



**Interim Financial Information  
For the Second Half and Financial Year Ended  
31 December 2021**

**AZTECH GLOBAL LTD.**

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



**INTERIM FINANCIAL INFORMATION  
FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2021**

**Condensed statements of financial position as at 31 December 2021**

|                                      | Note | Group                |                      | Company              |                      |
|--------------------------------------|------|----------------------|----------------------|----------------------|----------------------|
|                                      |      | 31.12.2021<br>\$'000 | 31.12.2020<br>\$'000 | 31.12.2021<br>\$'000 | 31.12.2020<br>\$'000 |
| <b>ASSETS</b>                        |      |                      |                      |                      |                      |
| <b>Current assets</b>                |      |                      |                      |                      |                      |
| Cash and cash equivalents            |      | 201,512              | 11,462               | 192,213              | 5,142                |
| Trade receivables                    | 4    | 222,533              | 196,962              | -                    | -                    |
| Other receivables                    | 5    | 3,443                | 6,829                | 532                  | 431                  |
| Tax recoverable                      |      | 215                  | -                    | -                    | -                    |
| Derivative financial instruments     |      | 381                  | 96                   | 381                  | 58                   |
| Prepayments                          |      | 1,114                | 1,225                | 79                   | 526                  |
| Inventories                          | 6    | 62,432               | 53,704               | -                    | -                    |
| <b>Total current assets</b>          |      | <b>491,630</b>       | <b>270,278</b>       | <b>193,205</b>       | <b>6,157</b>         |
| <b>Non-current assets</b>            |      |                      |                      |                      |                      |
| Other receivables                    | 5    | -                    | -                    | 474                  | 939                  |
| Investment in subsidiaries           |      | -                    | -                    | 76,551               | 76,551               |
| Property, plant and equipment        | 7    | 26,571               | 28,905               | -                    | -                    |
| Intangible assets                    |      | -                    | 1,065                | -                    | -                    |
| <b>Total non-current assets</b>      |      | <b>26,571</b>        | <b>29,970</b>        | <b>77,025</b>        | <b>77,490</b>        |
| <b>Total assets</b>                  |      | <b>518,201</b>       | <b>300,248</b>       | <b>270,230</b>       | <b>83,647</b>        |
| <b>LIABILITIES AND EQUITY</b>        |      |                      |                      |                      |                      |
| <b>Current liabilities</b>           |      |                      |                      |                      |                      |
| Borrowings                           | 8    | 11,894               | 29,216               | -                    | -                    |
| Lease liabilities                    |      | 1,859                | 2,430                | 465                  | 398                  |
| Trade payables                       | 9    | 138,476              | 141,052              | -                    | -                    |
| Other payables                       | 10   | 56,534               | 62,859               | 42,662               | 42,752               |
| Provision for retirement benefit     |      | 630                  | 612                  | 630                  | 612                  |
| Current income tax payable           |      | 10,966               | 16,147               | 305                  | -                    |
| <b>Total current liabilities</b>     |      | <b>220,359</b>       | <b>252,316</b>       | <b>44,062</b>        | <b>43,762</b>        |
| <b>Non-current liabilities</b>       |      |                      |                      |                      |                      |
| Borrowings                           | 8    | 2,841                | 3,818                | -                    | -                    |
| Lease liabilities                    |      | 1,439                | 1,907                | 474                  | 939                  |
| Provision for retirement benefit     |      | 300                  | 277                  | 300                  | 277                  |
| Deferred tax liabilities             |      | 294                  | 307                  | -                    | -                    |
| <b>Total non-current liabilities</b> |      | <b>4,874</b>         | <b>6,309</b>         | <b>774</b>           | <b>1,216</b>         |
| <b>Capital and reserves</b>          |      |                      |                      |                      |                      |
| Share capital                        | 11   | 206,166              | 15,468               | 206,166              | 15,468               |
| Treasury shares                      |      | (1,843)              | -                    | (1,843)              | -                    |
| Capital reserve                      |      | (4,670)              | (4,670)              | 11,651               | 11,651               |
| Foreign currency translation reserve |      | 808                  | (2,776)              | -                    | -                    |
| Statutory reserve                    |      | 1,254                | 1,254                | -                    | -                    |
| Retained profits                     |      | 91,253               | 32,347               | 9,420                | 11,550               |
| <b>Total equity</b>                  |      | <b>292,968</b>       | <b>41,623</b>        | <b>225,394</b>       | <b>38,669</b>        |
| <b>Total liabilities and equity</b>  |      | <b>518,201</b>       | <b>300,248</b>       | <b>270,230</b>       | <b>83,647</b>        |



**Condensed consolidated statements of comprehensive income for the second half and financial year ended 31 December 2021**

|  | Note | Group                      |                |                              | Group                            |                |                              |
|--|------|----------------------------|----------------|------------------------------|----------------------------------|----------------|------------------------------|
|  |      | 6 months ended 31 December |                | increase/<br>(decrease)<br>% | Financial year ended 31 December |                | increase/<br>(decrease)<br>% |
|  |      | 2021<br>\$'000             | 2020<br>\$'000 |                              | 2021<br>\$'000                   | 2020<br>\$'000 |                              |
| Revenue  | 12   | 374,659                    | 355,175        | 5.5                          | 624,364                          | 484,273        | 28.9                         |
| Other income   | 13   | 1,288                      | 620            | 107.7                        | 1,645                            | 1,031          | 59.6                         |
| Changes in finished goods, work in progress and raw materials used       | 14   | (286,578)                  | (255,789)      | 12.0                         | (468,896)                        | (346,079)      | 35.5                         |
| Employee benefits expense  | 15   | (29,898)                   | (30,186)       | (1.0)                        | (52,703)                         | (43,987)       | 19.8                         |
| Depreciation and amortisation expense                                    | 16   | (5,203)                    | (4,363)        | 19.3                         | (10,207)                         | (8,636)        | 18.2                         |
| Other operating expense  | 17   | (5,742)                    | (8,399)        | (31.6)                       | (13,579)                         | (14,909)       | (8.9)                        |
| Loss allowance of trade receivables                                      |      | (489)                      | (575)          | (15.0)                       | (489)                            | (630)          | (22.4)                       |
| Investment revenue   | 18   | 399                        | 127            | 214.2                        | 627                              | 667            | (6.0)                        |
| Other gains and losses   | 19   | 3,222                      | (4,921)        | (165.5)                      | 4,877                            | (4,053)        | (220.3)                      |
| Finance costs (interest expenses on bank loans and lease liabilities)    | 20   | (316)                      | (442)          | (28.5)                       | (677)                            | (1,160)        | (41.6)                       |
| Profit before income tax   |      | <b>51,342</b>              | <b>51,247</b>  | 0.2                          | <b>84,962</b>                    | <b>66,517</b>  | 27.7                         |
| Income tax expense   | 21   | (6,371)                    | (8,537)        | (25.4)                       | (10,582)                         | (10,790)       | (1.9)                        |
| Profit for the financial period/year                                     |      | <b>44,971</b>              | <b>42,710</b>  | 5.3                          | <b>74,380</b>                    | <b>55,727</b>  | 33.5                         |
| <b>Other comprehensive income:</b>                                       |      |                            |                |                              |                                  |                |                              |
| <b>- items that may be reclassified subsequently into profit or loss</b> |      |                            |                |                              |                                  |                |                              |
| Exchange differences on translation of foreign operations                |      | 2,368                      | 4,468          | (47.0)                       | 3,584                            | 4,187          | (14.4)                       |
| Other comprehensive income for the financial period, net of tax          |      | 2,368                      | 4,468          | (47.0)                       | 3,584                            | 4,187          | (14.4)                       |
| <b>Total comprehensive income for the financial period/year</b>          |      | <b>47,339</b>              | <b>47,178</b>  | 0.3                          | <b>77,964</b>                    | <b>59,914</b>  | 30.1                         |
| Profit attribute to owners of the parent                                 |      | 44,971                     | 42,710         | 5.3                          | 74,380                           | 55,727         | 33.5                         |
| Total comprehensive income attributable to owners of the parent          |      | <b>47,339</b>              | <b>47,178</b>  | 0.3                          | <b>77,964</b>                    | <b>59,914</b>  | 30.1                         |
| <b>Earnings per share</b>  |      |                            |                |                              |                                  |                |                              |
| Basic & diluted* (Cents)   |      | 5.88                       | 6.91           |                              | 10.00                            | 9.01           |                              |

\*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 743,892,381. EPS for FY2020 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 statements of changes in equity for the financial year ended 31 December 2021**

| <b>Group</b>  | <b>Share capital</b> | <b>Treasury share</b> | <b>Capital reserve</b> | <b>Foreign currency translation reserve</b> | <b>Statutory reserve</b> | <b>Retained profits</b> | <b>Total equity</b> |
|---|----------------------|-----------------------|------------------------|---|--------------------------|-------------------------|---------------------|
|   | <b>\$'000</b>        | <b>\$'000</b>         | <b>\$'000</b>          | <b>\$'000</b>                               | <b>\$'000</b>            | <b>\$'000</b>           | <b>\$'000</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 year</i>                    |                      |                       |                        |   |                          |                         |                     |
| Profit for the year   | -                    | -                     | -                      | -   | -                        | 74,380                  | 74,380              |
| Other comprehensive income for the year                           | -                    | -                     | -                      | 3,584                                       | -                        | -                       | 3,584               |
| <b>Total</b>  | <b>-</b>             | <b>-</b>              | <b>-</b>               | <b>3,584</b>                                | <b>-</b>                 | <b>74,380</b>           | <b>77,964</b>       |
| <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  | (7,843)              | -                     | -                      | -   | -                        | -                       | (7,843)             |
| Issuance of ordinary shares from scrip dividends                  | 141                  | -                     | -                      | -   | -                        | -                       | 141                 |
| Dividend  | -                    | -                     | -                      | -   | -                        | (15,474)                | (15,474)            |
| Share buyback   | -                    | (1,843)               | -                      | -   | -                        | -                       | (1,843)             |
| <b>Total</b>  | <b>190,698</b>       | <b>(1,843)</b>        | <b>-</b>               | <b>-</b>                                    | <b>-</b>                 | <b>(15,474)</b>         | <b>173,381</b>      |
| <b>Balance as at 31.12.2021</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>      |
| <b>Balance as at 1.1.2020</b>                                     | <b>15,468</b>        | <b>-</b>              | <b>(4,670)</b>         | <b>(6,963)</b>                              | <b>1,254</b>             | <b>17,610</b>           | <b>22,699</b>       |
| <i>Total comprehensive income for the year</i>                    |                      |                       |                        |   |                          |                         |                     |
| Profit for the year   | -                    | -                     | -                      | -   | -                        | 55,727                  | 55,727              |
| Other comprehensive income for the year                           | -                    | -                     | -                      | 4,187                                       | -                        | -                       | 4,187               |
| <b>Total</b>  | <b>-</b>             | <b>-</b>              | <b>-</b>               | <b>4,187</b>                                | <b>-</b>                 | <b>55,727</b>           | <b>59,914</b>       |
| <i>Transactions with owners, recognised directly in equity</i>    |                      |                       |                        |   |                          |                         |                     |
| Dividend  | -                    | -                     | -                      | -   | -                        | (40,990)                | (40,990)            |
| <b>Balance as at 31.12.2020</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>       |

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## Condensed Statements of changes in equity for the financial year ended 31 December 2021 (Continued)

|   | Share capital  | Treasury share | Capital reserve | Retained profits | Total equity   |
|---|----------------|----------------|-----------------|------------------|----------------|
|   | \$'000         | \$'000         | \$'000          | \$'000           | \$'000         |
| <b>Company</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 year       | -              | -              | -               | 13,344           | 13,344         |
| <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  | (7,843)        | -              | -               | -                | (7,843)        |
| Issuance of ordinary shares from scrip dividends                  | 141            | -              | -               | -                | 141            |
| Dividend  | -              | -              | -               | (15,474)         | (15,474)       |
| Share buyback   | -              | (1,843)        | -               | -                | (1,843)        |
| Total   | 190,698        | (1,843)        | -               | (15,474)         | 173,381        |
| <b>Balance as at 31.12.2021</b>                                   | <b>206,166</b> | <b>(1,843)</b> | <b>11,651</b>   | <b>9,420</b>     | <b>225,394</b> |
| <b>Balance as at 1.1.2020</b>                                     | <b>15,468</b>  | -              | <b>11,651</b>   | <b>17,743</b>    | <b>44,862</b>  |
| Profit representing total comprehensive income for the year       | -              | -              | -               | 34,797           | 34,797         |
| <i>Transactions with owners, recognised directly in equity</i>    |                |                |                 |                  |                |
| Dividend  | -              | -              | -               | (40,990)         | (40,990)       |
| <b>Balance as at 31.12.2020</b>                                   | <b>15,468</b>  | -              | <b>11,651</b>   | <b>11,550</b>    | <b>38,669</b>  |



**Condensed consolidated statement of cash flows for the second half and financial year ended 31 December 2021**

|   | Group                      |                | Group                            |                 |
|---|----------------------------|----------------|----------------------------------|-----------------|
|   | 6 months ended 31 December |                | Financial year ended 31 December |                 |
|   | 2021                       | 2020           | 2021                             | 2020            |
|   | \$'000                     | \$'000         | \$'000                           | \$'000          |
| <b>Operating activities</b>                                     |                            |                |                                  |                 |
| Profit before income tax  | 51,342                     | 51,247         | 84,962                           | 66,517          |
| Adjustments for:  |                            |                |                                  |                 |
| Amortisation of intangible assets                               | 576                        | 770            | 1,065                            | 1,810           |
| Depreciation of property, plant and equipment                   | 4,627                      | 3,593          | 9,142                            | 6,826           |
| Loss on disposal of plant and equipment                         | 2                          | 6              | 2                                | 6               |
| Interest expense  | 316                        | 442            | 677                              | 1,160           |
| Interest income   | (399)                      | (59)           | (627)                            | (599)           |
| Loss allowance for trade receivables                            | 489                        | 575            | 489                              | 630             |
| Changes in fair value of derivative financial instruments       | (381)                      | (96)           | (285)                            | (96)            |
| Net unrealised foreign exchange loss                            | (561)                      | 2,386          | (1,843)                          | 2,146           |
| Plant and equipment written off                                 | 80                         | 57             | 219                              | 238             |
| Provision for retirement benefit                                | 41                         | 41             | 41                               | 41              |
| Write-down for inventories obsolescence                         | 93                         | 141            | 93                               | 141             |
| <b>Operating cash flows before movements in working capital</b> | <b>56,225</b>              | <b>59,103</b>  | <b>93,935</b>                    | <b>78,820</b>   |
| Trade receivables   | (106,961)                  | (106,553)      | (20,748)                         | (100,273)       |
| Other receivables   | (418)                      | 8,549          | 3,172                            | (1,400)         |
| Prepayments   | 214                        | (630)          | 111                              | (783)           |
| Inventories   | 29,847                     | (24,780)       | (8,821)                          | (34,792)        |
| Trade payables  | 21,941                     | 75,919         | (2,905)                          | 53,938          |
| Other payables  | 4,658                      | 28,201         | (6,398)                          | 37,201          |
| <b>Cash from operations</b>                                     | <b>5,506</b>               | <b>39,809</b>  | <b>58,346</b>                    | <b>32,711</b>   |
| Income tax paid   | (4,817)                    | (3,100)        | (15,776)                         | (2,976)         |
| Interest paid   | (316)                      | (442)          | (677)                            | (1,160)         |
| <b>Net cash from operating activities</b>                       | <b>373</b>                 | <b>36,267</b>  | <b>41,893</b>                    | <b>28,575</b>   |
| <b>Investing activities</b>                                     |                            |                |                                  |                 |
| Proceeds on disposal of plant and equipment                     | 64                         | 142            | 64                               | 142             |
| Purchase of plant and equipment                                 | (1,623)                    | (9,525)        | (4,789)                          | (11,190)        |
| Addition of intangible assets                                   | -                          | -              | -                                | (248)           |
| Interest received   | 399                        | 59             | 627                              | 599             |
| <b>Net cash used in investing activities</b>                    | <b>(1,160)</b>             | <b>(9,324)</b> | <b>(4,098)</b>                   | <b>(10,697)</b> |



**Condensed interim consolidated statement of Cash Flows for the second half and financial year ended 31 December 2021 (Continued)**

|  | Group                      |                 | Group                            |                 |
|--|----------------------------|-----------------|----------------------------------|-----------------|
|  | 6 months ended 31 December |                 | Financial year ended 31 December |                 |
|  | 2021                       | 2020            | 2021                             | 2020            |
|  | \$'000                     | \$'000          | \$'000                           | \$'000          |
| <b>Financing activities</b>  |                            |                 |                                  |                 |
| Proceeds from issue of share capital   | -                          | -               | 198,400                          | -               |
| Share issue expenses   | (490)                      | -               | (7,843)                          | -               |
| Share buyback  | (1,843)                    | -               | (1,843)                          | -               |
| Repayment of obligations under lease liabilities                                   | (1,177)                    | (1,249)         | (2,568)                          | (2,751)         |
| Proceeds from bank borrowings  | 17,316                     | 51,146          | 33,638                           | 121,903         |
| Repayment of bank borrowings   | (14,815)                   | (74,883)        | (52,524)                         | (98,824)        |
| Dividends  | -                          | (40,990)        | (15,333)                         | (40,990)        |
| <b>Net cash (used in)/ from financing activities</b>                               | <b>(1,009)</b>             | <b>(65,976)</b> | <b>151,927</b>                   | <b>(20,662)</b> |
| <b>Net change in cash and cash equivalents</b>                                     | <b>(1,796)</b>             | <b>(39,033)</b> | <b>189,722</b>                   | <b>(2,784)</b>  |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | 293                        | (740)           | 328                              | (35)            |
| Cash and cash equivalents at beginning of the period                               | 203,015                    | 51,235          | 11,462                           | 14,281          |
| <b>Cash and cash equivalents at end of the period (Note i)</b>                     | <b>201,512</b>             | <b>11,462</b>   | <b>201,512</b>                   | <b>11,462</b>   |

(i) Cash and Cash equivalents comprise:

|   | Group                  |                        |
|---|------------------------|------------------------|
|   | As at 31 December 2021 | As at 31 December 2020 |
|   | \$'000                 | \$'000                 |
| Cash  | 41,645                 | 6,468                  |
| Fixed deposits  | 159,867                | 4,994                  |
| <b>Cash and cash equivalents at end of reporting period</b> | <b>201,512</b>         | <b>11,462</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 financial year ended 31 December 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 financial year ended 31 December 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 ended 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          |                |
|----------------------|----------------|----------------|
|                      | 31.12.2021     | 31.12.2020     |
|                      | \$'000         | \$'000         |
| Third parties        | 224,675        | 198,602        |
| Less: Loss allowance | (2,142)        | (1,640)        |
|                      | <b>222,533</b> | <b>196,962</b> |

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

Movements in the loss allowance for trade receivables:

|                                       | Group        |              |
|---------------------------------------|--------------|--------------|
|                                       | 31.12.2021   | 31.12.2020   |
|                                       | \$'000       | \$'000       |
| Balance as at 1 January               | 1,640        | 1,021        |
| Allowance during the reporting period | 489          | 630          |
| Exchange difference                   | 13           | (11)         |
| <b>Balance as at 31 December</b>      | <b>2,142</b> | <b>1,640</b> |

## 4. Trade receivables (Continued)

Trade receivables were at \$222.5 million as at 31 December 2021, an increase of \$25.6 million (13.0%) from \$196.9 million as at 31 December 2020 primarily due to the higher revenue of \$233.7 million recognised in Q4 2021.

### *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      |              |
|---|--------------|--------------|--------------|--------------|
|   | 31.12.2021   | 31.12.2020   | 31.12.2021   | 31.12.2020   |
|   | \$'000       | \$'000       | \$'000       | \$'000       |
| <b><u>Current</u></b>                   |              |              |              |              |
| Other receivables                       |              |              |              |              |
| -Non-related parties                    | 105          | 121          | 43           | -            |
| -Related corporations <sup>1</sup>      | -            | 500          | -            | -            |
| Finance lease receivables <sup>2</sup>  | -            | -            | 465          | 398          |
| Value added tax receivable <sup>3</sup> | 2,345        | 5,200        | 13           | 22           |
| Deposits                                | 245          | 292          | 11           | 11           |
| Deposits for land use right             | 748          | 716          | -            | -            |
|   | <b>3,443</b> | <b>6,829</b> | <b>532</b>   | <b>431</b>   |
| <b><u>Non-current</u></b>               |              |              |              |              |
| Finance lease receivables               | -            | -            | 474          | 939          |
|   | <b>3,443</b> | <b>6,829</b> | <b>1,006</b> | <b>1,370</b> |

<sup>1</sup> The amount owing from related corporations was fully settled in February 2021.

<sup>2</sup> Finance lease receivable from a subsidiary as a result of office sub-leasing.

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

## 6. Inventories

|                          | Group         |               |
|--------------------------|---------------|---------------|
|                          | 31.12.2021    | 31.12.2020    |
|                          | \$'000        | \$'000        |
| Finished goods           | 4,249         | 9,254         |
| Work-in-progress ("WIP") | 12,287        | 11,594        |
| Raw materials            | 45,896        | 32,856        |
|                          | <b>62,432</b> | <b>53,704</b> |

The Group had purchased raw materials and components in view of overall tight supply globally and to meet the production requirements for FY2022.

## 7. Property, plant and equipment

During the financial year ended 31 December 2021, the Group acquired assets amounting to \$5,866,000 (31 December 2020: \$12,923,000) and disposed of assets amounting to \$66,000 (31 December 2020: \$148,000).

## 8. Borrowings

|  | Group                |                      |
|--|----------------------|----------------------|
|  | 31.12.2021<br>\$'000 | 31.12.2020<br>\$'000 |
| <u>Amount repayable within one year or on demand</u> |                      |                      |
| Secured  | 9,777                | 25,164               |
| Unsecured  | 2,117                | 4,052                |
|  | 11,894               | 29,216               |
| <u>Amount repayable after one year</u>               |                      |                      |
| Secured  | 2,841                | 3,818                |
| Total borrowing                                      | 14,735               | 33,034               |

## 9. Trade payables

|               | Group                |                      |
|---------------|----------------------|----------------------|
|               | 31.12.2021<br>\$'000 | 31.12.2020<br>\$'000 |
| Third parties | 138,476              | 141,052              |

Trade payables were at \$138.5 million as at 31 December 2021, a decrease of \$2.6 million (1.8%) from \$141.1 million as at 31 December 2020.

## 10. Other payables

|                                   | Group                |                      |
|-----------------------------------|----------------------|----------------------|
|                                   | 31.12.2021<br>\$'000 | 31.12.2020<br>\$'000 |
| Other payables                    |                      |                      |
| -Non-related parties              | 1,260                | 1,267                |
| -Related corporation <sup>1</sup> | 128                  | -                    |
| Accrued expenses <sup>2</sup>     | 39,421               | 53,724               |
| Profit sharing <sup>3</sup>       | 3,870                | 2,933                |
| Customer deposit <sup>4</sup>     | 11,855               | 4,935                |
|                                   | 56,534               | 62,859               |

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

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

<sup>3</sup>The Group's profit sharing for FY2020 was paid in FY2021.

<sup>4</sup>Customer deposit increase due to prepaid NRE (Non-recurring engineering) cost before commencing new project.

## 11. Share capital

|  | The Group & the Company |                |               |               |
|--|-------------------------|----------------|---------------|---------------|
|  | 31.12.2021              |                | 31.12.2020    |               |
|  | '000                    | \$'000         | '000          | \$'000        |
| Beginning of interim period  | 15,468                  | 15,468         | 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>15,468</b> | <b>15,468</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 an initial public offering.

The company holds treasury shares of \$1,843,000 (1,872,600 shares) as at 31 December 2021 (31 December 2020: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 31 December 2021. The total number of issued shares excluding treasury shares as at 31 December 2021 was 771,952,945 shares.

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

There were no outstanding convertibles as at 31 December 2021 (31/12/2020: Nil).

## 12. Revenue

|                                | The Group                       |                     |                 |        |         |
|--------------------------------|---------------------------------|---------------------|-----------------|--------|---------|
|                                | 6 months ended 31 December 2021 |                     |                 |        |         |
|                                | Distribution & trading          |                     | Manufacturing   | Others | Total   |
|                                | Hong Kong<br>\$'000             | Singapore<br>\$'000 | China<br>\$'000 | \$'000 | \$'000  |
| Types of goods:                |                                 |                     |                 |        |         |
| Sale of goods                  | 61,303                          | 311,852             | 1,504           | -      | 374,659 |
| Timing of revenue recognition: |                                 |                     |                 |        |         |
| At a point in time             | 61,303                          | 311,852             | 1,504           | -      | 374,659 |
| Geographical information:      |                                 |                     |                 |        |         |
| North America                  | 14,407                          | 294,531             | -               | -      | 308,938 |
| China                          | 11,374                          | 321                 | 1,482           | -      | 13,177  |
| Europe                         | 34,506                          | 14,984              | -               | -      | 49,490  |
| Singapore                      | -                               | 1,354               | 22              | -      | 1,376   |
| Others                         | 1,016                           | 662                 | -               | -      | 1,678   |
| Total revenue                  | 61,303                          | 311,852             | 1,504           | -      | 374,659 |

## 12. Revenue (Continued)

|                                | The Group                       |                     |                 |        |         |
|--------------------------------|---------------------------------|---------------------|-----------------|--------|---------|
|                                | 6 months ended 31 December 2020 |                     |                 |        |         |
|                                | Distribution & trading          |                     | Manufacturing   | Others | Total   |
|                                | Hong Kong<br>\$'000             | Singapore<br>\$'000 | China<br>\$'000 | \$'000 | \$'000  |
| Types of goods:                |                                 |                     |                 |        |         |
| Sale of goods                  | 80,236                          | 271,660             | 3,279           | -      | 355,175 |
| Timing of revenue recognition: |                                 |                     |                 |        |         |
| At a point in time             | 80,236                          | 271,660             | 3,279           | -      | 355,175 |
| Geographical information:      |                                 |                     |                 |        |         |
| North America                  | 16,136                          | 217,629             | -               | -      | 233,765 |
| China                          | 2,076                           | 1,324               | 3,030           | -      | 6,430   |
| Europe                         | 60,262                          | 49,814              | -               | -      | 110,076 |
| Singapore                      | 53                              | 1,880               | 249             | -      | 2,182   |
| Others                         | 1,709                           | 1,013               | -               | -      | 2,722   |
| Total revenue                  | 80,236                          | 271,660             | 3,279           | -      | 355,175 |

|                                | The Group                             |                     |                 |        |         |
|--------------------------------|---------------------------------------|---------------------|-----------------|--------|---------|
|                                | Financial year ended 31 December 2021 |                     |                 |        |         |
|                                | Distribution & trading                |                     | Manufacturing   | Others | Total   |
|                                | Hong Kong<br>\$'000                   | Singapore<br>\$'000 | China<br>\$'000 | \$'000 | \$'000  |
| Types of goods:                |                                       |                     |                 |        |         |
| Sale of goods                  | 125,441                               | 495,691             | 3,232           | -      | 624,364 |
| Timing of revenue recognition: |                                       |                     |                 |        |         |
| At a point in time             | 125,441                               | 495,691             | 3,232           | -      | 624,364 |
| Geographical information:      |                                       |                     |                 |        |         |
| North America                  | 27,375                                | 459,839             | -               | -      | 487,214 |
| China                          | 12,615                                | 529                 | 3,206           | -      | 16,350  |
| Europe                         | 82,968                                | 30,423              | -               | -      | 113,391 |
| Singapore                      | 36                                    | 3,226               | 26              | -      | 3,288   |
| Others                         | 2,447                                 | 1,674               | -               | -      | 4,121   |
| Total revenue                  | 125,441                               | 495,691             | 3,232           | -      | 624,364 |

## 12. Revenue (Continued)

|                                | The Group                             |                     |                 |          |                |
|--------------------------------|---------------------------------------|---------------------|-----------------|----------|----------------|
|                                | Financial year ended 31 December 2020 |                     |                 |          |                |
|                                | Distribution & trading                |                     | Manufacturing   | Others   | Total          |
|                                | Hong Kong<br>\$'000                   | Singapore<br>\$'000 | China<br>\$'000 | \$'000   | \$'000         |
| Types of goods:                |                                       |                     |                 |          |                |
| Sale of goods                  | 132,724                               | 346,597             | 4,952           | -        | 484,273        |
| Timing of revenue recognition: |                                       |                     |                 |          |                |
| At a point in time             | 132,724                               | 346,597             | 4,952           | -        | 484,273        |
| Geographical information:      |                                       |                     |                 |          |                |
| North America                  | 29,302                                | 278,956             | -               | -        | 308,258        |
| China                          | 3,091                                 | 2,069               | 4,703           | -        | 9,863          |
| Europe                         | 91,604                                | 60,111              | -               | -        | 151,715        |
| Singapore                      | 364                                   | 3,669               | 249             | -        | 4,282          |
| Others                         | 8,363                                 | 1,792               | -               | -        | 10,155         |
| <b>Total revenue</b>           | <b>132,724</b>                        | <b>346,597</b>      | <b>4,952</b>    | <b>-</b> | <b>484,273</b> |

Revenue grew 28.9% in FY2021 driven mainly by higher sales volume of IoT and Data-communication products as a result of increased demand from customers.

## 13. Other income

|                   | Group                      |            |                                  |              |
|-------------------|----------------------------|------------|----------------------------------|--------------|
|                   | 6 months ended 31 December |            | Financial year ended 31 December |              |
|                   | 2021                       | 2020       | 2021                             | 2020         |
|                   | \$'000                     | \$'000     | \$'000                           | \$'000       |
| Scrap sales       | 120                        | 19         | 168                              | 19           |
| Government grants | 1,100                      | 545        | 1,326                            | 855          |
| Others            | 68                         | 56         | 151                              | 157          |
|                   | <b>1,288</b>               | <b>620</b> | <b>1,645</b>                     | <b>1,031</b> |

The Group received higher grant during FY2021 due mainly to incentive scheme by the Chinese government to support growth of foreign trade. Grant received during FY2021 comprised mainly ESG grant in Singapore, marketing and technological transformation 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 additional material costs incurred for purchases denominated in other currencies vis-à-vis a stronger RMB during FY2021.

## 15. Employee benefits expense

|   | Group                      |        |                                  |        |
|---|----------------------------|--------|----------------------------------|--------|
|   | 6 months ended 31 December |        | Financial year ended 31 December |        |
|   | 2021                       | 2020   | 2021                             | 2020   |
|   | \$'000                     | \$'000 | \$'000                           | \$'000 |
| <i>Employee benefits expenses<br/>(including Directors' remuneration)</i> |                            |        |                                  |        |
| Staff costs   | 25,443                     | 25,664 | 46,550                           | 38,384 |
| Defined contributions plans   | 469                        | 422    | 883                              | 748    |
| Other employee benefits   | 3,986                      | 4,100  | 5,270                            | 4,855  |
|   | 29,898                     | 30,186 | 52,703                           | 43,987 |

More operators were hired to meet higher production activities during FY2021. However, the Group managed to maintain employee benefits expense as a percentage of revenue at below 10% (FY2020:9.1%).

## 16. Depreciation and amortisation expense

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

## 17. Other operating expense

Benefited from increased VAT refund to 13% from China Government.

## 18. Investment revenue

Decrease in interest income resulted from lower fixed deposit rate during FY2021.

## 19. Other gains and losses

Increase in net foreign exchange gains as a result of well managed treasury function 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:

|   | Group             |              |                         |               |
|---|-------------------|--------------|-------------------------|---------------|
|   | 6 months ended 31 |              | Financial year ended 31 |               |
|   | December          |              | December                |               |
|   | 2021              | 2020         | 2021                    | 2020          |
|   | \$'000            | \$'000       | \$'000                  | \$'000        |
| Current income tax expense  |                   |              |                         |               |
| - Current financial year  | 6,382             | 9,000        | 10,596                  | 11,346        |
| - Over provision in prior financial years   | -                 | (504)        | -                       | (597)         |
| Deferred income tax expense relating to origination and reversal of temporary differences | (11)              | 41           | (14)                    | 41            |
|   | <u>6,371</u>      | <u>8,537</u> | <u>10,582</u>           | <u>10,790</u> |

Decrease in tax expenses and effective tax rate was lower at 12.5% in FY2021 compared with 16.2% 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.

The directors have proposed a final dividend of \$0.05 per ordinary share, one-tier exempt, totalling \$38,597,647 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 to shareholders' approval at the forthcoming Annual General Meeting of the Company in FY2022.





### **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

|  | Distribution and trading |           | Manufacturing |          | Others  | Eliminations | Total   |
|--|--------------------------|-----------|---------------|----------|---------|--------------|---------|
|  | Hong Kong                | Singapore | China         | Malaysia |         |              |         |
|  | \$'000                   | \$'000    | \$'000        | \$'000   |         |              |         |
| <b>1.7.2021 to 31.12.2021</b>                      |                          |           |               |          |         |              |         |
| <b>Revenue</b>                                     |                          |           |               |          |         |              |         |
| Revenue from external customers                    | 61,303                   | 311,852   | 1,504         | -        | -       | -            | 374,659 |
| Inter-segment revenue                              | 168,100                  | 13,176    | 332,719       | 40,432   | -       | (554,427)    | -       |
| Total revenue                                      | 229,403                  | 325,028   | 334,223       | 40,432   | -       | (554,427)    | 374,659 |
| <b>Results</b>                                     |                          |           |               |          |         |              |         |
| Segment results                                    | 5,558                    | 21,429    | 27,709        | 106      | (2,215) | (929)        | 51,658  |
| Finance costs                                      | (21)                     | (189)     | (103)         | (3)      | (10)    | 10           | (316)   |
| Profit before income tax                           | 5,537                    | 21,240    | 27,606        | 103      | (2,225) | (919)        | 51,342  |
| Income tax expense                                 |                          |           |               |          |         |              | (6,371) |
| Profit for the reporting period                    |                          |           |               |          |         |              | 44,971  |
| <b>Significant non-cash items</b>                  |                          |           |               |          |         |              |         |
| Amortisation and depreciation expenses             | 177                      | 1,111     | 3,389         | 655      | -       | (129)        | 5,203   |
| <b>Other items of income and expense</b>           |                          |           |               |          |         |              |         |
| Interest income                                    | 1                        | 2         | 21            | -        | 386     | (11)         | 399     |
| <b>Expenditures for segment non-current assets</b> |                          |           |               |          |         |              |         |
| - Additions to PPE                                 | 10                       | 522       | 959           | 571      | -       | -            | 2,062   |
| <b>Total segment assets</b>                        |                          |           |               |          |         |              |         |
| 31.12.2021   | 182,343                  | 447,675   | 277,379       | 51,728   | 270,284 | (711,208)    | 518,201 |
| <b>Total segment liabilities*</b>                  |                          |           |               |          |         |              |         |
| 31.12.2021   | 150,651                  | 377,943   | 151,514       | 51,656   | 44,570  | (562,361)    | 213,973 |

## 23. Segment and revenue information (Continued)

|  | Distribution and trading |           | Manufacturing |          |        |              | Total   |
|--|--------------------------|-----------|---------------|----------|--------|--------------|---------|
|  | Hong Kong                | Singapore | China         | Malaysia | Others | Eliminations |         |
|  | \$'000                   | \$'000    | \$'000        | \$'000   | \$'000 | \$'000       | \$'000  |
| <b>1.7.2020 to 31.12.2020</b>                      |                          |           |               |          |        |              |         |
| <b>Revenue</b>                                     |                          |           |               |          |        |              |         |
| Revenue from external customers                    | 80,236                   | 271,660   | 3,279         | -        | -      | -            | 355,175 |
| Inter-segment revenue                              | 243,731                  | 13,885    | 302,038       | 7,759    | -      | (567,413)    | -       |
| Total revenue                                      | 323,967                  | 285,545   | 305,317       | 7,759    | -      | (567,413)    | 355,175 |
| <b>Results</b>                                     |                          |           |               |          |        |              |         |
| Segment results                                    | 22,278                   | 34,319    | 9,854         | (566)    | 34,763 | (48,959)     | 51,689  |
| Finance costs                                      | (107)                    | (160)     | (158)         | (11)     | (8)    | 2            | (442)   |
| Profit before income tax                           | 22,171                   | 34,159    | 9,696         | (577)    | 34,755 | (48,957)     | 51,247  |
| Income tax expense                                 |                          |           |               |          |        |              | (8,537) |
| Profit for the reporting period                    |                          |           |               |          |        |              | 42,710  |
| <b>Significant non-cash items</b>                  |                          |           |               |          |        |              |         |
| Amortisation and depreciation expenses             | 322                      | 862       | 2,585         | 342      | 454    | (202)        | 4,363   |
| <b>Other items of income and expense</b>           |                          |           |               |          |        |              |         |
| Interest income                                    | 2                        | (399)     | 33            | -        | 229    | 194          | 59      |
| Dividend income                                    | 7,396                    | -         | -             | -        | 41,420 | (48,816)     | -       |
| <b>Expenditures for segment non-current assets</b> |                          |           |               |          |        |              |         |
| - Additions to PPE                                 | 2                        | 260       | 5,918         | 3,741    | 882    | -            | 10,803  |
| <b>Total segment assets</b>                        |                          |           |               |          |        |              |         |
| 31.12. 2020  | 173,381                  | 395,755   | 234,833       | 17,671   | 83,700 | (605,092)    | 300,248 |
| <b>Total segment liabilities*</b>                  |                          |           |               |          |        |              |         |
| 31.12.2020   | 143,166                  | 336,478   | 155,890       | 18,931   | 45,015 | (457,309)    | 242,171 |

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

## 23. Segment and revenue information (Continued)

|  | Distribution and trading |                  | Manufacturing |                 |               |                     | Total    |
|--|--------------------------|------------------|---------------|-----------------|---------------|---------------------|----------|
|  | <u>Hong Kong</u>         | <u>Singapore</u> | <u>China</u>  | <u>Malaysia</u> | <u>Others</u> | <u>Eliminations</u> |          |
|  | \$'000                   | \$'000           | \$'000        | \$'000          | \$'000        | \$'000              |          |
| <b>1.1.2021 to 31.12.2021</b>                      |                          |                  |               |                 |               |                     |          |
| <b>Revenue</b>                                     |                          |                  |               |                 |               |                     |          |
| 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  |
| <b>Results</b>                                     |                          |                  |               |                 |               |                     |          |
| Segment results                                    | 9,451                    | 36,247           | 42,740        | 1,329           | 13,710        | (17,838)            | 85,639   |
| Finance costs                                      | (50)                     | (366)            | (252)         | (7)             | (21)          | 19                  | (677)    |
| Profit before income tax                           | 9,401                    | 35,881           | 42,488        | 1,322           | 13,689        | (17,819)            | 84,962   |
| Income tax expense                                 |                          |                  |               |                 |               |                     | (10,582) |
| Profit for the reporting period                    |                          |                  |               |                 |               |                     | 74,380   |
| <b>Significant non-cash items</b>                  |                          |                  |               |                 |               |                     |          |
| Amortisation and depreciation expenses             | 386                      | 2,108            | 6,639         | 1,248           | -             | (174)               | 10,207   |
| <b>Other items of income and expense</b>           |                          |                  |               |                 |               |                     |          |
| Interest income                                    | 1                        | 10               | 34            | -               | 603           | (21)                | 627      |
| Dividend income                                    | -                        | -                | -             | -               | 17,908        | (17,908)            | -        |
| <b>Expenditures for segment non-current assets</b> |                          |                  |               |                 |               |                     |          |
| - Additions to PPE                                 | 650                      | 562              | 3,175         | 1,479           | -             |                     | 5,866    |
| <b>Total segment assets</b>                        |                          |                  |               |                 |               |                     |          |
| 31.12.2021   | 182,343                  | 447,675          | 277,379       | 51,728          | 270,284       | (711,208)           | 518,201  |
| <b>Total segment liabilities*</b>                  |                          |                  |               |                 |               |                     |          |
| 31.12.2021   | 150,651                  | 377,943          | 151,514       | 51,656          | 44,570        | (562,361)           | 213,973  |

## 23. Segment and revenue information (Continued)

|  | Distribution and trading |           | Manufacturing |          |        | Eliminations | Total    |
|--|--------------------------|-----------|---------------|----------|--------|--------------|----------|
|  | Hong Kong                | Singapore | China         | Malaysia | Others |              |          |
|  | \$'000                   | \$'000    | \$'000        | \$'000   | \$'000 |              |          |
| <b>1.1.2020 to 31.12.2020</b>                      |                          |           |               |          |        |              |          |
| <b>Revenue</b>                                     |                          |           |               |          |        |              |          |
| Revenue from external customers                    | 132,724                  | 346,597   | 4,952         | -        | -      | -            | 484,273  |
| Inter-segment revenue                              | 371,351                  | 13,896    | 406,713       | 9,200    | -      | (801,160)    | -        |
| Total revenue                                      | 504,075                  | 360,493   | 411,665       | 9,200    | -      | (801,160)    | 484,273  |
| <b>Results</b>                                     |                          |           |               |          |        |              |          |
| 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   |
| <b>Significant non-cash items</b>                  |                          |           |               |          |        |              |          |
| Amortisation and depreciation expenses             | 857                      | 2,278     | 4,696         | 744      | 454    | (393)        | 8,636    |
| <b>Other items of income and expense</b>           |                          |           |               |          |        |              |          |
| Interest income                                    | 7                        | 1         | 362           | -        | 229    | -            | 599      |
| Dividend income                                    | 7,396                    | -         | -             | -        | 41,420 | (48,816)     | -        |
| <b>Expenditures for segment non-current assets</b> |                          |           |               |          |        |              |          |
| - Additions to PPE                                 | 6                        | 276       | 6,760         | 4,544    | 1,337  | -            | 12,923   |
| - Additions to Intangible assets                   | -                        | 248       | -             | -        | -      | -            | 248      |
| <b>Total segment assets</b>                        |                          |           |               |          |        |              |          |
| 31.12.2020   | 173,381                  | 395,755   | 234,833       | 17,671   | 83,700 | (605,092)    | 300,248  |
| <b>Total segment liabilities*</b>                  |                          |           |               |          |        |              |          |
| 31.12.2020   | 143,166                  | 336,478   | 155,890       | 18,931   | 45,015 | (457,309)    | 242,171  |

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

## 23. Segment and revenue information (Continued)

|                                  | Distribution & trading |           | The Group<br>Manufacturing |        | Total<br>\$'000 |
|----------------------------------|------------------------|-----------|----------------------------|--------|-----------------|
|                                  | Hong Kong              | Singapore | China                      | Others |                 |
|                                  | \$'000                 | \$'000    | \$'000                     | \$'000 |                 |
| <b>1.7.2021 to 31.12.2021</b>    |                        |           |                            |        |                 |
| <u>Product types</u>             |                        |           |                            |        |                 |
| IoT devices and Datacom products | 54,081                 | 309,286   | 993                        | -      | 364,360         |
| LED products                     | 7,222                  | 2,443     | 365                        | -      | 10,030          |
| Others <sup>(1)</sup>            | -                      | 123       | 146                        | -      | 269             |
|                                  | 61,303                 | 311,852   | 1,504                      | -      | 374,659         |

### 1.7.2020 to 31.12.2020

#### Product types

|                                  |        |         |       |   |         |
|----------------------------------|--------|---------|-------|---|---------|
| IoT devices and Datacom products | 57,075 | 269,625 | 14    | - | 326,714 |
| LED products                     | 23,141 | 1,754   | 3,017 | - | 27,912  |
| Others <sup>(1)</sup>            | 20     | 281     | 248   | - | 549     |
|                                  | 80,236 | 271,660 | 3,279 | - | 355,175 |

|                                  | Distribution & trading |           | The Group<br>Manufacturing |        | Total<br>\$'000 |
|----------------------------------|------------------------|-----------|----------------------------|--------|-----------------|
|                                  | Hong Kong              | Singapore | China                      | Others |                 |
|                                  | \$'000                 | \$'000    | \$'000                     | \$'000 |                 |
| <b>1.1.2021 to 31.12.2021</b>    |                        |           |                            |        |                 |
| <u>Product types</u>             |                        |           |                            |        |                 |
| IoT devices and Datacom products | 104,609                | 491,241   | 1,144                      | -      | 596,994         |
| LED products                     | 20,832                 | 4,200     | 1,925                      | -      | 26,957          |
| Others <sup>(1)</sup>            | -                      | 250       | 163                        | -      | 413             |
|                                  | 125,441                | 495,691   | 3,232                      | -      | 624,364         |

### 1.1.2020 to 31.12.2020

#### Product types

|                                  |         |         |       |   |         |
|----------------------------------|---------|---------|-------|---|---------|
| IoT devices and Datacom products | 85,157  | 342,903 | 14    | - | 428,074 |
| LED products                     | 47,533  | 3,147   | 4,689 | - | 55,369  |
| Others <sup>(1)</sup>            | 34      | 547     | 249   | - | 830     |
|                                  | 132,724 | 346,597 | 4,952 | - | 484,273 |

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

## 24. Financial assets and financial liabilities

|   | Group                |                      | Company              |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 31.12.2021<br>\$'000 | 31.12.2020<br>\$'000 | 31.12.2021<br>\$'000 | 31.12.2020<br>\$'000 |
| <b>Financial assets</b>   |                      |                      |                      |                      |
| Trade receivables   | 222,533              | 196,962              | -                    | -                    |
| Other receivables   | 3,443                | 6,829                | 1,006                | 1,370                |
| Cash and cash equivalents   | 201,512              | 11,462               | 192,213              | 5,142                |
|   | <u>427,488</u>       | <u>215,253</u>       | <u>193,219</u>       | <u>6,512</u>         |
| Less: Value added tax receivables   | (2,345)              | (5,200)              | (13)                 | (22)                 |
| Less: Deposits for land use right   | (748)                | (716)                | -                    | -                    |
| Amortised cost  | <u>424,395</u>       | <u>209,337</u>       | <u>193,206</u>       | <u>6,490</u>         |
| Derivative financial instruments, representing financial assets measured at fair value through profit or loss | 381                  | 96                   | 381                  | 58                   |
| <b>Financial liabilities</b>  |                      |                      |                      |                      |
| Trade payables  | 138,476              | 141,052              | -                    | -                    |
| Other payables  | 56,534               | 62,859               | 42,662               | 42,752               |
| Borrowings  | 14,735               | 33,034               | -                    | -                    |
| Lease liabilities   | 3,298                | 4,337                | 939                  | 1,337                |
| Provision for retirement benefit  | 930                  | 889                  | 930                  | 889                  |
|   | <u>213,973</u>       | <u>242,171</u>       | <u>44,531</u>        | <u>44,978</u>        |
| Less: Customer deposits   | (11,855)             | (4,935)              | -                    | -                    |
| Amortised cost  | <u>202,118</u>       | <u>237,236</u>       | <u>44,531</u>        | <u>44,978</u>        |



## 25. Profit before taxation

### a. Significant items

|   | Group                         |                               |  |                                     |
|---|-------------------------------|-------------------------------|--|-------------------------------------|
|   | 6 months ended 31<br>December | 6 months ended 31<br>December | Financial year<br>ended<br>31 December | Financial year ended<br>31 December |
|   | 2021                          | 2020                          | 2021                                   | 2020                                |
|   | \$'000                        | \$'000                        | \$'000                                 | \$'000                              |
| <b>Amortisation and depreciation expenses</b> |                               |                               |  |                                     |
| Amortisation of intangible assets             | 576                           | 770                           | 1,065                                  | 1,810                               |
| Depreciation of property, plant and equipment | 4,627                         | 3,593                         | 9,142                                  | 6,826                               |
| <b>Investment revenue</b>                     |                               |                               |  |                                     |
| Interest income                               | 399                           | 59                            | 627                                    | 599                                 |
| <b>Other operating expenses</b>               |                               |                               |  |                                     |
| Distribution costs                            | 140                           | 307                           | 396                                    | 555                                 |
| Other factory costs                           | 4,662                         | 5,000                         | 8,797                                  | 9,690                               |
| Plant and equipment written off               | 80                            | 57                            | 219                                    | 238                                 |
| Utilities costs                               | 980                           | 1,256                         | 2,154                                  | 2,052                               |
| Write-down for inventories obsolescence       | 93                            | 141                           | 93                                     | 141                                 |

### b. Related party transactions

There are no material related party transactions.

## 26. Net Asset Value

|                                    | Group      |            | Company    |            |
|------------------------------------|------------|------------|------------|------------|
|                                    | 31.12.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 |
|                                    | \$         | \$         | \$         | \$         |
| Net asset value per ordinary share | 0.38       | 0.07       | 0.29       | 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 31 December 2021, NAV per Share is computed based on the post-Invitation issued share capital of 771,952,945 Shares.

## 27. Subsequent events

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.

As of 21 February 2022, the net amount owing from the customer is USD 8.54 million (SGD 11.5 million). The Group's lawyers in Germany have advised, upon reviewing all relevant documents, that the Group stands as a secured creditor in the said insolvency proceeding. Based on this advice, no adjustments are required to this interim financial statement.

Save for the above, there are no other known subsequent events.





## OTHER INFORMATION

### 1. Review

The condensed consolidated statement of financial position of Aztech Global Ltd. and its subsidiaries as at 31 December 2021 and the related condensed consolidated statement of comprehensive income, condensed statements of changes in equity, condensed consolidated statement of cash flows for the financial year ended and certain explanatory notes have not been audited and reviewed.

### 2. Review of performance of the Group

For the financial year ended 31 December 2021, the Group reported revenue of \$624.4 million for whole year and \$374.6 million for the six months ended 31 December 2021, which are an increase of 28.9% and 5.5% respectively compared with the financial year ended 31 December 2020 and six months ended 31 December 2020. This was despite the COVID-19 pandemic affecting the Group's operations in the People's Republic of China and Malaysia, where the governments instituted lockdowns and movement control orders respectively.

The Group recorded a slight increase of 0.2% in profit before tax ("PBT") to \$51.3 million for the six months ended 31 December 2021 compared with the previous financial period. Income tax expense decreased by 25.4% to \$6.4 million and net profit increased by 5.3% to \$45.0 million for the six months ended 31 December 2021 compared with the same period a year ago.

The Group recorded an increase of 27.7% in profit before tax ("PBT") to \$84.9 million for financial year ended 31 December 2021 compared with \$66.5 million for the financial year ended 31 December 2020. Tax expense decreased by 1.9% to \$10.6 million for the financial year ended 31 December 2021. The Group's net profit margin was recorded at 12.0% (31 December 2020: 12.0%).

## FINANCIAL POSITION AND CASHFLOW

For the financial year ended 31 December 2021, the Group generated operating cash flow of \$93.9 million before working capital changes (31 December 2020: \$78.8 million). Higher revenue generated in Q4 2021 resulted in the Group generating higher cash from operations of \$58.3 million compared with \$32.7 million for the financial year ended 31 December 2020.

As at 31 December 2021, the Group's financial position remained healthy with \$201.5 million of cash and bank balances (31 December 2020: \$11.5 million).

As at 31 December 2021, equity attributable to owners of the Group grew 604.3% from \$41.6 million as at 31 December 2020 to \$293.0 million and Net Asset Value per share grew by 442.8% to \$0.38 (31 December 2020: \$0.07), computed based on the share capital of 771,952,945 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.**

The global supply chain remains vulnerable to disruptions amidst the COVID-19 pandemic. As we navigate the global component and logistics 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.

The Group is optimistic of our business prospects and is confident of our business fundamentals following our successful transformation to a full-fledged manufacturer with ODM and JDM capabilities in 2018. The growth roadmap over the past three years has entrenched our position with existing valued customers. In 2022, the Group is committed to fortifying our business resiliency through five key focus areas to pivot growth and diversification across multi-sectors powered by the IoT trend. The five key focus areas are summarized as follows:

- 1) Grow new IoT customers and products 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;
- 3) Ensure excellent business execution capability to optimise factors of production and output;
- 4) Integrate sustainability into the Group's business model & strategy formulation to future-proof business resiliency; and
- 5) Discipline balance sheet and cost management to ensure adequacy of financial resources for operational and expansion needs.

With the above focus areas to fortify our business resiliency, the Group expects its business to benefit from the unabating global demand for IoT devices and data communication products as well as smart lighting solutions<sup>1</sup>. The Group's outstanding order book remains strong at \$495.8 million as at 31 December 2021. It has since secured additional orders of \$266.2 million as at 22<sup>nd</sup> February 2022, taking its order book to \$762.0 million for FY2022<sup>3</sup>.

In addition, we expect our operations to benefit from the improving vaccination rates against COVID-19 in countries the Group has operations in. To-date, 98% of our eligible employees in China have been fully vaccinated and 46% have received their third dose<sup>4</sup>. In Malaysia, our manufacturing facility is back to operating at 100% workforce after achieving a plant-wide vaccination rate of 100% with close to 17% of eligible workforce vaccinated with the third dose currently.

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 as well as seize opportunities to build resilient and sustainable value for our shareholders.

<sup>1</sup> 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 healthtech 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

<sup>2</sup> Refer to FY2021 Results Presentation Slides, slide 23 for details on 5-Prong Components Management Approach

<sup>3</sup> 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.

<sup>4</sup> 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

## 5. Dividend

### a. Current financial Period Reported on

No interim dividend for the for the financial year ended 31 December 2021 is recommended as the Group intends to conserve cash and recommend dividend payment annually together with its audited full-year results.

The board of directors recommended the following final dividends, subject to approval by the shareholders during annual general meeting:

| Name of Dividend                              | Final (Proposed)         |
|---|--------------------------|
| 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                   |

\*Subject to shareholder's approval at the forthcoming AGM

During the preceding financial year, the Company declared interim one-tier tax-exempt dividend of \$2.00 and \$0.65 per ordinary share respectively with totaling \$40,990,200 in respect of the financial year ended 31 December 2020 and scrip final dividend of \$0.02 per share with total of \$15,474,400.

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

| Name of Dividend                              | Interim (Paid)                | Interim (Paid)                | Final (Paid)               |
|---|-------------------------------|-------------------------------|----------------------------|
| Dividend Type                                 | Cash                          | Cash                          | Scrip                      |
| Dividend Amount per Share (in \$)             | 2.00<br>per ordinary<br>share | 0.65<br>per ordinary<br>share | 0.02<br>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                     |

### c. Date Payable

Subject to the shareholders' approval the date payable will be made on or about 18 May 2022.

### d. Books closure date

Registrable transfers received by the Company's Registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00, ASO Building, Singapore 048544 up to 5.00p.m. on 9 May 2022 will be registered before entitlements to the FY2021 final dividend are determined.

## 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. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the prescribed format. If there are no such persons, the issuer must make an appropriate negative statement.**

| Name              | Age | Family relationship with any director and/or substantial shareholder  | Current position and duties, and the year the position was held  | Details of changes in duties and position held, if any, during the year |
|-------------------|-----|---|--|---|
| Mr. Ivan Mun      | 41  | Mr. Ivan Mun is the son of Mr. Michael Mun, the Executive Chairman and CEO of the Company, and the sibling of Mr. Jeremy Mun, the Executive Director and COO of the Company.                        | <p><u>Position</u><br/>Vice President of Sales and Marketing (since March 2017 to 31 January 2022*)</p> <p><u>Duties</u><br/>Oversees the business development activities of the Group's IoT Devices and LED lighting products divisions for the Singapore market, and also responsible for the marketing activities of the Group.</p> | Not applicable  |
| Ms. Huang Xiaolin | 40  | Ms. Huang Xiaolin is the spouse of Mr. Ivan Mun. Mr. Ivan Mun is the Company's Vice President of Sales and Marketing and the son of Mr. Michael Mun, the Executive Chairman and CEO of the Company. | <p><u>Position</u><br/>Manager, Procurement and Logistics at Aztech Technologies Pte. Ltd (since October 2020).</p> <p><u>Duties</u><br/>Responsible for managing the procurement and logistical activities.</p>   | Not applicable  |

\*Refer to SGX announcement on 7 January 2022.



## 9. 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)<br>(\$'000) | Amount utilised as at the date of this announcement<br>(\$'000) | Balance as at the date of this announcement<br>(\$'000) |
|---|---|---|---|
| Expansion and enhancement of the Group's manufacturing facilities   | 50,000  | 1,075   | 48,925  |
| 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 (Employee benefits)   | 58,600  | 4,034   | 54,566  |
| Listing expenses  | 9,800   | 10,543  | -   |
|   | 198,400   | 15,652  | 183,491   |



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 financial year ended 31 December 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

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Mun Hong Yew

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Mun Wen Hung

Singapore

Date: 22<sup>nd</sup> February 2022