



**Interim Financial Information  
As at and for the Third Quarter Ended  
30 September 2022**

**AZTECH GLOBAL LTD.**

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



**INTERIM FINANCIAL INFORMATION  
AS AT AND FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

**Condensed interim statements of financial position as at 30 September 2022**

	Note	Group		Company	
		30.09.2022 \$'000	31.12.2021 \$'000	30.09.2022 \$'000	31.12.2021 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		304,531	201,512	232,697	192,213
Trade receivables	4	224,847	222,533	-	-
Other receivables	5	5,725	3,443	25,680	19,532
Tax recoverable		1,403	215	-	-
Derivative financial instruments		-	381	-	381
Prepayments		659	1,114	187	79
Inventories	6	109,431	62,432	-	-
<b>Total current assets</b>		<b>646,596</b>	<b>491,630</b>	<b>258,564</b>	<b>212,205</b>
<b>Non-current assets</b>					
Other receivables	5	-	-	123	474
Investment in subsidiaries		-	-	76,551	76,551
Property, plant and equipment	7	26,897	26,571	-	-
<b>Total non-current assets</b>		<b>26,897</b>	<b>26,571</b>	<b>76,674</b>	<b>77,025</b>
<b>Total assets</b>		<b>673,493</b>	<b>518,201</b>	<b>335,238</b>	<b>289,230</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Borrowings	8	45,265	11,894	-	-
Lease liabilities		1,299	1,859	486	465
Trade payables	9	238,163	138,476	-	-
Other payables	10	60,575	56,534	89,895	31,592
Provision for retirement benefit		630	630	630	630
Current income tax payable		15,445	10,966	-	305
<b>Total current liabilities</b>		<b>361,377</b>	<b>220,359</b>	<b>91,011</b>	<b>32,992</b>
<b>Non-current liabilities</b>					
Borrowings	8	4,325	2,841	-	-
Lease liabilities		1,437	1,439	123	474
Provision for retirement benefit		258	300	258	300
Deferred tax liabilities		316	294	-	-
<b>Total non-current liabilities</b>		<b>6,336</b>	<b>4,874</b>	<b>381</b>	<b>774</b>
<b>Capital and reserves</b>					
Share capital	11	206,166	206,166	206,166	206,166
Treasury shares		(1,843)	(1,843)	(1,843)	(1,843)
Capital reserve		(4,670)	(4,670)	11,651	11,651
Foreign currency translation reserve		(11,435)	808	-	-
Statutory reserve		1,254	1,254	-	-
Retained profits		116,308	91,253	27,872	39,490
<b>Total equity</b>		<b>305,780</b>	<b>292,968</b>	<b>243,846</b>	<b>255,464</b>
<b>Total liabilities and equity</b>		<b>673,493</b>	<b>518,201</b>	<b>335,238</b>	<b>289,230</b>



**Condensed interim consolidated statement of comprehensive income for the third quarter ended 30 September 2022**

	Note	Group		increase/ (decrease) %
		9 months ended 30 September		
		2022 \$'000	2021 \$'000	
Revenue	12	606,952	390,684	55.4
Other income	13	608	505	20.4
Changes in finished goods, work in progress and raw materials used	14	(460,643)	(288,921)	59.4
Employee benefits expense	15	(37,566)	(34,129)	10.1
Depreciation and amortisation expense	16	(6,673)	(7,492)	(10.9)
Other operating expense	17	(9,479)	(9,963)	(4.9)
Loss allowance of trade receivables		(1,456)	-	n.m.
Investment revenue	18	1,035	416	148.8
Other gains and losses	19	(15,418)	3,350	n.m.
Finance costs (interest expenses on bank loans and lease liabilities)	20	(722)	(511)	41.3
Profit before income tax		<b>76,638</b>	<b>53,939</b>	<b>42.1</b>
Income tax expense	21	(12,985)	(6,508)	99.5
Profit for the period		<b>63,653</b>	<b>47,431</b>	<b>34.2</b>
<b>Other comprehensive income:</b>				
<b>- items that may be reclassified subsequently into profit or loss</b>				
Exchange differences on translation of foreign operations		(12,243)	1,560	n.m.
Other comprehensive income for the financial period, net of tax		(12,243)	1,560	n.m.
<b>Total comprehensive income for the financial period</b>		<b>51,410</b>	<b>48,991</b>	<b>4.9</b>
Profit attribute to owners of the parent		63,653	47,431	34.2
Total comprehensive income attributable to owners of the parent		<b>51,410</b>	<b>48,991</b>	<b>4.9</b>
<b>Earnings per share</b>				
Basic* (Cents)		8.25	6.46	
Diluted* (Cents)		8.23	6.46	

\*EPS for FY2022 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 771,952,945. EPS for FY2021 has been computed based on the profit attributable to equity holders of our Company and weighted average no. of ordinary share of 734,017,004. Diluted EPS for FY2022 and FY2021 were computed based on profit attributable to equity holders of our Company and weighted average no. of ordinary share of 773,742,945 and 734,017,004 respectively.



**Condensed interim statements of changes in equity for the third quarter ended 30 September 2022**

<u>Group</u>	Share capital	Treasury share	Capital reserve	Foreign currency translation reserve	Statutory reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1.1.2022</b>	<b>206,166</b>	<b>(1,843)</b>	<b>(4,670)</b>	<b>808</b>	<b>1,254</b>	<b>91,253</b>	<b>292,968</b>
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	-	63,653	63,653
Other comprehensive income for the period	-	-	-	(12,243)	-	-	(12,243)
Total	-	-	-	(12,243)	-	63,653	51,410
<i>Transactions recognised directly in equity</i>							
Dividend	-	-	-	-	-	(38,598)	(38,598)
<b>Balance as at 30.9.2022</b>	<b>206,166</b>	<b>(1,843)</b>	<b>(4,670)</b>	<b>(11,435)</b>	<b>1,254</b>	<b>116,308</b>	<b>305,780</b>
<b>Balance as at 1.1.2021</b>	<b>15,468</b>	<b>-</b>	<b>(4,670)</b>	<b>(2,776)</b>	<b>1,254</b>	<b>32,347</b>	<b>41,623</b>
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	-	47,431	47,431
Other comprehensive income for the period	-	-	-	1,560	-	-	1,560
Total	-	-	-	1,560	-	47,431	48,991
<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
<b>Balance as at 30.9.2021</b>	<b>206,656</b>	<b>-</b>	<b>(4,670)</b>	<b>(1,216)</b>	<b>1,254</b>	<b>64,304</b>	<b>266,328</b>



**Condensed interim statements of changes in equity for the third quarter ended 30 September 2022 (Continued)**

<u>Company</u>	Share capital \$'000	Treasury share \$'000	Capital reserve \$'000	Retained profits \$'000	Total equity \$'000
<b>Balance as at 1.1.2022</b>	<b>206,166</b>	<b>(1,843)</b>	<b>11,651</b>	<b>39,490</b>	<b>255,464</b>
Profit representing total comprehensive income for the period	-	-	-	26,980	26,980
<i>Transactions with owners, recognised directly in equity</i>					
Dividend	-	-	-	(38,598)	(38,598)
<b>Balance as at 30.9.2022</b>	<b>206,166</b>	<b>(1,843)</b>	<b>11,651</b>	<b>27,872</b>	<b>243,846</b>
<b>Balance as at 1.1.2021</b>	<b>15,468</b>	-	<b>11,651</b>	<b>11,550</b>	<b>38,669</b>
Profit representing total comprehensive income for the period	-	-	-	15,884	15,884
<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
<b>Balance as at 30.9.2021</b>	<b>206,656</b>	-	<b>11,651</b>	<b>11,960</b>	<b>230,267</b>



**Condensed interim consolidated statement of cash flows for the third quarter ended 30 September 2022**

	Group	
	9 months ended 30 September	
	2022	2021
	\$'000	\$'000
<b>Operating activities</b>		
Profit before income tax	76,638	53,939
Adjustments for:		
Amortisation of intangible assets	-	678
Depreciation of property, plant and equipment	6,673	6,814
Interest expense	722	511
Interest income	(1,035)	(416)
Loss allowance for trade receivables	1,456	-
Changes in fair value of derivative financial instruments	381	96
Net unrealised foreign exchange gain	(6,105)	(1,939)
Plant and equipment written off	494	154
Gain on disposal of property, plant and equipment	(73)	14
Loss on early termination of leases	17	-
Reversal of provision for retirement benefit	(42)	-
Write-down for inventories obsolescence	2,810	(2)
<b>Operating cash flows before movements in working capital</b>	<b>81,936</b>	<b>59,849</b>
Trade receivables	(7,180)	72,464
Other receivables	(2,588)	3,846
Prepayments	431	(153)
Inventories	(53,698)	(45,578)
Trade payables	101,849	(11,061)
Other payables	3,147	(20,596)
<b>Cash from operations</b>	<b>123,897</b>	<b>58,771</b>
Income tax paid	(9,673)	(14,916)
Interest paid	(637)	(511)
<b>Net cash from operating activities</b>	<b>113,587</b>	<b>43,344</b>
<b>Investing activities</b>		
Purchase of plant and equipment	(7,636)	(4,022)
Proceeds on disposal of property, plant and equipment	220	34
Interest received	1,035	416
<b>Net cash used in investing activities</b>	<b>(6,381)</b>	<b>(3,572)</b>
<b>Financing activities</b>		
Proceeds from issue of share capital	-	198,400
Share issue expenses	-	(7,353)
Repayment of obligations under lease liabilities	(1,445)	(2,040)
Proceeds from bank borrowings	48,965	22,804
Repayment of bank borrowings	(14,873)	(42,353)
Dividends	(38,598)	(15,333)
<b>Net cash (used in)/from financing activities</b>	<b>(5,951)</b>	<b>154,125</b>



**Condensed interim consolidated statement of Cash Flows for the third quarter ended 30 September 2022 (Continued)**

	<b>Group</b>	
	<b>9 months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net change in cash and cash equivalents</b>	101,255	193,897
Effects of exchange rate changes on the balance of cash held in foreign currencies	1,764	334
Cash and cash equivalents at beginning of the period	201,512	11,462
<b>Cash and cash equivalents at end of the period (Note i)</b>	<b>304,531</b>	<b>205,693</b>

**(i) Cash and Cash equivalents comprise:**

	<b>Group</b>	
	<b>As at 30</b>	<b>As at 30</b>
	<b>September 2022</b>	<b>September 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash	179,116	45,998
Fixed deposits	125,415	159,695
<b>Cash and cash equivalents at end of reporting period</b>	<b>304,531</b>	<b>205,693</b>



## **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 nine months ended 30 September 2022 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 nine months ended 30 September 2022 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 2021.

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 2022. 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 2022. 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 2021.

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

	<b>Group</b>	
	<b>30.9.2022</b>	<b>31.12.2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Third parties	228,506	224,675
Less: Loss allowance	(3,659)	(2,142)
	<b>224,847</b>	<b>222,533</b>

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

Movements in the loss allowance for trade receivables:

	<b>Group</b>	
	<b>30.9.2022</b>	<b>31.12.2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance as at beginning of the financial period/year	2,142	1,640
Allowance during the reporting period	1,456	489
Exchange difference	61	13
Balance as at end of the financial period/year	<b>3,659</b>	<b>2,142</b>

## 4. Trade receivables (Continued)

Trade receivables were at \$224.8 million as at 30 September 2022, an increase of \$2.3 million (1.0%) from \$222.5 million as at 31 December 2021 primarily due to the higher revenue of \$242.4 million recognised in Q3 2022.

### *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	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Other receivables				
-Non-related parties	267	105	198	43
-Subsidiary	-	-	24,973	19,000
Value added tax receivable <sup>1</sup>	3,878	2,345	12	13
Deposits	884	245	11	11
Deposits for land use right	696	748	-	-
Finance lease receivables	-	-	486	465
	5,725	3,443	25,680	19,532
<u>Non-current</u>				
Finance lease receivables	-	-	123	474
	5,725	3,443	25,803	20,006

<sup>1</sup> More materials were purchased as at 30 September 2022 to cater for production in Q4 2022.

## 6. Inventories

	<b>Group</b>	
	<b>30.9.2022</b>	<b>31.12.2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Finished goods	11,429	4,249
Work-in-progress ("WIP")	24,273	12,287
Raw materials	73,729	45,896
	<b>109,431</b>	<b>62,432</b>

The Group had purchased raw materials and components in view of overall tight supply globally and to meet the production requirements for Q4 2022.

## 7. Property, plant and equipment

During the nine months ended 30 September 2022, the Group acquired assets amounting to \$8,775,000 (30 September 2021: \$4,662,000).

## 8. Borrowings

	<b>Group</b>	
	<b>30.9.2022</b>	<b>31.12.2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Amount repayable within one year or on demand</u>		
Secured	43,293	9,777
Unsecured	1,972	2,117
	45,265	11,894
<u>Amount repayable after one year</u>		
Secured	4,325	2,841
Total borrowing	<b>49,590</b>	<b>14,735</b>

## 9. Trade payables

	<b>Group</b>	
	<b>30.9.2022</b>	<b>31.12.2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Third parties	238,163	138,476

Trade payables were at \$238.2 million as at 30 September 2022, an increase of \$99.7 million (72.0%) from \$138.5 million as at 31 December 2021 primarily due to higher purchase of materials and components for Q4 2022 production needs.

## 10. Other payables

	Group		Company	
	30.9.2022 \$'000	31.12.2021 \$'000	30.9.2022 \$'000	31.12.2021 \$'000
Other payables				
-Non-related parties	312	1,260	9	42
-Subsidiaries	-	-	89,723	27,395
-Related corporation <sup>1</sup>	-	128	-	-
Accrued expenses <sup>2</sup>	44,660	39,421	163	285
Profit sharing <sup>3</sup>	-	3,870	-	3,870
Customer deposit	15,603	11,855	-	-
	<b>60,575</b>	<b>56,534</b>	<b>89,895</b>	<b>31,592</b>

<sup>1</sup>The Group's warehouse lease from related corporation.

<sup>2</sup>The Group's accrued expenses were related to inventories received from suppliers that had not been invoiced as at 31 December 2021 and 30 September 2022. Please refer to Note 6 for total inventories value.

<sup>3</sup>The Group's profit sharing for FY2021 was paid in May 2022.

## 11. Share capital

	The Group & the Company			
	30.9.2022		31.12.2021	
	'000	\$'000	'000	\$'000
Beginning of interim period	773,826	206,166	15,468	15,468
Sub-division of shares <sup>(1)</sup>	-	-	603,252	-
Issuance of shares pursuant to initial public offering exercise <sup>(2)</sup>	-	-	155,000	198,400
Share issue expenses	-	-	-	(7,843)
Issue of ordinary shares from scrip dividends	-	-	106	141
End of interim period	<b>773,826</b>	<b>206,166</b>	<b>773,826</b>	<b>206,166</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 the initial public offering.

The company holds treasury shares of \$1,843,000 (1,872,600 shares) as at 30 September 2022 (30 December 2021: \$1,843,000). There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial period ended 30 September 2022. The total number of issued shares excluding treasury shares as at 30 September 2022 was 771,952,945 shares.

## 12. Revenue

	<b>The Group</b>			
	<b>9 months ended 30.9.2022</b>			
	<b>Distribution &amp; trading</b>	<b>Manufacturing</b>		<b>Total</b>
	<b>Hong Kong \$'000</b>	<b>Singapore \$'000</b>	<b>China \$'000</b>	<b>\$'000</b>
Types of goods:				
Sale of goods	74,727	531,067	1,158	606,952
Timing of revenue recognition:				
At a point in time	74,727	531,067	1,158	606,952
Geographical information:				
North America	28,338	464,464	-	492,802
China	15,058	296	1,158	16,512
Europe	30,024	63,115	-	93,139
Singapore	-	2,167	-	2,167
Others	1,307	1,025	-	2,332
<b>Total revenue</b>	<b>74,727</b>	<b>531,067</b>	<b>1,158</b>	<b>606,952</b>

	<b>The Group</b>			
	<b>9 months ended 30.9.2021</b>			
	<b>Distribution &amp; trading</b>	<b>Manufacturing</b>		<b>Total</b>
	<b>Hong Kong \$'000</b>	<b>Singapore \$'000</b>	<b>China \$'000</b>	<b>\$'000</b>
Types of goods:				
Sale of goods	90,053	298,123	2,508	390,684
Timing of revenue recognition:				
At a point in time	90,053	298,123	2,508	390,684
Geographical information:				
North America	17,709	270,058	-	287,767
China	4,371	426	2,482	7,279
Europe	65,763	23,640	-	89,403
Singapore	36	2,577	26	2,639
Others	2,174	1,422	-	3,596
<b>Total revenue</b>	<b>90,053</b>	<b>298,123</b>	<b>2,508</b>	<b>390,684</b>

Revenue grew 55.4% in 9M 2022 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	
	1.1.2022 to 30.9.2022	1.1.2021 to 30.9.2021
	\$'000	\$'000
Scrap sales	91	74
Government grants	432	331
Others	85	100
	<b>608</b>	<b>505</b>

## 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 in 9M 2022.

## 15. Employee benefits expense

	Group	
	1.1.2022 to 30.9.2022	1.1.2021 to 30.9.2021
	\$'000	\$'000
Employee benefits expenses ( <i>including Directors' remuneration</i> )		
Staff costs	36,372	31,531
Defined contributions plans	662	628
Other employee benefits	532	1,970
	<b>37,566</b>	<b>34,129</b>

More operators were hired arising from higher production activities during Q3 2022. Employee benefits expense as a percentage of revenue was 6.2% (9M 2021: 8.7%).

## 16. Depreciation and amortisation expense

Decrease in depreciation and amortisation expense due to full amortisation of intangible assets in December 2021.

## 17. Other operating expense

Lower other operating expense mainly due to reduction in rental of equipment and subcontract cost.

## 18. Investment revenue

Increase in interest income resulted from higher fixed deposit rate during the nine months period.

## 19. Other gains and losses

Fair value loss on derivative financial instruments of \$15.4 million during the reporting period was attributable to forex losses resulting from the weakening of the RMB to the US dollar. The derivative contracts were earlier entered into for RMB denominated costs of the Group.

The Group will tighten its foreign exchange risk management with a prudent approach towards foreign currencies exposure for its operational needs. The Group expects its FY2022 results to be impacted by fair value loss on these derivative financial instruments.

## 20. Finance costs

Increase in the utilisation of banking facilities led to the increase 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:

	1.1.2022 to 30.9.2022	1.1.2021 to 30.9.2021
	\$'000	\$'000
Current income tax expense	12,985	6,517
Deferred income tax expense relating to origination and reversal of temporary differences	-	(9)
	12,985	6,508

Increased tax expenses due to higher profit achieved during the period. However, effective tax rate was higher at 16.9% in 9M 2022 compared with 12.1% due mainly to fully utilised tax incentive from the Group's operations in China.

## 22. Dividend

On 13 May 2022, the Company paid a final dividend of \$0.05 per ordinary share of the Company totalling \$38,597,647 by cash in respect of financial year ended 31 December 2021.



### **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
<b>1.1.2022 to 30.9.2022</b>							
<b>Revenue</b>							
Revenue from external customers	74,727	1,158	531,067	-	-	-	606,952
Inter-segment revenue	340,084	532,220	4,331	126,119	-	(1,002,754)	-
<b>Total revenue</b>	<b>414,811</b>	<b>533,378</b>	<b>535,398</b>	<b>126,119</b>	<b>-</b>	<b>(1,002,754)</b>	<b>606,952</b>
<b>Results</b>							
Segment results	18,051	48,723	34,644	3,226	29,026	(56,310)	77,360
Finance costs	(178)	(96)	(434)	(5)	(21)	12	(722)
Profit before income tax	17,873	48,627	34,210	3,221	29,005	(56,298)	76,638
Income tax expense							(12,985)
<b>Profit for the reporting period</b>							<b>63,653</b>
<b>Significant non-cash items</b>							
Amortisation and depreciation expenses	250	4,640	840	1,064	3	(124)	6,673
<b>Other items of income and expense</b>							
Interest income	3	100	27	-	917	(12)	1,035
<b>Expenditures for segment non-current assets</b>							
- Additions to PPE	225	766	1,588	348	5,848	-	8,775
<b>Total segment assets</b>							
30.9.2022	247,530	398,535	332,666	144,621	341,181	(791,040)	673,493
<b>Total segment liabilities*</b>							
30.9.2022	227,801	235,465	291,104	141,237	95,360	(639,015)	351,952

## 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
<b>1.1.2021 to 30.9.2021</b>							
<b>Revenue</b>							
Revenue from external customers	90,053	2,508	298,123	-	-	-	390,684
Inter-segment revenue	221,342	339,140	18,441	58,244	-	(637,167)	-
<b>Total revenue</b>	<b>311,395</b>	<b>341,648</b>	<b>316,564</b>	<b>58,244</b>	<b>-</b>	<b>(637,167)</b>	<b>390,684</b>
<b>Results</b>							
Segment results	6,102	22,566	25,888	1,303	15,997	(17,406)	54,450
Finance costs	(36)	(207)	(260)	(6)	(16)	14	(511)
Profit before income tax	6,066	22,359	25,628	1,297	15,981	(17,392)	53,939
Income tax expense							(6,508)
Profit for the reporting period							47,431
<b>Significant non-cash items</b>							
Amortisation and depreciation expenses	297	4,939	1,450	913	-	(107)	7,492
<b>Other items of income and expense</b>							
Interest income	1	17	9	-	405	(16)	416
<b>Expenditures for segment non-current assets</b>							
- Additions to PPE	645	2,612	42	1,363	-	-	4,662
<b>Total segment assets</b>							
30.9.2021	161,502	227,727	230,253	65,045	271,199	(490,549)	465,177
<b>Total segment liabilities*</b>							
30.9.2021	132,353	124,020	170,613	64,994	40,859	(342,034)	190,805

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

## 23. Segment and revenue information (Continued)

	The Group			Total \$'000
	Distribution & trading		Manufacturing	
	Hong Kong \$'000	Singapore \$'000	China \$'000	
<b>1.1.2022 to 30.9.2022</b>				
<u>Product types</u>				
IoT devices and Datacom products	67,735	525,585	412	593,732
LED products	6,768	5,279	39	12,086
Others <sup>(1)</sup>	224	203	707	1,134
	<b>74,727</b>	<b>531,067</b>	<b>1,158</b>	<b>606,952</b>
<b>1.1.2021 to 30.9.2021</b>				
<u>Product types</u>				
IoT devices and Datacom products	72,292	295,122	701	368,115
LED products	17,761	2,802	1,768	22,331
Others <sup>(1)</sup>	-	199	39	238
	<b>90,053</b>	<b>298,123</b>	<b>2,508</b>	<b>390,684</b>

<sup>(1)</sup> Others refer to other electrical products

## 24. Financial assets and financial liabilities

	Group		Company	
	30.9.2022 \$'000	31.12.2021 \$'000	30.9.2022 \$'000	31.12.2021 \$'000
<b>Financial assets</b>				
Trade receivables	224,847	222,533	-	-
Other receivables	5,725	3,443	25,803	20,006
Cash and cash equivalents	304,531	201,512	232,697	192,213
	535,103	427,488	258,500	212,219
Less: Value added tax receivables	(3,878)	(2,345)	(12)	(13)
Less: Deposits for land use right	(696)	(748)	-	-
Amortised cost	530,529	424,395	258,488	212,206
Derivative financial instruments, representing financial assets measured at fair value through profit or loss				
	-	381	-	381
<b>Financial liabilities</b>				
Trade payables	238,163	138,476	-	-
Other payables	60,575	56,534	89,895	31,592
Borrowings	49,590	14,735	-	-
Lease liabilities	2,736	3,298	609	939
Provision for retirement benefit	888	930	888	930
	351,952	213,973	91,392	33,461
Less: Customer deposits	(15,603)	(11,855)	-	-
Amortised cost	336,349	202,118	91,392	33,461

## 25. Profit before taxation

### a. Significant items

	9 months ended 30.9.2022 \$'000	9 months ended 30.9.2021 \$'000
<b>Amortisation and depreciation expenses</b>		
Amortisation of intangible assets	-	678
Depreciation of property, plant and equipment	6,673	6,814
<b>Investment revenue</b>		
Interest income	1,035	416
<b>Other operating expenses</b>		
Distribution costs	141	342
Other factory costs	5,413	6,054
Plant and equipment written off	494	154
Utilities costs	1,907	1,576

### b. Related party transactions

There are no material related party transactions.

## 26. Net Asset Value

	Group		Company	
	30.9.2022 \$	31.12.2021 \$	30.9.2022 \$	31.12.2021 \$
Net asset value per ordinary share	0.40	0.38	0.32	0.33

For 30 September 2022 and 31 December 2021, NAV per Share is computed based on the post-Invitation issued share capital of 771,952,945 Shares.

## 27. Subsequent events

Not applicable



## 28. Acquisition of Subsidiary

Since 1 July 2019, the Group has leased the premises at No. 8 and 10 Setia Business Park, Jalan Laman Setia, 81550 Johor Bahru, Malaysia ("the Property") for the Group's manufacturing facility in Malaysia from Huuve Sdn Bhd ("Huuve"). Huuve was then a wholly owned subsidiary of Azventure Investments Pte Ltd ("Azventure") (formerly known as Aztech Group Ltd). Huuve was a special purpose vehicle incorporated in 2018 by Azventure to purchase and hold the Property.

Azventure is a substantial shareholder of the Group and is wholly owned by Mr Michael Mun, CEO and Director of the Group through AVS Investments Pte Ltd.

The Board of Directors approved Management's proposal that the Property be owned directly by the Group. This will enable the Group to have full control over its manufacturing facility and operational needs and make decisions regarding fitting out the Property independently of Azventure. This will also eliminate interested party transactions with Azventure arising from the lease of the Property. Mr Michael Mun and Mr Jeremy Mun had abstained from voting on the proposal to acquire Huuve.

The Group purchased all the shares of Huuve on 8 September 2022, and the shares of Huuve were transferred to IOT Manufacturing Sdn Bhd, a wholly owned subsidiary of the Group, on 19 September 2022. With this, Huuve became a wholly owned subsidiary of the Group effective 19 September 2022.

The amount of RM10,020,000 for the acquisition of Huuve was based on the latest valuation of the Property at RM18,500,000 less the outstanding loan due to bank that was taken by Huuve in 2019 to finance the purchase of the Property. The net asset value of Huuve was RM 6,537,659 million at the date of acquisition. Huuve shall continue to service the bank loan of RM8,480,000.

It is to be noted that including the amount paid to Azventure for the acquisition of Huuve, the total interested party transaction value for FY 2022 for Mr Michael Mun did not exceed 3% of NTA and the relative figures of acquisition of Huuve were also below the thresholds under Rule 1010 of the Listing Manual. Accordingly, no announcement or disclosure was required under Chapters 9 and 10 of the Listing Manual. Further details on the acquisition of Huuve will be disclosed in the corporate governance report of the Group's 2022 annual report pursuant to Rule 907.



## OTHER INFORMATION

### 1. Review

The condensed consolidated statement of financial position of Aztech Global Ltd. and its subsidiaries as at 30 September 2022 and the related condensed consolidated statement of comprehensive income, condensed statements of changes in equity and condensed consolidated statement of cash flows for the nine-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 September 2022, the Group reported revenue of \$607.0 million which is an increase of 55.4% compared with the financial period ended 30 September 2021. This was despite the ongoing COVID-19 pandemic and the challenges it has brought to the world which included continual disruption to the global supply chain.

The Group recorded an increase of 42.1% in profit before tax (“PBT”) to \$76.6 million for the nine months ended 30 September 2022 compared with the previous financial period. With the higher PBT, income tax expense increased to \$13.0 million for the nine months ended 30 September 2022. The Group’s net profit margin was recorded at 10.5% (30 September 2021: 12.1%).

## FINANCIAL POSITION AND CASHFLOW

The Group’s cash generated from operations for the period ended 30 September 2022 was \$113.6 million, an increase of \$70.3 million compared with \$43.3 million in 30 September 2021. The increase was mainly attributable to the higher EBITDA and working capital compared to Q3 2021.

As at 30 September 2022, the Group’s financial position remained strong with \$304.5 million of cash and bank balances (31 December 2021: \$201.5 million).

As at 30 September 2022, equity attributable to owners of the Group was \$305.8 million and Net Asset Value per share remained constant at \$0.40 (31 December 2021: \$0.38), computed based on the share capital of 771,952,945 shares.

### 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.**

The business climate remains challenging with escalating geopolitical tension and macroeconomic headwinds stemming from aggressive interest rate policy to dampen inflation. Softening demand for consumer electronics devices, inflationary cost pressure and susceptibility of the electronics supply chain to COVID-19 restrictions are expected to weigh on the operating landscape of the electronics and semiconductor industries. The Group will continue to manage its customer orders and balance them across its manufacturing plants to ensure timely delivery, and safeguard the health and well-being of its employees.

**5. Dividend**

**a. Current financial Period Reported on**

The board of directors recommended the following interim dividends:

<b>Name of Dividend</b>	<b>Interim (Proposed)</b>
Dividend Type	Cash
Dividend Amount per Share (in \$)	0.03 per ordinary share
Paid based on total number of ordinary shares	771,952,945
Tax Rate	Exempt

During the preceding financial year, the Company declared final one-tier tax-exempt dividend of \$0.05 per ordinary share totaling \$38,597,647 in respect of the financial year ended 31 December 2021.

**b. Corresponding Period of the Immediately Preceding Financial Year**

<b>Name of Dividend</b>	<b>Final (Paid)</b>
Dividend Type	Cash
Dividend Amount per Share (in \$)	0.05 per ordinary share
Paid based on total number of ordinary shares	771,952,945
Tax Rate	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	1,864	48,136
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	192	9,808
Expansion of the Group's ODM/JDM business to capitalise on opportunities in the growing IoT market	5,000	-	5,000
Working capital (Employee benefits)	58,600	37,468	21,132
Listing expenses	9,800	10,543	-
	198,400	50,067	149,076



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 nine-month period ended 30 September 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Michael Mun Hong Yew  
Director

Jeremy Mun Weng Hung  
Director

Singapore  
Date: 3 November 2022