Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Aztech Global Ltd.

Stock code: 8AZ

Meeting details:
Date: 28 April 2022
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The group has factories in Dongguan, PRC and Johor, Malaysia. The Chinese facility was critical in meeting customers' orders during the enhanced movement control order restrictions in Malaysia from June to October 2021. The facility in Johor has been expanded to a built-up area of 86,000 sq ft, up from 45,500 sq ft. The facility is estimated to be capable of handling up to 60% of the group's production requirements in value terms, on production of comparatively higher value products.

The Malaysia operation has returned to full capacity following achievement of 100% plant-wide vaccination rate.

(i) **Outside of the MCO period, what was the utilisation rate in Johor? Similarly, what was the average utilisation rate in Dongguan?**

(ii) **With the expansion completed in Malaysia, are there any other near-term plans to increase the group's manufacturing capacity?**

(iii) **In addition, has the board reviewed and is it satisfied with the current manufacturing infrastructure in the group? Do the two factories provide the group with sufficient flexibility to execute its business continuity plans? Has management evaluated expansion to certain other countries, such as Vietnam?**

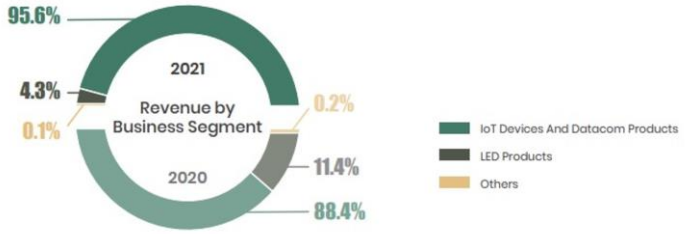
With the recent wave of COVID-19 spread in China, Dongguan imposed strict pandemic control measures in mid-March before the COVID-19 prevention and control guidelines for businesses and individuals were relaxed a few days later.

(iv) **Can management help shareholders understand the sentiments on the ground in Dongguan? How is the group adjusting its operations to adapt the fluid COVID-19 situation?**

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Q2. Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) **IoT devices and data-communication products:** Revenue from IoT devices and Datacom products account for 95.6% of the group's total revenue (page 7; Financials at a glance).



Would management review how it could further breakdown revenue by business segment into major product classes to give shareholders a better understanding of its operations?

(ii) **LED lighting products:** Revenue from LED lighting products declined by 51% to $27.0 million, accounting for just over 4% of the group's total revenue (FY2020: over 11%). **What is the strategic value of the LED lighting segment? Is the group committed to investing management time and capital to maintain the segment even though it appears to be diminishing in importance as the group scales up sales in IoT devices and datacom products?**

(iii) **Customer concentration:** As of 31 December 2021, revenue of approximately $520.2 million (2020: $374.5 million) are derived from two single external customers. These 2 customers account for 83% of the group's total revenue in FY2021 (FY2020: 77.3%). **How is management balancing the need to leverage the strong growth of its top customers and the need to establish a diversified customer base?**

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Q3. As disclosed in the corporate governance report, the company's internal audit function is outsourced to Nexia TS, an accounting and consulting firm staffed with suitably qualified professionals with extensive relevant experience.

The audit committee (AC) is satisfied that the internal audit function is independent, effective, adequately resourced and has appropriate standing within the company. The internal audit function, which reports directly to the AC, assists management with monitoring risks, assessing the adequacy of the group's internal control systems and procedures, conducting regular internal audits on the group's business operations, operational compliance and financial risks; and identifying and recommending improvements to internal control systems.

In addition, the company also has an internal auditor who handles internal audit functions at the plant operations level and is stationed at its plant in China, the location for most of the company's manufacturing activities during the financial year under review.

(i) **What was the scope of the internal audit in FY2021? How was the scope of the internal audit determined? How long is each internal audit cycle?**

(ii) **Can the AC confirm that the internal audit covers the subsidiaries in Malaysia, and Hong Kong?**

(iii) **What is the level of experience of the internal auditor posted at Dongguan? Does the internal auditor in Dongguan report directly to the AC? Does Nexia, as the outsourced internal auditor, work closely with the internal auditor in Dongguan?**

(iv) **What are the key findings by the internal auditor?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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