



**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 \$'000	31.12.2020 \$'000	31.12.2021 \$'000	31.12.2020 \$'000
ASSETS					
Current assets					
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	19,532	431
Tax recoverable		215	-	-	-
Derivative financial instruments		381	96	381	58
Prepayments		1,114	1,225	79	526
Inventories	6	62,432	53,704	-	-
Total current assets		491,630	270,278	212,205	6,157
Non-current assets					
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	-	-
Total non-current assets		26,571	29,970	77,025	77,490
Total assets		518,201	300,248	289,230	83,647
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	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	31,592	42,752
Provision for retirement benefit		630	612	630	612
Current income tax payable		10,966	16,147	305	-
Total current liabilities		220,359	252,316	32,992	43,762
Non-current liabilities					
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	-	-
Total non-current liabilities		4,874	6,309	774	1,216
Capital and reserves					
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	39,490	11,550
Total equity		292,968	41,623	255,464	38,669
Total liabilities and equity		518,201	300,248	289,230	83,647



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/ (decrease) %	Financial year ended 31 December		increase/ (decrease) %
		2021 \$'000	2020 \$'000		2021 \$'000	2020 \$'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		51,342	51,247	0.2	84,962	66,517	27.7
Income tax expense	21	(6,371)	(8,537)	(25.4)	(10,582)	(10,790)	(1.9)
Profit for the financial period/year		44,971	42,710	5.3	74,380	55,727	33.5
Other comprehensive income:							
- items that may be reclassified subsequently into profit or loss							
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)
Total comprehensive income for the financial period/year		47,339	47,178	0.3	77,964	59,914	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		47,339	47,178	0.3	77,964	59,914	30.1
Earnings per share							
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

<u>Group</u>	Share capital	Treasury share	Capital reserve	Foreign currency translation reserve	Statutory reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1.1.2021	15,468	-	(4,670)	(2,776)	1,254	32,347	41,623
<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
Total	-	-	-	3,584	-	74,380	77,964
<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
Balance as at 31.12.2021	206,166	(1,843)	(4,670)	808	1,254	91,253	292,968
Balance as at 1.1.2020	15,468	-	(4,670)	(6,963)	1,254	17,610	22,699
<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
Total	-	-	-	4,187	-	55,727	59,914
<i>Transactions with owners, recognised directly in equity</i>							
Dividend	-	-	-	-	-	(40,990)	(40,990)
Balance as at 31.12.2020	15,468	-	(4,670)	(2,776)	1,254	32,347	41,623

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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
Company					
Balance as at 1.1.2021	15,468	-	11,651	11,550	38,669
Profit representing total comprehensive income for the year	-	-	-	43,414	43,414
<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
Balance as at 31.12.2021	206,166	(1,843)	11,651	39,490	255,464
Balance as at 1.1.2020	15,468	-	11,651	17,743	44,862
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)
Balance as at 31.12.2020	15,468	-	11,651	11,550	38,669



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
Operating activities				
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
Operating cash flows before movements in working capital	56,225	59,103	93,935	78,820
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
Cash from operations	5,506	39,809	58,346	32,711
Income tax paid	(4,817)	(3,100)	(15,776)	(2,976)
Interest paid	(316)	(442)	(677)	(1,160)
Net cash from operating activities	373	36,267	41,893	28,575
Investing activities				
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
Net cash used in investing activities	(1,160)	(9,324)	(4,098)	(10,697)



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
Financing activities				
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)
Net cash (used in)/ from financing activities	(1,009)	(65,976)	151,927	(20,662)
Net change in cash and cash equivalents	(1,796)	(39,033)	189,722	(2,784)
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
Cash and cash equivalents at end of the period (Note i)	201,512	11,462	201,512	11,462

(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
Cash and cash equivalents at end of reporting period	201,512	11,462



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)
	222,533	196,962

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

Movements in the loss allowance for trade receivables:

	Group	
	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)
Balance as at 31 December	2,142	1,640

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
<u>Current</u>				
Other receivables				
-Non-related parties	105	121	43	-
-Related corporations ¹	-	500	-	-
-Subsidiary	-	-	19,000	-
Finance lease receivables ²	-	-	465	398
Value added tax receivable ³	2,345	5,200	13	22
Deposits	245	292	11	11
Deposits for land use right	748	716	-	-
	3,443	6,829	19,532	431
<u>Non-current</u>				
Finance lease receivables	-	-	474	939
	3,443	6,829	20,006	1,370

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

² Finance lease receivable from a subsidiary as a result of office sub-leasing.

³ 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
	62,432	53,704

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

¹The Group's warehouse lease payments from related corporation.

²The 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.

³The Group's profit sharing for FY2020 was paid in FY2021.

⁴Customer 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 ⁽¹⁾	603,252	-	-	-
Issuance of shares pursuant to initial public offering exercise ⁽²⁾	155,000	198,400	-	-
Share issue expenses	-	(7,843)	-	-
Issue of ordinary shares from scrip dividends	106	141	-	-
End of interim period	773,826	206,166	15,468	15,468

⁽¹⁾ On 18 February 2021, in connection with the proposed initial public offering, the shareholders approved the subdivision of each ordinary share in the capital of the Company into 40 shares.

⁽²⁾ On 12 March 2021, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 155,000,000 new ordinary shares at an issue price of \$1.28 per ordinary share for cash consideration of \$198,400,000 pursuant to an initial public offering.

The company 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 \$'000	Singapore \$'000	China \$'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	Singapore	China		
	\$'000	\$'000	\$'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	Singapore	China		
	\$'000	\$'000	\$'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 \$'000	Singapore \$'000	China \$'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
Total revenue	132,724	346,597	4,952	-	484,273

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
	1,288	620	1,645	1,031

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 (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			Eliminations	Total
	Hong Kong	Singapore	China	Malaysia	Others		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1.7.2021 to 31.12.2021							
Revenue							
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
Results							
Segment results	5,558	21,429	27,709	106	27,855	(30,999)	51,658
Finance costs	(21)	(189)	(103)	(3)	(10)	10	(316)
Profit before income tax	5,537	21,240	27,606	103	27,845	(30,989)	51,342
Income tax expense							(6,371)
Profit for the reporting period							44,971
Significant non-cash items							
Amortisation and depreciation expenses	177	1,111	3,389	655	-	(129)	5,203
Other items of income and expense							
Interest income	1	2	21	-	386	(11)	399
Dividend income	-	-	-	-	30,070	(30,070)	-
Expenditures for segment non-current assets							
- Additions to PPE	10	522	959	571	-	-	2,062
Total segment assets							
31.12.2021	182,343	447,675	277,379	51,728	289,284	(730,208)	518,201
Total segment liabilities*							
31.12.2021	150,651	377,943	151,514	51,656	33,499	(551,290)	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
1.7.2020 to 31.12.2020							
Revenue							
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
Results							
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
Significant non-cash items							
Amortisation and depreciation expenses	322	862	2,585	342	454	(202)	4,363
Other items of income and expense							
Interest income	2	(399)	33	-	229	194	59
Dividend income	7,396	-	-	-	41,420	(48,816)	-
Expenditures for segment non-current assets							
- Additions to PPE	2	260	5,918	3,741	882	-	10,803
Total segment assets							
31.12. 2020	173,381	395,755	234,833	17,671	83,700	(605,092)	300,248
Total segment liabilities*							
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	
1.1.2021 to 31.12.2021							
Revenue							
Revenue from external customers	125,441	495,691	3,232	-	-	-	624,364
Inter-segment revenue	310,152	24,929	551,006	80,291	-	(966,378)	-
Total revenue	435,593	520,620	554,238	80,291	-	(966,378)	624,364
Results							
Segment results	9,451	36,247	42,740	1,329	43,780	(47,908)	85,639
Finance costs	(50)	(366)	(252)	(7)	(21)	19	(677)
Profit before income tax	9,401	35,881	42,488	1,322	43,759	(47,889)	84,962
Income tax expense							(10,582)
Profit for the reporting period							74,380
Significant non-cash items							
Amortisation and depreciation expenses	386	2,108	6,639	1,248	-	(174)	10,207
Other items of income and expense							
Interest income	1	10	34	-	603	(21)	627
Dividend income	-	-	-	-	47,978	(47,978)	-
Expenditures for segment non-current assets							
- Additions to PPE	650	562	3,175	1,479	-	-	5,866
Total segment assets							
31.12.2021	182,343	447,675	277,379	51,728	289,284	(730,208)	518,201
Total segment liabilities*							
31.12.2021	150,651	377,943	151,514	51,656	33,499	(551,290)	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		
1.1.2020 to 31.12.2020							
Revenue							
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
Results							
Segment results	36,305	38,246	11,171	(1,479)	31,717	(48,283)	67,677
Finance costs	(251)	(282)	(601)	(24)	(8)	6	(1,160)
Profit before income tax	36,054	37,964	10,570	(1,503)	31,709	(48,277)	66,517
Income tax expense							(10,790)
Profit for the reporting period							55,727
Significant non-cash items							
Amortisation and depreciation expenses	857	2,278	4,696	744	454	(393)	8,636
Other items of income and expense							
Interest income	7	1	362	-	229	-	599
Dividend income	7,396	-	-	-	41,420	(48,816)	-
Expenditures for segment non-current assets							
- Additions to PPE	6	276	6,760	4,544	1,337	-	12,923
- Additions to Intangible assets	-	248	-	-	-	-	248
Total segment assets							
31.12.2020	173,381	395,755	234,833	17,671	83,700	(605,092)	300,248
Total segment liabilities*							
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 Manufacturing		Total \$'000
	Hong Kong	Singapore	China	Others	
	\$'000	\$'000	\$'000	\$'000	
1.7.2021 to 31.12.2021					
<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 ⁽¹⁾	-	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 ⁽¹⁾	20	281	248	-	549
	80,236	271,660	3,279	-	355,175

	Distribution & trading		The Group Manufacturing		Total \$'000
	Hong Kong	Singapore	China	Others	
	\$'000	\$'000	\$'000	\$'000	
1.1.2021 to 31.12.2021					
<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 ⁽¹⁾	-	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 ⁽¹⁾	34	547	249	-	830
	132,724	346,597	4,952	-	484,273

⁽¹⁾ Others refer to other electrical products

24. Financial assets and financial liabilities

	Group		Company	
	31.12.2021 \$'000	31.12.2020 \$'000	31.12.2021 \$'000	31.12.2020 \$'000
Financial assets				
Trade receivables	222,533	196,962	-	-
Other receivables	3,443	6,829	20,006	1,370
Cash and cash equivalents	201,512	11,462	192,213	5,142
	<u>427,488</u>	<u>215,253</u>	<u>212,219</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>212,206</u>	<u>6,490</u>
Derivative financial instruments, representing financial assets measured at fair value through profit or loss	381	96	381	58
	<u>381</u>	<u>96</u>	<u>381</u>	<u>58</u>
Financial liabilities				
Trade payables	138,476	141,052	-	-
Other payables	56,534	62,859	31,592	42,752
Borrowings	14,735	33,034	-	-
Lease liabilities	3,298	4,337	939	1,337
Provision for retirement benefit	930	889	930	889
	<u>213,973</u>	<u>242,171</u>	<u>33,461</u>	<u>44,978</u>
Less: Customer deposits	(11,855)	(4,935)	-	-
Amortised cost	<u>202,118</u>	<u>237,236</u>	<u>33,461</u>	<u>44,978</u>

25. Profit before taxation

a. Significant items

	Group			
	6 months ended 31 December	6 months ended 31 December	Financial year ended 31 December	Financial year ended 31 December
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Amortisation and depreciation expenses				
Amortisation of intangible assets	576	770	1,065	1,810
Depreciation of property, plant and equipment	4,627	3,593	9,142	6,826
Investment revenue				
Interest income	399	59	627	599
Other operating expenses				
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	0.33	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 solutions¹. 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 22nd February 2022, taking its order book to \$762.0 million for FY2022³.

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 dose⁴. 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.

¹ 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

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

³ 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.

⁴ 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 per ordinary share	0.65 per ordinary share	0.02 per ordinary share
Paid based on total number of ordinary shares	15,468,000	15,468,000	773,720,000
Tax Rate	Exempt	Exempt	Exempt

c. Date Payable

Subject to the shareholders' approval the date payable will be made on or about 12 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 6 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> Vice President of Sales and Marketing (since March 2017 to 31 January 2022*)</p> <p><u>Duties</u> 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> Manager, Procurement and Logistics at Aztech Technologies Pte. Ltd (since October 2020).</p> <p><u>Duties</u> 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) (\$'000)	Amount utilised as at the date of this announcement (\$'000)	Balance as at the date of this announcement (\$'000)
Expansion and enhancement of the Group's manufacturing facilities	50,000	1,075	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

Singapore

Date: