

AZTECH SYSTEMS LTD
(Company Registration Number: 198601642R)
(Incorporated in Singapore on 6 August 1986)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF WARRANTS

All terms used herein are as defined in the Company's announcement dated 11 May 2007 in relation to the proposed renounceable non-underwritten rights issue ("**Rights Issue**") of up to 106,264,162 warrants ("**Warrants**") at an issue price of S\$0.02 for each Warrant, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (each a "**New Share**" and collectively, the "**New Shares**") at an exercise price of S\$0.51 for each New Share, on the basis of one (1) Warrant for every four (4) existing ordinary shares in the capital of the Company ("**Shares**") held, fractional entitlements to be disregarded.

1. Receipt of in-principle approval from the SGX-ST

The Board of Directors of the Company is pleased to announce that the Company has obtained in-principle approval from the SGX-ST for the dealing in, listing of and quotation for the Warrants and the New Shares on the Official List of the SGX-ST.

The in-principle approval granted by the SGX-ST is subject to the following:-

- (a) compliance with the SGX-ST's listing requirements;
- (b) submission of a confirmation from the Company that it will announce any adjustment made pursuant to Rule 829(1);
- (c) submission of a confirmation from the Company that upon completion of the Rights Issue, there is a sufficient spread of holdings (at least 100 Warrantholders) prior to listing of the Warrants for an orderly market in the Warrants;
- (d) submission of an undertaking from the Company to: -
 - (i) make periodic announcements on the specific utilisation of the proceeds arising from the Rights Issue and the New Shares, as and when funds are materially disbursed; and
 - (ii) provide a status report on the specific utilisation of the proceeds arising from the Rights Issue and the New Shares in the annual report; and
- (e) to disclose via an SGXNET announcement on the impact of the undertaking of Mr Michael Mun Hong Yew (the "**Undertaking Shareholder**") in respect of his obligations under the Singapore Code on Take-overs and Mergers (the "**Code**"), noting that the Rights Issue is not underwritten.

The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the Company, its subsidiaries, the Rights Issue, the Warrants, the New Shares or the Shares.

2. Shareholdings of the Undertaking Shareholder

As at the date of this announcement, the Undertaking Shareholder who is also the Chief Executive Officer and President of the Company is a Controlling Shareholder of the Company holding in aggregate 92,619,386 Shares representing approximately 22.4% of the Shares¹ and 3,000,000 exercisable Share Options. As at the date of this announcement, Mr Mun Weng Kai, son of the Undertaking Shareholder holds 50,000 Shares, Mr Jeremy Mun Weng Hung, son of the Undertaking Shareholder and a director of the Company holds 400,000 Shares and 300,000 exercisable Share Options, and Mr Mun Hon Pheng, brother of the Undertaking Shareholder holds 3,679,913 Shares.

Assuming none of the other Shareholders subscribes for their rights entitlement and that all the 11,950,650 exercisable Share Options as at the date of this announcement (including the 3,000,000 Share Options held by the Undertaking Shareholder and the 300,000 Share Options held by Mr Jeremy Mun Weng Hung) are exercised prior to the Books Closure Date, the Undertaking Shareholder will hold 95,619,386 Shares and up to 106,264,162 Warrants immediately after the Rights Issue pursuant to the Undertaking. In the event that all the 106,264,162 Warrants are exercised, the Undertaking Shareholder will hold 201,883,548 Shares representing approximately 38.0% of the enlarged Shares¹.

The Undertaking Shareholder has not obtained a Whitewash waiver for the purpose of the Undertaking under the Rights Issue. After completion of the Rights Issue, the Undertaking Shareholder may exercise, dispose, transfer or sell any or all of the Warrants acquired by him as a result of his Undertaking in his absolute discretion. In exercising the Warrants and acquiring voting rights, the Undertaking Shareholder will comply with the rules of the Code and make a general offer if so required under the Code.

3. Notice of Books Closure Date

NOTICE IS HEREBY GIVEN that the Register of Members and Share Transfer Books of the Company will be closed at 5.00 p.m. on 22 June 2007 (the "**Books Closure Date**") for the purpose of determining the provisional allotments of Warrants to shareholders of the Company ("**Shareholders**") whose registered addresses with The Central Depository (Pte) Limited ("**CDP**") or the Company, as the case may be, as at the Books Closure Date are in Singapore or who have, at least five (5) market days prior to the Books Closure Date, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents under the Rights Issue ("**Entitled Shareholders**").

Entitled Shareholders (being depositors) whose securities accounts with CDP are credited with Shares as at 5.00 p.m. on the Books Closure Date will be provisionally allotted the Warrants under the Rights Issue on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. on the Books Closure Date.

¹ As at the date of this announcement, the issued share capital of the Company (excluding treasury shares which do not carry any voting rights) comprises 413,106,000 Shares. After the Rights Issue, assuming the maximum number of Warrants is issued and all the Warrants are exercised, the enlarged share capital of the Company (excluding treasury shares which do not carry any voting rights) will comprise 531,320,812 Shares.

A Shareholder (being a depositor) whose securities account with CDP is credited with Shares and who has a registered address outside Singapore, may provide CDP, at 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807, with a registered address in Singapore for the service of notices and documents no later than 5.00 p.m. on 15 June 2007, being five (5) market days prior to the Books Closure Date.

Entitled Shareholders (whose Shares are not registered with CDP) and whose names appear in the Register of Members of the Company as at 5.00 p.m. on the Books Closure Date, will be provisionally allotted the Warrants under the Rights Issue on the basis of the number of Shares held by them as stated in the Register of Members as at 5.00 p.m. on the Books Closure Date.

A Shareholder whose Shares are registered in his own name in the Register of Members of the Company and having a registered address outside Singapore may provide the Company's share registrar, B.A.C.S. Private Limited (the "**Share Registrar**"), at 63 Cantonment Road, Singapore 084758, with a registered address in Singapore for the service of notices and documents no later than 5.00 p.m. on 15 June 2007, being five (5) market days prior to the Books Closure Date.

Duly completed and stamped transfers in respect of Shares not registered in the name of CDP together with all relevant documents of title received up to the close of business at 5.00 p.m. on the Books Closure Date by the Share Registrar will, subject to the Articles of Association of the Company, be registered to determine the provisional allotments of the Warrants of the Entitled Shareholders under the Rights Issue.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Warrants will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least five (5) market days prior to the Books Closure Date, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Warrants commence and the net proceeds arising therefrom to be dealt with in accordance with the terms set out in the Offer Information Statement to be issued and lodged with the Monetary Authority of Singapore and despatched to Entitled Shareholders in due course.

By Order of the Board
Aztech Systems Ltd

Pavani Nagarajah
Company Secretary

6 June 2007