



**Interim Financial Information
As at and for the Half Year Ended
30 June 2021**

AZTECH GLOBAL LTD.

Incorporated in the Republic of Singapore
Company Registration Number - 200909384G



**INTERIM FINANCIAL INFORMATION
AS AT AND FOR THE HALF YEAR ENDED 30 JUNE 2021**

Condensed interim statements of financial position as at 30 June 2021

	Note	Group		Company	
		30.06.2021 \$'000	31.12.2020 \$'000	30.06.2021 \$'000	31.12.2020 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		203,015	11,462	195,853	5,142
Trade receivables	4	113,333	196,962	-	-
Other receivables	5	3,030	6,829	10,654	431
Tax recoverable		209	-	-	-
Derivative financial instruments		-	96	-	58
Prepayments		1,328	1,225	95	526
Inventories	6	92,372	53,704	-	-
Total current assets		413,287	270,278	206,602	6,157
Non-current assets					
Other receivables		-	-	713	939
Investment in subsidiaries		-	-	76,551	76,551
Property, plant and equipment	7	28,220	28,905	-	-
Intangible assets		576	1,065	-	-
Total non-current assets		28,796	29,970	77,264	77,490
Total assets		442,083	300,248	283,866	83,647
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	8	8,533	29,216	-	-
Lease liabilities		1,767	2,430	460	398
Trade payables	9	116,410	141,052	-	-
Other payables	10	51,830	62,859	51,531	42,752
Provision for retirement benefit		612	612	612	612
Current income tax payable		9,401	16,147	20	-
Total current liabilities		188,553	252,316	52,623	43,762
Non-current liabilities					
Borrowings	8	3,333	3,818	-	-
Lease liabilities		1,654	1,907	708	939
Provision for retirement benefit		277	277	277	277
Deferred tax liabilities		304	307	-	-
Total non-current liabilities		5,568	6,309	985	1,216
Capital and reserves					
Share capital	11	206,656	15,468	206,656	15,468
Capital reserve		(4,670)	(4,670)	11,651	11,651
Foreign currency translation reserve		(1,560)	(2,776)	-	-
Statutory reserve		1,254	1,254	-	-
Retained profits		46,282	32,347	11,951	11,550
Total equity		247,962	41,623	230,258	38,669
Total liabilities and equity		442,083	300,248	283,866	83,647



Condensed interim consolidated statement of comprehensive income for the half year ended 30 June 2021

	Note	Group		increase/ (decrease) %
		6 months ended 30 June		
		2021 \$'000	2020 \$'000	
Revenue	12	249,705	129,098	93.4
Other income	13	357	411	(13.1)
Changes in finished goods, work in progress and raw materials used	14	(182,318)	(90,290)	101.9
Employee benefits expense	15	(22,805)	(13,801)	65.2
Depreciation and amortisation expense	16	(5,004)	(4,273)	17.1
Other operating expense	17	(7,837)	(6,510)	20.4
Loss allowance of trade receivables		-	(55)	(100.0)
Investment revenue	18	228	540	(57.8)
Other gains and losses	19	1,655	868	90.7
Finance costs (interest expenses on bank loans and lease liabilities)	20	(361)	(718)	(49.7)
Profit before income tax		33,620	15,270	120.2
Income tax expense	21	(4,211)	(2,253)	86.9
Profit for the period		29,409	13,017	125.9
Other comprehensive income:				
- items that may be reclassified subsequently into profit or loss				
Exchange differences on translation of foreign operations		1,216	(281)	n.m.
Other comprehensive income for the financial period, net of tax		1,216	(281)	n.m.
Total comprehensive income for the financial period		30,625	12,736	140.5
Profit attribute to owners of the parent		29,409	13,017	125.9
Total comprehensive income attributable to owners of the parent		30,625	12,736	140.5
Earnings per share				
Basic & diluted* (Cents)		4.12	2.10	

*EPS for 1H 2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 713,782,829. EPS for 1H 2020 has been computed based on the profit attributable to equity holders of our Company and the pre-Invitation share capital of 618,720,000 Shares.



Condensed interim statements of changes in equity for the half year ended 30 June 2021

<u>Group</u>	Share capital	Capital reserve	Foreign currency translation reserve	Statutory reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1.1.2021	15,468	(4,670)	(2,776)	1,254	32,347	41,623
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	29,409	29,409
Other comprehensive income for the period	-	-	1,216	-	-	1,216
Total	-	-	1,216	-	29,409	30,625
<i>Transactions recognised directly in equity</i>						
Issuance of ordinary shares from initial public offering exercise	198,400	-	-	-	-	198,400
Share issue expenses	(7,353)	-	-	-	-	(7,353)
Issuance of ordinary shares from scrip dividends	141	-	-	-	-	141
Dividend	-	-	-	-	(15,474)	(15,474)
Total	191,188	-	-	-	(15,474)	175,714
Balance as at 30.6.2021	206,656	(4,670)	(1,560)	1,254	46,282	247,962
Balance as at 1.1.2020	15,468	(4,670)	(6,963)	1,254	17,610	22,699
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	13,017	13,017
Other comprehensive income for the period	-	-	(281)	-	-	(281)
Total	-	-	(281)	-	13,017	12,736
Balance as at 30.6.2020	15,468	(4,670)	(7,244)	1,254	30,627	35,435

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Condensed interim Statements of changes in equity for the half year ended 30 June 2021 (Continued)

<u>Company</u>	Share capital \$'000	Capital reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance as at 1.1.2021	15,468	11,651	11,550	38,669
Profit representing total comprehensive income for the period	-	-	15,875	15,875
<i>Transactions with owners, recognised directly in equity</i>				
Issuance of ordinary shares from initial public offering exercise	198,400	-	-	198,400
Share issue expenses	(7,353)	-	-	(7,353)
Issuance of ordinary shares from scrip dividends	141	-	-	141
Dividend	-	-	(15,474)	(15,474)
	191,188	-	(15,474)	175,714
Balance as at 30.6.2021	206,656	11,651	11,951	230,258
Balance as at 1.1.2020	15,468	11,651	17,743	44,862
Profit representing total comprehensive income for the period	-	-	(789)	(789)
Balance as at 30.6.2020	15,468	11,651	16,954	44,073



Condensed interim consolidated statement of cash flows for the half year ended 30 June 2021

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
Operating activities		
Profit before income tax	33,620	15,270
Adjustments for:		
Amortisation of intangible assets	489	1,040
Depreciation of property, plant and equipment	4,515	3,233
Interest expense	361	718
Interest income	(228)	(540)
Loss allowance for trade receivables	-	55
Changes in fair value of derivative financial instruments	96	-
Net unrealised foreign exchange loss	(1,282)	(240)
Plant and equipment written off	139	181
Operating cash flows before movements in working capital	37,710	19,717
Trade receivables	86,213	6,280
Other receivables	3,590	(9,949)
Prepayments	(103)	(153)
Inventories	(38,668)	(10,012)
Trade payables	(24,846)	(21,981)
Other payables	(11,056)	9,000
Cash from/(used in) operations	52,840	(7,098)
Income tax (paid)/ refund	(10,959)	124
Interest paid	(361)	(718)
Net cash from/(used in) operating activities	41,520	(7,692)
Investing activities		
Purchase of plant and equipment	(3,166)	(1,665)
Addition of intangible assets	-	(248)
Interest received	228	540
Net cash used in investing activities	(2,938)	(1,373)
Financing activities		
Proceeds from issue of share capital	198,400	-
Share issue expenses	(7,353)	-
Repayment of obligations under lease liabilities	(1,391)	(1,502)
Proceeds from bank borrowings	16,322	70,757
Repayment of bank borrowings	(37,709)	(23,941)
Dividends	(15,333)	-
Net cash from financing activities	152,936	45,314



Condensed interim consolidated statement of Cash Flows for the half year ended 30 June 2021
(Continued)

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
Net change in cash and cash equivalents	191,518	36,249
Effects of exchange rate changes on the balance of cash held in foreign currencies	35	705
Cash and cash equivalents at beginning of the period	11,462	14,281
Cash and cash equivalents at end of the period (Note i)	203,015	51,235

(i) Cash and Cash equivalents comprise:

	Group	
	As at 30 June	As at 30 June
	2021	2020
	\$'000	\$'000
Cash	93,430	30,956
Fixed deposits	109,585	20,279
Cash and cash equivalents at end of reporting period	203,015	51,235



Notes to the condensed interim consolidated financial statements

1. General corporate information

Aztech Global Ltd (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprised the Company and its subsidiaries (the "Group"). The primary activity of the Company is investment holding.

The principal activities of the Group are manufacturing, marketing and trading of electronics products.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last financial statements for the financial year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

During the current financial period, the Group and the Company have adopted the amendments to SFRS(I)s which took effect from financial year beginning 1 January 2021. The adoption of these amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the financial year ending 31 December 2021. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumption of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual result may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group does not experience any seasonality in particular. However, as with most businesses with a manufacturing base in the People's Republic of China, we experience lower production volume during the Chinese New Year holidays each year as many offices and factories are closed during this period. In addition, we generally experience higher sales volume in the second half of the year. The seasonal variations that we have experienced in the past may not be reflective of our sales trend in the future.

4. Trade receivables

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
Third parties	114,979	198,602
Less: Loss allowance	(1,646)	(1,640)
	113,333	196,962

Trade receivables are non-interest bearing and generally on 30 to 95 days credit terms.

Movements in the loss allowance for trade receivables:

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
Balance as at 1 January	1,640	1,021
Allowance during the reporting period	-	630
Exchange difference	6	(11)
Balance as at 30 June/31 December	1,646	1,640

4. Trade receivables (Continued)

Trade receivables were at \$113.3 million as at 30 June 2021, a decrease of \$83.6 million (42.5%) from \$196.9 million as at 31 December 2020 primarily due to the higher revenue of \$222.0 million recognised in Q4 2020.

Expected credit loss (ECL) assessment

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.

5. Other receivables

	Group		Company	
	30.6.2021 \$'000	31.12.2020 \$'000	30.6.2021 \$'000	31.12.2020 \$'000
Other receivables				
-Non-related parties	289	121	463	398
-Related corporations ¹	-	500	-	-
-Intercompany receivables ²	-	-	10,000	-
Value added tax receivable ³	1,768	5,200	179	22
Deposits	243	292	12	11
Deposits for land use right	730	716	-	-
	3,030	6,829	10,654	431

¹ The amount owing from related corporations was fully settled in February 2021.

² Dividend receivable from a subsidiary and was received by the Company in July 2021.

³ More materials were purchased as at 31 December 2020 to cater for production in January 2021.

6. Inventories

	Group	
	30.6.2021 \$'000	31.12.2020 \$'000
Finished goods	12,092	9,254
Work-in-progress ("WIP")	13,860	11,594
Raw materials	66,420	32,856
	92,372	53,704

The Group had purchased raw materials and components in view of overall tight supply globally and to meet the production requirements for 2H 2021.

7. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$3,804,000 (30 June 2020: \$2,120,000).

8. Borrowings

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	3,365	25,164
Unsecured	5,168	4,052
	<u>8,533</u>	<u>29,216</u>
<u>Amount repayable after one year</u>		
Secured	3,333	3,818
Total borrowing	<u>11,866</u>	<u>33,034</u>

9. Trade payables

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
Third parties	116,410	141,052

Trade payable were at \$116.4 million as at 30 June 2021, a decrease of \$24.6 million (17.5%) from \$141.1 million as at 31 December 2020 primarily due to higher purchase of material and component on higher production demand during Q4 2020.

10. Other payables

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
Other payables		
-Non-related parties	2,116	1,267
-Related corporation ¹	80	-
Accrued expenses ²	41,411	53,724
Profit sharing ³	1,364	2,933
Customer deposit	6,859	4,935
	<u>51,830</u>	<u>62,859</u>

¹ The Group's warehouse lease from related corporation.

² The Group's accrued expenses related to inventories received from suppliers that had not been invoiced as at 31 December 2020 and 30 June 2021. Please refer to Note 6 for total inventories value.

³ The Group's profit sharing for FY2020 was partially paid in June 2021.

11. Share capital

	The Group & the Company			
	30.6.2021		31.12.2020	
	'000	\$'000	'000	\$'000
Beginning of interim period	15,468	15,468	15,468	15,468
Sub-division of shares ⁽¹⁾	603,252	-	-	-
Issuance of shares pursuant to initial public offering exercise ⁽²⁾	155,000	198,400	-	-
Share issue expenses	-	(7,353)	-	-
Issue of ordinary shares from scrip dividends	106	141	-	-
End of interim period	773,826	206,656	15,468	15,468

⁽¹⁾ 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 shares.

⁽²⁾ 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.

The company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

12. Revenue

	The Group				
	6 months ended 30.6.2021				
	Distribution & trading		Manufacturing	Others	Total
	Hong Kong \$'000	Singapore \$'000	China \$'000	\$'000	\$'000
Types of goods:					
Sale of goods	64,138	183,839	1,728	-	249,705
Timing of revenue recognition:					
At a point in time	64,138	183,839	1,728	-	249,705
Geographical information:					
North America	12,968	165,308	-	-	178,276
China	1,241	208	1,724	-	3,173
Europe	48,462	15,439	-	-	63,901
Singapore	36	1,873	4	-	1,913
Others	1,431	1,011	-	-	2,442
Total revenue	64,138	183,839	1,728	-	249,705

12. Revenue (Continued)

	The Group				
	6 months ended 30.6.2020				
	Distribution & trading		Manufacturing	Others	Total
	Hong Kong \$'000	Singapore \$'000	China \$'000	\$'000	\$'000
Types of goods:					
Sale of goods	52,488	74,937	1,673	-	129,098
Timing of revenue recognition:					
At a point in time	52,488	74,937	1,673	-	129,098
Geographical information:					
North America	13,166	61,326	-	-	74,492
China	1,016	745	1,673	-	3,434
Europe	31,342	10,297	-	-	41,639
Singapore	311	1,788	-	-	2,099
Others	6,653	781	-	-	7,434
Total revenue	52,488	74,937	1,673	-	129,098

Revenue grew 93.4% in 1H 2021 driven mainly by higher sales volume of IoT devices and Data-communication products as a result of increased demand from customers.

13. Other income

	Group	
	1.1.2021 to 30.6.2021	1.1.2020 to 30.6.2020
	\$'000	\$'000
Scrap sales	48	-
Government grants	226	310
Others	83	101
	357	411

The Group received higher grant during 1H 2020 largely from the wage credit scheme by the Singapore Government. Grant received during 1H FY2021 comprised mainly ESG grant in Singapore, R&D and marketing grant from the China Authorities for our Dongguan's operation.

14. Changes in finished goods, work in progress and raw materials used

The increase in changes in finished goods, work in progress and raw materials was due mainly to the higher revenue and higher material costs for purchases denominated in other currencies vis-à-vis a stronger RMB during 1H FY2021.

15. Employee benefits expense

	Group	
	1.1.2021 to 30.6.2021	1.1.2020 to 30.6.2020
	\$'000	\$'000
Employee benefits expenses (<i>including Directors' remuneration</i>)		
Staff costs	21,107	12,720
Defined contributions plans	414	326
Other employee benefits	1,284	755
	22,805	13,801

More operators were hired arising from higher production activities during 1H 2021. However, the Group managed to maintain employee benefits expense as a percentage of revenue at below 10% (1H2020:10.7%).

16. Depreciation and amortisation expense

Increase in depreciation expense is due to purchase of additional factory equipment for China and Malaysia plants to meet higher production demand.

17. Other operating expense

Strong revenue growth during 1H 2021 led to higher indirect material and utilities expenses.

18. Investment revenue

Decrease in interest income resulted from lower fixed deposit rate during 1H 2021.

19. Other gains and losses

Increase in net unrealised foreign exchange gains as a result of the stronger USD against SGD & RMB during the reporting period.

20. Finance costs

Reduction in the utilisation of banking facilities led to the decrease in finance cost.

21. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	1.1.2021 to 30.6.2021	1.1.2020 to 30.6.2020
	\$'000	\$'000
Current income tax expense	4,214	2,253
Deferred income tax expense relating to origination and reversal of temporary differences	(3)	-
	<u>4,211</u>	<u>2,253</u>

Increase tax expenses due to higher profit achieved during the period. However, effective tax rate was lower at 12.5% in 1H 2021 compared with 14.8% due mainly to tax benefits received from the Group's operations in China.

22. Dividend

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: \$15,332,618 and scrip dividend: \$141,430, in respect of financial year ended 31 December 2020.

23. Segment information

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 to its customers including related companies.

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.

23. Segment and revenue information (Continued)

	Distribution and trading	Manufacturing	Distribution and trading	Manufacturing			
	<u>Hong Kong</u>	<u>China</u>	<u>Singapore</u>	<u>Malaysia</u>	<u>Others</u>	<u>Eliminations</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1.1.2021 to 30.6.2021							
Revenue							
Revenue from external customers	64,138	1,728	183,839	-	-	-	249,705
Inter-segment revenue	142,052	218,287	11,753	39,859	-	(411,951)	-
Total revenue	206,190	220,015	195,592	39,859	-	(411,951)	249,705
Results							
Segment results	3,893	15,031	14,818	1,224	15,925	(16,910)	33,981
Finance costs	(29)	(150)	(176)	(4)	(11)	9	(361)
Profit before income tax	3,864	14,881	14,642	1,220	15,914	(16,901)	33,620
Income tax expense							(4,211)
Profit for the reporting period							29,409
Significant non-cash items							
Amortisation and depreciation expenses	209	3,250	997	593	-	(45)	5,004
Other items of income and expense							
Interest income	1	13	8	-	217	(11)	228
Expenditures for segment non-current assets							
- Additions to PPE	640	2,216	40	908	-	-	3,804
Total segment assets							
30.6.2021	160,941	213,925	233,212	52,072	283,918	(501,985)	442,083
Total segment liabilities*							
30.6.2021	133,432	118,422	181,371	52,095	53,626	(354,530)	184,416

23. Segment and revenue information (Continued)

	Distribution and trading		Manufacturing		Others	Eliminations	Total
	Hong Kong	China	Singapore	Malaysia			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1.1.2020 to 30.6.2020							
Revenue							
Revenue from external customers	52,488	1,673	74,937	-	-	-	129,098
Inter-segment revenue	127,620	104,675	11	1,441	-	(233,747)	-
Total revenue	180,108	106,348	74,948	1,441	-	(233,747)	129,098
Results							
Segment results	14,027	1,317	3,927	(913)	(3,046)	676	15,988
Finance costs	(144)	(443)	(122)	(13)	-	4	(718)
Profit before income tax	13,883	874	3,805	(926)	(3,046)	680	15,270
Income tax expense							(2,253)
Profit for the reporting period							13,017
Significant non-cash items							
Amortisation and depreciation expenses	535	2,111	1,416	402	-	(191)	4,273
Other items of income and expense							
Interest income	5	329	400	-	-	(194)	540
Expenditures for segment non-current assets							
- Additions to PPE	4	842	16	803	455	-	2,120
- Additions to Intangible assets	-	-	248	-	-	-	248
Total segment assets							
30.6.2020	191,712	140,198	251,174	6,920	49	(380,715)	209,338
Total segment liabilities*							
30.6.2020	147,275	73,146	164,641	7,591	34	(229,803)	162,884

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

23. Segment and revenue information (Continued)

	Distribution & trading		The Group		Total \$'000
	Hong Kong \$'000	Singapore \$'000	China \$'000	Others \$'000	
1.1.2021 to 30.6.2021					
<u>Product types</u>					
IoT devices and Datacom products	50,528	181,955	151	-	232,634
LED products	13,610	1,757	1,560	-	16,927
Others ⁽¹⁾	-	127	17	-	144
	64,138	183,839	1,728	-	249,705
1.1.2020 to 30.6.2020					
<u>Product types</u>					
IoT devices and Datacom products	28,082	73,277	372	-	101,731
LED products	24,392	1,394	1,301	-	27,087
Others ⁽¹⁾	14	266	-	-	280
	52,488	74,937	1,673	-	129,098

⁽¹⁾ Others refer to other electrical products

24. Financial assets and financial liabilities

	Group		Company	
	30.6.2021 \$'000	31.12.2020 \$'000	30.6.2021 \$'000	31.12.2020 \$'000
Financial assets				
Trade receivables	113,333	196,962	-	-
Other receivables	3,030	6,829	11,367	1,370
Cash and cash equivalents	203,015	11,462	195,853	5,142
	<u>319,378</u>	<u>215,253</u>	<u>207,220</u>	<u>6,512</u>
Less: Value added tax receivables	(1,768)	(5,200)	(179)	(22)
Less: Deposits for land use right	(730)	(716)	-	-
Amortised cost	<u>316,880</u>	<u>209,337</u>	<u>207,041</u>	<u>6,490</u>
Derivative financial instruments, representing financial assets measured at fair value through profit or loss				
	-	96	-	58
Financial liabilities				
Trade payables	116,410	141,052	-	-
Other payables	51,830	62,859	51,531	42,752
Borrowings	11,866	33,034	-	-
Lease liabilities	3,421	4,337	1,168	1,337
Provision for retirement benefit	889	889	889	889
	<u>184,416</u>	<u>242,171</u>	<u>53,588</u>	<u>44,978</u>
Less: Customer deposits	(6,859)	(4,935)	-	-
Amortised cost	<u>177,557</u>	<u>237,236</u>	<u>53,588</u>	<u>44,978</u>



25. Profit before taxation

a. Significant items

	6 months ended 30.6.2021 \$'000	6 months ended 30.6.2020 \$'000
Amortisation and depreciation expenses		
Amortisation of intangible assets	489	1,040
Depreciation of property, plant and equipment	4,515	3,233
Investment revenue		
Interest income	228	540
Other operating expenses		
Distribution costs	256	248
Other factory costs	4,135	4,690
Plant and equipment written off	139	181
Utilities costs	1,174	796

b. Related party transactions

There are no material related party transactions.

26. Net Asset Value

	Group		Company	
	30.6.2021 \$	31.12.2020 \$	30.6.2021 \$	31.12.2020 \$
Net asset value per ordinary share	0.32	0.07	0.30	0.06

For 31 December 2020, NAV per Share is computed based on the equity attributable to our Company's equity holders and the pre-Invitation issued share capital of 618,720,000 Shares. For 30 June 2021, NAV per Share is computed based on the post-Invitation issued share capital of 773,826,000 Shares.

27. Subsequent events

Not applicable.



OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Aztech Global Ltd. and its subsidiaries as at 30 June 2021 and the related condensed consolidated statement of comprehensive income, condensed statements of changes in equity and condensed consolidated statement of cash flows for the six-month period ended and certain explanatory notes have not been audited and reviewed.

2. Review of performance of the Group

For the financial period ended 30 June 2021, the Group reported revenue of \$249.7 million which is an increase of 93.4% compared with the financial period ended 30 June 2020. This was despite the COVID-19 pandemic affecting the Group's operations in People's Republic of China and Malaysia, when the governments instituted lockdowns and movement control orders respectively.

The Group recorded an increase of 120.2% in profit before tax ("**PBT**") to \$33.6 million for the six months ended 30 June 2021 compared with the previous financial period. With the higher PBT, income tax expense increased by 86.9% to \$4.2 million for the six months ended 30 June 2021. The Group's net profit margin was recorded at 11.8% (30 June 2020: 10.1%).

FINANCIAL POSITION AND CASHFLOW

For the financial period ended 30 June 2021, the Group generated operating cash flow of \$37.7million before working capital changes (30 June 2020: \$19.7 million). As higher revenue generated in Q4 2020 resulted in the Group generating higher cash from operations of \$52.8 million compared with \$7.0 million used in operations for the six months period ended 30 June 2020.

As at 30 June 2021, the Group's financial position remained healthy with \$203.0 million of cash and bank balances (31 December 2020: \$11.5 million).

As at 30 June 2021, equity attributable to owners of the Group grew 495.7% from \$41.6 million as at 31 December 2020 to \$247.9 million and Net Asset Value per share grew by 357.1% to \$0.32 (31 December 2020: \$0.07), computed based on the share capital of 773,826,000 shares and 618,720,000 shares respectively.

3. Where a forecast, or a prospect statement, has been previously discussed to shareholders, any variance between it and the actual results

Not applicable.

4. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operations and any known factors or events that may affect the Group in the next operating period and the next 12 months.

Fluidity of the COVID-19 pandemic and global component shortage continued to disrupt businesses and operations globally. The Group continues to take precautionary measures to minimise any disruption in our operations, especially our manufacturing facilities in China and Malaysia arising from the resurgence in COVID-19 infection.

In Malaysia, our manufacturing facility has completed the expansion and enhancement works that increased the total built-up area from 45,500 sq ft to 86,000 sq ft. The plan to transfer a substantial part of the Group's production from China to Malaysia has been delayed due to the implementation of MCO 3.0 by the Malaysian authority where operating limit of 60% of total workforce has been enforced..

It remains the Group's priority to ensure the safety and well-being of our employees and we have been encouraging employees to be inoculated against COVID-19 virus. In China, all of our employees have been vaccinated with at least with one dose (with 74% of our employees have received the second dose)¹.

In Malaysia, we have submitted application to MITI for plant wide vaccination program. Meanwhile, eligible citizens in Malaysia have also been encouraged to apply through the MySejahtera app for their own vaccination. Currently, 0.4% of our employees in Malaysia had been vaccinated with second dose, while 7.51% had received their first dose¹.

The Group will continue with our safe management measures and monitor the vaccination rates, particularly our production facilities in China and Malaysia, for a better and sustainable workplace for our employees.

To manage component tightness, the Group will continue with its close collaborative relations with suppliers, customers and relevant stakeholders in the supply chain to secure key components. Initiatives including circuitry redesigns to substitute for available cost-effective components have been employed to alleviate the tightness.

Order book as at 1 July 2021 was \$530.4 million, and the Group has since received additional orders of \$74.0 million as at 30 July 2021. Barring worsening of infection by COVID-19 virus and supply chain constraints, the majority of the order book secured is expected to be completed in 2021 with \$150 million orders scheduled for completion in FY2022. The Group will continue to enhance its technological capabilities and expand its offerings to grow its revenue in the IoT devices and data-communication products segment, while seeking to secure new orders across consumer, industrial and health-tech industries.

Barring unforeseen circumstances, the Group remains cautiously optimistic of its prospects in 2021 amidst the positive growth trajectory of the IoT and data-communication industries², and stays vigilant to take mitigation steps to manage the challenging operating landscape that is expected to continue for the rest of the year.

¹ 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.

² The IoT industry is expected to continue growing at a CAGR of 20.8% to reach US\$425.2 billion by 2023 from 2019, of which the consumer and the non-consumer IoT industry is estimated to grow at a CAGR of 23.4% and 20.2% to about US\$94.8 billion and US\$330.4 billion, respectively by 2023. The data communication industry is forecast to continue to grow at a CAGR of 5.9% from 2019 to US\$59.0 billion in 2023. (Source: Frost & Sullivan, January 2021)

5. Dividend

No interim dividend for the half year ended 30 June 2021 is recommended as the Group intends to conserve cash and recommend dividend payment annually together with its audited full-year results.

During the preceding financial year, the Company declared interim one-tier tax-exempt dividend of \$2.00 and \$0.65 per ordinary share respectively totaling \$40,990,200 in respect of the financial year ended 31 December 2020 and cash or scrip dividend of \$0.02 per share totaling \$15,474,400. Scrip shares were issued at \$1.34 a share. The issue price is set based on the average of the volume weighted average prices of the Shares for each of the market days during the price determination period between 4 May 2021 to 5 May 2021 (both dates inclusive).

Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Interim (Paid)	Interim (Paid)	Final (Paid)
Dividend Type	Cash	Cash	Cash / Scrip
Dividend Amount per Share (in \$)	2.00 per ordinary share	0.65 per ordinary share	0.02 per ordinary share
Paid based on total number of ordinary shares	15,468,000	15,468,000	773,720,000
Tax Rate	Exempt	Exempt	Exempt

6. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not sought a general mandate from shareholders for Interest Person Transactions.

7. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

Pursuant to Listing Rule 720(1), the Company has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 of the SGX-ST Listing Manual.



8. Use of IPO Proceeds

Pursuant to the Listing of the Company, the Company received gross proceeds of S\$198.4 million from the issuance of the New Cornerstone Shares. As at the date of this announcement, the gross proceeds from the issuance of the New Cornerstone Shares have been utilised as follows:

	Amount allocated (as disclosed in the Prospectus) (\$'000)	Amount utilised as at the date of this announcement (\$'000)	Balance as at the date of this announcement (\$'000)
Expansion and enhancement of the Group's manufacturing facilities	50,000	218	49,782
Expansion of the Group's business through, <i>inter alia</i> , 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	58,600	4,034	54,566
Listing expenses	9,800	9,967	(167)
	198,400	14,219	184,181



Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Mr Michael Mun
Executive Chairman

Mr Jeremy Mun
Executive Director

Singapore
Date: 30 July 2021