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Aztimes

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Corporate Governance Report

At Aztech, we are committed to ensure high standards of corporate governance practices.

According to the Governance and Transparency Index (GTI) formulated by The Business Times and National University of Singapore's Corporate Governance and Financial Reporting Centre, Aztech was ranked amongst the top 50 for the year 2010. The GTI scored 687 companies based on their governance standards, financial transparency and investor relations.

We have adhered to the principles and guidelines of the Code of Corporate Governance 2005 ("Code") and the Group's corporate governance policies and practices are set out in the following pages.

The Board's Conduct Of Its Affairs
(Principle 1)

The Board oversees the proper conduct of the Group's business and sets the overall strategy and business direction of the Group. In addition to its statutory duties, the Board:

- Oversees the processes for evaluating the integrity and adequacy of internal controls as well as ensure compliance with laws, regulations, directives, guidelines and the Group's internal code of conduct;
- Review and approve budgets and financial plans;
- Monitor financial performance including approval of the annual and interim financial reports;
- Review and approve key operational initiatives and major funding and investment proposals;
- Sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met.

Aztech has established financial authorisation and approval limits for operational and capital expenditure under the Group's Code of Corporate Governance ("Aztech Code"). Any transaction exceeding the thresholds specified in the Aztech Code requires the Board's approval.

Board meetings are scheduled quarterly for the purpose of, inter alia, approving the release of the Group's financial results. Ad hoc Board meetings are also held whenever the Board's review and approval is required.

Dates of Board, Board Committee and Annual General meetings are scheduled before the start of the year in advance in consultation with Directors to assist Directors in planning their attendance. A Director who is unable to attend a Board meeting can still participate in the meeting via telephone conference as the Company's Articles of Association allow Board meetings to be conducted via such means. Decisions of the Board and Board Committees may also be obtained via circular resolutions.

The number of Board and Board Committee meetings as well as Board member's attendance thereat for the financial year 2010 is set out below:

	BOARD OF DIRECTORS	AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
Number of Meetings Held	5	6	1	1
NAME OF DIRECTOR	**NUMBER OF MEETINGS ATTENDED**			
Michael Mun Hong Yew (Executive Director)	5	6	1	-
Patricia Ng Sok Cheng (Executive Director)	5	6	-	-
Colin Ng Teck Sim (Independent Director)	5	5	1	-
Philip Tan Tee Yong (Lead Independent Director)	5	6	1	1
Khoo Ho Tong (Independent Director)	5	6	1	1
Martin Chia Heok Miin (Executive Director)	5	6	-	-
Jeremy Mun Weng Hung (Executive Director)	5	6	-	-

As part of the Group's policy of ensuring the Directors are kept informed of the Group's business activities, the Company Secretary will circulate to the Board all press releases to keep Directors updated.

Directors receive operational and financial reports on the performance of each business unit. These reports provide the Board with updates on key performance indicators. The Board is updated on significant operational and business developments.

Corporate Governance Report

Board and Management Committees

The Board is supported by the following Board Committees which have been established to assist the Board in discharging its responsibilities and enhancing the Group's corporate governance framework.

Audit Committee

The Audit Committee ("AC") members are Philip Tan Tee Yong (Chairman), Colin Ng Teck Sim and Khoo Ho Tong. All members of the AC are Non-Executive and Independent Directors. The activities of the AC are described under Principle 11 in the subsequent paragraphs.

Nominating Committee

The Nominating Committee ("NC") comprises three members: Colin Ng Teck Sim (Chairman), Khoo Ho Tong and Michael Mun Hong Yew. A majority of the members of the NC are Independent and Non-Executive Directors. The NC Chairman is not associated with the Company's substantial shareholder.

The primary functions of the NC are to ensure a formal and transparent process for the appointment of new Directors. The NC also ensures that there is a formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the Board. The NC assists the Board in fulfilling its duties under the Code.

Directors are required to act in good faith, make decisions objectively and in the interest of Aztech. When the Nominating Committee evaluates the performance of each Director, one of the assessment criteria is a Director's ability to strategise and propose sound business direction and his or her responsibility, dedication and commitment as a member of the Board.

Remuneration Committee

The members of the Remuneration Committee ("RC") are Khoo Ho Tong (Chairman), Colin Ng Teck Sim and Philip Tan Tee Yong. All members of the RC are Independent and Non-Executive Directors. The primary function of the RC is to assist the Board to ensure that the remuneration paid is appropriate for the purpose of attracting, retaining and motivating the Directors and key executives and in the case of the Independent Directors, not too high such as to compromise their independence.

Investment Committee

The Investment Committee ("IC") is not a Board Committee. Chaired by the CEO, the IC comprises of one other Board member, Martin Chia Heok Miin and other members of the Senior Management. The Committee discusses and reviews all investment proposals and is responsible for advising the Board on the business objective and risk profile of all investment proposals. The Committee submits all its proposals to the Board for approval.

Board Composition And Guidance
Chairman And Chief Executive Officer
(Principles 2 & 3)

The Board comprises seven Directors:- 4 Executive Directors and 3 Independent and Non-Executive Directors. The composition of Aztech's Board is shown below:

- Michael Mun Hong Yew
- Martin Chia Heok Miin
- Patricia Ng Sok Cheng*
- Jeremy Mun Weng Hung
- Philip Tan Tee Yong
- Colin Ng Teck Sim
- Khoo Ho Tong

* Note: Ms Patricia Ng Sok Cheng has tendered her resignation and will cease to be a Director on March 31, 2011.

Corporate Governance Report

The Board consists of Directors with core competencies in areas such as business, accounting, audit, management and law. The Board believes that the present Board size and composition is appropriate for the requirements of the Group's Business.

The details and profile of each of the Directors is found in Appendix 1 of the report (please see pages 9 and 10)

Mr Michael Mun Hong Yew ("Mr Mun") holds both the position of Chairman and Chief Executive Officer ("CEO"). As Chairman of the Board, Mr Mun is responsible for providing leadership and determining and approving the Group's strategies, together with the Board. He oversees and ensures that Board matters are effectively organised to enable Directors to receive timely and clear information in order to make sound decisions. Also as the CEO, Mr Mun manages and supervises the day-to-day business operations of the Group in accordance with the strategies, policies, budget and business plans approved by the Board.

The Board is of the view that the single leadership structure is suitable and efficient for the Group. The Board believes that this structure does not result in concentrated power in the hands of one individual as each Board member exercises independent decision-making. The Independent Directors actively discuss and debate issues openly at Board meetings such as Group's business plans, investment proposals, large capital expenditure and long-term strategies. The Board members freely challenge any assumptions and only approve any proposal tabled if they are satisfied with the responses received from the Executive Directors or the Senior Management. In addition, the Board has appointed Mr Philip Tan Tee Yong as the Lead Independent Director.

One of the NC's roles is to assess the independence of Directors. Every year, the NC reviews and confirms the independence of all Non-Executive Directors. A Director who has no relationship with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the Director's independent business judgment, is considered to be independent. The NC has found all Non-Executive Directors to be independent.

The size and composition of the Board are reviewed from time to time by the NC. The NC seeks to ensure that the Board has the adequate number of Independent Directors and that there is a balance of expertise and skills that are useful to the Board and the Board Committees to carry out the respective duties.

Every year, the NC will review the Directors who are due to retire in accordance with the Company's Articles of Association and taking into consideration factors such as a Director's contribution, his performance as well as his length of service on the Board, will recommend their re-election.

Board Membership
Board Performance
(Principles 4 & 5)

The Group has a formal and transparent process for the appointment and re-appointment of Directors.

Pursuant to the Company's Articles of Association, one-third of the Board of Directors, except Mr Mun who is the CEO, are required to retire and are subject to re-election at every Annual General Meeting ("AGM") of the Company. In addition, a newly appointed Director must also subject himself to retirement and re-election at the AGM immediately following his appointment. Any Director who is of 70 years of age and above is required to retire under Section 153 of the Companies Act at each AGM but may be re-elected at the AGM.

Evaluation of Board and Directors' Performance

Evaluation of the Board as a Whole

The NC assesses the Board's effectiveness as a whole by completing an Assessment Checklist. The Assessment Checklist takes into consideration factors such as the Board's composition, the Board's proceedings and the Board's relationship with Management. It also focuses on the Group's future development by having questions relating to the Group's long-term business plans, financial objectives and goals and succession planning.

The Company Secretary collates and presents the feedback from the completed Assessment Checklist to the NC.

Corporate Governance Report

Directors' Evaluation

The NC also rates the Directors by completing the Directors' Assessment Checklist. Questions are categorised into 3 main areas: Directors' Participation, Directors' Expertise and Effectiveness as a Director. The Company Secretary collates and presents the feedback from the completed Assessment Checklist to the NC. The NC will then review and appoint a member of the NC to discuss the feedback with individual Board members.

For FY2010, the NC is of the view that the Board and all Directors have contributed effectively to meet the expectations of their roles.

Access To Information
(Principle 6)

The Management provides the Board with financial reports and updates the Board from time to time via e-mail or by phone on major operational matters. The Agenda is sent out with board papers for Board and Board Committee meetings. Directors have unrestricted access to the Company's Senior Management, the Company Secretary and the Internal and External Auditors via telephone, e-mail and face-to-face meetings.

The role of the Company Secretary is clearly defined. She attends all Board Meetings. As Secretary for the Audit, Nominating and Remuneration Committees she also attends the meetings of these committees.

The Company Secretary schedules and prepares the agenda for Board meetings and Board Committee meetings under the guidance of the Chairman of the Board and the Chairmen of the respective Board Committees. The Company Secretary ensures that all Directors are kept informed of any significant developments or events relating to the Group. The Board may take independent professional advice at the Company's expense.

Remuneration Policies
(Principle 7)

The RC's primary function is to review and approve the Group's policies on remuneration for key employees. The RC also identifies and reviews all nominations, appointments and promotions of Senior Management. The Committee may have access to expert advice outside Aztech, if required.

Level And Mix Of Remuneration
Disclosure On Remuneration
(Principles 8 & 9)

The remuneration of the Directors and the top 5 Key Employees (who are not Directors) are set out below. Non-Executive Directors are paid Directors' fees which comprise a basic fee and additional fees for appointments on Board Committees.

	SALARY AND DIRECTORS' FEES %	BONUS %	PROFIT SHARING %	*OTHERS %	TOTAL %
EXECUTIVE DIRECTORS					
BETWEEN $1,000,000 AND $1,250,000					
Michael Mun Hong Yew	78	6	6	10	100
BETWEEN $250,000 AND $500,000					
Patricia Ng Sok Cheng	91	-	-	9	100
Martin Chia Heok Miin	80	6	1	13	100
BELOW $250,000					
Jeremy Mun Weng Hung	73	5	2	20	100

* During the year, no Directors exercised share options.

Corporate Governance Report

Directors Fees

The Directors' Fees earned by each of the Directors for the financial year 2010 are as follows:

NAME OF DIRECTOR	DIRECTORS' FEES
Philip Tan Tee Yong, Chairman of AC and Member of RC Lead Independent Director	$85,000
Colin Ng Teck Sim, Chairman of NC and Member of AC & RC	$60,000
Khoo Ho Tong, Chairman of RC and Member of AC	$60,000
Michael Mun Hong Yew, CEO and Chairman of the Board and Member of NC	$50,000
Martin Chia Heok Miin, Executive Director	$30,000
Patricia Ng Sok Cheng, Executive Director	$30,000
Jeremy Mun Weng Hung, Executive Director	$30,000

Executives

The remunerations of the top 5 Key Executives of the Group (who are not Directors) fall within the following bands:

TOP 5 KEY EXECUTIVES	SALARY %	BONUS %	PROFIT SHARING %	*OTHERS %	TOTAL %
BETWEEN $200,000 AND $250,000					
Michael Lee Thiam Seong	80	7	2	11	100
BELOW $200,000					
Jason Saw Chwee Meng	76	6	3	15	100
Herman So Kam Hung	88	8	3	1	100
Pavani Nagarajah	86	7	2	5	100
Sylvester Saw Cheng San	86	7	2	5	100

* The contribution to the Central Provident Fund, allowances and car cost (if any) is included in the column referred to as "Others" above.

For the Financial Year ended December 31, 2010, except for Mr Michael Mun Hong Yew and Mr Jeremy Mun Weng Hung (whose remunerations are disclosed above), no employee of the Group whose remuneration exceeds $150,000 was an immediate family member of a Director or CEO. Immediate family includes spouse, child, adopted child, stepchild, brother, sister or parent. Mr Jeremy Mun Weng Hung is the son of Mr Michael Mun Hong Yew.

The RC ensures that the Group compensation policy has a strong linkage between the business units' achievements, individual performance and payouts.

Accountability
(Principle 10)

The Board provides shareholders with quarterly and annual financial reports. For financial year 2010, results for the first three quarters were released within 23 days from the end of the quarter and the annual results were released within 47 days from the financial year end. In presenting the annual and quarterly financial statements to shareholders, additional information in the form of presentation material is also released in order for the shareholders to have a better understanding of the Group's performance.

Since the SGX-ST's introduction of the requirement for Directors to issue a Negative Assurance Statement to accompany its quarterly financial results announcement, a process has been introduced to support Executive Directors' representations to the Board on the integrity of the Group's financial statements and internal control systems before the Negative Assurance Statement is given by the Board.

Corporate Governance Report

Audit Committee
(Principle 11)

The AC comprises members who are non-executives, independent and appropriately qualified to discharge their responsibilities. The Chairman, Mr Philip Tan Tee Yong has accounting, corporate finance and business expertise and experience. The other members, Mr Khoo Ho Tong and Mr Colin Ng Teck Sim provide expertise in accounting, legal and business issues.

The AC met six times during the year under review. The Executive Directors, External Auditors, Internal Auditor and Company Secretary participated in the meetings. During the financial year, the AC had one meeting with External Auditors without the presence of Management. These meetings enable the auditors to raise issues encountered in the course of their work or any suggestions they may have for improvement directly to the AC.

The Aztech Code of Corporate Governance provides guidance for the effective operation of the AC by setting out, amongst other things, the AC's terms of reference, authority, composition, conduct of meetings and responsibilities.

During the year under review, the AC, inter alia, reviewed and recommended to the Board the release of the quarterly and full year financial statements, reviewed and approved the Audit Plan prepared by the External Auditors, approved the Internal Audit Plan prepared by the Internal Auditor, reviewed reports issued by the Internal Auditor and reviewed the adequacy of the internal audit functions and the risk management processes within the Group.

The AC recommends to the Board the appointment, re-appointment and removal of the External Auditor, and approves the remuneration and terms of engagement of the External Auditors. Shareholders then approve the re-appointment of the External Auditor at the AGM.

The AC has reviewed the standard of the External Auditor's work and has found it to be satisfactory. The AC also reviewed the volume of non-audit services provided to the Group by the External Auditors, and are satisfied that the nature and extent of such services will not prejudice their independence and objectivity. The AC is recommending the re-appointment of the current auditor, Deloitte and Touche LLP.

Internal Controls
(Principle 12)

Annually, the Internal Auditor prepares and executes an internal audit programme, so as to review the adequacy and effectiveness of the system of internal controls of Aztech. In recent years, with the diversification of the Group into various new businesses, the programme has been modified to meet the needs of the Group. The programme is designed to provide reasonable internal control standards. The Internal Auditor engages closely with Management to promote effective risk management, internal control and governance practices and on the special request of the AC, provides specific reports on specific issues raised by the AC. In addition, the External Auditor will highlight any material internal control weakness which has come to their attention in the course of their statutory audit. All findings and recommendation for both internal and external audit processes are made to the AC.

Whistleblowing
To reinforce a culture of good business ethics and governance, a Whistleblowing Programme is in place to encourage the reporting in good faith of any suspected improper conduct. The policy defines the processes clearly to ensure independent investigations of such matters and appropriate follow-up action, and provides assurance that staff will be protected from reprisals within the limits of the law.

Risk Management
The AC oversees the Group's risk management process, through reviewing the adequacy and effectiveness of the risk management policy, practices and strategies. It also has oversight of key risk exposures and will in turn report to the Board of Directors on all risk matters.

Corporate Governance Report

Internal Audit
(Principle 13)

The Internal Audit Division is an independent function that reports directly to the Chairman of the AC, and administratively to the CEO. Aztech's Internal Auditor adopts a risk-based approach in formulating the annual audit plan which aligns its activities to the key risks across the Group's business. The scope of internal audit work is reviewed and approved by the AC.

Interested Person Transactions

All interested person transactions are submitted for review by the AC on a quarterly basis. The transactions entered into with interested persons during the financial year which fall under Rule 907 of the Listing Manual ("LM") of the SGX-ST are:

NAME OF INTERESTED PERSON	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS DURING THE FINANCIAL YEAR UNDER REVIEW (EXCLUDING TRANSACTIONS LESS THAN S$100,000 AND TRANSACTIONS CONDUCTED UNDER SHAREHOLDERS' MANDATE PURSUANT TO RULE 920 OF THE LM)	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS CONDUCTED UNDER SHAREHOLDERS' MANDATE PURSUANT TO RULE 920 OF THE LM (EXCLUDING TRANSACTIONS LESS THAN S$100,000)
AVS Solutions Sdn Bhd*		
- Rental income	$17,753	- -
AVS Technologies Pte Ltd*		
- Rental income and services fee	$53,100	-
- Purchase of goods	$4,505	
AVS Printing Pte Ltd		
- Purchase of goods	$53,864	-
AVS Computer Services Pte Ltd*		
- Sales of goods	$8,565	-
Messrs Colin Ng & Partners LLP**		
- Legal Services	$79,008	-

Note

* Transactions above with companies in which Mr Michael Mun Hong Yew has an equity interest.

** Transactions with law firm Colin Ng & Partners LLP of which Mr Colin Ng Teck Sim is the Executive Chairman.

No Material Contract

Since the end of the financial year 2009, the Group did not enter into any material contracts in which the CEO, Directors or Controlling Shareholders had any interest and no such material contracts subsisted at the end of financial year 2010.

Communication With Shareholders
(Principles 14 & 15)

The Group believes in regular and effective communication with members of the investment community and investing public and has put in place a comprehensive investor relations programme to provide clear, timely and fair disclosure of information about the Group's business developments and financial performances.

All material information is disclosed regularly via SGXNET and the Company's website.

Under the Company's Articles of Association, a registered shareholder may appoint one or two proxies to attend General Meetings, to speak and vote in place of the shareholder.

Corporate Governance Report

The Group takes note that there should be separate resolutions at General Meetings on each substantially separate issue and supports the Code's principle with regards to the "bundling" of resolutions. The Group treats shareholders' issues, particularly those that require shareholders' approval, such as re-election of Directors and approval of Directors' fees, as distinct subjects and submits them to the General Meetings as separate resolutions.

Dealings In Securities

The Group has in place an internal code of conduct for Directors and employees on securities transactions when they are in possession of unpublished price-sensitive information on the Company's securities.

The Group's "black-out" policy is in accordance with that prescribed by the SGX-ST's Listing Rule 1207(18) in that Directors and employees are advised not to deal in the Company's securities during the period commencing two weeks before the announcement of each of the Group's quarterly financial results and during the period of one month before the announcement of each of the Group's full year results. The black-out period ends on the date of the announcement of the relevant results.

Directors and employees are also reminded to be mindful of the law on insider trading and to ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act. Annually, the Directors and key employees are requested to issue written confirmation of their compliance with the Group's internal code.

Appendix 1

Particulars of Directors

NAME OF DIRECTOR Michael Mun Hong Yew
AGE 61

DIRECTORSHIP Date first appointed: 6 August 1986
DIRECTORSHIPS IN LISTED COMPANY Aztech Group Ltd

NAME OF DIRECTOR Martin Chia Heok Miin
AGE 50

DIRECTORSHIP Date first appointed: 8 June 2006
Date last re-elected: 9 April 2010
DIRECTORSHIPS IN LISTED COMPANY Aztech Group Ltd

NAME OF DIRECTOR Patricia Ng Sok Cheng
AGE 51

DIRECTORSHIP Date first appointed: 6 April 1993
Date last re-elected: 11 April 2008
DIRECTORSHIPS IN LISTED COMPANY Aztech Group Ltd

NAME OF DIRECTOR Jeremy Mun Weng Hung
AGE 35

DIRECTORSHIP Date first appointed: 8 June 2006
Date last re-elected: 21 April 2009
DIRECTORSHIPS IN LISTED COMPANY Aztech Group Ltd

NAME OF DIRECTOR Philip Tan Tee Yong
AGE 65

Corporate Governance Report

DIRECTORSHIP	Date first appointed: 26 June 1993 Date last re-elected: 11 April 2008	
DIRECTORSHIPS IN LISTED COMPANY	Aztech Group Ltd	

NAME OF DIRECTOR **AGE**	Colin Ng Teck Sim 55	
DIRECTORSHIP	Date first appointed: 12 October 1993 Date last re-elected: 21 April 2009	
DIRECTORSHIPS IN LISTED COMPANY	Aztech Group Ltd	
	TSH Corporation Limited (present)	Independent Director, Chairman of AC, Member of RC & NC
	CEI Contract Manufacturing Limited (present)	Independent Director, Member of AC & RC
	Media Asia Entertainment Group Limited (past – until 12 June 2007)	Independent Director, Non-Executive Director, Chairman of the Board, Chairman of AC, Member of RC

NAME OF DIRECTOR **AGE**	Khoo Ho Tong 70	
DIRECTORSHIP	Date first appointed: 12 November 2002 Date last re-elected: 9 April 2010	
DIRECTORSHIPS IN LISTED COMPANY	Aztech Group Ltd	
	Nam Lee Pressed Metal Industries Ltd (present)	Independent Director, Chairman of AC, Member of RC & NC
	Asia Travel.com Holdings Ltd (present)	Independent Director, Chairman of AC, Member of RC
	Tastyfood Holdings Ltd (Past – until 24 April 2008)	Independent Director, Chairman of AC, Member of RC & NC
	J K Technology Group Ltd (Past – until 6 August 2008)	Independent Director, Member of AC, RC & NC
	Kingsmen Creatives Ltd (Past – 28 April 2008)	Independent Director, Chairman of RC, Member of AC & NC
	Eng Kong Holdings Ltd (Past – until March 2007)	Independent Director, Chairman of NC, Member of AC & RC

Report of the Directors

Report Of The Directors

The Directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2010.

1 Directors

The Directors of the Company in office at the date of this report are:

Michael Mun Hong Yew
Martin Chia Heok Miin
Patricia Ng Sok Cheng
Philip Tan Tee Yong
Colin Ng Teck Sim
Khoo Ho Tong
Jeremy Mun Weng Hung

2 Audit Committee

The Board has adopted the principles as described in the Code of Corporate Governance formulated by the Singapore Exchange Securities Trading Limited ("SGX-ST") with regards to the Audit Committee. The members of the Audit Committee of the Company at the date of this report are as follows:

Philip Tan Tee Yong	(Chairman and Independent Director)
Colin Ng Teck Sim	(Non-Executive Independent Director)
Khoo Ho Tong	(Non-Executive Independent Director)

The Audit Committee met five times since the last Annual General Meeting ("AGM") and reviewed the following, where relevant, with the Executive Directors, the External Auditors and Internal Auditor of the Company:

(a) the audit plans and results of the External Auditors' and Internal Auditor's examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and the External Auditors' report on those financial statements;

(d) the quarterly, half yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Group's External Auditors and Internal Auditor;

(f) interested person transactions; and

(g) the re-appointment of the External Auditors of the Company.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and Executive officer to attend its meetings. The External Auditors and Internal Auditor have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as External Auditors of the Company at the forthcoming AGM of the Company.

Report of the Directors

3 Arrangements To Enable Directors To Acquire Benefits By Means Of The Acquisition Of Shares And Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the Aztech Group Employee Share Option Scheme 2000 ("ESOS 2000") as detailed in paragraphs 4 and 6 of the Report of the Directors.

4 Directors' Interests In Shares And Debentures

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

NAMES OF DIRECTORS AND COMPANIES IN WHICH INTERESTS ARE HELD	SHAREHOLDINGS REGISTERED IN THE NAME OF DIRECTOR		SHAREHOLDINGS IN WHICH DIRECTORS ARE DEEMED TO HAVE AN INTEREST	
	AT BEGINNING OF YEAR	AT END OF YEAR	AT BEGINNING OF YEAR	AT END OF YEAR
The Company				
- Aztech Group Limited				
(Ordinary shares)				
Michael Mun Hong Yew	115,105,663	115,105,663	4,836,000	4,836,000
Patricia Ng Sok Cheng	16,906,168	17,106,168	1,200,000	-
Jeremy Mun Weng Hung	1,044,000	1,044,000	-	-
Martin Chia Heok Miin	3,826,000	3,826,000	22,000	22,000
Khoo Ho Tong	806,000	806,000	-	-
Philip Tan Tee Yong	600,000	600,000	-	-
Colin Ng Teck Sim	768,000	768,000	120,000	120,000

THE COMPANY – AZTECH GROUP LTD	OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES	
ESOS 2000	AT BEGINNING OF YEAR	AT END OF YEAR
Patricia Ng Sok Cheng	547,916	547,916
Martin Chia Heok Miin	1,643,749	1,643,749

Report of the Directors

4 Directors' Interests In Shares And Debentures (Cont'd)

NAMES OF DIRECTORS AND COMPANIES IN WHICH INTERESTS ARE HELD	WARRANTS TO SUBSCRIBE FOR NEW ORDINARY SHARES		DEEMED INTEREST IN WARRANTS TO SUBSCRIBE FOR NEW ORDINARY SHARES	
	AT BEGINNING OF YEAR	AT END OF YEAR	AT BEGINNING OF YEAR	AT END OF YEAR
The Company				
- Aztech Group Ltd				
Warrants 2010				
Michael Mun Hong Yew	25,373,851	-	273,958	-
Patricia Ng Sok Cheng	4,147,310	-	-	-
Jeremy Mun Weng Hung	191,770	-	-	-
Martin Chia Heok Miin	435,045	-	2,739	-
Khoo Ho Tong	136,979	-	-	-
Philip Tan Tee Yong	136,979	-	-	-
Colin Ng Teck Sim	136,979	-	-	-
Warrants 2012				
Michael Mun Hong Yew	19,184,277	19,184,277	806,000	806,000
Patricia Ng Sok Cheng	2,817,694	3,017,694	200,000	-
Jeremy Mun Weng Hung	174,000	174,000	-	-
Martin Chia Heok Miin	638,000	638,000	2,000	2,000
Khoo Ho Tong	135,000	135,000	-	-
Philip Tan Tee Yong	100,000	100,000	-	-
Colin Ng Teck Sim	128,000	128,000	20,000	20,000

By virtue of Section 7 of the Singapore Companies Act, Michael Mun Hong Yew is deemed to have an interest in the Company and in all the subsidiaries of the Company.

The Directors' interests as at January 21, 2011 were the same as those at December 31, 2010.

5 Directors' Receipt And Entitlement To Contractual Benefits

Since the beginning of the financial year, no Director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements and the Profit Sharing Scheme ("Scheme") as described below and as disclosed in the financial statements.

Certain Directors received remuneration from related corporations in their capacity as Directors and/or executives of those related corporations.

There were certain transactions (as shown in Note 6 of the financial statements) with corporations in which certain Directors have an interest.

Report of the Directors

5 Directors' Receipt And Entitlement To Contractual Benefits (Cont'd)

Directors' Profit Sharing Scheme

The Company has entered into the Scheme, which was recommended by the Remuneration Committee and approved by the Board of Directors, with the following Directors of the Company:

Michael Mun Hong Yew
Patricia Ng Sok Cheng
Martin Chia Heok Miin
Jeremy Mun Weng Hung

For Michael Mun Hong Yew

In accordance with the Scheme, Michael Mun Hong Yew is entitled to profit share based on the amount of the audited consolidated profit after tax ("PAT"), as computed in the following manner:

(i) When PAT is equal to or exceeds $5 million ("Minimum Profit") but less than $10 million, the amount shall be equal to 1.2% of the PAT;

(ii) When PAT is equal to or exceeds $10 million but is less than $15 million, the amount shall be equal to 1.6% of the PAT; and

(iii) When the PAT is equal to or exceeds $15 million, the amount shall be 2.0% of the PAT.

For Patricia Ng Sok Cheng, Martin Chia Heok Miin and Jeremy Mun Weng Hung

In accordance with the Scheme, Patricia Ng Sok Cheng, Martin Chia Heok Miin and Jeremy Mun Weng Hung are entitled to share in the Profit Sharing Pool ("Pool"), based on the amount of PAT, as computed in the following manner:

(i) When PAT is equal to or exceeds Minimum Profit, but less than $10 million, the Pool shall be equal to 1.8% of the PAT;

(ii) When PAT is equal to or exceeds $10 million but is less than $15 million, the Pool shall be equal to 2.4% of the PAT; and

(iii) When the PAT is equal to or exceeds $15 million, the Pool shall be 3.0% of the PAT.

Under the Scheme, the Remuneration Committee shall review and recommend their respective share of the Pool to be allocated to the abovementioned Directors. The actual amount payable to them shall be deliberated and decided by the Board of Directors.

As at the end of the financial year, an accrual of $100,000 (2009 : $450,000) has been made pursuant to the Scheme.

6 Share Options

Aztech Group Employee Share Option Scheme 2000 ("ESOS 2000")

(a) Names of the Members of the Committee Administering ESOS 2000

ESOS 2000 was approved and adopted at the Company's Extraordinary General Meeting held on March 10, 2000 and expired during the financial year on March 9, 2010. ESOS 2000 is administered by the Remuneration Committee comprising the following members:

Khoo Ho Tong (Chairman)
Philip Tan Tee Yong
Colin Ng Teck Sim

Participants who are members of the Committee were not involved in the deliberations in respect of options granted to that participant.

Report of the Directors

6 Share Options (Cont'd)

(b) Outstanding options

The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company. The number of outstanding share options under the scheme is as follows:

DATE OPTIONS GRANTED	EXERCISE PERIOD	OFFER PRICE PER OPTION (1)	NUMBER OF OPTIONS GRANTED	RIGHTS SHARE ISSUE ADJUSTMENT (3)	NUMBER OF OPTIONS EXERCISED	NUMBER OF OPTIONS LAPSED	NUMBER OF OPTIONS OUTSTANDING AS AT DECEMBER 31, 2010
December 12, 2006	December 13, 2007 to December 12, 2011	$0.232 ("A") $0.170 ("B")	3,350,000	153,330	1,200,000	550,000	1,753,330
July 27, 2007	July 28, 2008 to July 27, 2012	$0.561 ("A") $0.410 ("B")	1,950,000	122,654	-	900,123	1,172,531
August 28, 2008	August 29, 2009 to August 28, 2013	$0.185 (2)	2,000,000	143,749	500,000	-	1,643,749
August 28, 2008	August 29, 2009 to August 28, 2013	$0.160 ("A") $0.128 ("B")	6,750,000	584,576	509,583	962,291	5,862,702
			14,050,000	1,004,309	2,209,583	2,412,414	10,432,312

Holders of the above share options have no right to participate in any share issue of any other company and no employee or employee of related corporations has received 5% or more of the total options available under ESOS 2000, except as detailed below.

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Listing Manual), except as detailed below.

Note:

(1) "A" - Option Price that is applicable if option exercised after the 1st anniversary of the date of the acceptance of the offer but before the 2nd anniversary of the date of the acceptance of the offer. Option Price A is finalised based on the average of the last dealt prices per share of the Company on the SGX-ST for the period of five (5) consecutive market days prior to the date the option is offered.

"B" - Option Price that is applicable if option exercised after the 2nd anniversary of the date of the acceptance of the offer but before the expiry of sixty (60) months from the date of the acceptance of the offer.

All options granted under ESOS 2000 (Price "B") were granted at a discount of 20%.

Each option entitles participants to subscribe for one ordinary share in the Company.

(2) The grant price of options to Executive Director is the higher of:

(i) the average of the last dealt prices per share of the company on the SGX-ST for the period of five (5) consecutive market days immediately prior to the date of offer or

(ii) the Group's net tangible asset per share as determined from the Group's latest audited consolidated financial statement.

(3) On November 24, 2009, due to the Rights cum Warrants issue exercise, the number and price of the existing share options were adjusted accordingly, and an additional 1,004,309 share options were granted.

Report of the Directors

6 Share Options (Cont'd)

(c) Participants who are Directors/controlling shareholder/associate of controlling shareholder/executives

NAME OF PARTICIPANT	OPTIONS GRANTED DURING THE FINANCIAL YEAR UNDER REVIEW	RIGHTS SHARE ISSUE ADJUSTMENT	AGGREGATE OPTIONS GRANTED SINCE COMMENCEMENT OF SCHEME TO END OF DECEMBER 31, 2010	AGGREGATE OPTIONS EXERCISED SINCE COMMENCEMENT OF SCHEME TO END OF DECEMBER 31, 2010	AGGREGATE OPTIONS LAPSED SINCE COMMENCEMENT OF SCHEME TO END OF DECEMBER 31, 2010	AGGREGATE OPTIONS OUTSTANDING AS AT END OF DECEMBER 31, 2010
Directors of the Company						
Michael Mun Hong Yew (1) (3) (4)	-	-	3,000,000	3,000,000	-	-
Martin Chia Heok Miin (3)	-	143,749	5,242,500	2,898,000	844,500	1,643,749
Patricia Ng Sok Cheng (3)	-	47,916	5,370,000	4,120,000	750,000	547,916
Jeremy Mun Weng Hung (2) (4)	-	-	300,000	300,000	-	-
Khoo Ho Tong	-	-	500,000	500,000	-	-
Colin Ng Teck Sim	-	-	500,000	500,000	-	-
Philip Tan Tee Yong	-	-	500,000	500,000	-	-
	-	191,665	15,412,500	11,818,000	1,594,500	2,191,665

Note:

(1) Michael Mun Hong Yew is also a controlling shareholder of the Company.

(2) Jeremy Mun Weng Hung is the son of Michael Mun Hong Yew.

(3) Participants received 5.0% or more of total available options.

(4) Options granted to Michael Mun Hong Yew and Jeremy Mun Weng Hung were approved by resolution passed at the EGM of the Company dated April 12, 2004.

(d) Issue of shares under options

In 2010, the Company issued a total of 109,583 ordinary shares at $0.16 exercise price, pursuant to the exercise of options under the ESOS 2000 to take up unissued shares of the Company.

Except for the above, no other options to take up unissued shares of the Company and subsidiaries were granted and no other shares were issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries. As at the end of the financial year, except for the above, there were no unissued shares of any other subsidiaries under option.

Report of the Directors

7 Warrants

On July 17, 2007, the Company allotted 104,390,250 warrants at an issue price of $0.02 for each warrant on the basis of one warrant for every four existing shares. On November 24, 2009, due to the Rights cum Warrants issue exercise, the number and price of the existing warrants were adjusted accordingly, and an additional 9,948,476 warrants were allotted. Each warrant entitles the warrant holder to subscribe for one new ordinary share of the Company at an adjusted exercise price of $0.47 per share. The warrants have an exercise period of 3 years from July 17, 2007 to July 16, 2010. During the year, 153,476 (2009: Nil) new ordinary shares were issued from the conversion of warrants. On July 16, 2010, 113,639,250 warrants which have not been exercised have lapsed.

On November 24, 2009, the Company allotted 81,272,000 rights shares with 81,272,000 warrants at an issue price of $0.125 for each rights share on the basis of one rights share with one warrant for every five existing shares. Each warrant entitles the warrant holder to subscribe for one new ordinary share of the Company at an exercise price of $0.20 per share. The warrants have an exercise period of 3 years from November 24, 2009 to November 23, 2012. During the year, 314,777 (2009: 8,000) new ordinary shares were issued from the conversion of warrants. As at December 31, 2010, the outstanding number of warrants was 80,949,223.

8 Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On Behalf Of The Directors

……………………………………

Michael Mun Hong Yew

……………………………………

Martin Chia Heok Miin

March 18, 2011

Statement of Directors

In the opinion of the Directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 20 to 85 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2010, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

On Behalf Of The Directors

....
Michael Mun Hong Yew

....
Martin Chia Heok Miin

March 18, 2011

Independent Auditors' Report to the Members of Aztech Group Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Aztech Group Ltd (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at December 31, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 20 to 85.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Public Accountants and
Certified Public Accountants

Singapore
March 18, 2011

Statements of Financial Position

December 31, 2010

	NOTE	GROUP 2010 $'000	GROUP 2009 $'000	COMPANY 2010 $'000	COMPANY 2009 $'000
ASSETS					
Current assets					
Cash and bank balances	7	34,293	36,112	8,082	12,319
Trade receivables	8	27,919	27,277	-	101
Other receivables and prepayments	9	6,132	6,242	42,293	42,538
Tax recoverable		691	1,066	628	579
Derivative financial instruments	10	48	-	-	-
Inventories	11	32,986	26,724	-	-
Total current assets		102,069	97,421	51,003	55,537
Non-current assets					
Trade receivables	8	686	-	-	-
Other receivables and prepayments	9	-	2,691	-	-
Investment in subsidiaries	12	-	-	84,960	83,536
Property, plant and equipment	13	73,656	77,747	373	269
Investment properties	14	2,950	12,323	-	-
Available-for-sale financial assets	15	516	555	516	516
Deferred tax assets	16	144	191	-	16
Intangible asset	17	4,183	4,214	-	-
Total non-current assets		82,135	97,721	85,849	84,337
Total assets		184,204	195,142	136,852	139,874

Statements of Financial Position

December 31, 2010

	NOTE	GROUP 2010 $'000	GROUP 2009 $'000	COMPANY 2010 $'000	COMPANY 2009 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	18	35,214	28,853	2,565	4,205
Trade payables	19	21,764	23,330	-	175
Other payables and provisions	20	4,568	8,573	18,770	15,810
Derivative financial instruments	10	107	34	-	-
Income tax payable		841	-	-	-
Finance leases	21	363	784	-	-
Total current liabilities		62,857	61,574	21,335	20,190
Non-current liabilities					
Borrowings	18	14,102	19,366	-	-
Deferred tax liabilities	16	1,168	1,474	7	-
Finance leases	21	-	397	-	-
Total non-current liabilities		15,270	21,237	7	-
Capital and reserves					
Share capital	22	121,447	121,286	121,447	121,286
Treasury shares	23	(5,636)	(5,636)	(5,636)	(5,636)
Warrant reserve		-	1,769	-	1,769
Foreign currency translation reserve		(8,264)	(3,967)	-	-
Employee share-based compensation reserve	24	967	850	967	850
Investment revaluation reserve		200	200	200	200
(Accumulated losses) Retained earnings		(2,637)	(2,171)	(1,468)	1,215
Total equity		106,077	112,331	115,510	119,684
Total liabilities and equity		184,204	195,142	136,852	139,874

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year Ended December 31, 2010

	NOTE	GROUP 2010 $'000	GROUP 2009 $'000
Revenue	25	211,336	280,267
Cost of sales		(188,855)	(242,840)
Gross profit		22,481	37,427
Other operating income	26	6,445	5,789
Selling and distribution costs		(4,779)	(3,332)
Administrative expenses		(15,674)	(19,800)
Finance costs	27	(1,233)	(2,046)
Profit before income tax		7,240	18,038
Income tax	28	(1,910)	(2,620)
Net profit for the year	29	5,330	15,418
Other comprehensive income			
Exchange differences on translation of foreign operations, net of tax		(4,297)	(1,262)
Total comprehensive income for the year		1,033	14,156
Profit attributable to:			
Owners of the Company		5,330	15,418
Total comprehensive income attributable to:			
Owners of the Company		1,033	14,156
Earnings per share (cents)			
- Basic	30	1.09	3.75
- Diluted	30	1.06	3.70

Statements of Changes in Equity

Year Ended December 31, 2010

	NOTE	SHARE CAPITAL $'000	TREASURY SHARES $'000	WARRANT RESERVE [1] $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	EMPLOYEE SHARE BASED COMPENSATION RESERVE $'000	INVESTMENT REVALUATION RESERVE [2] $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
GROUP									
Balance at January 1, 2009		110,082	(5,636)	1,769	(2,705)	769	200	(9,581)	94,898
Total comprehensive income for the year		-	-	-	(1,262)	-	-	15,418	14,156
Issue of shares	22	11,204	-	-	-	(384)	-	-	10,820
Recognition of share-based payment	24	-	-	-	-	465	-	-	465
Dividend paid	31	-	-	-	-	-	-	(8,008)	(8,008)
Balance at December 31, 2009		121,286	(5,636)	1,769	(3,967)	850	200	(2,171)	112,331
Total comprehensive income for the year		-	-	-	(4,297)	-	-	5,330	1,033
Issue of shares	22	161	-	-	-	(8)	-	-	153
Recognition of share-based payment	24	-	-	-	-	125	-	-	125
Warrant lapsed		-	-	(1,769)	-	-	-	1,769	-
Dividend paid	31	-	-	-	-	-	-	(7,565)	(7,565)
Balance at December 31, 2010		121,447	(5,636)	-	(8,264)	967	200	(2,637)	106,077

Statements of Changes in Equity

Year Ended December 31, 2010

	NOTE	SHARE CAPITAL $'000	TREASURY SHARES $'000	WARRANT RESERVE [1] $'000	EMPLOYEE SHARE BASED COMPENSATION RESERVE $'000	INVESTMENT REVALUATION RESERVE [2] $'000	(ACCUMULATED LOSSES) RETAINED EARNINGS $'000	TOTAL $'000
COMPANY								
Balance at January 1, 2009		110,082	(5,636)	1,769	769	200	(14,716)	92,468
Total comprehensive income for the year		-	-	-	-	-	23,939	23,939
Issue of shares	22	11,204	-	-	(384)	-	-	10,820
Recognition of share-based payment	24	-	-	-	465	-	-	465
Dividend paid	31	-	-	-	-	-	(8,008)	(8,008)
Balance at December 31, 2009		121,286	(5,636)	1,769	850	200	1,215	119,684
Total comprehensive income for the year		-	-	-	-	-	3,113	3,113
Issue of shares	22	161	-	-	(8)	-	-	153
Recognition of share-based payment	24	-	-	-	125	-	-	125
Warrant lapsed		-	-	(1,769)	-	-	1,769	-
Dividend paid	31	-	-	-	-	-	(7,565)	(7,565)
Balance at December 31, 2010		121,447	(5,636)	-	967	200	(1,468)	115,510

[1] The warrant reserve represents net proceeds in the company rights issue of warrants. As and when the warrants are exercised, the net proceeds relating to the warrants exercised will be transferred to the share capital reserve. During the year, the warrants have lapsed, and the balance was transferred to retained earnings.

[2] The investment revaluation reserve arises from the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

Consolidated Statement of Cash Flows

Year Ended December 31, 2010

	GROUP	
	2010 $'000	2009 $'000
Operating activities		
Profit before income tax	7,240	18,038
Adjustments for:		
Share based payment	125	465
(Reversal of) Allowance for doubtful trade receivables	(25)	27
Allowance for inventory obsolescence	270	725
Depreciation	7,086	7,175
(Gain) Loss on disposal of property, plant and equipment	(585)	1,115
Gain on disposal of investment properties	(373)	-
Amortisation of intangible asset	3,064	3,494
Provision for warranty	-	(25)
Fair value gain on investment properties	(800)	(1,144)
Fair value gain on derivative financial instruments	(37)	(565)
Interest income	(102)	(159)
Interest expense	1,023	1,717
Net foreign exchange gain	(2,683)	(973)
Operating cash flows before movements in working capital	14,203	29,890
Trade receivables	(8,134)	8,526
Other receivables and prepayments	17	(877)
Inventories	(9,079)	5,651
Trade payables	5,122	(648)
Other payables and provisions	(3,798)	8
Cash (used in) generated from operations	(1,669)	42,550
Interest paid	(1,023)	(1,717)
Income tax paid	(847)	(3,560)
Net cash (used in) from operating activities	(3,539)	37,273

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year Ended December 31, 2010

	GROUP	
	2010 $'000	2009 $'000
Investing activities		
Proceeds from disposal of property, plant and equipment	1,893	225
Purchase of property, plant and equipment	(2,986)	(15,081)
Deposit for vessel payment	-	(5,382)
Net proceeds from disposal of investment property	10,438	-
Proceeds from disposal of available-for-sale investment	37	-
Intangible assets	(3,033)	(2,724)
Interest received	102	159
Net cash from (used in) investing activities	6,451	(22,803)
Financing activities		
Dividend paid	(7,565)	(8,008)
Pledged deposit	(786)	-
Restricted cash	(3,499)	-
Repayment of obligations under finance leases	(767)	(1,959)
Proceeds from bank borrowings	73,590	124,082
Repayment of bank borrowings	(68,403)	(141,274)
Proceeds from issue of shares	153	10,820
Proceeds from derivative financial instruments	61	721
Net cash used in financing activities	(7,216)	(15,618)
Net decrease in cash and cash equivalents	(4,304)	(1,148)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,791)	(389)
Cash and cash equivalents at beginning of year	36,112	37,649
Cash and cash equivalents at end of year	30,017	36,112

See accompanying notes to financial statements.

Notes to Financial Statements
December 31, 2010

1 General

The Company (Registration No. 1986-01642-R) is incorporated in Singapore with its principal place of business and registered office at 31 Ubi Road 1, Aztech Building, Singapore 408694. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars and all values are rounded to the nearest thousand ($'000) unless otherwise indicated.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2010 were authorised for issue by the Board of Directors on March 18, 2011.

2 Summary Of Significant Accounting Policies

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2010. The adoption of these new/revised FRS and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

*Improvements to Financial Reporting Standards (*issued in October 2010*)*

FRS 24 (Revised)	-	*Related Party Disclosures*
Amendment to FRS 12	-	*Income Taxes*
Amendment to FRS 32	-	*Financial Instruments: Presentation – Amendments relating to Classification of Rights Issues*
Amendment to FRS 107	-	*Financial Instruments: Disclosure – Transfer of Financial Assets*

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRSs in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

Notes to Financial Statements
December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investment in subsidiaries is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Notes to Financial Statements
December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

BUSINESS COMBINATIONS - Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

Notes to Financial Statements
December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Financial assets are classified into available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Investments in club memberships held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income (revaluation reserve) with the exception of impairment losses, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in the revaluation reserve is reclassified to profit or loss.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

Notes to Financial Statements
December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 45 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When trade and other receivables are uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

With the exception of available-for-sale equity investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to Financial Statements
December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Treasury shares

When the Company purchases its ordinary shares (treasury shares), the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's owners and presented as "treasury shares" within equity, until they are cancelled, sold or reissued.

When treasury shares are subsequently sold or reissued, the cost of the treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the share capital of the Company.

Warrants

Proceeds from the issuance of warrants are credited to the warrant reserve. When the warrants are exercised, the value of such warrants exercised standing to the credit of the warrant reserve account will be transferred to the share capital account. At the expiry of the warrants, the balance in the warrant reserve will be transferred to retained earnings.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation in accordance with FRS 18 Revenue.

Derivative financial instruments

The Group enters into foreign currency forward contracts and interest rate swaps to manage its exposure to foreign exchange and interest rate risk, respectively. Further details of derivative financial instruments are disclosed in Note 10.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Notes to Financial Statements
December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is charged so as to write off the cost of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold property	-	over the terms of lease, which are from 1.75% to 4%
Computer and office equipment	-	20% to 33.33%
Factory equipment	-	12.5% to 20%
Factory furniture and fittings	-	20%
Vessels	-	4% to 7%
Dry-docking expenditure	-	20%
Assets on board of the vessels	-	33.33%
Office furniture and fittings	-	20%
Research and development equipment and tools	-	20% to 33.33%
Software applications	-	33.33%
Motor vehicles	-	20%

Vessels are stated at cost and not depreciated until such time they are completed and available for operational use.

Vessel component costs include the cost of major components which are usually replaced or renewed in connection with a dry-docking when a vessel is delivered. The assets are stated at cost less accumulated depreciation and impairment losses. The vessel component costs are depreciated over the estimated period to the first dry docking. The Group subsequently capitalises dry docking costs as they are incurred and depreciates these costs over their estimated useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

Notes to Financial Statements
December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

INVESTMENT PROPERTY - Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

INTANGIBLE ASSETS

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Development costs that have been capitalised as intangible assets are amortised from the commencement of the commercial production on a straight-line basis over the period of its expected benefits, which normally does not exceed 3 years. Where no internally generated asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to Financial Statements
December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provision for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Leases

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Rental income from subletting arrangements is recognised on a straight-line basis over the term of the relevant lease.

Notes to Financial Statements
December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 24. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The policy described above is applied to all equity-settled share-based payments that were granted after November 22, 2002 that vested after January 1, 2005. No amount has been recognised in the financial statements in respect of other equity-settled share-based payments.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Notes to Financial Statements
December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Chartering income

Revenue from chartering income is recognised on a straight-line basis over the relevant lease period.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Notes to Financial Statements

December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

PROFIT SHARING SCHEME – Certain directors are entitled to a share of the profit under the profit sharing scheme as disclosed in the Directors' Report. A provision is made for the estimated liability under the profit sharing scheme.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Group and the subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised directly outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Notes to Financial Statements

December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in foreign currency translation reserve (attributed to non-controlling interests, as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to Financial Statements
December 31, 2010

2 Summary Of Significant Accounting Policies (Cont'd)

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 Critical Accounting Judgements And Key Sources Of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies which has the most significant effect on the amounts recognised in the financial statements.

Land use rights certificates

As at December 31, 2010, the Group's overseas production facilities are located on plots of land of which land use rights certificates have not been obtained. The management has continued to follow up with the relevant local authorities and is of the opinion that the required certificates will be obtained in the near future.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated impairment of deferred development costs

Determining whether deferred development cost is impaired requires an estimation of the value in use of the development projects. The value in use calculation requires the Group to estimate the future cash flows expected to arise from such projects and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2010, the carrying amount of deferred development cost is $4,183,000 (2009 : $4,214,000).

Notes to Financial Statements
December 31, 2010

3 Critical Accounting Judgements And Key Sources Of Estimation Uncertainty (Cont'd)

Estimated impairment of receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2010, the carrying amount of trade receivables is $28,605,000 (2009: $27,277,000) net of allowance for doubtful debts of $488,000 (2009: $552,000).

Estimated allowance for inventories

At the end of the reporting period, the management of the Group carries out a review on a product-by-product and on an aging basis to make allowance for obsolete and slow-moving inventory items. The management estimates the net realisable value for such inventory items based primarily on the current market conditions. As at December 31, 2010, the allowance for inventories was $1,343,000 (2009: $2,259,000).

Estimated impairment in value of investment in subsidiaries

Determining whether investment in subsidiaries is impaired involves the consideration of the performance of the subsidiaries and the market conditions in which the subsidiaries operate in. This affects the Company's share of net assets of the subsidiaries. At the end of the reporting period, the management of the Company has performed an impairment assessment of its investment in its subsidiaries. As at December 31, 2010, the provision for impairment loss was $7,192,000 (2009: $7,192,000).

If the performance of the subsidiaries and/or market conditions were to deteriorate which will affect the Company's share of net assets of the subsidiaries, additional impairment may be required.

Estimated valuation of the investment properties

As described in Note 2, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have determined the fair values using various methods of valuation which involve the making of certain assumptions and the use of estimates. In relying on the valuation reports of the professional valuers, the management has exercised judgement in arriving at a value which is reflective of the current market conditions. As at December 31, 2010, the fair value of investment properties were $2,950,000 (2009: $12,323,000).

Depreciation of property, plant and equipment

The Group depreciates its property, plant and equipment over their estimated useful lives, after taking into account their estimated residual value using the straight line method. The estimated useful life reflects the management's estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the management's estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. As at December 31, 2010, the carrying amounts of property, plant and equipment was $73,656,000 (2009: $77,747,000).

Estimated service life, scrap value and recoverable amount of vessels

The estimated service life and scrap value of the vessels are assessed annually and adjusted if necessary. Irrespective of indications of impairment, the recoverable values of vessels are determined at least annually based on an independent broker's valuations and calculated value in use. Significant changes in the estimated service life and scrap values and the result of the impairment test of vessels and of vessels under construction may have an impact on operating income. The book value of vessels is disclosed in Note 13 and the contractual commitments regarding acquisition of vessels are disclosed in Note 32.

Notes to Financial Statements

December 31, 2010

3 Critical Accounting Judgements And Key Sources Of Estimation Uncertainty (Cont'd)

According to the impairment assessment, no vessels have been determined as being impaired as at December 31, 2010. The recoverable amount of the vessels is estimated based on the calculated value in use. The key assumptions for the calculation of the value in use are the vessel's estimated future earnings generated from the potential materials supply contracts or chartering contracts and operating costs and a risk adjusted weighted average cost of capital of 8% (2009: 5%) per annum. The Group's earnings may vary as it depends on the ability of the Group to secure the materials supply contracts or the chartering contracts. Impairment loss may be required if the Group is unable to secure the material supply contracts and the amount may be significant. As at December 31, 2010, the carrying amounts of vessels and dry docking expenditure was $59,634,000 (2009: $57,616,000).

4 Financial Instruments, Financial Risks And Capital Risks Management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Financial assets				
Derivative financial instruments	48	-	-	-
Trade and other receivables (including cash and bank balances)	68,792	71,600	50,338	54,922
Available-for-sale financial assets	516	555	516	516
Financial liabilities				
Derivative financial instruments	107	34	-	-
Trade and other payables (including loans and finance leases)	76,011	81,303	21,335	20,190

(b) Financial risk management policies and objectives

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management control and procedures, the results of which are reported to the Audit Committee.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

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December 31, 2010

4 Financial Instruments, Financial Risks And Capital Risks Management (Cont'd)

(i) *Foreign exchange risk management*

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency that gives rise to this risk is primarily United States dollars.

The Group manages foreign currency risk by matching assets and liabilities in the same currency denomination and supplemented with appropriate financial instruments where necessary. The Group uses derivative financial instruments to mitigate the financial impact associated with foreign currency fluctuation relating to certain forecasted transactions.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	GROUP				COMPANY			
	LIABILITIES		ASSETS		LIABILITIES		ASSETS	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Singapore dollars	51	-	3,501	3,000	-	-	-	-
Renminbi	3,700	2,748	14,948	7,008	-	-	-	-
United States dollars	48,266	56,474	33,328	34,883	5,218	7,294	246	522
Euro	-	1	71	87	-	-	-	-
Hong Kong dollars	-	-	-	3	-	-	-	-

Foreign currency sensitivity

The following analyses detail the sensitivity to a 5% increase and decrease in the Singapore dollar against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the Singapore dollar strengthens/weakens by 5% against the United States dollar with all other variables held constant, the Group's profit for the year ended December 31, 2010 would increase/decrease by $747,000 (2009: $1,082,000) respectively.

If the Singapore dollar strengthens/weakens by 5% against the United States dollar with all other variables held constant, the Company's profit for the year ended December 31, 2010 would increase/decrease by $249,000 (2009: $339,000) respectively.

The Group's sensitivity to foreign currency has decreased during the current year mainly due to the decrease in foreign currency borrowings.

Notes to Financial Statements

December 31, 2010

4 Financial Instruments, Financial Risks And Capital Risks Management (Cont'd)

(ii) Interest rate risk management

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group monitors the movements in interest rates on an ongoing basis and evaluates the exposure for its debt obligations.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for cash and cash equivalents placed with and borrowing from banks and financial institutions in Singapore, PRC and Hong Kong at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's profit for the year ended December 31, 2010 would decrease/ increase by $248,000 (2009 : $247,000). No analysis is prepared at the Company level as the amount is immaterial.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in average bank borrowings.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial losses from default. Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Where appropriate, the Group obtains collateral from its customers. Cash terms, advance payments and letter of credits are required for customers of lower credit standing. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

As at December 31, 2010, 67.7% (2009 : 61.7%) of trade receivables for the Group relate to amounts due from five (2009 : five) major customers. The Group manages concentration of credit risk by performing credit analysis procedures to assess the potential customers' credit quality and defines credit limits by customer before offering credit term to any new customer. The credit terms to customers are reviewed at least once a year.

The Group places its cash with creditworthy institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets by the Group as stated at the end of the reporting period, reduced by the effects of any netting agreements with counterparties.

Notes to Financial Statements
December 31, 2010

4 Financial Instruments, Financial Risks And Capital Risks Management (Cont'd)

(iv) Liquidity risk management

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surplus and the raising of loans to cover expected cash demand, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liability requirements in the short and longer term. Undrawn facilities are disclosed in Note 18.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	ON DEMAND OR WITHIN 1 YEAR $'000	WITHIN 2 TO 5 YEARS $'000	AFTER 5 YEARS $'000	ADJUSTMENT $'000	TOTAL $'000
GROUP						
2010						
Non-interest bearing	-	26,332	-	-	-	26,332
Finance lease liability	2.9	367	-	-	(4)	363
Bank loans	2.1	35,790	14,498	-	(972)	49,316
2009						
Non-interest bearing	-	31,903	-	-	-	31,903
Finance lease liability	2.9	805	402	-	(26)	1,181
Bank loans	2.3	29,506	20,024	-	(1,311)	48,219

Notes to Financial Statements
December 31, 2010

4 Financial Instruments, Financial Risks And Capital Risks Management (Cont'd)

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	ON DEMAND OR WITHIN 1 YEAR $'000	WITHIN 2 TO 5 YEARS $'000	AFTER 5 YEARS $'000	ADJUSTMENT $'000	TOTAL $'000
COMPANY						
2010						
Non-interest bearing	-	18,770	-	-	-	18,770
Bank loans	2.8	2,572	-	-	(7)	2,565
2009						
Non-interest bearing	-	15,985	-	-	-	15,985
Bank loans	2.7	4,215	-	-	(10)	4,205

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

Notes to Financial Statements

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4 Financial Instruments, Financial Risks And Capital Risks Management (Cont'd)

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	ON DEMAND OR WITHIN 1 YEAR $'000	WITHIN 2 TO 5 YEARS $'000	AFTER 5 YEARS $'000	ADJUSTMENT $'000	TOTAL $'000
GROUP						
2010						
Non-interest bearing	-	51,953	-	-	-	51,953
Fixed deposits	0.8	17,449	-	-	(94)	17,355
2009						
Non-interest bearing	-	54,921	-	-	-	54,921
Fixed deposits	0.6	17,253	-	-	(19)	17,234
COMPANY						
2010						
Non-interest bearing	-	4,796	-	-	-	4,796
Interest bearing						
receivable	2.2	39,243	-	-	(845)	38,398
Fixed deposits	0.2	7,671	-	-	(11)	7,660
2009						
Non-interest bearing	-	13,349	-	-	-	13,439
Interest bearing						
receivable	2.1	32,330	-	-	(665)	31,665
Fixed deposits	0.1	10,335	-	-	(1)	10,334

Notes to Financial Statements
December 31, 2010

4 Financial Instruments, Financial Risks And Capital Risks Management (Cont'd)

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets transactions and dealer quotes for similar instruments; and
- the fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	2010		2009	
	CARRYING AMOUNT $'000	FAIR VALUE $'000	CARRYING AMOUNT $'000	FAIR VALUE $'000
GROUP				
Financial liabilities				
Finance lease obligations	363	363	1,181	1,181
Bank loans	2,920	3,069	1,880	1,992

The group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Notes to Financial Statements

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4 Financial Instruments, Financial Risks And Capital Risks Management (Cont'd)

Financial instruments measured at fair value

	TOTAL $'000	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000
GROUP				
2010				
Financial assets				
Financial assets at fair value through profit or loss:				
- Derivative financial instruments	48	-	48	-
Available-for-sale investments:				
- Club membership	516	516	-	-
Total	564	516	48	-
Financial liabilities				
Derivative financial instruments	107	-	107	-
2009				
Financial assets				
Available-for-sale investments:				
- Club membership	555	555	-	-
Financial liabilities				
Derivative financial instruments	34	-	34	-
COMPANY				
2010				
Financial assets				
Available-for-sale investments:				
- Club membership	516	516	-	-
2009				
Financial assets				
Available-for-sale investments:				
- Club membership	516	516	-	-

There were no transfers between Level 1, 2 and 3 of the fair value hierarchy in 2009 and 2010.

Notes to Financial Statements
December 31, 2010

4 Financial Instruments, Financial Risks And Capital Risks Management (Cont'd)

(c) Capital risk management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The Group's overall strategy remains unchanged from 2009.

Management monitors capital based on the Group's return on shareholders' funds and net gearing. The return on shareholders' funds was 5.0% for the current financial year ended December 31, 2010 (2009 : 13.7%). Net gearing was 14.5% for the current financial year ended December 31, 2010 (2009 : 11.8%).

The return on shareholders' funds is calculated as net profit attributable to owners of the parent divided by shareholders' funds as at end of the reporting period.

The net gearing ratio is calculated as net borrowings divided by shareholders' funds. Net borrowings are calculated as total interest bearing loans and borrowings (Note 18) less cash and bank balances (Note 7).

The Group and the Company are in compliance with all externally imposed financial covenant requirements on borrowings for the financial years ended December 31, 2010 and 2009.

5 Related Company Balances

Related companies in these financial statements refer to members of the Group of companies. The intercompany balances are unsecured, interest-free and are repayable within the next twelve months unless stated otherwise.

6 Related Party Transactions

(a) Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(b) By virtue of Section 7 of the Singapore Companies Act, Michael Mun Hong Yew is deemed to have an interest in the Company and in all the subsidiaries of the Company.

In accordance with FRS 24 - Related Party Disclosures, the close members of the family of Michael Mun Hong Yew are considered to be related parties.

(c) Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. Such related party transactions are reviewed by the Audit Committee. The balances with related parties are unsecured, interest-free and repayable within the next twelve months unless otherwise stated.

Notes to Financial Statements
December 31, 2010

6 Related Party Transactions (Cont'd)

During the year, Group entities entered into the following transactions with related parties:

	GROUP 2010 $'000	GROUP 2009 $'000
(1) Transaction with companies in which Michael Mun Hong Yew has an equity interest:		
Rental income	(71)	(71)
Sale of goods	(9)	(1)
Purchase of goods	58	2
(2) Transaction with companies in which an Independent Director has an interest:		
Consulting services	67	134
Corporate secretarial services	12	12
(3) Salaries paid to employees of the Group who are relatives of Michael Mun Hong Yew and Jeremy Mun Weng Hung:		
Salary expenses	80	75

Compensation of directors and key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	GROUP 2010 $'000	GROUP 2009 $'000
Short-term benefits	3,101	4,000
Share-based payments	118	226
Total	3,219	4,226

The remuneration of Directors and key management is determined by the Remuneration Committee having regard to the performance of individuals.

Notes to Financial Statements

December 31, 2010

7 Cash And Bank Balances

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Cash at bank and in hand	16,938	18,878	422	1,985
Fixed deposits	17,355	17,234	7,660	10,334
Cash and bank balances	34,293	36,112	8,082	12,319
Less: Restricted cash (Note 18)	(3,499)	-	-	-
Pledged deposit	(777)	-	-	-
Cash and cash equivalents	30,017	36,112	8,082	12,319

Bank balances and cash comprise cash held by the Group and the Company and short-term bank deposits with an original maturity of one year or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest at a weighted average rate of 0.3% (2009: 0.6%) per annum and for a tenure of approximately 139 days (2009: 50 days).

Restricted cash represents deposits placed in a bank as collateral for entering into a short-term bank loan granted to a subsidiary of the Company. The restricted bank deposits carry average fixed interest rate of 1.84% per annum.

Pledged deposits represents a deposit pledged to a bank to secure general short-term banking facilities granted to a subsidiary of the Company. The bank deposits carries fixed interest rate of 2.25% per annum.

The Group's and the Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Singapore dollars	3,501	3,000	-	-
Renminbi	13,003	5,903	-	-
United States dollars	7,316	7,795	147	313
Euro	71	87	-	-
Hong Kong dollars	-	3	-	-

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8 Trade Receivables

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current				
Outside parties	28,407	27,829	-	101
Allowance for doubtful trade receivables	(488)	(552)	-	-
Total	27,919	27,277	-	101
Non-current				
Outside parties	686	-	-	-
Total	28,605	27,277	-	-

The average credit period on sale of goods is 45 days (2009 : 45 days). No interest is charged on the trade receivables.

Before accepting any new customer, the Group uses both an internal and external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once per year. 69.5% (2009 : 58.7%) of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under credit scoring system used by the Group.

Included in the Group's trade receivable balance are debtors with a carrying amount of $8.71 million (2009 : $11.28 million) which are past due at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables are 34 days (2009 : 41 days) past due.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further impairment required in excess of the allowance for doubtful debts.

During the year, the Group discounted exporting letters of credit of $3,950,000 (2009 : $6,144,000) to the banks. As part of the discounting, the Group provided the banks a credit guarantee over the expected losses of those receivables and has recognised the cash received on the transfer as a secured borrowing. At the end of the reporting period, the carrying amount of the exporting letters of credit transferred and the associated liability is $1,585,000 (2009 : $575,000) (Note 18).

Included in the allowance for doubtful debts are specific trade receivables with a balance of $488,000 (2009 : $552,000) relating to customers who have been placed in liquidation. The impairment recognised represents the difference between the carrying amount of the specific trade receivable and present value of expected liquidation proceeds. The Group does not hold any collateral over these balances.

Notes to Financial Statements
December 31, 2010

8 Trade Receivables (Cont'd)

Movements in the allowance for doubtful debts:

	GROUP	
	2010 $'000	2009 $'000
Balance at beginning of the year	552	539
Exchange difference	(39)	(14)
(Decrease) Increase in allowance recognised in profit or loss	(25)	27
Balance at end of the year	488	552

The Group's and the Company's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
United States dollars	24,749	24,390	-	101

9 Other Receivables And Prepayments

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current				
Other receivables and prepayments	4,057	2,430	200	249
Insurance receivable	2,075	3,812	-	-
Subsidiaries (Notes 5 and 12)	-	-	45,898	46,094
Allowance for doubtful other receivables	-	-	(3,805)	(3,805)
	6,132	6,242	42,293	42,538
Non-current				
Deposit for vessel payment	-	2,691	-	-
Total	6,132	8,933	42,293	42,538

The insurance receivable was for two insurance claims submitted for the damage sustained to two of the Group's vessels in 2009. During the year, one of the insurance claims amounting to $1,817,000 (denominated in US$1,296,000) had been received.

The Company's other receivables due from subsidiaries are repayable on demand and interest-free except for balance with a subsidiary amounting to $38,398,402 (2009: $31,665,000) which is subject to interest at 1.85% per annum above USD SIBOR. The Company has not made any further allowance in 2010 as the management is of the view that receivables are recoverable.

Notes to Financial Statements
December 31, 2010

9 Other Receivables And Prepayments (Cont'd)

The Group's and the Company's other receivables and prepayments that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Renminbi	1,945	1,105	-	-
United States dollars	1,263	2,698	99	108

10 Derivative Financial Instruments

	GROUP			
	ASSETS		LIABILITIES	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Forward foreign exchange contracts	48	-	-	(16)
Interest rate swap contracts	-	-	(107)	(18)
	48	-	(107)	(34)

The derivative financial instruments outstanding as at end of the reporting period are as follows:

(i) Deliverable and Non Deliverable Forward Contracts

NOTIONAL AMOUNT	MATURITY DATE	EXCHANGE RATE
US$500,000 (Deliverable)	From September 21, 2010 to March 10, 2011	Buy RMB / Sell US$ at 6.7271 to 6.7721
EURO 224,125 (Deliverable)	June 28, 2011	Sell EURO at 1.702
US$500,000 (Non deliverable)	From October 19, 2010 to March 10, 2011	Buy US$ / Sell RMB at 6.642 to 6.71
US$586,406 (Non deliverable)	September 15, 2011	Sell RMB at 6.664
US$1,572,594 (Non deliverable)	October 12, 2011	Sell RMB at 6.479
US$1,264,111 (Non deliverable)	October 24, 2011	Sell RMB at 6.46

Notes to Financial Statements
December 31, 2010

10 Derivative Financial Instruments (Cont'd)

(ii) Structured Forward Contracts

The Group has entered into several net-settled US$/RMB structured forward contracts which give the Group the opportunities to sell US$/buy RMB at rates which are better than the market plain forward rates prevailing on the trade dates of the transactions by means of receiving fixed or variable US$ or RMB amounts per month under certain RMB exchange rate scenario. However, the Group is obliged to sell US$/buy RMB for certain specified amounts at rates less favourable than the then prevailing market spot rates under the scenario of depreciation of RMB against US$ beyond certain levels of 6.85 to 6.93. As of December 31, 2010, the total notional amounts the outstanding US$/RMB structured forward contracts were US$23 million covering monthly settlements up to May 2012, which is less than the Group's forecasted RMB needs for the period.

In 2009, the Group also entered into a non-deliverable forward contract for US$/RMB in which the Group is entitled/obliged to receive/pay the difference between the contracted rate of 6.885 and the prevailing spot price on the nominal amount of US$800,000 per month for a period of 15 months. There is no downsize risk for the first 6 months tenure and the knock-out rate is 6.800. During the year, the contract expired.

(iii) Interest rate swap contracts

The Group entered into three interest rate swap agreements for the amount of US$3.4 million which will be terminated on various dates up to October 24, 2011. The Group will pay annual fixed interest rate on the principal amount ranges from 1.63% to 1.65% per annum and the counterparty will pay a monthly floating interest at 1% above 1 month LIBOR. The purpose of the interest rate swap agreements is to cover the risks of potential losses on the short-term bank loan of US$3.4 million (equivalent to about $4.3 million) arising from the increase in interest rate.

In 2009, the Group also entered into an interest rate swap contract at a fixed rate of 2.175% per annum with the effective date on May 10, 2010 on the notional amount of US$3 million which will be amortised over 10 quarters according to the vessel loan repayment schedule. The swap was structured to hedge the USD SIBOR interest rate of the vessel loan by converting from a variable-rate instrument to a fixed-rate instrument. As at December 31, 2010, the remaining tenure of the contract was 6 quarters.

The Group uses widely recognised valuation models for determining the fair value of forward foreign exchange contracts and interest rate swaps. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves. For these financial instruments, inputs into models are market observable and are therefore included within Level 2 of the fair value hierarchy of FRS 107.

Notes to Financial Statements
December 31, 2010

11 Inventories

	GROUP	
	2010 $'000	2009 $'000
Finished goods	9,516	9,550
Work-in-progress	6,523	4,189
Raw materials	16,947	12,985
	32,986	26,724

12 Investment In Subsidiaries

	COMPANY	
	2010 $'000	2009 $'000
Unquoted equity shares, at cost	90,728	89,614
Deemed interest [4]	1,424	1,114
	92,152	90,728
Impairment loss	(7,192)	(7,192)
Carrying amount	84,960	83,536
Movement in the provision for impairment:		
Balance at beginning of year	7,192	43,920
Amount written back during the year	-	(9,114)
Transfer of shareholdings to a subsidiary	-	(27,614)
Balance at end of year	7,192	7,192

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12 Investment In Subsidiaries (Cont'd)

The subsidiaries of the Company are set out below:

NAME OF COMPANY	PLACE OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP		COST OF INVESTMENT BY THE COMPANY		PRINCIPAL ACTIVITY
		2010	2009	2010	2009	
		%	%	$'000	$'000	
Held by the Company						
Aztech Electronics Pte Ltd	Singapore	100	100	70,222	69,130	Investment holding company
Aztech Systems GmbH (2)	Germany	100	100	6,556	6,550	Distribution and sale of multicommunication products and computer peripherals and provision of marketing services
Hitemco Pte Ltd	Singapore	100	100	3,000	3,000	Development of and investment in properties
AZ United Pte Ltd	Singapore	100	100	10,947	10,813	Non-building construction related works, including supply and procurement of materials
AZ Marine Pte Ltd	Singapore	100	100	1,427	1,235	Chartering, operating and management of sea going vessels and provision of marine transportation services
Held by Aztech Electronics Pte Ltd						
AZ – Technology Sdn Bhd (1)	Malaysia	100	100	-	-	Distribution and sale of multicommunication products and computer peripherals and provision of marketing services
Aztech Labs, Inc. (2)	United States of America	100	100	-	-	Distribution and sale of multicommunication products and computer peripherals and provision of marketing services
AZ E-Lite (HK) Ltd (1) (formerly known as Aztech International Ltd)	Hong Kong	100	100	-	-	Distribution and sales of electrical and LED lights and electronic and multicommunication products
Aztech Systems (Hong Kong) Ltd (1)	Hong Kong	100	100	-	-	Manufacture and sale of multicommunication products and computer peripherals
Azfin Semiconductors Pte Ltd	Singapore	82	82	-	-	Dormant
Shiro Corporation Pte Ltd	Singapore	100	100	-	-	Sale of frozen and canned food

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12 Investment In Subsidiaries (Cont'd)

NAME OF COMPANY	PLACE OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP		COST OF INVESTMENT BY THE COMPANY		PRINCIPAL ACTIVITY
		2010	2009	2010	2009	
		%	%	$'000	$'000	
Held by Aztech Electronics Pte Ltd						
Aztech Technologies Pte Ltd	Singapore	100	100	-	-	Distribution and sale of products multicommunication and computer peripherals and design and manufacture of electrical and LED lights and lighting system installation
AZ E-lite Pte Ltd	Singapore	100	100	-	-	Design and manufacture of electrical and LED lights and lighting system installation
Aztech Global Pte Ltd (5)	Singapore	100	-	-	-	Distribution and sale of multicommunication products and computer peripherals
Held by Shiro Corporation Pte Ltd						
Shiro Corporation (HK) Limited (1)	Hong Kong	100	100	-	-	Dormant
Held by Aztech Systems (Hong Kong) Ltd						
Aztech Communication Device (DG) Ltd (1)	PRC	100	100	-	-	Manufacture and sale of multicommunication products, LED lights and plastic injection parts
Held by Aztech Communication Device (DG) Ltd						
Aztech Communication Device (Shenzhen) Ltd (1)	PRC	100	100	-	-	Development of and investment in properties
Held by AZ United Pte Ltd						
AZ Materials Pte Ltd	Singapore	100	100	-	-	Non-building construction related works, including supply of materials
ThatWeb Solutions (Shanghai) Co. Ltd (3)	PRC	-	-	-	-	In process of liquidation

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12 Investment In Subsidiaries (Cont'd)

NAME OF COMPANY	PLACE OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP		COST OF INVESTMENT BY THE COMPANY		PRINCIPAL ACTIVITY
		2010	2009	2010	2009	
		%	%	$'000	$'000	
Held by AZ Marine Pte Ltd						
AZ Lavender Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Lily Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Orchid Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Rose Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Tulip Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Peony Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Carnation Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Sunflower Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Iris Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Jasmine Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Sakura Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Ivy Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
AZ Marigold Pte Ltd	Singapore	100	100	-	-	Ownership and chartering of sea going vessel
				92,152	90,728	

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12 Investment In Subsidiaries (Cont'd)

All the companies are audited by Deloitte & Touche LLP, Singapore except for the subsidiaries that are indicated as follows:

(1) Audited by overseas practices of Deloitte Touche Tohmatsu.

(2) Not required to be audited by law in its country of incorporation. The net tangible assets and pre-tax profits of the entities are less than 20% of the Group's consolidated NTA and pre-tax profits respectively. Their unaudited financial statements have been reviewed as part of the Group audit.

(3) Not audited as the company is in the process of liquidation.

(4) Deemed interest arose from financial guarantees provided by the Company to banks in respect of financing facilities granted to its subsidiaries and the share options granted under ESOS 2000 by the Company to employees of its subsidiaries. Management has assessed that the fair value of the financial guarantees equivalent to 1.0% (2009 : 1.0%) per annum of the amount of financing facilities guaranteed from the dates when the financing facilities were issued.

(5) This subsidiary was newly incorporated on November 24, 2010 and there were no transactions from date of incorporation to the end of the reporting period. Its unaudited financial statements have been reviewed as part of the Group audit.

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13 Property, Plant And Equipment

(a)

GROUP	LEASEHOLD PROPERTY $'000	COMPUTER AND OFFICE EQUIPMENT $'000	FACTORY EQUIPMENT $'000	FACTORY FURNITURE AND FITTINGS $'000	VESSELS $'000	DRYDOCKING EXPENDITURE $'000	ASSETS ON BOARD OF THE VESSELS $'000	OFFICE FURNITURE AND FITTINGS $'000	RESEARCH AND DEVELOPMENT EQUIPMENT AND TOOLS $'000	SOFTWARE APPLICATIONS $'000	MOTOR VEHICLES $'000	TOTAL $'000
At cost:												
At January 1, 2009	8,295	3,131	29,740	903	37,611	1,700	231	1,187	1,419	609	1,818	86,644
Additions	-	29	330	151	24,493	800	411	7	-	113	260	26,594
Disposals	-	(30)	(3,713)		(4,484)	(200)	(23)	(75)	-	-	(22)	(8,547)
Transfer	1,208	-	-	-	-	-	-	-	-	-	-	1,208
Exchange differences	(251)	(34)	(677)	(28)	-	-	-	(8)	(5)	(4)	(18)	(1,025)
At December 31, 2009	9,252	3,096	25,680	1,026	57,620	2,300	619	1,111	1,414	718	2,038	104,874
Additions	-	94	257	63	4,395	100	67	26	93	49	533	5,677
Disposals	(1,149)	(41)	(199)	-	-	-	-	(7)	(5)	-	(746)	(2,147)
Exchange differences	(708)	(117)	(2,189)	(91)	-	-	-	(23)	(18)	(12)	(53)	(3,211)
At December 31, 2010	7,395	3,032	23,549	998	62,015	2,400	686	1,107	1,484	755	1,772	105,193
Accumulated depreciation:												
At January 1, 2009	(1,070)	(2,539)	(16,222)	(466)	(281)	(77)	(19)	(1,026)	(1,203)	(543)	(1,005)	(24,451)
Charge for the year	(360)	(240)	(3,679)	(181)	(1,649)	(403)	(152)	(79)	(97)	(59)	(276)	(7,175)
Disposals	-	22	3,713	-	106	-	4	64	-	-	20	3,929
Exchange difference	40	30	451	18	-	-	-	7	5	3	16	570
At December 31, 2009	(1,390)	(2,727)	(15,737)	(629)	(1,824)	(480)	(167)	(1,034)	(1,295)	(599)	(1,245)	(27,127)
Charge for the year	(347)	(199)	(3,179)	(191)	(2,017)	(460)	(227)	(58)	(89)	(64)	(255)	(7,086)
Disposals	54	40	190	-	-	-	-	2	5	-	453	744
Exchange difference	136	101	1,530	66	-	-	-	23	17	9	50	1,932
At December 31, 2010	(1,547)	(2,785)	(17,196)	(754)	(3,841)	(940)	(394)	(1,067)	(1,362)	(654)	(997)	(31,537)
Carrying amount:												
At December 31, 2010	5,848	247	6,353	244	58,174	1,460	292	40	122	101	775	73,656
At December 31, 2009	7,862	369	9,943	397	55,796	1,820	452	77	119	119	793	77,747

(i) Factory equipment with net book value of $1,189,236 (2009 : $5,577,195) are under finance lease arrangements (Note 21).

Notes to Financial Statements
December 31, 2010

13 Property, Plant And Equipment (Cont'd)

	COMPUTER AND OFFICE EQUIPMENT $'000	FACTORY EQUIPMENT $'000	OFFICE FURNITURE AND FITTINGS $'000	RESEARCH AND DEVELOPMENT EQUIPMENT AND TOOLS $'000	SOFTWARE APPLICATIONS $'000	MOTOR VEHICLES $'000	TOTAL $'000
(b) **COMPANY**							
At cost:							
At January 1, 2009	1,612	3,693	592	1,203	483	719	8,302
Additions	-	-	-	-	83	-	83
Disposals	-	(3,693)	(2)	-	-	-	(3,695)
Intercompany transfer	(1,176)	-	-	(1,140)	(566)	(353)	(3,235)
At December 31, 2009	436	-	590	63	-	366	1,455
Additions	3	-	8	-	-	339	350
Disposals	-	-	-	-	-	(304)	(304)
At December 31, 2010	439	-	598	63	-	401	1,501
Accumulated depreciation:							
At January 1, 2009	(1,466)	(3,693)	(573)	(1,058)	(465)	(304)	(7,559)
Charge for the year	(60)	-	(6)	(25)	(8)	(84)	(183)
Disposals	-	3,693	2	-	-	-	3,695
Intercompany transfer	1,161	-	-	1,025	473	202	2,861
At December 31, 2009	(365)	-	(577)	(58)	-	(186)	(1,186)
Charge for the year	(40)	-	(7)	(4)	-	(71)	(122)
Disposals	-	-	-	-	-	180	180
At December 31, 2010	(405)	-	(584)	(62)	-	(77)	(1,128)
Carrying value:							
At December 31, 2010	34	-	14	1	-	324	373
At December 31, 2009	71	-	13	5	-	180	269

Notes to Financial Statements
December 31, 2010

13 Property, Plant And Equipment (Cont'd)

(c) Major property of the Group is as follows:

DESCRIPTION	LOCATION	EXISTING USE	AREA (IN SQ METRES)	TENURE OF LEASE	CARRYING VALUE 2010 $'000	CARRYING VALUE 2009 $'000
Leasehold Property	Dongguan Jiu Jiang Shui Village, Chang Ping Town, Dong Guan City, Guangdong Province PRC(1)	Self use	43,146	50 years with effect from October 1, 2002	5,848	6,719
	Unit A Level 20 Fortune Building Junction of Jintian Road and Fuhua 3rd Road, Futian District, Shenzhen Guangdong Province, PRC(2)	Self-occupied	192	50 years with effect from June 26, 2000	-	1,143
					5,848	7,862

(1) At December 31, 2010, the Group was applying for the land use right certificate and property ownership certificates in respect of the leasehold property interest of $5,848,000 (2009: $6,719,000) from the relevant PRC government authorities.

(2) In 2009, Unit A, Level 20 in Fortune Building was converted to an owner-occupied property, and was transferred out at its fair value from investment properties to property, plant and equipment. During the year, the property was disposed off at a consideration of $1,382,000 and a gain on disposal of $236,000 was recorded.

14 Investment Properties

	GROUP 2010 $'000	GROUP 2009 $'000
At fair value:		
At January 1	12,323	12,656
Transfer to property, plant and equipment	-	(1,208)
Disposal	(10,103)	-
Net increase in fair value adjustment	800	1,144
Exchange difference	(70)	(269)
At December 31	2,950	12,323

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December 31, 2010

14 Investment Properties (Cont'd)

The fair values of the Group's investment properties at December 31, 2010 have been determined on the basis of valuations carried out at the end of the reporting period by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The valuations were arrived at by reference to market evidence of transaction prices for similar properties, and were performed in accordance with International Valuation Standards.

The property rental income from the Group's investment properties of which 100% (2009 : 91.4%) are leased out under operating leases, amounted to $297,000 (2009 : $244,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $48,000 (2009 : $55,000). Direct operating expenses (including repairs and maintenance) arising from non-rental generating investment property amounted to $41,000 (2009 : $43,000).

(a) Major properties of the Group are as follows:

DESCRIPTION	LOCATION	EXISTING USE	AREA (IN SQ METRES)	TENURE OF LEASE	FAIR VALUE	
					2010 $'000	2009 $'000
Investment Property	Unit B to H, Level 20 Fortune Building Junction of Jintian Road and Fuhua 3rd Road, Futian District, Shenzhen Guangdong Province, PRC*	For rental	1,497	50 years with effect from June 26, 2000	-	10,173
Investment Property	ACE Building (5th Storey) 146B Paya Lebar Road Singapore 409017	For rental	545	Freehold	2,950	2,150
					2,950	12,323

* During the year, Unit B to H, Level 20 of Fortune Building were disposed off at a consideration of $10,476,000, and a gain on disposal of $373,000 was recorded (Note 26).

15 Available-For-Sale Financial Assets

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
At fair value:				
Club membership	516	555	516	516
Total	516	555	516	516

Fair values of club membership are determined with reference to quoted market prices at the end of the reporting period. These fall within Level 1 of the fair value hierarchy of FRS 107.

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16 Deferred Tax

The following are the major deferred tax liabilities and assets recognised and the movements thereon, during the current and prior reporting periods:

	UNDISTRIBUTED PROFITS OF A SUBSIDIARY $'000	ACCELERATED TAX DEPRECIATION $'000	PROVISIONS $'000	TAX LOSSES $'000	DEFERRED EXPENDITURE $'000	PROPERTY REVALUATION GAIN (LOSS) $'000	TOTAL $'000
GROUP							
At January 1, 2009	-	233	(29)	(876)	(549)	56	(1,165)
Reclassification	152	(152)	-	(174)	-	174	-
Charge (Credit) to profit or loss for the year (Note 28)	109	997	(8)	626	480	432	2,636
Settlement	(156)	-	-	-	-	-	(156)
Effects of change in tax rate	-	(3)	-	-	-	-	(3)
Exchange difference	3	(5)	-	(7)	-	(20)	(29)
At December 31, 2009	108	1,070	(37)	(431)	(69)	642	1,283
Charge (Credit) to profit or loss for the year (Note 28)	(105)	(203)	15	(31)	406	(26)	56
Settlement	-	-		358	-	(617)	(259)
Exchange difference	(3)	-	1	(19)	-	(35)	(56)
At December 31, 2010	-	867	(21)	(123)	337	(36)	1,024
COMPANY							
At January 1, 2009	-	(23)	-	-	(549)	-	(572)
Charge to profit or loss for the year	-	7	-	-	549	-	556
At December 31, 2009	-	(16)	-	-	-	-	(16)
Charge to profit or loss for the year	-	23	-	-	-	-	23
At December 31, 2010	-	7	-	-	-	-	7

Certain deferred tax assets and liabilities have been offset in accordance with the Group and Company's accounting policy. The following is the analysis of the deferred tax balances for statement of financial position purposes:

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred tax liabilities	1,168	1,474	7	-
Deferred tax assets	(144)	(191)	-	(16)

Subject to the agreement by the tax authorities in the relevant foreign tax jurisdictions in which the Group operates and conditions imposed by law, the Group has tax losses carryforwards available for offsetting against future taxable income as detailed below. In addition, the Singapore tax loss carryforwards are subject to the retention of majority shareholders as defined.

Notes to Financial Statements
December 31, 2010

16 Deferred Tax (Cont'd)

	GROUP	
	2010 $'000	2009 $'000
As at January 1	27,595	34,952
Adjustment for prior years	(539)	(419)
Adjustment for tax loss expiry	(1,686)	(3,243)
Arising in current year	5,983	10,890
Exchange difference	(3,789)	(31)
Group relief	(4,122)	(10,354)
Amount utilised	(1,994)	(4,200)
As at December 31	21,448	27,595
Deferred tax benefit on above not recorded	4,352	5,605

No deferred tax asset has been recognised by the Group in respect of the tax losses amounting to $21,448,000 as at December 31, 2010 (2009 : $27,595,000) due to the unpredictability of future profits stream of the relevant subsidiaries.

The Group's tax loss carryforwards amounting to $7,998,000 (2009 : $8,373,000) are available for an unlimited future period. The remaining tax loss carryforwards amounting to $13,450,000 (2009 : $19,222,000) have a limited life ranging from 1 to 15 years to offset against future profits after which any unutilised amount will be foregone.

17 Intangible Asset

	GROUP $'000	COMPANY $'000
Deferred development cost		
Costs:		
At January 1, 2009	14,001	13,719
Additions	2,724	1,022
Disposal	-	(14,741)
Currency realignment	6	-
At December 31, 2009	16,731	-
Additions	3,033	-
At December 31, 2010	19,764	-
Accumulated amortisation:		
At January 1, 2009	9,017	8,450
Amortisation for the year	3,494	1,201
Disposal	-	(9,651)
Currency realignment	6	-
At December 31, 2009	12,517	-
Amortisation for the year	3,064	-
At December 31, 2010	15,581	-
Carrying amount:		
At December 31, 2010	4,183	-
At December 31, 2009	4,214	-

Notes to Financial Statements
December 31, 2010

17 Intangible Asset (Cont'd)

The deferred development cost above has finite useful lives, and is amortised. The amortisation period for development costs incurred is between one to three years.

The amortisation of deferred development cost has been included under administrative expenses.

The recoverable amount of the development cost relating to each product is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the product. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares a discounted cash flow forecast for three years from the end of the reporting period based on an estimated growth rate of 5% to 20% for the different product categories. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows is 8%.

18 Borrowings

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current:				
Unsecured				
Bills discounted with recourse	848	575	-	-
Bills payable	6,761	6,471	-	-
Export trade loans	6,427	3,898	-	-
Revolving loans	6,411	4,205	2,565	4,205
Term loans	7,137	6,378	-	-
Bank loan for Shenzhen office property	-	2,877	-	-
Secured				
Bills discounted with recourse	737	-	-	-
Bills payable (Note 7)	3,567	-	-	-
Vessel loans	3,326	4,449	-	-
	35,214	28,853	2,565	4,205

Notes to Financial Statements
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18 Borrowings (Cont'd)

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Non-current:				
Unsecured				
Term loans	4,878	7,439	-	-
Secured				
Vessel loans	9,224	11,927	-	-
	14,102	19,366	-	-
Total borrowings	49,316	48,219	2,565	4,205
The borrowings are repayable as follows:				
On demand or within one year	35,214	28,853	2,565	4,205
In the second year	6,240	8,733	-	-
In the third year	7,106	4,242	-	-
In the fourth year	756	6,017	-	-
In the fifth year	-	374	-	-
	49,316	48,219	2,565	4,205
Less: Amount due for settlement within 12 months (shown under current liabilities)	(35,214)	(28,853)	(2,565)	(4,205)
Amount due for settlement after 12 months	14,102	19,366	-	-

The Group's and the Company's borrowings that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
United States dollars	34,060	37,436	2,565	4,205

Notes to Financial Statements

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18 Borrowings (Cont'd)

1) Trade finance

The Group has banking facilities relating to bills discounted with recourse, trade bills payable, revolving credits, export trade loan and bank overdrafts of $62,858,000 (2009 : $77,238,000), of which $21,184,000 (2009 : $15,149,000) have been utilised as at December 31, 2010. These banking facilities are secured by a corporate guarantee from the Company. These banking facilities bear interest rates from 1.7% to 5.2% (2009 : 1.5% to 5.5%) per annum.

2) Term loans

The term loans comprise:

i) an amount of $7,190,000 denominated as US$5,000,000 extended to a subsidiary of the Company in 2008. The loan bears interest at 1.5% per annum over LIBOR or the Lender's cost of funds, whichever is higher and is repayable in 36 equal monthly principal instalments commencing June 2009 (2009 : US$1,006,000, 2010 : US$1,754,000, 2011 : US$1,787,000, 2012: US$453,000). As at December 31, 2010, the loan has an outstanding balance of $2,874,000 (2009 : $5,597,000) denominated as US$2,240,000 (2009: US$3,994,000).

ii) an amount of $7,190,000 denominated as US$5,000,000 extended to a subsidiary of the Company in 2008. The loan bears interest at 1.75% per annum over LIBOR or the Lender's cost of funds, whichever is higher and is repayable in 8 equal quarterly instalments commencing November 2009 (2009 : US$625,000, 2010 : US$2,500,000, 2011 : US$1,875,000). As at December 31, 2010, the loan has an outstanding balance of $2,404,000 (2009 : $6,131,000) denominated as US$1,875,000 (2009 : US$4,375,000).

iii) an amount of $2,186,000 denominated in HK$12,000,000 extended to a subsidiary of the Company on October 30, 2009. The loan bears interest at 1.75% per annum over HIBOR and is repayable in 60 monthly instalments commencing in November 2009 (2009 : HK$383,000, 2010 : HK$2,315,000, 2011 : HK$2,358,000, 2012 : HK$2,406,000, 2013 : HK$2,455,000, 2014 : HK$2,083,000). As at December 31, 2010, the loan has an outstanding balance of $1,530,000 (2009: $2,089,000) denominated as HK$9,302,000 (2009 : HK$11,617,000).

iv) an amount of $3,290,000 denominated as HK$20,000,000 extended to a subsidiary of the Company in October 2010. The loan bears interest at 2.5% per annum below HK dollar prime rate and is repayable in 12 quarterly installments commencing in January 2011 (2011: HK$6,400,000, 2012: HK$6,400,000, 2013: HK$7,200,000).

v) an amount of $2,000,000 extended to a subsidiary of the Company during the year. The loan bears interest at 2% per annum above the Lender's cost of funds and is repayable in 24 monthly instalments commencing in December 2010 (2010: $83,300, 2011: $999,600, 2012: $917,100). As at December 31, 2010, the loan has an outstanding balance of $1,917,000.

3) Bank loan for Shenzhen Office Property

The bank loan of approximately $7,369,000 denominated in HK$40,000,000 extended to the Group in June 2007 to acquire office property in Shenzhen, PRC is repayable over 3 years (2008: HK$12,000,000, 2009: HK$12,000,000 and 2010: HK$16,000,000). The loan bears interest at HIBOR plus 1.5% per annum calculated on a 365 days basis and the actual number of days elapsed. The loan was fully paid during the year.

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18 Borrowings (Cont'd)

4) Vessel loans

i) a loan of approximately $16,994,000 denominated as US$11,732,000 was extended to a subsidiary of the Company to purchase 2 tug boats and 6 barges in 2008 and 2009. The loan bears interest at 1.85% per annum over USD SIBOR and is repayable over 5 years commencing in May 2009 (2009 : US$1,391,000, 2010 : US$2,831,000, 2011 : US$1,923,000, 2012 : US$1,923,000 and 2013 : US$3,664,000). The vessel loan is secured by first priority mortgage over the vessels and a corporate guarantee from the Company. As at December 31, 2010, the outstanding balance of the vessel loan was $9,630,000 (2009 : $14,496,000) denominated as US$7,510,000 (2009: US$10,341,000).

ii) a loan of approximately $1,920,000 was extended to a subsidiary of the Company to purchase a tug boat in 2009. The loan bears a fixed interest rate of 5.2% per annum and is repayable in 48 equal monthly instalments commencing in December 2009 (2009 : $40,000, 2010 : $480,000, 2011 : $480,000, 2012 : $480,000 and 2013: $440,000). The vessel loan is secured by first priority mortgage over the tug boat and a corporate guarantee from the Company. As at December 31, 2010, the vessel loan has an outstanding balance of $1,400,000 (2009: $1,880,000).

iii) a loan of approximately $1,520,000 extended to a subsidiary of the Company to purchase a barge in 2010. The loan bears fixed interest rate at 5.0% per annum and is repayable in 48 equal monthly installments commencing in January 2011 (2011: $380,000, 2012: $380,000, 2013: $380,000, 2014: $380,000). The vessel loan is secured by first priority mortgage over the vessel and a corporate guarantee from the Company. As at 31 December 2010, the vessel loan has an outstanding balance of $1,520,000.

19 Trade Payables

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Outside parties	21,764	23,330	-	175

The average credit period on purchases of goods is 60 days (2009 : 60 days). No interest has been charged by suppliers on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The Group's and Company's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Renminbi	2,625	121	-	-
United States dollars	13,215	15,875	-	11
Euro	-	1	-	-

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December 31, 2010

20 Other Payables And Provisions

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Subsidiaries (Notes 5 and 12)	-	-	17,738	13,975
Accrued expenses	2,554	5,428	95	1,183
Customer deposits	660	1,970	-	33
Provision for warranty	26	26	-	-
Other payables	1,328	1,149	937	619
Total	4,568	8,573	18,770	15,810
Provision for warranty				
Balance at January 1	26	54	-	-
Reversal from profit or loss	-	(25)	-	-
Utilised	-	(3)	-	-
Balance at December 31	26	26	-	-

The provision for warranty represents management's best estimate of the Group's liability under the 12 months warranty granted on computer peripherals and multicommunication products based on past experience and industry averages for defective products.

The Group's and Company's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Singapore dollars	51	-	-	-
Renminbi	1,075	2,627	-	-
United States dollars	628	1,982	2,653	3,078

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21 Finance Leases

	GROUP			
	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Amounts payable under finance leases:				
Within one year	367	805	363	784
In the second to fifth years inclusive	-	402	-	397
	367	1,207	363	1,181
Less: Future finance charges	(4)	(26)	-	-
Present value of lease obligations	363	1,181	363	1,181
Less: Amount due for settlement within 12 months (shown under current liabilities)			(363)	(784)
Amount due for settlement after 12 months			-	397

It is the Group's policy to acquire certain of its plant and equipment under finance lease arrangements. The average lease term is 3 years. For the year ended December 31, 2010, the weighted average effective borrowing rate was 2.9% (2009 : 2.9%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximate their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 13).

The Group's obligations under finance leases are denominated in United States dollars.

The Company had no finance leases in 2010 and 2009.

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December 31, 2010

22 Share Capital

	GROUP AND COMPANY			
	2010 '000	**2009 '000**	**2010 $'000**	**2009 $'000**
	Number of ordinary shares			
Issued and paid up:				
At January 1	509,499	420,999	121,286	110,082
Transferred from share-based compensation reserve	-	-	8	384
Issue of rights shares	-	81,272	-	10,159
Rights issue expense	-	-	-	(314)
Conversion of warrants	468	8	135	2
Exercise of share options	110	7,220	18	973
At December 31	510,077	509,499	121,447	121,286

The Company has one class of ordinary shares with no par value which carry no right to fixed income.

The Aztech Group Employee Share Option Scheme 2000 ("ESOS 2000") was approved and adopted at the Company's Extraordinary General Meeting ("EGM") held on March 10, 2000.

In 2010, 109,583 (2009 : 7,220,000) ordinary shares in the Company were issued at the subscription price of $0.160, pursuant to the exercise of options granted under ESOS 2000.

The new shares ranked pari passu in all respects with existing shares of the Company.

On July 17, 2007, the Company allotted 104,390,250 warrants ("Warrants 2010") at an issue price of $0.02 for each warrant on the basis of one warrant for every four existing shares. On November 24, 2009, due to the Rights cum Warrants issue exercise, the number and price of the existing warrants were adjusted accordingly, and an additional 9,948,476 warrants were allotted. Each warrant entitles the warrant holder to subscribe for one new ordinary share of the Company at an adjusted exercise price of $0.47 per share. The warrants have an exercise period of 3 years from July 17, 2007 to July 16, 2010. During the year, 153,476 (2009: Nil) new ordinary shares were issued from the conversion of warrants. On July 16, 2010, 113,639,250 warrants have lapsed due to the expiry of the 3 year exercise period.

On November 24, 2009, the Company allotted 81,272,000 rights shares with 81,272,000 warrants ("Warrants 2012") at an issue price of $0.125 for each rights share on the basis of one rights share with one warrant for every five existing shares. Each warrant entitles the warrant holder to subscribe for one new ordinary share of the Company at an exercise price of $0.20 per share. The warrants have an exercise period of 3 years from November 24, 2009 to November 23, 2012. During the year, 314,777 (2009: 8,000) new ordinary shares were issued from the conversion of warrants. As at December 31, 2010, the outstanding number of warrants is 80,949,223.

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December 31, 2010

23 Treasury Shares

	GROUP AND COMPANY			
	2010 '000	2009 '000	2010 $'000	2009 $'000
	Number of ordinary shares			
At beginning and end of the year	21,859	21,859	5,636	5,636

24 Employee Share Based Compensation Reserve

Equity-settled share option scheme

ESOS 2000 was approved and adopted at the Company's EGM held on March 10, 2000 and expired during the financial year on March 9, 2010.

The Company has a share option scheme for all employees of the Group. The scheme is administered by the Remuneration Committee. Options are exercisable at price based on the average of the last done prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the 5 market days preceding the date of grant. The vesting period is 1 to 2 years. If the options remain unexercised after a period of 5 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding at the end of the reporting period are as follows:

	GROUP AND COMPANY			
	2010		2009	
	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE $	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE $
Outstanding at January 1	11,484,309	0.216	17,910,000	0.198
Granted during the year	-	-	1,004,309	0.196
Forfeited during the year	(942,414)	0.221	(210,000)	0.285
Exercised during the year	(109,583)	0.160	(7,220,000)	0.135
Expired during the year	-	-	-	
Outstanding at December 31	10,432,312	0.194	11,484,309	0.196
Exercisable at December 31	10,432,312	0.194	6,827,023	0.216

The weighted average share price at the date of exercise for share options exercised during the year was $0.25 (2009 : $0.215). The options outstanding at the end of the year have a weighted average remaining contractual life of 1 year (2009 : 2 years).

On November 2009, 1,004,309 options were granted as a result of the Rights cum Warrants issue and the terms of the existing share options were adjusted accordingly. The estimated fair value of the options granted was $78,015.

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December 31, 2010

24 Employee Share Based Compensation Reserve (Cont'd)

DATE OF GRANT OF OPTIONS	EXPIRY DATE	EXERCISE PRICE	OPTIONS OUTSTANDING
December 12, 2006	December 12, 2011	$0.232 ("A") $0.170 ("B")	1,753,330
July 27, 2007	July 27, 2012	$0.561 ("A") $0.410 ("B")	1,172,531
August 28, 2008	August 28, 2013	$0.185	1,643,749
August 28, 2008	August 28, 2013	$0.160 ("A") $0.128 ("B")	5,862,702
			10,432,312

There were no options granted during the financial year. In 2009, an additional 1,004,309 share options were granted due to the Rights cum Warrants issue exercise. The fair values of these options were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2009
Weighted average share price	0.230
Weighted average exercise price	0.196
Expected volatility	61%
Expected life	3.21 years
Risk free rate	0.97%
Expected dividend yield	9%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

No options were granted by the Company during the financial year.

The Group and the Company recognised total expenses of $125,000 (2009 : $465,000) related to equity-settled share-based payment transactions during the year.

Notes to Financial Statements
December 31, 2010

25 Revenue

	GROUP	
	2010 $'000	2009 $'000
Sales of electronic products	204,370	180,098
Supply of construction materials	275	96,551
Marine logistic services	1,828	3,107
Sales of food products	4,863	511
	211,336	280,267

26 Other Operating Income

	GROUP	
	2010 $'000	2009 $'000
Rental income	1,871	2,273
Interest income	102	159
Net foreign exchange gain	2,280	1,158
Gain on revaluation of financial instruments	37	565
Gain from fair value adjustments of investment properties	800	1,144
Gain on disposal of investment properties	373	-
Gain on disposal of property, plant and equipment	585	-
Others	397	490
Total	6,445	5,789

27 Finance Costs

	GROUP	
	2010 $'000	2009 $'000
Bank charges	210	329
Interest expense for:		
Bills payable and short-term trade loans	348	549
Finance leases	21	64
Vessel loans	345	454
Revolving loans, terms loans and bank loans for Shenzhen office property	309	650
Total	1,233	2,046

Notes to Financial Statements
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28 Income Tax

	GROUP	
	2010	2009
	$'000	$'000
Current tax - Foreign	2,282	765
Overprovision in prior years - current tax	(428)	(763)
Deferred tax charge relating to the origination and reversal of temporary differences	56	2,636
Under-recognition of deferred tax in prior years	-	(18)
Income tax expense for the year	1,910	2,620

Domestic income tax is calculated at 17% (2009 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	GROUP	
	2010	2009
	$'000	$'000
Profit before income tax	7,240	18,038
Income tax expense of statutory rate	1,231	3,066
Effects of different tax rates of overseas subsidiaries	935	272
Effects of change in tax rate	(10)	7
Revenue exempt from taxation	(515)	(1,144)
Effects of tax concession	(697)	(126)
Group relief	21	352
Non-allowable items	433	435
Deferred tax benefit arising in current year not recognised	1,009	2
Effect of undistributed profits of an overseas subsidiary	(105)	109
Effect of previously unused tax losses recognised as deferred tax assets	-	(27)
Utilisation of deferred tax benefits previously not recognised	(90)	(78)
Overprovision in prior years	(428)	(763)
Others	126	515
Total income tax expense	1,910	2,620

In 2009, the Company's IHQ status had been transferred to one of its Singapore subsidiaries after the Group's internal reorganisation.

Notes to Financial Statements
December 31, 2010

29 Net Profit For The Year

Net profit for the year has been arrived at after charging (crediting):

	GROUP	
	2010 $'000	2009 $'000
Depreciation and amortisation:		
Depreciation of property, plant and equipment	7,086	7,175
Amortisation of intangible asset	3,064	3,494
Total depreciation and amortisation	10,150	10,669
Directors' remuneration:		
of the Company	1,799	2,370
of subsidiaries	102	102
Directors' fees:		
Directors of the Company	347	347
Total	2,248	2,819
Employee benefits expense (including Directors' remuneration):		
Staff costs (including directors' remuneration)	17,076	17,271
Equity settled share based payments	125	465
Defined contributions plans	615	687
Total employee benefits expense	17,816	18,423
Fair value gain on investment properties	(800)	(1,144)
Net foreign exchange gains	(2,280)	(1,158)
(Gain) Loss on disposal of plant and equipment	(585)	1,115
Cost of inventories recognised as an expense	170,414	223,101
Audit fees paid to auditors:		
Auditors of the Company	222	202
Other auditors	131	131
Non-audit fees paid to auditors:		
Auditors of the Company	7	18
Other auditors	30	53

Notes to Financial Statements
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30 Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	2010 '000	2009 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	488,032	411,226
Effect of dilutive potential ordinary shares:		
Share options	2,829	3,991
Warrants	11,940	1,693
Weighted average number of ordinary shares for the purposes of diluted earnings per share	502,801	416,910
Earnings		
Net profit attributable to owners of the Company ($'000)	5,330	15,418
Basic earnings per share (cents)	1.09	3.75
Effect of dilutive potential ordinary shares:		
Share options	(0.01)	(0.03)
Warrants	(0.02)	(0.02)
Fully diluted earnings per share (cents)	1.06	3.70

Fully diluted earnings per share is based on 502,800,958 (2009: 416,909,690) ordinary shares assuming the full exercise of share options and Warrants 2012 outstanding during the year and adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

31 Dividend

	GROUP AND COMPANY	
	2010 $'000	2009 $'000
Ordinary dividends paid		
One-tier tax exempt final dividend paid of $0.0125 (2009 : $0.015) per ordinary in respect of the previous financial year	6,100	5,987
One-tier tax exempt interim dividend paid of $0.003 (2009 : $0.005) per ordinary in respect of the current financial year	1,465	2,021

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31 Dividend (Cont'd)

In respect of the current year, the Directors proposed that a final one tier tax exempt dividend of $0.003 per ordinary share be paid to shareholders on May 12, 2011. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend, if approved, is payable to all shareholders on the Register of Members on April 27, 2011. The total estimated dividend to be paid is $1,465,000.

32 Contingent Liabilities And Commitments

(a) Operating lease commitments

The Group as lessee

	GROUP	
	2010 $'000	2009 $'000
Minimum lease payments under operating leases included in the profit or loss	2,639	2,631

At the end of the reporting period, the commitments in respect of non-cancellable operating leases for office and factory were as follows:

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Future minimum lease payments payable:				
Within one year	2,554	2,491	2,232	2,232
In the second to fifth years inclusive	2,582	4,873	2,486	4,717
Total	5,136	7,364	4,718	6,949

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years except for the Company whereby leases are negotiated for a term of 7 years with 5% increase in rentals on third and fifth year.

The Group as lessor

The Group sublets its leased property and leases its investment properties in Singapore under operating leases. Property rental income earned during the year was $1,871,000 (2009 : $2,273,000). The investment properties are expected to generate rental yields of 4% on an on going basis. The properties held for rental income have committed tenants for the next 1 to 3 years.

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32 Contingent Liabilities And Commitments (Cont'd)

At the end of the reporting period date, the Group has contracted with tenants for the following future minimum lease payments:

	GROUP	
	2010 $'000	2009 $'000
Within one year	1,038	1,874
In the second to fifth year inclusive	831	1,744
After five years	-	-
	1,869	3,618

(b) Contingent liabilities

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Banker's guarantees - unsecured	2,783	2,225	2,486	2,015
Corporate guarantee given by the Company to banks in connection with banks facilities utilised by subsidiaries - unsecured	-	-	46,751	48,219

In addition to the guarantees disclosed above, the Company has given undertakings to provide continuing financial support to certain of its subsidiaries with capital deficiencies amounting to $15,471,000 (2009: $8,537,000) to enable them to continue as going concerns and to meet their obligations for at least 12 months from the date of this report.

(c) Capital expenditure commitments

	GROUP		COMPANY	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Contracted for acquisition of property, plant and equipment but not provided for in the financial statements	-	5,809	-	-

(d) Pursuant to a land use right agreement dated June 15, 2002, a subsidiary of the Company is committed to pay to the local authority in People's Republic of China land management fee of approximately $20,000 (RMB 100,000) per annum with an increment rate of 10% every five years till September 30, 2052.

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33 Segment Information

(a) Business segments

Electronics – Design, develop, manufacture and market data communication, voice communication, multimedia and LED lighting products.

Materials Supply & Marine Logistics – Supply and procurement of construction building materials, ownership, chartering, operation and management of sea going vessels and provision of marine transportation services.

Others – Food distribution business and property rental services.

Information regarding the Group's reportable segments is presented below. The measurement basis of the Group's reportable segments is in accordance with its accounting policy.

	ELECTRONICS $'000	MATERIALS SUPPLY AND MARINE LOGISTICS $'000	OTHERS $'000	INTER-SEGMENT ELIMINATION $'000	GROUP $'000
2010					
Revenue					
Revenue from external customers	204,369	2,103	4,864	-	211,336
Cost of sales	(176,215)	(8,821)	(3,819)	-	(188,855)
Gross profit	28,154	(6,718)	1,045	-	22,481
Other operating income	5,416	1,213	1,549	(1,733)	6,445
Selling and distribution costs	(3,782)	(135)	(862)	-	(4,779)
Administrative expenses	(14,347)	(1,598)	(453)	724	(15,674)
Finance costs	(736)	(1,483)	(23)	1,009	(1,233)
Profit (loss) before income tax	14,705	(8,721)	1,256	-	7,240
Income tax	(1,622)	160	(448)	-	(1,910)
Net profit (loss) for the year	13,083	(8,561)	808	-	5,330
Segment assets	224,392	77,696	6,439	(124,323)	184,204
Segment liabilities	(125,048)	(76,173)	(1,229)	124,323	(78,127)
Other information					
Capital expenditure	4,146	4,563	1	-	8,710
Depreciation and amortisation expenses	7,206	2,727	217	-	10,150

33 Segment Information (Cont'd)

(a) Business segments (Cont'd)

	ELECTRONICS $'000	MATERIALS SUPPLY AND MARINE LOGISTICS $'000	OTHERS $'000	INTER-SEGMENT ELIMINATION $'000	GROUP $'000
2009					
Revenue					
Revenue from external customers	180,098	99,658	511	-	280,267
Cost of sales	(155,487)	(86,890)	(463)	-	(242,840)
Gross profit	24,611	12,768	48	-	37,427
Other operating income	5,178	751	1,388	(1,528)	5,789
Selling and distribution costs	(3,081)	(118)	(133)	-	(3,332)
Administrative expenses	(17,143)	(3,000)	(306)	649	(19,800)
Finance costs	(1,310)	(1,611)	(4)	879	(2,046)
Profit before income tax	8,255	8,790	993	-	18,038
Income tax	(499)	(1,686)	(435)	-	(2,620)
Net profit for the year	7,756	7,104	558	-	15,418
Segment assets	160,269	83,898	14,939	(63,964)	195,142
Segment liabilities	(71,966)	(73,818)	(991)	63,964	(82,811)
Other information					
Capital expenditure	4,754	25,772	-	-	30,526
Depreciation and amortisation expenses	8,378	2,248	43	-	10,669

Revenues from major products and services

The Group's revenues from its major products and services were as follows:

	GROUP 2010 $'000	GROUP 2009 $'000
ODM/OEM sales	61,763	86,907
Contract manufacturing	116,070	64,619
Retail distribution	26,537	28,572
Supply and procurement of construction building materials	275	96,551
Chartering and other logistics services	1,828	3,107
Food distribution	4,863	511
	211,336	280,267

33 Segment Information (Cont'd)

(b) Geographical information

The Group operates in two principal geographical areas – Singapore (country of domicile) and China.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding deferred tax assets) by geographical location are detailed below:

	REVENUE		NON-CURRENT ASSETS	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Singapore	43,070	146,841	69,298	68,620
China	162,254	125,631	12,667	28,862
Others	6,012	7,795	26	48
Total	211,336	280,267	81,991	97,530

(c) Information about major customers

The Group's customer base is diversified and includes 2 (2009: 3) customers with whom transactions have exceeded 10% of the Group's revenues. In 2010, revenues generated from these customers amounted to approximately $111.01 million (2009: $182.20 million). Details of concentration of credit risk arising from these customers are set out in Note 4.

Analysis of Shareholdings

As At 10 March 2011

No. of issued shares	:	510,076,836
No. of issued shares (excluding treasury shares)	:	488,217,836
Number/percentage of treasury shares	:	21,859,000 (4.48%)
Class of shares	:	ordinary share
Voting rights (excluding treasury shares)	:	one vote per share

Distribution Of Shareholdings

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	152	1.29	5,714	0.00
1,000 - 10,000	7,351	62.58	31,059,544	6.36
10,001 - 1,000,000	4,221	35.93	212,502,751	43.53
1,000,001 & above	23	0.20	244,649,827	50.11
Total	11,747	100.00	488,217,836	100.00

TOP TWENTY SHAREHOLDERS AS AT 10 MARCH 2011	NO. OF SHARES	%
Mun Hong Yew	115,105,663	23.58
DBS Nominees Pte Ltd	22,659,119	4.64
Ng Sok Cheng	17,106,168	3.50
United Overseas Bank Nominees (Pte) Ltd	16,166,804	3.31
HSBC (Singapore) Nominees Pte Ltd	13,130,416	2.69
DBS Vickers Securities (S) Pte Ltd	11,565,200	2.37
OCBC Nominees Singapore Private Limited	9,123,900	1.87
OCBC Securities Private Ltd	4,948,140	1.01
Foo Fong G	4,688,000	0.96
Ng Ah Kau @ Ng Kim Poh	4,403,039	0.90
Chia Heok Miin	3,826,000	0.78
AVS Technologies Pte Ltd	3,636,000	0.74
UOB Kay Hian Pte Ltd	3,039,000	0.62
Phillip Securities Pte Ltd	3,025,316	0.62
Brahmana Karta Sakri Or Sudriani Sakri	2,050,000	0.42
Kim Eng Securities Pte. Ltd.	2,042,862	0.42
Citibank Nominees Singapore Pte Ltd	2,025,000	0.41
Lim & Tan Securities Pte Ltd	1,559,200	0.32
Oh Yong Boon	1,476,000	0.30
Mun Weng Hung (Wen Yongheng)	1,044,000	0.21
	242,619,827	49.67

SUBSTANTIAL SHAREHOLDER	NO. OF SHARES	
	DIRECT INTEREST	DEEMED INTEREST
Mun Hong Yew*	115,105,663	4,836,000

* Note:
Mun Hong Yew is deemed to have an interest in 1,200,000 shares held by his nominees, OCBC Securities Pte Ltd and 3,636,000 shares held by AVS Technologies Pte Ltd, where he is a Director and shareholder.

Analysis of Warrantholdings
As At 10 March 2011

Distribution Of Warrantholdings

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 999	178	4.26	52,737	0.06
1,000 - 10,000	3,464	82.83	11,341,739	14.01
10,001 - 1,000,000	527	12.60	28,304,897	34.97
1,000,001 & above	13	0.31	41,249,850	50.96
Total	4,182	100.00	80,949,223	100.00

TOP TWENTY WARRANTHOLDERS AS AT 10 MARCH 2011	NO. OF WARRANTS	%
Mun Hong Yew	19,184,277	23.70
Lim & Tan Securities Pte Ltd	3,588,200	4.43
Ng Sok Cheng	3,017,694	3.73
HSBC (Singapore) Nominees Pte Ltd	2,350,000	2.90
DBS Nominees Pte Ltd	2,103,815	2.60
OCBC Securities Private Ltd	1,756,317	2.17
Phillip Securities Pte Ltd	1,615,293	2.00
DBS Vickers Securities (S) Pte Ltd	1,520,200	1.88
Ng Tie Jin (Huang Zhiren)	1,343,000	1.66
United Overseas Bank Nominees (Pte) Ltd	1,320,054	1.63
Lai Wai Loong Jeffrey	1,297,000	1.60
Teo Ee Chon	1,142,000	1.41
Long Kelly	1,012,000	1.25
Lim Beng Huat Henry	842,000	1.04
Chung Seng Fye	799,000	0.99
Ng Chai Yu	745,000	0.92
Cheng Wa Sing	722,000	0.89
OCBC Nominees Singapore Private Limited	687,882	0.85
Chia Heok Miin	638,000	0.79
Boo Moh Chuan	622,000	0.77
	46,305,732	57.21

SUBSTANTIAL WARRANTHOLDERS	NO. OF WARRANTS	
	DIRECT INTEREST	DEEMDED INTEREST
Mun Hong Yew*	19,184,277	806,000

* Note:
Mun Hong Yew is deemed to have an interest in 200,000 warrants held by his nominees, OCBC Securities Pte Ltd and 606,000 warrants held by AVS Technologies Pte Ltd, where he is a Director and shareholder.

Rule 723

As at March 10, 2011, approximately 70.09% of the shareholding was held in the hands of the public. As such, Rule 723 is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of AZTECH GROUP LTD will be held at 31 Ubi Road 1, Aztech Building, Singapore 408694 on Friday, April 8, 2011 at 10.00 am for the following purposes:

As Ordinary Business

1. To receive and, if approved, to adopt the Audited Accounts for the financial year ended December 31, 2010 together with the Directors' Report and Auditors' Report thereon. **[Resolution 1]**

2. To declare a final one-tier tax exempt dividend of S$0.003 per share for the financial year ended December 31, 2010 as recommended by the Directors. **[Resolution 2]**

3. To approve Directors' fees of S$322,500 for the financial year ending December 31, 2011. (2010: S$345,000) **[Resolution 3]**

4. To re-elect Mr Khoo Ho Tong under Section 153 of the Companies Act as a Director. **[Resolution 4]**

5. To re-elect Mr Colin Ng Teck Sim who is retiring under Article 107 of the Articles of Association as a Director. **[Resolution 5]**

6. To re-elect Mr Philip Tan Tee Yong who is retiring under Article 107 of the Articles of Association as a Director. **[Resolution 6]**

7. To re-appoint Messrs Deloitte & Touche as auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 7]**

8. To transact any other routine business which may be properly transacted at an Annual General Meeting.

As Special Business

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

9. That authority be and is hereby given to the Directors to:

   (a) (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided that:

   (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50 percent of the total number of issued Shares excluding treasury Shares (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 20 percent of the total number of issued Shares excluding treasury Shares (as calculated in accordance with paragraph (2) below);

   (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares excluding treasury Shares at the time this Resolution is passed, after adjusting for:

Notice of Annual General Meeting

(i) new Shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **[Resolution 8]**

10. That approval be and is hereby given to the Directors to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Aztech Group Employees' Share Option Scheme 2000 which was approved by the shareholders at an Extraordinary General Meeting of the Company on March 10, 2000 ("ESOS 2000"), PROVIDED ALWAYS THAT the aggregate number of shares to be issued pursuant to the ESOS 2000 shall not exceed fifteen per cent (15%) of the total issued share capital of the Company from time to time. **[Resolution 9]**

11. THAT :

(a) for the purposes of Sections 76C and 76E of the Companies Act (Cap. 50) ("Companies Act"), the exercise by the Directors of the Company of all powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("Shares"), not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable;

be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held; or

(ii) the date by which the next annual general meeting of the Company is required by law to be held;

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(c) in this Resolution:

"**Prescribed Limit**" means ten percent (10%) of the issued ordinary share capital of the Company as at the date of passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares;

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution. **[Resolution 10]**

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on April 28, 2011, for the preparation of dividend warrants. If approved, the final one-tier tax exempt dividend of $0.003 per share for the financial year ended December 31, 2010 will be paid on May 12, 2011.

Duly completed transfers received by the Company's Share Registrar, B.A.C.S. Pte Ltd of 63 Cantonment Road, Singapore 089758 up to close of business at 5 p.m. on April 27, 2011 will be registered to determine shareholders' entitlement to the said dividend. Members whose securities accounts with the Central Depository (Pte) Limited are credited with shares at 5 p.m. on April 27, 2011 will be entitled to the said dividend.

By Order Of The Board

Ms Pavani Nagarajah
Company Secretary
March 24, 2011
Singapore

Notice of Annual General Meeting

Notes:

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.

A proxy need not be a member of the Company.

The instrument appointing a proxy must be deposited at the Company's registered office at 31 Ubi Road 1, Aztech Building, Singapore 408694 at least 48 hours before the time of the Meeting.

(ii) Resolution 3 is to facilitate payment of Directors' fees during the financial year in which the fees are incurred. The Directors' fees with be paid in 4 equal instalments on a quarterly basis, within 30 days of the end of each quarter. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the present Directors except Ms Patricia Ng who steps down on March 31, 2011 will hold office for the whole of the financial year ending December 31, 2011 ("FY 2011"). Should any of the other Directors hold office for only part of FY 2011 and not the whole of FY 2011, the Director's fee payable to him will be appropriately pro-rated.

(iii) If re-elected under Resolution 4, Mr Khoo Ho Tong will remain the Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees and will be considered an Independent Director of the Company.

(iv) If re-elected under Resolution 5, Mr Colin Ng Teck Sim will remain the Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees and will be considered an Independent Director of the Company.

(v) If re-elected under Resolution 6, Mr Philip Tan Tee Yong will remain the Chairman of the Audit Committee and a member of the Remuneration Committee and will be considered an Independent Director of the Company.

(vi) Resolution 8 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50%, of which up to 20% may be issued other than on a *pro rata* basis to shareholders, of the issued shares (excluding treasury shares) in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time that Resolution 8 is passed, and (b) any subsequent bonus issue or consolidation or subdivision or shares.

(vii) Resolution 9, if passed, will empower the Directors to issue shares pursuant to the exercise of options under the Aztech Group Employees' Share Option Scheme 2000, which was approved by the shareholders at an Extraordinary General Meeting of the Company on March 10, 2000 ("ESOS 2000"), provided always that the aggregate number of shares to be issued pursuant to ESOS 2000 shall not exceed 15% of the Company's issued share capital for the time being. This authority will continue in force until the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

(viii) Explanatory Statement to Ordinary Resolution 10

Resolution for the Renewal of the Share Buyback Mandate

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SGX-ST assumes no responsibility for the correctness of any of the statements made, reported, contained or opinions expressed in this explanatory statement.

A. Rationale For The Share Buyback Mandate

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and the rules of the Listing Manual and such other laws and regulations as may be applicable.

It is a requirement of the Companies Act that before a company purchases or acquires its own shares, its articles of association must expressly permit the company to purchase or otherwise acquire the shares issued by it. Article 16 of the Articles empowers the Company to purchase or otherwise acquire any of its issued shares on such terms as the Company may think fit and in the manner prescribed by the Companies Act.

It is a requirement that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting of its shareholders. Accordingly, approval is being sought from Shareholders at the Annual General Meeting (the "AGM") for the Share Buyback Mandate.

If approved by the Shareholders at the AGM, the authority conferred by the Share Buyback Mandate will continue in force until the next AGM of the Company (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next AGM).

A share buyback is one of the ways in which the return on equity of a company may be improved, thereby increasing shareholder value. By obtaining the Share Buyback Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force.

The Share Buyback Mandate will also facilitate the return to the Shareholders by the Company of surplus cash (if any) which is in excess of the Group's financial needs in an expedient and cost-effective manner.

The Directors further believe that Share purchases by the Company may help to mitigate short-term market volatility in the Company's Share price, off-set the effects of short-term speculation and bolster Shareholders' confidence and employee morale.

If and when circumstances permit, the Directors will decide whether to effect the share purchases via market purchases or off-market purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out purchases pursuant to the Share Buyback Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full limit as authorised. The share purchases will not cause illiquidity or affect orderly trading of the Shares.

B Authority And Limits Of The Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Buyback Mandate are summarised below:

(a) Maximum Number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buyback Mandate shall not exceed ten percent (10%) of the issued ordinary share capital of the Company as at the date of the last AGM of the Company held before the resolution authorising the Share Buyback Mandate is passed or as at the date on which the resolution authorising the Share Buyback Mandate is passed, whichever is the higher.

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Purely for illustrative purposes, on the basis of 488,217,836 Shares (excluding treasury shares) in issue as at the Latest Practicable Date (March 10, 2011) and assuming that no further Shares are issued on or prior to the AGM to be held on April 8, 2011, not more than 48,821,783 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate.

(b) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the AGM at which the Share Buyback Mandate is approved up to the earliest of:

(i) the date on which the next AGM of the Company is held or required by law to be held;
(ii) the date on which the share purchases are carried out to the full extent mandated; or
(iii) the time when the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders of the Company in general meeting.

The Share Buyback Mandate may be renewed at each AGM or other general meeting of the Company.

(c) Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be effected by the Company by way of:

(i) on-market purchases ("Market Purchases"); and/or
(ii) off-market purchases, otherwise than on a securities exchange, in accordance with an "equal access scheme" as defined in Section 76C of the Companies Act ("Off-Market Purchases").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST through the Central Limit Order Book trading system, and/or through one or more duly licensed dealers appointed by the Company for the purpose.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
(iii) the terms of all the offers are the same, except that there shall be disregarded:

- differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
- (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
- differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Under the Listing Manual, if the Company wishes to make an Off-Market Purchase, the Company will issue an offer document containing, *inter alia*, the following information to all Shareholders:

(i) the terms and conditions of the offer;
(ii) the period and procedures for acceptances; and
(iii) the information required under Rule 883(1), (2), (3), (4) and (5) of the Listing Manual.

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(d) **Maximum Purchase Price**

The purchase price (excluding ancillary expenses such as brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for the Shares must not exceed the maximum price ("Maximum Price") as set out below:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

C. Purchased Shares: Cancelled Or Held In Treasury

Shares which are purchased or acquired by the Company may be cancelled or held by the Company as treasury shares. All shares purchased by the Company will be automatically delisted by the SGX-ST.

If cancelled, all rights and privileges attached to that Share shall expire on cancellation and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase.

D. Source of Funds

The Company may, at its discretion, purchase Shares pursuant to the Share Buyback Mandate out of capital and/or out of distributable profits.

The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such an extent that the working capital position of the Group would be materially adversely affected.

The Company intends to use internal sources of funds and/or external borrowings to finance purchases or acquisitions of its Shares. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of the Shares pursuant to the proposed Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

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E. Solvency Test

Under the Companies Act in force as at the Latest Practicable Date, we may not purchase Shares if we know that our Company is not solvent. For this purpose, a company is "solvent" if:

(a) the company is able to pay its debts in full at the time of the payment for the purchase and will be able to pay its debts as they fall due in the normal course of business during the period of 12 months immediately following the date of the payment; and

(b) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase, become less than the value of its liabilities (including contingent liabilities) having regard to the most recent financial statements of the company and all other circumstances that the directors or managers of the company know or ought to know affect, or may affect, such values.

F. Financial Effects

The Company's total issued share capital will be diminished by the total issue price of the Shares purchased or acquired by the Company if the Shares purchased or acquired are cancelled.

The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Group to fund the purchases or acquisitions.

Based on the existing issued and paid-up ordinary share capital of the Company as at the Latest Practicable Date, the purchase by the Company of 10 percent (10%) of its issued Shares will result in the purchase or acquisition of 48,821,783 Shares.

Assuming the Company purchases or acquires the 48,821,783 Shares at the Maximum Price, the maximum amount of funds required (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) is:

(a) $9.52 million in the case of Market Purchases of Shares based on $0.195 per Share (being the price equivalent to five percent (5%) above the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date); and

(b) $10.89 million in the case of Off-Market Purchases of Shares based on $0.223 per Share (being the price equivalent to twenty percent (20%) above the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date).

For illustrative purposes only, on the basis of the assumptions set out above, and based on the audited financial statements of the Group for the financial year ended December 31, 2010, and assuming that:

(i) the Share Buyback Mandate had been effective on January 1, 2010;
(ii) the purchases or acquisitions of Shares are financed solely by internal resources;
(iii) the Company's distributable profit is $0.18 million as at December 31, 2010, taking into account the dividend declared in 2010; and
(iv) the capital of the Company is $121.45 million as at December 31, 2010,

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the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group for the financial year ended December 31, 2010 would have been as follows:

Market Purchases

	GROUP		COMPANY	
	BEFORE SHARE PURCHASE	AFTER SHARE PURCHASE	BEFORE SHARE PURCHASE	AFTER SHARE PURCHASE
As at December 31, 2010				
Shareholders' Funds ($'000)	106,077	96,557	115,510	105,990
NTA ($'000)	101,894	92,374	115,510	105,990
Current Assets ($'000)	102,069	92,549	51,003	41,483
Current Liabilities ($'000)	62,857	62,857	21,335	21,335
Total Borrowings ($'000)	49,679	49,679	2,565	2,565
Number of Shares (000)	488,218	439,396	488,218	439,396
Financial Ratios				
NTA per Share (cents)	20.87	21.02	23.66	24.12
Earnings per Share (cents)	1.09	1.21	0.64	0.71
Gearing (times)	0.47	0.51	0.02	0.02
Current Ratio (times)	1.62	1.47	2.39	1.94

Off Market Purchases

	GROUP		COMPANY	
	BEFORE SHARE PURCHASE	AFTER SHARE PURCHASE	BEFORE SHARE PURCHASE	AFTER SHARE PURCHASE
As at December 31, 2010				
Shareholders' Funds ($'000)	106,077	95,190	115,510	104,623
NTA ($'000)	101,894	91,007	115,510	104,623
Current Assets ($'000)	102,069	91,182	51,003	40,116
Current Liabilities ($'000)	62,857	62,857	21,335	21,335
Total Borrowings ($'000)	49,679	49,679	2,565	2,565
Number of Shares (000)	488,218	439,396	488,218	439,396
Financial Ratios				
NTA per Share (cents)	20.87	20.71	23.66	23.81
Earnings per Share (cents)	1.09	1.21	0.64	0.71
Gearing (times)	0.47	0.52	0.02	0.02
Current Ratio (times)	1.62	1.45	2.39	1.88

(1) Total borrowings comprise liabilities arising from borrowings from banks and other financial institutions, and outstanding debt securities.
(2) Gearing is computed based on the ratio of total borrowings to shareholders' funds.
(3) Current ratio is derived based on current assets divided by current liabilities.

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For illustrative purposes, it has been assumed that the purchases or acquisitions of Shares are financed solely by internal resources. Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on, *inter alia*, the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Shareholders should note that the financial effects set out above are for illustration purposes only (based on the aforementioned assumptions). The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any). In particular, Shareholders should note that the above analysis is based on the audited financial statements of the Group for the financial year ended December 31, 2010 and is not necessarily representative of future financial performance.

The Company may take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

G. Reporting Requirements Under The Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority.

The Company shall notify the Accounting and Corporate Regulatory Authority within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include the following:

(a) the date of the purchase;
(b) number of Shares purchased;
(c) the number of Shares cancelled;
(d) the number of Shares held as treasury shares;
(e) the Company's issued share capital before the purchase;
(f) the Company's issued share capital after the purchase;
(g) the amount of consideration paid by the Company for the purchase of the Shares; and
(h) whether the Shares were purchased out of the profits or the capital of the Company.

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H. Requirements in the Listing Manual

Under the Listing Manual, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than five percent (5%) above the average closing market price, being the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in section B (d) above, conforms to this restriction.

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was effected, and (ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form, and shall include such details, as may be prescribed by the SGX-ST in the Listing Manual.

The Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time(s). However, as the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board until the price-sensitive information has been publicly announced.

The Listing Manual requires a company to ensure that at least ten percent (10%) of equity securities (excluding preference shares and convertible equity securities) in a class that is listed is held by public shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, the public float of the Company stands at 70.09%. If the Share Buyback Mandate is exercised in full, and a total of 48,821,783 Shares are purchased pursuant to the Share Buyback Mandate, the public float of the Company will be 66.77%. The Share Buyback Mandate will not affect the listing of the Company on SGX-ST by reason of the public float of the Company being reduced to below 10% of the total issued share capital of the Company. The Share Buyback Mandate is also not expected to affect the orderly trading of the Company's Shares on the SGX-ST.

I. Certain Take-Over Code Implications

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

(a) Obligation to Make a Take-over Offer

Any resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following any purchase or acquisition of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("Rule 14"). Consequently, depending on the number of Shares purchased or acquired by the Company and the Company's issued share capital at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14.

Notice of Annual General Meeting

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, ***inter alia***, will be presumed to be acting in concert, namely, (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty percent (20%) but not more than fifty percent (50%) of the voting rights of the first-mentioned company.

(c) Effect of Rule 14 and Appendix 2

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code. In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty percent (30%) or more, or, if the voting rights of such Directors and their concert parties fall between thirty percent (30%) and fifty percent (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one percent (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty percent (30%) or more, or, if such Shareholder holds between thirty percent (30%) and fifty percent (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one percent (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the proposed Share Buyback Mandate.

Notice of Annual General Meeting

(d) Directors' and Substantial Shareholders' Interests

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date, the shareholdings of the Directors and of the Substantial Shareholders in the Company before and after the purchase of Shares pursuant to the proposed Share Buyback Mandate, assuming (i) the Company purchases the maximum amount of ten percent (10%) of the issued ordinary share capital of the Company, and (ii) there is no change in the number of Shares held by the Directors and Substantial Shareholders or which they are deemed to be interested in, will be as follows:

	AS AT LATEST PRACTICABLE DATE				
	BEFORE SHARE PURCHASE		AFTER SHARE PURCHASE		
	TOTAL NUMBER OF SHARES IN WHICH INTERESTED (DIRECT AND DEEMED)	% OF ISSUED SHARES [1]	% OF ISSUED SHARES [1]	TOTAL NUMBER OF SHARE OPTIONS HELD	TOTAL NUMBER OF WARRANTS IN WHICH INTERESTED (DIRECT AND DEEMED) (AZTECH GROUP W121123)
Directors					
Michael Mun Hong Yew [2]	119,941,663	24.567	27.297	0	19,990,277
Patricia Ng Sok Cheng	17,106,168	3.504	3.893	547,916	3,017,694
Martin Chia Heok Miin	3,848,000	0.788	0.876	1,643,749	640,000
Jeremy Mun Weng Hung	1,044,000	0.214	0.238	0	174,000
Colin Ng Teck Sim	888,000	0.182	0.202	0	148,000
Philip Tan Tee Yong	600,000	0.123	0.137	0	100,000
Khoo Ho Tong	806,000	0.165	0.183	0	135,000
Substantial Shareholders					
Michael Mun Hong Yew [2]	119,941,663	24.567	27.297	0	19,990,277

Notes:

(1) Based on an issued share capital, (excluding treasury shares) of 488,217,836 Shares as at the Latest Practicable Date.

(2) As at the Latest Practicable Date, Michael Mun Hong Yew's aggregate interest consists of 115,105,663 Shares which he holds directly, 1,200,000 Shares held by OCBC Securities Pte Ltd and 3,636,000 Shares held by AVS Technologies Pte Ltd.

As at the Latest Practicable Date, none of our Directors or Substantial Shareholders will be obliged to make a mandatory take-over offer in the event that the Company purchased the maximum 10% of the issued Shares under the proposed Share Buyback Mandate. In this regard, our Substantial Shareholder, Michael Mun Hong Yew, who is presumed to have an interest in 119,941,663 Shares, is regarded as acting in concert with (i) his son Jeremy Mun Weng Hung who holds 1,044,000 Shares; (ii) his son Mun Weng Kai who holds 60,000 Shares (iii) his son Mun Weng Hoe who holds 30,000 Shares (iv) his brother Mun Hon Pheng who indirectly holds 503,000 Shares and (v) his brother Mun Hoon Wing who holds 924,000 Shares as at the Latest Practicable Date, pursuant to the Take-over Code.

Shareholders who are in doubt as to whether they would incur any obligation to make a takeover offer as a result of any purchase of Shares by the Company pursuant to the Share Buyback Mandate are advised to consult their professional advisers and/or the Securities Industry Council before they acquire any Shares in the Company during the period when the Share Buyback Mandate is in force.

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The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any purchase or acquisition of Shares by the Company.

J. Shares Purchased In The Previous 12 Months

No purchases of Shares have been made by the Company in the 12 months preceding the date of this Notice.

K. Recommendation

The Directors are of the opinion that the proposed Share Buyback Mandate for the buyback by the Company of its Shares is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of the Resolution, being the ordinary resolution number 10 relating to the Share Buyback Mandate set out on page 90 of this Annual Report.

L. Directors' Responsibility Statement

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Explanatory Statement and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, the facts stated and opinion expressed in this Explanatory Statement are fair and accurate that there are no material facts the omission of which would make any statement in this Explanatory Statement misleading.

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Proxy Form for Annual General Meeting

No. of Shares held	

I/We ____

of ____

being a Member(s) of Aztech Group Ltd, hereby appoint Mr/Mrs/Ms

Name	Address	NRIC/PASSPORT NO.	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our proxy, to vote for me/us and on my/our behalf and if necessary, to demand a poll, at the AGM of the Company, to be held at 31 Ubi Road 1, Aztech Building, Singapore 408694 on Friday, April 8 2011, and at any adjournment thereof in the following manner:

RESOLUTIONS	FOR	AGAINST
1. To adopt the Audited Accounts, Director's Report and Auditors' Report		
2. Declaration of final one-tier tax exempt dividend of $0.003 per share		
3. To approve the payment of Directors' Fees for FY 2011		
4. To re-appoint Mr Khoo Ho Tong as a Director under Section 153 of the Companies Act		
5. To re-elect Mr Colin Ng Teck Sim as a Director under Article 107		
6. To re-elect Mr Philip Tan Tee Yong as a Director under Article 107		
7. To re-appoint Auditors and authorise Directors to fix their remuneration		
8. To authorise Directors to issue Shares and/or instruments		
9. To authorise Directors to offer and grant options, and allot and issue shares in connection with the exercise of options granted pursuant to Aztech Group Employees' Share Option Scheme 2000		
10. To renew Share Purchase Mandate		

If you wish to exercise all your votes For or Against, please tick with " √ ". Alternatively, please indicate the number of votes For or Against each resolution.

If this form of proxy contains no indication as to how the proxy should vote in relation to each resolution, the proxy shall, as in the case of any other business raised at the meeting, vote as the proxy deems fit.

As witness my/our hand(s) this ____________________ day of ____________________ 2011.

____

Signature of Shareholder

OR

The Common Seal of the company was hereunto affixed in the presence of :-

____________________ ____________________

Director Director/Secretary

IMPORTANT:

This Annual Report is forwarded to CPF Investors at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION.
This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all purposes if used or purported to be used by them.

Proxy Form for Annual General Meeting

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him.

3. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 percent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies together with the letter or power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 31 Ubi Road 1, Aztech Building, Singapore 408694, not less than 48 hours before the time appointed for the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act Chapter 50.

8. Please indicate with an " √ " in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

10. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.