

Announcement

AZTECH SYSTEMS LTD
(Company Registration No: 198601642R)

ACQUISITION OF OFFICE PROPERTY IN SHENZHEN, CHINA

1. Introduction

The Board of Directors of Aztech Systems Ltd (the “Company” or “Aztech”) is pleased to announce that its wholly owned subsidiary, Aztech Systems (HK) Limited (“Aztech HK”) is investing S\$8.9* million to acquire (“Acquisition”) an office unit in Shenzhen, China, having an area of approximately 1,693 metres square, located at the 20th storey of the building known as “Fortune Building” (the “Office Unit”). The Acquisition will be carried out through Aztech HK’s subsidiary in Shenzhen, Aztech Communication Device (Shenzhen) Ltd (“Aztech Shenzhen”).

2. Information on the Office Unit

Aztech Shenzhen will have a leasehold interest in the Office Unit, with the lease period expiring on 25 June 2050. The Fortune Building is a 55 floor high skyscraper, and is also a hub for commerce, office, leisure and entertainment. The Fortune Building is currently under construction and targeted to be completed by the end of October 2007.

3. Rationale

The current sales office of Aztech in Hong Kong and R&D facility in Shenzhen are both located in rented units. The Acquisition will stabilize the Group’s operating cost in both Hong Kong and Shenzhen while enabling Aztech to consolidate its operations team into one location, creating synergy and coordination from the two offices. The centralisation will also buffer the rental rate hikes in both cities.

4. Valuation and Purchase Consideration

The Total Purchase Consideration of S\$ 8.9 million was arrived at on a willing-buyer and willing-seller basis and takes into account the current market value of office units in Shenzhen. The Acquisition will be satisfied by a combination of bank borrowings and internal resources.

* Based on exchange rate of 0.1984, being the monthly average exchange rate of the Singapore dollar and the Renminbi for the month of May



5. Financial Effects

The Acquisition is not expected to have any material impact on the Group's financial performance for the current financial year. Based on Aztech's audited consolidated financial statements for the year ended 31 December 2006, the financial impact to the Group's earnings per share and net tangible assets would not be material.

6. Relative Figures

The effect of the Acquisition vis-à-vis the four bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") is as follows:

i. Net Asset Value

The basis of comparison set out in Rule 1006(a) of the Listing Manual of the SGX-ST is not applicable, as the Acquisition does not involve disposal of any of the assets of Aztech.

ii. Net Profits

The basis of comparison set out in Rule 1006(b) of the Listing Manual of the SGX-ST is not applicable, as the Acquisition is not an acquisition of a profit generating business.

iii. Market Capitalisation

The relative figures as computed on the basis set out in Rule 1006 (c) of the Listing Manual of the SGX-ST are as follows:

The total purchase consideration paid for the Acquisition constitutes approximately 4.5% of the market capitalisation of the Company. The market capitalisation of the Company, based on the weighted average price of the Company's shares transacted on 30 May 2007, being the last market day preceding the date of this announcement, is S\$196.7 million.

iv. Equity Securities

The basis of comparison set out in Rule 1006(d) of the Listing Manual of the SGX-ST is not applicable, as no equity securities will be issued as consideration for the Acquisition.



7. Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company have any interest, direct or indirect, in the Acquisition.

By Order of the Board
Pavani Nagarajah
Company Secretary
Singapore, 1st June 2007

