electronically via electronic mail, all subsequent correspondence with the Company in relation to the AGM shall be conducted via electronic mail, and sent to the same electronic mail address from which the proxy forms were submitted.

(vii) The Proxy Form must be under the hand of the appointer or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

(viii) Persons who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act), other than Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through the live webcast; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

(ix) In addition, CPF and SRS investors who wish to appoint the Chairman as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m**. on **18 April 2022,** being seven (7) working days before the date of the AGM.

(x) The Annual Report 2021, Notice of AGM and proxy form for the AGM will be disseminated to shareholders solely by electronic means via publication on the Company's corporate website at https://www.aztechglobal.com/agm and will also be made available on SGXNet's website at www.sgx.com/securities/company-announcements. Printed copies of these documents will not be sent to shareholders.

Personal data privacy:

By submitting an instrument appointing the Chairman as the proxy to attend, speak and vote at the AGM and/or any adjournment thereof (whether by hand, post or electronic mail), a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

APPENDIX DATED 8 APRIL 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares in the issued share capital of Aztech Global Ltd. (the "**Company**"), you should immediately inform the purchaser or transferee or bank, stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular may be accessed at the Company's website at https://www.aztechglobal.com/agm and SGXNet.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

AZTECH GLOBAL LTD.
(Incorporated in the Republic of Singapore on 27 May 2009)
(Company Registration No.: 200909384G)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

The purpose of this Appendix is to provide information and explain to the shareholders of the Company the rationale for the proposed renewal of the Share Purchase Mandate to be tabled at the Company's Annual General Meeting to be held by way of electronic means on 28 April 2022 Thursday at 10.00 a.m. (the "**2022 AGM**").

Appendix to Annual General Meeting Notice

(Share Buy Back)

DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:

"2021 EGM"	:	EGM of the Company which was held on 13 October 2021
"2021 Share Purchase Mandate"	:	Has the meaning ascribed to it in paragraph 2.1 of this Appendix
"2022 AGM"	:	AGM of the Company to be held on 28 April 2022
"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	Annual General Meeting of the Company
"Appendix"	:	This Appendix dated 8 April 2022 in relation to the proposed renewal of the Share Purchase Mandate
"Aztech Employee Share Option Scheme"	:	The employee share option scheme of the Company approved by Shareholders on 18 February 2021
"Aztech Performance Share Plan"	:	The performance share plan of the Company approved by Shareholders on 18 February 2021
"CDP"	:	The Central Depository (Pte) Limited
"CEO"	:	Chief Executive Officer
"Companies Act"	:	The Companies Act 1967 of Singapore, as amended or modified from time to time
"Company"	:	Aztech Global Ltd.
"Constitution"	:	The constitution of the Company, as amended, modified or supplemented from time to time
"Directors"	:	The directors of the Company as at the Latest Practicable Date
"EPS"	:	Earnings per Share
"financial year"	:	The period of 12 months commencing on 1 January each year and ending on 31 December the same year
"FY2021"	:	Financial year ended 31 December 2021
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	1 April 2022, being the latest practicable date prior to the uploading of this Appendix on the Company's website and the SGXNet
"Listing Manual"	:	The listing manual of the SGX-ST, as amended or modified from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities

"Market Purchase"	:	Has the meaning ascribed to it in paragraph 2.3.3 of this Appendix
"NAV"	:	Net asset value
"Off-Market Purchase"	:	Has the meaning ascribed to it in paragraph 2.3.3 of this Appendix
"Register of Members"	:	The Register of Members of the Company
"Relevant Directors"	:	Has the meaning ascribed to it in paragraph 2.9.3 of this Appendix
"SFA"	:	The Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Purchase"	:	The purchase or acquisition of issued Share(s) by the Company pursuant to the terms of the Share Purchase Mandate
"Share Purchase Mandate"	:	The mandate to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of such mandate
"Shareholders"	:	Means: (a) where the Depository is named in the Register of Members as the holder of shares, a Depositor in respect of the number of shares standing to the credit of his name in the Depository Register; and (b) in any other case, a person whose name appears on the Register of Members maintained by the Company pursuant to Section 190 of the Companies Act and/or any other applicable law
"Shares"	:	Ordinary shares in the capital of the Company
"Substantial Shareholder"	:	A person who has an interest in one or more voting shares (excluding treasury shares) in a company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares (excluding treasury shares) in the company
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
"treasury shares"	:	Issued Shares which were (or are treated as having been) purchased by the Company in circumstances in which Section 76H of the Companies Act applies, and have been held by the Company continuously since purchased
"S$" and "cents"	:	Singapore dollars and cents, respectively
"%" or "per cent."	:	Percentage or per centum

Appendix to Annual General Meeting Notice

(Share Buy Back)

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

The term “**subsidiary holdings**” shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual, the Take-over Code or any modification thereof and used in this Appendix shall have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual, the Take-over Code or any modification thereof, as the case may be, unless otherwise provided.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference to a time of day and date in this Appendix is a reference to Singapore time and date, respectively, unless otherwise stated. Any reference to currency set out in this Appendix is a reference to S$ unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the proposed renewal of the Share Purchase Mandate.

AZTECH GLOBAL LTD.

(Incorporated in the Republic of Singapore on 27 May 2009)
(Company Registration No.: 200909384G)

Board of Directors	**Registered Office**
Mr. Michael Mun *(Executive Chairman and Chief Executive Officer)*	31 Ubi Road 1
Mr. Jeremy Mun *(Executive Director and Chief Operating Officer)*	#01-05
Mr. Tan Teik Seng *(Lead Independent Director)*	Singapore 408694
Mr. Larry Tan *(Independent Director)*	
Mr. Christopher Huang *(Independent Director)*	

8 April 2022

To: The Shareholders of **Aztech Global Ltd.**

Dear Shareholders

1. INTRODUCTION

We refer to Ordinary Resolution 8 set out in the Notice convening the 2022 AGM to be held on 28 April 2022, relating to the proposed renewal of the Share Purchase Mandate.

The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the Share Purchase Mandate to be tabled at the 2022 AGM, and to seek Shareholders' approval at the 2022 AGM for the same.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax advisor or other professional adviser immediately.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background

At the 2021 EGM held on 13 October 2021, Shareholders had approved the adoption of a share purchase mandate (the "**2021 Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire issued Shares. The rationale for, and the authority and limitations on, the 2021 Share Purchase Mandate were set out in the circular to shareholders dated 28 September 2021.

The 2021 Share Purchase Mandate will expire on the date of the forthcoming AGM being the 2022 AGM. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2022 AGM.

2.2 Shares Purchased or Acquired during the Previous 12 Months

As at the Latest Practicable Date, the Company has purchased a total of 1,872,600 Shares pursuant to the 2021 Share Purchase Mandate approved by Shareholders at the 2021 EGM. The highest price paid per Share was S$1.05 and the lowest price paid per Share was S$0.80. The total consideration (including stamp duties, clearing changes etc.) paid was S$1,842,722.54.

2.3 Rationale

The proposed Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares during the period when the Share Purchase Mandate is in force, if and when circumstances permit. The purchases or acquisitions of Shares may, depending on market conditions and funding arrangements at the time, allow the Directors to better manage the Company's capital structure with a view to enhancing the earnings per share and/or net asset value per share of the Group. The purchases or acquisitions of Shares may, in appropriate circumstances, also help to mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence. The Share Purchase Mandate may also be used to purchase or acquire existing Shares to satisfy options granted or awards given in relation to the Aztech Employee Share Option Scheme, the Aztech Performance Share Plan and any other employee share schemes which may be implemented by the Company, and allow the management of the Company to effectively manage and minimise the dilution impact (if any) associated with employee share schemes.

The Directors will decide whether to effect the purchases or acquisitions of its Shares via Market Purchases or Off-Market Purchases (both as defined below), after taking into account the prevailing market conditions, the financial position of the Group and other relevant factors.

2.4 Terms of the Share Purchase Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, if renewed at the 2022 AGM, are substantially the same as those previously approved by Shareholders at the 2021 EGM. These are summarised below:

2.4.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company pursuant to the Share Purchase Mandate must not exceed 10% of the total number of Shares (excluding subsidiary holdings and any Shares which are held as treasury shares) in issue as at the date of the 2022 AGM at which the renewal of the Share Purchase Mandate is approved, unless the Company has reduced its share capital by a special resolution under Section 78C of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution.

As at the Latest Practicable Date, the Company is holding 1,872,600 Shares as treasury shares and has no subsidiary holdings. Purely for illustrative purposes, on the basis of a total of 771,952,945 issued Shares (excluding treasury shares) as at 1 April 2022, being the latest practicable date prior to the issue of this Appendix (the "**Latest Practicable Date**"), and assuming that no further Shares are issued and that there are no subsidiary holdings, on or prior to the 2022 AGM, not more than 77,195,294 Shares (representing 10% of the total number of Shares in issue as at that date (excluding treasury shares and subsidiary holdings)) may be purchased by the Company pursuant to the Share Purchase Mandate.

2.4.2 Duration of Authority

Purchases or acquisitions of Shares by the Company may be made, at any time and from time to time, on and from the date of the 2022 AGM at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(b) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting.

The Share Purchase Mandate may be renewed by the Shareholders at the next annual general meeting or at any other general meeting of the Company. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.4.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares by the Company may be made by way of:

(a) an on-market purchase transacted through the SGX-ST's trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchase**"); and/or

(b) an off-market purchase in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Purchase**").

In an Off-Market Purchase, the Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Constitution of the Company, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(a) the offers under the scheme are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;

(b) all of those persons have a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers are the same except that there must be disregarded:

  (i) differences in consideration attributable to the fact that the offers relate to shares with different accrued dividend entitlements;

  (ii) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and

  (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

Under the Listing Manual, in making an Off-Market Purchase, a listed company must issue an offer document to all shareholders containing, *inter alia*, the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed share purchases;

(d) the consequences, if any, of share purchases by the listed company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the share purchases, if made, could affect the listing of the listed company's equity securities on the SGX-ST;

(f) details of any share purchases made by the listed company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(g) whether the shares purchased by the listed company will be cancelled or kept as treasury shares.

2.4.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors, provided that such purchase price must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined hereinafter),

("**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the purposes of this Circular:

"**Average Closing Price**" means the average of the Closing Market Prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-Market Day period and the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which must not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.5 Status of Purchased or Acquired Shares: Held in Treasury or Cancelled

Any Shares purchased or acquired pursuant to the Share Purchase Mandate will be dealt with in such manner as may be permitted by the Companies Act.

Under the Companies Act, any Share purchased or acquired by the Company is deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share shall expire on cancellation), unless such Share is held by the Company in treasury in accordance with Sections 76H to 76K of the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company, which are cancelled and are not held as treasury shares.

2.5.1 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Certain provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holding: The aggregate number of Shares held by the Company as treasury shares must not at any time exceed 10% of the total number of Shares (excluding subsidiary holdings and any Shares which are held as treasury shares) in issue at that time. In the event that the aggregate number of treasury shares held by the Company exceeds the aforesaid limit, the Company must dispose of or cancel the excess treasury shares in accordance with Section 76K of the Companies Act within six (6) months from the day the aforesaid limit is first exceeded, or such further period as may be allowed by ACRA.

(b) Voting and Other Rights: The Company must not exercise any right in respect of the treasury shares. In particular, the Company must not exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company is to be treated as having no right to vote and the treasury shares are to be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal or Cancellation: Where Shares are held as treasury shares, the Company may at any time:

(i) sell the treasury shares (or any of them) for cash;

(ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons, including the Aztech Employee Share Option Scheme and the Aztech Performance Share Plan;

(iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares (or any of them); or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as (A) the date of the sale, transfer, cancellation and/or use of such treasury shares, (B) the purpose of such sale, transfer, cancellation and/or use of such treasury shares, (C) the number of treasury shares which have been sold, transferred, cancelled and/or used, (D) the number of treasury shares before and after such sale, transfer, cancellation and/or use, (E) the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and (F) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.5.2 Purchased or Acquired Shares Cancelled

Under the Companies Act, where Shares purchased or acquired by the Company are cancelled, the Company must:

(a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;

(b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or

(c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled, which includes any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of Shares.

Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

2.6 Source of Funds

In purchasing or acquiring its Shares, the Company may only apply funds legally available for such purchase or acquisition as provided in the Constitution of the Company and in accordance with applicable laws in Singapore.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent. Under Section 76F(4) of the Companies Act, the Company is solvent if at the date of payment for the purchase or acquisition of its Shares, the following conditions are satisfied:

(a) there is no ground on which the Company could be found to be unable to pay its debts,

(b) if:

(i) it is intended to commence winding up within the period of 12 months immediately after the date of payment, the Company will be able to pay its debts in full within such period, or

(ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition of Shares become less than the value of its liabilities (including contingent liabilities).

The Company intends to use the Group's internal resources or external borrowings, or a combination of both to finance its purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will, principally, consider the availability of internal resources and thereafter consider the availability of external financing.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that would materially and adversely affect the working capital requirements, the financial position of the Group taken as a whole, the financial flexibility or the investment ability of the Group. The purchase of its own Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

2.7 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price paid for such Shares, whether the purchase or acquisition is made out of capital or profits of the Company, the amount (if any) borrowed by the Group to fund the purchases or acquisitions, and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial accounts of the Company and the Group for FY2021, are based on the assumptions set out below.

2.7.1 Purchase or Acquisition of Shares made out of Capital and/or Profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the purchase or acquisition of Shares is made out of capital, the profits available for distribution as dividends by the Company will not be reduced.

Where the purchase or acquisition of Shares is made out of profits, the purchase price paid by the Company for the Shares will correspondingly reduce the profits available for distribution as dividends by the Company.

Based on the audited accounts of the Company for FY2021, the Company had retained profits of about S$39.49 million as at 31 December 2021. Accordingly, in respect of the Share Purchase Mandate sought at the 2022 AGM, it is expected that the purchases or acquisitions of Shares will be made out of capital.

For the purposes of paragraph 2.7 of this Appendix, the purchase price paid by the Company for the Shares does not include any expenses (including brokerage or commission) incurred in such purchase or acquisition of the Shares.

2.7.2 *Number of, and Maximum Price paid for, Shares Purchased or Acquired*

As at the Latest Practicable Date, the Company has a total of 771,952,945 Shares in issue (excluding treasury shares) and has no subsidiary holdings. Further, as at the Latest Practicable Date, the Company has a total of 1,872,600 treasury shares.

Based on 771,952,945 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming that no further Shares are issued and there are no subsidiary holdings on or prior to the forthcoming 2022 AGM, the purchase or acquisition by the Company of up to the maximum limit of 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings) will result in the purchase or acquisition by the Company of up to 77,195,294 Shares.

The financial effects of the purchase or acquisition of Shares by the Company set out below in this paragraph 2.7 are on the basis of the purchase or acquisition of 77,195,200 Shares (rounded down to the nearest 100 Shares) made entirely out of the capital of the Company.

In the case of Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 77,195,200 Shares at the Maximum Price of S$0.968 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date (rounded down to the nearest S$0.005)), the maximum amount of funds required for the purchase or acquisition of 77,195,200 Shares is approximately S$74.725 million.

In the case of Off-Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 77,195,200 Shares at the Maximum Price of S$1.1060 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date (rounded down to the nearest S$0.005)), the maximum amount of funds required for the purchase or acquisition of 77,195,200 Shares is approximately S$85.378 million.

2.7.3 *Illustrative Financial Effects*

It is not possible for the Company to realistically calculate or quantify the financial effects of Share purchases or acquisitions that may be made pursuant to the Share Purchase Mandate as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Purely for illustrative purposes only, based on the audited financial statements of the Company and the Group for FY2021, the assumptions stated above and assuming the following:

(a) purchases or acquisitions of Shares by the Company are funded solely from internal resources;

(b) the transaction costs incurred for such purchase or acquisition of Shares pursuant to the Share Purchase Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects; and

(c) there were no issuances of Shares after the Latest Practicable Date, the effects of such purchases or acquisitions of Shares by way of Market Purchases and Off-Market Purchases on the financial positions of the Company and the Group under each of the following Scenarios A and B (as explained below) are as set out in the tables below:

(i) **Scenario A**: Market Purchases or Off-Market Purchases (as the case may be) of 77,195,200 Shares made entirely out of capital and **held as treasury shares**; and

(ii) **Scenario B**: Market Purchases or Off-Market Purchases (as the case may be) of 77,195,200 Shares made entirely out of capital and **cancelled**.

SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT BELOW, BASED ON THE RESPECTIVE ASSUMPTIONS STATED BELOW, ARE FOR ILLUSTRATION PURPOSES ONLY AND ARE NOT NECESSARILY REPRESENTATIVE OF FUTURE FINANCIAL PERFORMANCE. IN ADDITION, THE ACTUAL IMPACT WILL DEPEND ON, *INTER ALIA*, THE ACTUAL NUMBER AND PRICE OF SHARES THAT MAY BE PURCHASED OR ACQUIRED BY THE COMPANY, WHETHER THE PURCHASE OR ACQUISITION OF SHARES IS MADE OUT OF THE PROFITS OR CAPITAL OF THE COMPANY AND WHETHER THE SHARES PURCHASED OR ACQUIRED ARE HELD IN TREASURY OR CANCELLED.

Although the Share Purchase Mandate would authorise the Company to purchase up to 10% of the total number of the Company's issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of the issued Shares (excluding treasury shares and subsidiary holdings) as mandated. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury. The Directors would emphasise that they do not propose to exercise the Share Purchase Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group taken as a whole, or result in the Company being delisted from the SGX-ST.

(1) **Market Purchases**[1]

As at 31 December 2021 (audited)	GROUP Before Share Purchase	After Share Purchase	
		Scenario A	Scenario B
	S$'000	S$'000	S$'000
Share capital	206,166	206,166	131,441
Treasury shares	(1,843)	(76,568)	(1,843)
Other reserves	(3,416)	(3,416)	(3,416)
Retained profits	91,253	91,253	91,253
Currency translation reserve	808	808	808
Shareholders' funds	292,968	218,243	218,243
NAV (1)	292,968	218,243	218,243
Current assets	491,630	416,905	416,905
Current liabilities	220,359	220,359	220,359
Net current assets	271,271	196,546	196,546
Total borrowings (2)	18,033	18,033	18,033
Cash and bank balances	201,512	126,787	126,787
Number of Shares (in '000) (3)	771,953	694,758	694,758
Treasury Shares (in '000) (3)	1,873	79,068	1,873
Weighted Average Number of Shares (in '000)	743,892	666,697	666,697
Financial Ratios			
EPS – (cents)	10.00	11.16	11.16
NAV per Share – (cents) (3)	37.95	31.51	31.41
Net gearing ratio (times) (4)	–	–	–
Current ratio (times) (5)	2.23	1.89	1.89

Notes:

(1) NAV equals to total assets less total liabilities and excludes non-controlling interests.

(2) Total borrowing comprises of bank borrowings and lease liabilities.

(3) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(4) Net gearing ratio means total borrowings less cash and bank balances divided by shareholders' funds.

(5) Current ratio means current assets divided by current liabilities.

[1] This is computed based on 771,952,945 Shares in issue as at the Latest Practicable Date.

Appendix to Annual General Meeting Notice

(Share Buy Back)

As at 31 December 2021 (audited)	COMPANY Before Share Purchase	After Share Purchase Scenario A	Scenario B
	S$'000	S$'000	S$'000
Share capital	206,166	206,166	131,441
Treasury shares	(1,843)	(76,568)	(1,843)
Capital reserve	11,651	11,651	11,651
Retained profits	39,490	39,490	39,490
Shareholders' funds	255,464	180,739	181,739
NAV [1]	255,464	180,739	180,739
Current assets	212,205	137,480	137,480
Current liabilities	32,992	32,992	32,992
Net current assets	179,213	104,488	104,488
Total borrowings [2]	939	939	939
Cash and bank balances	192,213	117,488	117,488
Number of Shares (in '000) [3]	771,953	694,758	694,758
Treasury Shares (in '000) [3]	1,873	79,068	1,873
Weighted Average Number of Shares (in '000)	743,892	666,697	666,697
Financial Ratios			
EPS – (cents)	5.84	6.51	6.51
NAV per Share – (cents) [3]	33.09	26.01	26.01
Net gearing ratio (times) [4]	–	–	–
Current ratio (times) [5]	6.43	4.17	4.17

Notes:

(1) NAV equals to total assets less total liabilities and excludes non-controlling interests.

(2) Total borrowing comprises of bank borrowings and lease liabilities.

(3) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(4) Net gearing ratio means total borrowings less cash and bank balances divided by shareholders' funds.

(5) Current ratio means current assets divided by current liabilities.

(a) Scenario A: Market Purchases of 77,195,200 Shares made entirely out of capital and held as treasury shares.[(1)]

As illustrated under Scenario A in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2021 will decrease from 37.95 cents to 31.41 cents.

(b) Scenario B: Market Purchases of 77,195,200 Shares made entirely out of capital and cancelled.[(1)]

As illustrated under Scenario B in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2021 will decrease from 37.95 cents to 31.41 cents.

Note:

(1) Assuming that the purchase of Shares had taken place on 1 January 2022, the consolidated basic EPS of the Group for FY2021 would be increased from 10.00 cents to 11.16 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(2) Off-Market Purchases[2]

As at 31 December 2021 (audited)	GROUP Before Share Purchase	GROUP After Share Purchase Scenario A	GROUP After Share Purchase Scenario B
	S$'000	S$'000	S$'000
Share capital	206,166	206,166	120,788
Treasury shares	(1,843)	(87,221)	(1,843)
Other reserves	(3,416)	(3,416)	(3,416)
Retained profits	91,253	91,253	91,253
Currency translation reserve	808	808	808
Shareholders' funds	292,968	207,590	207,590
NAV [(1)]	292,968	207,590	207,590
Current assets	491,630	406,252	406,252
Current liabilities	220,359	220,359	220,359
Net current assets	271,271	185,893	185,893
Total borrowings [(2)]	18,033	18,033	18,033
Cash and bank balances	201,512	116,134	116,134
Number of Shares (in '000) [(3)]	771,953	694,758	694,758
Treasury Shares (in '000) [(3)]	1,873	79,068	1,873
Weighted Average Number of Shares (in '000)	743,892	666,697	666,697
Financial Ratios			
EPS – (cents)	10.00	11.16	11.16
NAV per Share – (cents) [(3)]	37.95	29.88	29.88
Net gearing ratio (times) [(4)]	–	–	–
Current ratio (times) [(5)]	2.23	1.84	1.84

Notes:

(1) NAV equals to total assets less total liabilities and excludes non-controlling interests.

(2) Total borrowing comprises of bank borrowings and lease liabilities.

(3) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(4) Net gearing ratio means total borrowings less cash and bank balances divided by shareholders' funds.

(5) Current ratio means current assets divided by current liabilities.

2 This is computed based on 771,952,945 Shares in issue as at the Latest Practicable Date.

	COMPANY		
As at 31 December 2021 (audited)	**Before Share Purchase**	**After Share Purchase**	
		Scenario A	**Scenario B**
	S$'000	**S$'000**	**S$'000**
Share capital	206,166	206,166	120,788
Treasury shares	(1,843)	(87,221)	(1,843)
Capital reserve	11,651	11,651	11,651
Retained profits	39,490	39,490	39,490
Shareholders' funds	255,464	170,086	170,086
NAV [1]	255,464	170,086	170,086
Current assets	212,205	126,827	126,827
Current liabilities	32,992	32,992	32,992
Net current assets	179,213	93,835	93,835
Total borrowings [2]	939	939	939
Cash and bank balances	192,213	106,835	106,835
Number of Shares (in '000) [3]	771,953	694,758	694,758
Treasury Shares (in '000) [3]	1,873	79,068	1,873
Weighted Average Number of Shares (in '000)	743,892	666,697	666,697
Financial Ratios			
EPS – (cents)	5.84	6.51	6.51
NAV per Share – (cents) [3]	33.09	24.48	24.48
Net gearing ratio (times) [4]	–	–	–
Current ratio (times) [5]	6.43	3.84	3.84

Notes:

(1) NAV equals to total assets less total liabilities and exclude non-controlling interests.

(2) Total borrowing comprises of bank borrowings and lease liabilities.

(3) Based on the number of Shares issued as the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(4) Net gearing ratio means total borrowings less cash and bank balances divided by shareholders' funds.

(5) Current ratio means current assets divided by current liabilities.

(a) Scenario A: Off-Market Purchases of 77,195,200 Shares made entirely out of capital and held as treasury shares.[1]

As illustrated under Scenario A in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as 31 December 2021 will decrease from 37.95 cents to 29.88 cents.

(b) Scenario B: Off-Market Purchases of 77,195,200 Shares made entirely out of capital and cancelled.[1]

As illustrated under Scenario B in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2021 will decrease from 37.95 cents to 29.88 cents.

Note:

(1) Assuming that the purchase of Shares had taken place on 1 January 2022, the consolidated basic EPS of the Group for FY2021 would be increased from 10.00 cents to 11.16 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the purchase or acquisition of Shares by the Company, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.9 Listing Manual

2.9.1 No Purchases during Price Sensitive Developments

Whilst the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a consideration and/or decision of the board of directors of the Company until the price sensitive information has been publicly announced.

In particular, in line with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's half-year and full year financial statements (if the Company does not announce its quarterly financial statements) or, if the Company announces its quarterly financial statements (whether required by the SGX-ST or otherwise), during the period of two (2) weeks immediately preceding the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

2.9.2 Listing Status of the Shares

Under Rule 723 of the Listing Manual, a listed company shall ensure that at least 10% of the total number of issued Shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The word "**public**" is defined in the Listing Manual as persons other than directors, chief executive officer, substantial shareholders, or controlling shareholders of the listed company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, there are approximately 229,555,345 Shares, representing approximately 29.74% of the total number of issued Shares (excluding treasury shares), held by the public. In the event that the Company purchases the maximum of 10% of its total number of issued Shares (excluding treasury shares) from public Shareholders, based on information available as at the Latest Practicable Date, the percentage of the Company's public float would be reduced to approximately 21.93% of the total number of Shares in issue (excluding treasury shares). Accordingly, based on information available as at the Latest Practicable Date, the Directors are of the view that, at present, there is a sufficient number of Shares in issue (excluding treasury shares) held by public Shareholders that would permit the Company to potentially undertake purchases or acquisitions of Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting adversely the listing status of the Shares on the SGX-ST, and the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect orderly trading of the Shares.

Although the Share Purchase Mandate would authorise the Company to purchase up to 10% of the total number of the Company's issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of the issued Shares (excluding treasury shares and subsidiary holdings) as mandated. The Directors would emphasise that they do not propose to exercise the Share Purchase Mandate to such an extent that would, or in circumstances that might, result in the Company being delisted from the SGX-ST.

2.9.3 Reporting Requirements

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

(b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer.

Such announcement must include details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares (excluding treasury shares and subsidiary holdings) after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

The Directors are required, under the Companies Act, to lodge with ACRA within 30 days of the purchase or acquisition of Shares on the SGX-ST the notice of purchase or acquisition of the Shares in the prescribed form and provide certain particulars including the date of the purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled, the number of Shares held as treasury shares, the issued share capital of the Company before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition of the Shares, and whether the Shares were purchased or acquired out of the profits or the capital of the Company.

2.9.4 Listing Rules

The Listing Manual restricts a listed company from purchasing its shares by way of market purchases at a price per share which is more than 5% above the Average Closing Price. The Maximum Price for the Shares in relation to Market Purchases referred to in paragraph 2.4.4 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20% above the average closing price of the Shares as the Maximum Price for the Shares to be purchased or acquired by way of an Off-Market Purchase.

2.10 Certain Take-over Code implications arising from the Proposed Share Purchase Mandate

Certain take-over implications arising from the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are summarised below.

If, as a result of any purchase or acquisition of Shares made by the Company under the Share Purchase Mandate, the proportionate interest of a Shareholder and persons acting in concert with him in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a take-over offer for the Company under Rule 14.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be acting in concert with each other: (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) and (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second-mentioned company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

The circumstances under which Shareholders, including Directors, and persons acting in concert with them, respectively, will incur an obligation to make a take-over offer as a result of a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 is that unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of a purchase or acquisition of Shares by the Company:

(a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or

(b) if the Directors and their concert parties hold between 30% and 50% of the Company's voting rights, and their voting rights increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% to 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentages of voting rights under the Take-over Code referred to above.

2.10.1 Shareholding Interests of Directors

Based on information in the Register of Directors' Shareholdings as at the Latest Practicable Date, the interests of the Directors in the Shares of the Company before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate, on the basis that (a) the Company purchases the maximum of 10% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, (b) there is no change in the number of Shares in which the Directors have an interest as at the Latest Practicable Date, (c) there are no further issues of Shares, and (d) there are no subsidiary holdings, will be as follows:

	← Number of Shares Held →				
Name of Director	**Direct Interest**	**Deemed Interest**	**Total Interest**	**% Before Share Purchase**	**% After Share Purchase**
Michael Mun Hong Yew(1)	–	542,197,600	542,197,600	70.2371	78.0412
Jeremy Mun Weng Hung (2)	–	200,000	200,000	0.0259	0.0288
Tan Teik Seng	–	–	–	–	–
Larry Tan	–	–	–	–	–
Christopher Huang	–	–	–	–	–

Notes:

(1) Mr Michael Mun Hong Yew is the sole shareholder of AVS Investments Pte. Ltd. ("**AVSI**"), which in turn holds approximately 84.09% of the issued and paid up share capital of Azventure Investments Ltd. ("**AZI**"). Accordingly, Mr Mun Hong Yew is deemed to have an interest in all of AZI's shareholding in the Company.

(2) Mr Jeremy Mun Weng Hung is deemed to be interested in 200,000 Shares in the capital of the Company held by DBS Nominees Pte. Ltd. as his nominee.

2.10.2 Shareholding Interests of Substantial Shareholders

Based on information in the Register of Substantial Shareholders as at the Latest Practicable Date, the interests of the substantial shareholders of the Company ("**Substantial Shareholders**") in the Shares of the Company before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate, on the basis that (a) the Company purchases or acquires the maximum of 10% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, (b) there is no change in the number of Shares in which the Substantial Shareholders have an interest as at the Latest Practicable Date, (c) there are no further issues of Shares, and (d) there are no subsidiary holdings, will be as follows:

	← Number of Shares Held →				
Name of Substantial Shareholder	**Direct Interest**	**Deemed Interest**	**Total Interest**	**% Before Share Purchase**	**% After Share Purchase**
Azventure Investments Ltd. (1)	542,197,600	–	542,197,600	70.2371	78.0412
AVS Investments Pte. Ltd. (2)	–	542,197,600	542,197,600	70.2371	78.0412
Michael Mun Hong Yew (3)	–	542,197,600	542,197,600	70.2371	78.0412

Notes:

(1) AZI is directly interested in 542,197,600 Shares in the Company.

(2) AVSI holds approximately 84.09% of the issued and paid up share capital of AZI. Accordingly, AVSI is deemed to have an interest in all of AZI's shareholding in the Company.

(3) Mr Mun Hong Yew is the sole shareholder of AVSI, which in turn holds approximately 84.09% of the issued and paid up share capital of AZI. Accordingly, Mr Mun Hong Yew is deemed to have an interest in all of AZI's shareholding in the Company. Mr Mun Hong Yew is also a director of both AZI and AVSI.

2.10.3 Consequences of Share Purchases or Acquisitions by the Company

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company, since the aggregate shareholdings and voting rights of Messrs Mun Hong Yew and Mun Weng Hung and their concert party(ies) (the "**Relevant Directors**") in the Company are more than 50% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, the Relevant Directors would not be obliged to make a mandatory take-over offer for the Company under the Take-over Code in the event that the Company purchases or acquires the maximum 77,195,294 Shares (being 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date) (rounded to the nearest hundred Share) pursuant to the Share Purchase Mandate.

The Directors are not aware of any other Substantial Shareholder or Director who would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date.

THE STATEMENTS HEREIN DO NOT PURPORT TO BE A COMPREHENSIVE OR EXHAUSTIVE DESCRIPTION OF ALL IMPLICATIONS THAT MAY ARISE UNDER THE TAKE-OVER CODE. SHAREHOLDERS WHO ARE IN DOUBT AS TO WHETHER THEY WOULD INCUR ANY OBLIGATION TO MAKE A TAKE-OVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY PURSUANT TO THE SHARE PURCHASE MANDATE ARE ADVISED TO CONSULT THEIR PROFESSIONAL ADVISERS AND/OR THE SECURITIES INDUSTRY COUNCIL OF SINGAPORE AT THE EARLIEST OPPORTUNITY.

2.11 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer or controlling shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

3. DIRECTORS' RECOMMENDATION

Having considered the rationale for the proposed renewal of the Share Purchase Mandate as set out in paragraph 2.3 of this Appendix, the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the interests of the Company and, accordingly, recommend that Shareholders **vote in favour** of Ordinary Resolution 8 relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of the 2022 AGM.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents are available for inspection at the registered office of the Company at 31 Ubi Road 1, #01-05, Singapore 408694 during normal business hours from the date of this Appendix up to and including the date of the 2022 AGM:

(a) the Constitution of the Company; and

(b) the annual report of the Company for FY2021.

The annual report of the Company for FY2021 may also be accessed at the URL: https://www.aztechglobal.com/investor-relations/annual-reports.html.

Yours faithfully,
For and on behalf of the Board of Directors of
Aztech Global Ltd.

Ms Pavani Nagarajah
Company Secretary

8 April 2022

IMPORTANT NOTICE TO SHAREHOLDERS IN RELATION TO THE COMPANY'S ANNUAL GENERAL MEETING ON 28 APRIL 2022

- **NO ATTENDANCE IN PERSON AT ANNUAL GENERAL MEETING**

- **ALTERNATIVE ARRANGEMENTS TO PARTICIPATE AT ANNUAL GENERAL MEETING**

1. Background

The Board of Directors (the "**Board**" or "**Directors**") of Aztech Global Ltd. (the "**Company**") refers to:

(a) the COVID-19 (Temporary Measures) Act 2020 (the "**Act**") passed by Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to, *inter alia*, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means;

(b) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), which sets out the alternative arrangements in respect of, *inter alia,* general meetings of companies;

(c) the statement by the Ministry of Law issued on 6 April 2021 which further extends the duration of legislation that enables entities to hold meetings via electronic means, beyond 30 June 2021, until they are revoked or amended by the Ministry of Law; and

(d) the Joint Statement by the Accounting and Corporate Regulatory Authority ("**ACRA**"), Monetary Authority of Singapore and Singapore Exchange Regulation, which was issued on 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020, 1 October 2020 and 4 February 2022) which provided additional guidance on the conduct of general meetings amid the evolving COVID-19 situation.

2. Date of Annual General Meeting ("AGM")

The Directors wish to inform shareholders that the Company has today issued the Notice of Annual General Meeting dated 8 April 2022 ("**Notice of AGM**") in respect of the annual general meeting of the Company in respect of the financial year ended 31 December 2021 (the "**AGM**"). The AGM will be convened and held by way of electronic means on **Thursday, 28 April 2022 at 10.00 a.m.** (Singapore time).

3. Annual Report, Notice of AGM, Appendix to the Notice of AGM and Proxy Form

The Annual Report 2021, Notice of AGM, Appendix to the Notice of AGM and proxy form for the AGM will be disseminated to shareholders solely by electronic means via publication on the Company's corporate website at https://www.aztechglobal.com/agm and will also be made available on SGXNet's website at www.sgx.com/securities/company-announcements. **Printed copies of these documents will not be sent to shareholders.**

Shareholders are advised to read the Notice of AGM carefully in order to decide whether they should vote in favour of or against the ordinary resolutions, or to abstain from voting, on the ordinary resolutions to be tabled at the AGM.

4. No Attendance In Person At AGM

As a precautionary measure due to the current COVID-19 situation in Singapore, shareholders will not be allowed to attend the AGM in person. Instead, alternative arrangements have been put in place to allow shareholders to participate at the AGM by (a) watching the AGM proceedings via "live" webcast; (b) submitting questions in advance of the AGM; and/or (c) voting by proxy at the AGM. Please see paragraph 5 below for these alternative arrangements.

5. Alternative Arrangements

The following are the alternative arrangements which have been put in place for the AGM:

(a) *Registration for "live" Webcast*

Shareholders who wish to participate at the AGM by watching the AGM proceedings via "live" webcast must pre-register at https://www.aztechglobal.com/agm **no later than 10.00 a.m. on 25 April 2022** to enable the Company to verify their status as shareholders. The Company may switch to a "live" audio-only stream, in the event that the Company is unable, for any reason, to conduct a "live" webcast.

Following the verification, verified shareholders will receive an electronic mail by **10.00 a.m. on 27 April 2022,** which will contain user ID and password details, as well as the link to access the "live" webcast (the "**Confirmation Email**"). Shareholders who do not receive the Confirmation Email by **10.00 a.m. on 27 April 2022** but have registered by **10.00 a.m. on 25 April 2022** deadline should contact the Company's corporate secretarial team at +65 6594 2184.

(b) *Shareholders' Queries and Answers (Q&A)*

Shareholders are to note that they will not be able to ask questions during the "live" webcast.

Shareholders may submit questions in relation to any of the resolutions tabled for approval at the AGM, in the manner set out below.

If shareholders have any questions in relation to any of the resolutions tabled for approval at the AGM, shareholders may send their queries in advance of the AGM, **by 10.00 a.m. on 20 April 2022,** via electronic mail to the Company's corporate secretarial team at agm@aztech.com, or by post to 31 Ubi Road 1, #01-05, Singapore 408694. When sending questions, shareholders should provide their full name (as per the Company's share registrar's, BACS Private Limited's, records) and the last 4 alpha-numeric digits of their NRIC/Passport No., or, if the Shareholder is a corporation, its registration number, for verification. Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status. Shareholders may also provide their contact number and electronic mail address, which will help the Company to reach out more easily if clarification is required.

The Company will address all substantial and relevant queries received by 10.00 a.m. on 20 April 2022 from shareholders, by **10.00 a.m. on 23 April 2022**. Any substantial or relevant questions received after 10.00 a.m. on 20 April 2022 will be addressed prior to or at the AGM itself. Please note that the Company is unable to take on questions at the AGM during the "live" webcast, and therefore it is important for shareholders to submit their queries in advance of the AGM. Answers to substantial and relevant queries will be uploaded on the Company's website at https://www.aztechglobal.com/agm and will also be made available on the SGXNet's website at www.sgx.com/securities/company-announcements.

(c) *Proxy Voting*

There will be no live or online voting on the resolutions to be tabled for approval at the AGM. Instead, shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as their proxy by completing the proxy form attached to the Notice of AGM.

A Shareholder (whether individual or corporate) who wishes to appoint the Chairman of the Meeting as his/her/its proxy must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

The completed and signed proxy form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must be:

(i) If sent personally or by post, deposited with: Aztech Global Ltd., c/o B.A.C.S. Private Limited, at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896; or

(ii) If submitted by electronic mail, received by the Company at agm@aztech.com,

in either case, **by 10.00 a.m. on 25 April 2022**, being **seventy-two (72) hours before the time appointed for holding the AGM**, and in default, the proxy form shall be treated as invalid.

In view of the current COVID-19 situation in Singapore, it may be difficult for members to submit completed proxy forms by post and for the Company to process completed proxy forms which are submitted by post. There may also be delays in the delivery of completed proxy forms which are submitted by post. Therefore, members are strongly encouraged to submit completed proxy forms electronically via electronic mail. If a member elects to submit duly completed proxy forms electronically via electronic mail, all subsequent correspondence with the Company in relation to the AGM shall be conducted via electronic mail, and sent to the same electronic mail address from which the proxy forms were submitted.

6. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore)

(a) Persons holding shares through Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**") who wish to participate in the AGM by (i) observing and/or listening to the AGM proceedings via "live" webcast; and (ii) submitting questions in advance of the AGM, should follow the steps for pre-registration and pre-submission of questions set out in paragraph 5(a) and (b) above. **However, CPF/SRS investors who wish to appoint the Chairman as proxy to attend, speak and vote on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on 18 April 2022, being at least seven (7) working days before the date of the AGM.**

(b) Investors holding shares through relevant intermediaries ("**Investors**") (other than CPF/SRS investors) who wish to participate in the AGM by (i) observing and/or listening to the AGM proceedings via "live" webcast; (ii) submitting questions in advance of the AGM; and/or (iii) appointing the Chairman as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

7. **Key dates/deadlines:** In summary, the key dates/deadlines which shareholders should take note of are set out in the table below:

Key Dates	Actions
8 April 2022 (Friday)	Shareholders and CPF/SRS investors may begin to pre-register at https://www.aztechglobal.com/agm for the "live" webcast of the AGM proceedings.
5.00 p.m. on 18 April 2022 (Monday)	Deadline for CPF/SRS investors who wish to appoint the Chairman as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes.
10.00 a.m. on 20 April 2022 (Wednesday)	Deadline for shareholders to submit questions in advance.
10.00 a.m. on 23 April 2022 (Saturday)	Response by Company on substantial and relevant questions from shareholders.
10.00 a.m. on 25 April 2022 (Monday)	Deadline for shareholders and CPF/SRS investors to pre-register at https://www.aztechglobal.com/agm for "live" webcast of the AGM proceedings. Deadline for shareholders to submit proxy forms.
10.00 a.m. on 27 April 2022 (Wednesday)	Authenticated shareholders and CPF/SRS investors who pre-registered for the "live" webcast of the AGM proceedings will receive an email which will contain user ID and password details, as well as the link to access the "live" webcast of the AGM proceedings (the "**Confirmation Email**"). Shareholders who do not receive the Confirmation Email by 10.00 a.m. on 27 April 2022, but have registered by the 25 April 2022 deadline should contact the Company's corporate secretarial team at +65 6594 2184.
Date and time of AGM 10.00 a.m. on 28 April 2022 (Thursday)	Click on the link in the Confirmation Email to access the "live" webcast of the AGM proceedings. Shareholders are advised to join the conference at least 5 minutes before the time appointed for the AGM.

Important reminder: The Company would like to remind shareholders that due to the constantly evolving COVID-19 situation, the Company will be closely monitoring the situation and reserves the right to change its AGM arrangements at short notice. Shareholders should check the Company's website at https://www.aztechglobal.com/agm for the latest updates on the AGM.

The Company would like to thank all shareholders for their patience and co-operation in enabling the Company to hold its AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

By Order of the Board

Ms Pavani Nagarajah
Company Secretary
8 April 2022
Singapore

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AZTECH GLOBAL LTD.

Company Registration No. 200909384G
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT

1. The AGM (as defined below) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM dated 8 April 2022 will not be sent to members. Instead, the Notice of AGM will be sent to members by electronic means via publication on the Company's website at https://www.aztechglobal.com/agm, and will also be made available on the SGXNet's website at www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live webcast), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM and the Company's announcement dated 8 April 2022 titled "Important Notice to Shareholders in relation to the Company's Annual General Meeting on 28 April 2022".
3. **As a precautionary measure due to the current Covid-19 situation in Singapore, a member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.**
4. This proxy form is not valid for use by investors holding Shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967(Chapter 50 of Singapore)) ("**Investors**") (including investors holding through Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her/its voting instructions. If a CPF/SRS investor wishes to appoint the Chairman of the Meeting as proxy, he/she should approach his/her respective CPF Agent Banks or SRS Operators to submit his/her votes by **5.00 p.m. on 18 April 2022**, being at least seven (7) working days before the date of the AGM.
5. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM**

Personal Data Privacy

By submitting an instrument appointing the Chairman of the AGM as a proxy, a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 April 2022.

*I/We, ______________________________ (Name) *NRIC/Passport/Co. Reg. No. ______________

of ____ (address)

being a *member/members of AZTECH GLOBAL LTD. ("**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our proxy to attend and vote for me/us on my/our behalf at the AGM of the Company to be convened and held by way of electronic means on **Thursday, 28 April 2022 at 10.00 a.m**. and at any adjournment thereof.

*I/We direct the Chairman of the AGM as proxy to vote for, against or to abstain from voting on the Resolutions set out in the Notice of AGM dated 8 April 2022 in accordance with my/our directions specified hereunder. If no specific direction as to voting is given in respect of a resolution, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Please indicate your vote "For" or "Against" or "Abstain" with an "X" within the box provided if you wish to exercise all your votes. Alternatively, please indicate the number of votes as appropriate.

No.	Resolution	For	Against	Abstain
Ordinary Business				
1.	To adopt the Audited Financial Statements for the financial year ended 31 December 2021 ("FY2021") together with the Directors' Statement and Auditors' Report thereon			
2.	To declare a final one-tier tax exempt dividend of S$0.05 per ordinary share for FY2021			
3.	To approve Directors' fees of S$270,000 for FY2022			
4.	To re-elect Mr. Mun Hong Yew as Director			
5.	To re-elect Mr. Huang Junli Christopher as Director			
6.	To re-appoint BDO LLP as auditors of the Company and to authorise the Directors to fix their remuneration			
Special Business				
7.	To authorise Directors to allot and issue Shares			
8.	To approve the renewal of the Share Purchase Mandate			
9.	To authorise Directors to grant options and issue shares under the Aztech Employee Share Option Scheme			
10.	To authorise Directors to grant awards and issue shares under the Aztech Performance Share Plan			
11.	To authorise Directors to allot and issue shares pursuant to the Aztech Scrip Dividend Scheme			

Dated this ________ day of ______________ 2022

Total Number of Shares held:	

____

Signature(s) of Member(s) or Common Seal of
Corporate Shareholder

* *Please delete accordingly*

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. **As a precautionary measure due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM**. A member (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the instrument of proxy, failing which the appointment will be treated as invalid.

2. The Chairman of the AGM, as proxy, need not be a member of the Company.

3. If the member has Shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he/she/it should insert that number of Shares. If the member has Shares registered in his/her/its name in the Register of Members, he/she/it should insert that number of Shares. If the member has Shares entered against his/her/its name in the Depository Register and Shares registered in his/her/its name in the Register of Members, he/she/it should insert the number of Shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by the member.

4. This proxy form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by 5.00 p.m. on 18 April 2022, being at least 7 working days before the date of the AGM, to submit his/her voting instructions.

5. The instrument appointing the Chairman of the AGM as a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must be:

   (a) If sent personally or by post, deposited with: Aztech Global Ltd., c/o B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77, Singapore 068896; or

   (b) If submitted by electronic mail, received by the Company at agm@aztech.com,

   in either case, by **10.00 a.m.** on **25 April 2022**, being 72 hours before the time set for the AGM, and in default, the instrument of proxy shall be treated as invalid.

   In view of the current COVID-19 situation in Singapore, it may be difficult for members to submit completed proxy forms by post and for the Company to process completed proxy forms which are submitted by post. There may also be delays in the delivery of completed proxy forms which are submitted by post. Therefore, members are strongly encouraged to submit completed proxy forms electronically via electronic mail. If a member elects to submit duly completed proxy forms electronically via electronic mail, all subsequent correspondence with the Company in relation to the AGM shall be conducted via electronic mail, and sent to the same electronic mail address from which the proxy forms were submitted.

6. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Companies Act 1967 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.

9. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as a proxy, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing the Chairman of the AGM as a proxy. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the AGM as the proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2022.

HEAD OFFICE

Aztech Global Ltd.
31 Ubi Road 1 #01-05
Singapore 408694
Tel: (65) 6594 2288
Fax: (65) 6749 1198

R&D CENTRES

HQ R&D Centre
31 Ubi Road 1 #01-05
Singapore 408694
Tel: (65) 6594 2288
Fax: (65) 6749 1198

Hong Kong R&D Centre
Room 2-6 3/F Core Building 1
No. 1, Science Park East Ave
Hong Kong Science Park, Shatin
New Territories, Hong Kong
Tel: (852) 2757 1177
Fax: (852) 2481 5919

Dong Guan R&D Centre
Jiu Jiang Shui Village, Chang Ping Town
Dong Guan City, Guang Dong
Province, China
Tel: (86) (769) 8184 9699
Fax: (86) (769) 8393 1138

Shenzhen R&D Centre
Room 1805 -06, Building B of Bojin
International, No.7 Tairan Road
Futian District Shenzhen, China
Tel: (86) (755) 2533 1117

MANUFACTURING FACILITIES

Aztech Communication Device (DG) Ltd
Jiu Jiang Shui Village, Chang Ping Town
Dong Guan City, Guang Dong
Province, China
Tel: (86) (769) 8184 9699
Fax: (86) (769) 8393 1138

AZ E-Lite JJS Ltd
No.91, Chang Ping Zhongxin Road
Chang Ping Town, Dongguan City
Guang Dong Province, China
Tel: (86) (769) 8184 9699
Fax: (86) (769) 8393 1138

IOT Manufacturing Sdn Bhd
Lot 8 & 10, Jalan Laman Setia 7/4
Taman Laman Setia 81550
Gelang Patah Johor, Malaysia
Tel: (60) 7551 0000
Fax: (60) 7551 0001

SALES OFFICE

Aztech Technologies Pte. Ltd.
31 Ubi Road 1 #01-05
Singapore 408694
Tel: (65) 6594 2288
Fax: (65) 6749 1198

Aztech Systems (Hong Kong) Limited
Room 2-6 3/F Core Building 1
No. 1, Science Park East Ave
Hong Kong Science Park, Shatin
New Territories, Hong Kong
Tel: (852) 2757 1177
Fax: (852) 2481 5919