MICRO-MECHANICS®

2024

FINANCIAL YEAR

ANNUAL REPORT

CONTENTS

CORPORATE PROFILE

Micro-Mechanics is a leading *Next Generation Supplier* of high precision tools and parts for process-critical applications in the wafer fabrication and assembly processes of the semiconductor industry. The Group delivers an integrated suite of solutions across the value chain, from the design and manufacturing of a range of industry-leading consumable tools and parts for the assembly and testing of semiconductors, to the contract manufacturing of precision parts and tools used in process-critical applications for the semiconductor wafer-fabrication industry.

Established since 1983 in Singapore, the Group was publicly listed on the SGX Mainboard (SGX:5DD) in 2003. The Group has grown steadily over the years to be a trusted partner by more than 600 customers globally, with a diversified geographical footprint across five operating facilities in Singapore, Malaysia, China, the Philippines and the USA.

The Group is committed to executing its '*Five-Star Factory*' initiative driven by high-performance teams, operational and innovation excellence, workplace efficiency & safety and fast, effective local support to global customers. This is anchored by the Group's focus on financial discipline and strong governance to deliver sustainable long-term stakeholder returns.

Since listing, Micro-Mechanics has received over 30 awards in recognition of its high standards of corporate governance, quality of disclosure, transparency and investor relations. The Group was also recognised in the 'Forbes Asia Best Under A Billion List' in 2006 and 2022.

MISSION STATEMENT

Our mission is to provide our customers with "*Perfect Parts and Tools, On Time*, *Every Time*", based on scalable, repeatable and cost-effective manufacturing processes.

CHAIRPERSON'S STATEMENT

Dear valued stakeholders,

Micro-Mechanics has delivered a resilient performance for the 12 months ended 30 June 2024 ("FY2024") with a net profit of S$8.0 million on group revenues of S$57.9 million notwithstanding soft demand across key markets like the US as the global semiconductor industry continued to right-size inventories across the supply chain.

In 2016, we instituted a dividend policy to distribute at least 40% of the Group's after-tax annual earnings to shareholders, after taking into consideration financial performance, projected cash flow and capital requirements for business growth and general economic conditions, among other relevant factors. While the global semiconductor industry appears poised for recovery heading into FY2025, the Board stays cautiously optimistic and vigilant when considering its capital management priorities. With a focus on financial prudence, the Group is preserving a higher level of cash on the balance sheet to mitigate against market externalities. The Board is proposing a final dividend of 3.0 cents per share for FY2024. If approved by shareholders at our Annual General Meeting on 30 October 2024, the final dividend will be paid on 18 November 2024. Together with the interim dividend of 3.0 cents per share paid on 17 February 2024, the Group's total dividend for FY2024 will be 6.0 cents per share. This amounts to a total payout of S$8.3 million, representing a dividend payout ratio of 104% for FY2024.

With the FY2024 dividend payout, Micro-Mechanics would have distributed 128.9 cents per share since listing in 2003, which translates to a return of about 700% based on dividends alone. Including share price appreciation and dividends reinvested, these represent long-term total shareholder returns of over 2800%[1] and is testament to our unwavering commitment to creating sustainable long-term value for shareholders.

The commitment to enhancing stakeholder value is reinforced by the Group's continued dedication to the highest standards of corporate governance throughout the organisation. Good governance is the cornerstone of the Group's everyday practices and methodology. This is aligned at all levels, from the Board Room to each and every employee. Over the past two decades, the Group has received more than 30 awards for our strong governance efforts. I am pleased to report that we continued to build on our strong track record in FY2024, ranking 22nd out of 477 SGX-listed companies in the latest Singapore Governance and Transparency Index published on 1 August 2024. More recently, on 27 August 2024, the Group was also conferred the *Silver Award* for Best Managed Board (for companies with market capitalisation of less than S$300m) at the annual *Singapore Corporate Awards*.

As economic, regulatory and geopolitical uncertainties continue to evolve, good governance and practices will continue to inform and guide the Board and whole Group's decision-making processes. This shall help us effectively navigate growing complexities and catalyse long-term sustainable growth. In their personal reflections on the past financial year, the Group's CEO and Deputy CEO highlight how this approach cascades through our key focus areas, including the '*Five Star Factory*' initiative to enhance operational agility and excellence and drive growth across the Group.

I take this opportunity to express my gratitude to my fellow Board members and Management for their wise and ready counsel. I shall not be seeking re-election at the upcoming AGM as I cannot thereafter serve as an independent director under the applicable rules which came into effect at the start of 2023. I know their excellence and dedication and am confident that Micro-Mechanics shall scale new heights. Most importantly on behalf of the Board, I extend my deepest appreciation to our employees, customers and stakeholders worldwide for their valuable contributions and continued support of the Group.

Sumitri Menon
Independent Non-Executive Chairperson

---

[1] Source: Bloomberg; for the period 24 June 2003 (IPO) till 30 June 2024; which represents the additional number of shares purchased in the period for each share at the beginning of the period, assuming dividends are reinvested through buying more of the security. STI returned 314% while FTSE ST All Share Index returned 278% during the same period.

CEO'S MESSAGE

To all our Stakeholders,

We entered the financial year faced with a challenging operating environment, as the global semiconductor industry continued to adjust to the effects of a sharp industry downcycle. In the 12 months ended 30 June 2024 ("FY2024"), makers of chips and Wafer Fabrication Equipment ("WFE") scaled back production and worked through excess inventory in response to the sudden drop in demand for chips the year prior.

In line with these market conditions, the Group's revenue decreased 13.6% year-on-year ("yoy") to S$57.9 million for FY2024. During the period, our USA subsidiary ("MMUS"), our second-largest geographical market by revenue, was impacted by the slowdown in the WFE sector with sales falling to S$10.2 million from S$18.5 million in FY2023. Comparatively, our Asia subsidiaries, which focus on process-critical consumable tools for chip packaging, posted a slight sales decline of 1.7% yoy to S$47.7 million.

As a result, the Group's gross profit declined 12.8% to S$27.2 million for FY2024. Despite lower revenue for FY2024, gross profit margin improved from 46.5% for FY2023 to 47.0% for FY2024 as the Group focused on higher-value work and exercised strict financial discipline to control costs and mitigate impact from operating deleverage.

The disciplined cost management also translated to a 10.9% yoy decline in total administrative, distribution and other operating expenses (net of finance expense and other income) to S$15.7 million for FY2024. Consequently, the Group's EBITDA decreased 10.4% yoy to S$18.4 million for FY2024. However, EBITDA margin improved from 30.6% for FY2023 to 31.7% for FY2024 and a resulting net profit of S$8.0 million for FY2024.

According to World Semiconductor Trade Statistics ("WSTS"), the semiconductor industry began to recover in FY2024, with revenue growing 9.8% to US$569 billion. In its latest forecast, the WSTS now expects global semiconductor sales to fully recover to its 2022 peak by the end of 2024 with sales of US$611 billion. While the Group is encouraged by the positive industry outlook, we believe the industry is still in the advanced stages of rebalancing inventory and production.

As such, we remain focused on driving earnings recovery and futureproofing the business for sustainable long-term growth. To this end, we are continuing to work on several key initiatives heading into FY2025.

Returning MMUS to profitability

In 2H2024, the Group completed a restructuring plan at MMUS, where we strategically recalibrated the engineering and product mix to create a more compelling, competitive, and higher-value proposition within the WFE industry. We also implemented a host of other initiatives to optimise costs and improve efficiency as part of our overarching focus on enhancing operational excellence and accelerating innovation across our facilities.

Going forward, we expect the completed restructuring plan to be earnings accretive to MMUS. So far, the plan has yielded encouraging results, delivering annual operating cost savings on an ongoing basis. Since the start of FY2025, the Group has also seen a rebound in orders at MMUS. Going forward, we remain focused on sustaining this momentum and returning MMUS to profitability in FY2025.

Progressing our '*Five-Star Factory*' initiative for efficient performance

The Group also launched the '*Five-Star Factory*' initiative in FY2024 to accelerate excellence across the Group. It strengthens the fundamentals for stringent and complex manufacturing across our five decentralised facilities in US and across Asia. Led by Deputy CEO Mr. Kyle Borch, the '*Five-Star Factory*' initiative aims to maximise performance, innovation, safety and efficiency across our five plants, so that we can respond to our customers' needs with greater agility. In the long-term, we believe this will elevate the Group's competitiveness and support our ambitions for sustainable growth. Mr. Kyle Borch will share more details on the progress of these efforts in his Deputy CEO Message.

CEO'S MESSAGE

Prioritising prudent capital management and corporate governance for sustainable value

Throughout its history, the Group has actively prioritised prudent capital management to weather and overcome the cyclicality of the semiconductor industry. Our efforts to maintain a strong balance sheet and efficiently allocate capital are underpinned by our continued commitment to enhance and protect stakeholder value with strong financial discipline and corporate governance standards.

These guiding principles enabled the Group to stay cash flow positive despite the challenging operating environment in FY2024, with net cash from operations of S$14.6 million. We also remained prudent around capital expenditure with net cash used in investing activities of S$2.2 million or 3.9% of sales. Net cash used in financing activities was S$9.9 million, mainly for the payment of dividends in respect of FY2023 and 1HFY2024. The Group ended FY2024 in a net cash position with S$16.6 million in cash and no bank borrowings. The strong financials position the Group favourably to mitigate market externalities and make prompt decisions to capitalise on investment and growth opportunities as they emerge.

As we conclude FY2024, I am confident that our abovementioned efforts have sharpened our competitive edge and strengthened the core foundations for us to deliver sustained earnings recovery and long-term shareholder growth. This would not be possible without the right people in the right positions working to make everything happen. With that, I would like to express my sincere thanks to our Board of Directors, particularly our outgoing Independent Non-Executive Chairperson Ms. Sumitri Menon and Audit Committee Chairperson Ms. Lai Chin Yee, for their guidance and commitment to the Group throughout their tenure. We are pleased to welcome Mr. Kazuo Takeda and Ms. Chua Siew Hwi, who joined the Board as Independent Non-Executive Directors in November 2023 and April 2024 respectively. They add extensive experience and deep expertise to our leadership bench as we progress on our growth ambitions. I am also grateful to our employees who have played an integral role in our progress this past year, and to our customers for their continued patronage of Micro-Mechanics.

Stepping into FY2025, I am excited to partner with our key stakeholders as we continue to pursue Five-Star excellence across our facilities and realise our ultimate aspiration to become a leading *Next Generation Supplier* of high precision, process-critical tools and parts for the semiconductor industry.

Sincerely,

Christopher R. Borch
Founder and Chief Executive Officer

DEPUTY CEO'S MESSAGE

To All Our Stakeholders,

In the second quarter of FY2024, I relocated to the Group's headquarters in Singapore to spearhead the Group's '*Five-Star Factory*' initiative. Having now spent the last 12 months based in Singapore, I can enthusiastically say that it has been a great experience for two key reasons. First, it has allowed me to be engaged with on-ground operations, working with our people and customers, deepening my understanding of our business and the semiconductor industry with a bottom-up approach. Second, it has strengthened my belief that the '*Five-Star Factory*' is the path to long-term growth and our *Journey to Excellence*. While our financials currently do not yet reflect all that we have done, we have certainly made progress in building the foundation of the '*Five-Star Factory*'.

'*Five-Star Factory*' focuses on five fundamental areas, or 'pillars', of excellence and is part of our strategy to become a *Next Generation Supplier* of high precision, process-critical tools and parts for the semiconductor industry.

The first pillar is all about building high-performance teams. In alignment with our core belief that *The Right People in the Right Positions Make Everything Happen*, we have created and filled some key engineering and management positions. We launched training initiatives to support our employees' growth, including our 'DO IT RIGHT' code of conduct to instill a set of core principles we hope every employee will factor into daily decision-making. And finally, we aligned our incentive programs with key metrics for '*Five-Star Factory*' progress.

The second pillar ensures that we provide fast and effective local support to each of our global customers. One of our Group's core strengths lies in our decentralised and localised structure which enables us to respond to our customers' needs quickly and effectively. We will continue to focus on improving responsiveness and solving high-value problems that delight our customers.

The third pillar is our commitment to workplace efficiency and safety through '8S', which underpins all other initiatives. For the past year, our personnel have focused on building sustained routines that result in well-organised, productive, clean, safe and environmentally responsible work areas and operations. Through this, we have witnessed enhanced teamwork and engagement.

The fourth pillar enables fast, flexible, and flawless manufacturing through operational excellence. We have worked diligently to reduce lead time, improve quality, expand capacity, and reduce waste. Doing so while limiting additional manpower and machinery forces us to adopt lean engineering and management principles, which improves our cost structure, resiliency, and ability to respond to customer demands with greater agility.

The fifth and final pillar aims to promote a culture of innovation. With rapidly advancing technology and global supply chain competition, our customers' needs are becoming increasingly complex. By incorporating new technologies, next-generation machinery, fresh thinking and ingenuity, we will drive product and process breakthroughs that enable the industry's advancements.

I'm proud of the progress our people and our five factories have made toward the Five-Star mark. I am learning that our *Journey to Excellence* is a lifelong pursuit, one that requires passion, patience, focused purpose, unrelenting pursuit, and teamwork. Micro-Mechanics has all the right elements, and we're just getting started.

Onward and upward!

Sincerely,

Kyle C. Borch
Deputy Chief Executive Officer

AWARDS AND ACCOLADES

Since becoming a public company in 2003, Micro-Mechanics has received consistent recognition for our corporate governance, transparency and investor relations practices. As a testament to our sound governance practices, the Group ranked 22nd out of 477 SGX-listed companies in the latest *Singapore Governance and Transparency Index* (SGTI) published on 1 August 2024. For more information on the Group's Investor Relations policy, please refer to the Corporate Governance section of this Annual Report.

Micro-Mechanics has also won several awards for our efforts to improve the efficiency and productivity of our operations. In addition, the Group has been recognised twice by Forbes as one of the 200 top-performing public companies with less than US$1 billion in yearly sales in the Asia-Pacific region.

SINGAPORE CORPORATE AWARDS

2024	Silver Award – Best Managed Board *(for companies with market capitalisation of less than S$300 million)*
2023	Bronze Award – Best Managed Board *(for companies with market capitalisation of S$300 million to less than S$1 billion)*
2022	Gold Award – Best Investor Relations *(for companies with market capitalisation of S$300 million to less than S$1 billion)*
2021	Corporate Excellence and Resilience Award
2018	Best CEO Award
2017	Gold Award – Best Managed Board Gold Award – Best Investor Relations
2016	Silver Award – Best Managed Board
2015	Silver Award – Best Managed Board Silver Award – Best Investor Relations
2014	Silver Award – Best Investor Relations
2013	Silver Award – Best Investor Relations
2012	Gold Award – Best Managed Board Silver Award – Best Investor Relations
2011	Silver Award – Best Investor Relations
2010	Bronze Award – Best Investor Relations
2008	Chief Financial Officer of the Year (Sesdaq)

(For the category of companies with market capitalization of less than S$300 million)

AWARDS AND ACCOLADES

INVESTORS' CHOICE AWARDS – SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

2023	Most Transparent Company (Technology) Shareholder Communications Excellence Award (Small Cap)
2022	Shareholder Communications Excellence Award (Mid Cap)
2021	Singapore Corporate Governance Award (Mid Cap)
2019	Singapore Corporate Governance Award (Small Cap) Shareholder Communications Excellence Award (Small Cap)
2018	Singapore Corporate Governance Award (Small Cap) Shareholder Communications Excellence Award (Small Cap)
2017	Singapore Corporate Governance Award (Small Cap) Singapore Corporate Governance Award (Information Technology) Shareholder Communications Excellence Award (Small Cap)
2016	Singapore Corporate Governance Award (Mid and Small Cap) Most Transparent Company (Information Technology)
2015	Most Transparent Company (Mainboard Small Caps)
2011	Most Transparent Company (Mainboard Small Caps)
2010	Most Transparent Company (Mainboard Small Caps)
2009	Most Transparent Company (Mainboard Small Caps)
2008	Most Transparent Company (Mainboard Small Caps)
2006	Corporate Governance Award (Sesdaq)
2005	Most Transparent Company (Sesdaq)

FORBES

2022	Asia Best Under A Billion List
2006	Asia Best Under A Billion List

THE EDGE SINGAPORE BILLION DOLLAR CLUB (CENTURION CATEGORY)

2023	Highest Weighted ROE Over 3 years (under sector category – Industrial & Commercial Services + Industrial Goods)
2022	Most Profitable Company (under sector category – Automobiles & Auto Parts; Industrial & Commercial Services; Industrial Conglomerates; Industrial Goods; Energy – Fossil Fuels; Utilities)
2020	Most Profitable Company (under sector category – Automobiles & Auto Parts; Industrial & Commercial Services; Industrial Conglomerates; Industrial Goods; Energy – Fossil Fuels; Utilities)

ASIAMONEY CORPORATE GOVERNANCE POLL

2010	Best for Shareholders' Rights and Equitable Treatment in Singapore
2009	Best for Shareholders' Rights and Equitable Treatment in Singapore

PRODUCTIVITY AWARDS

2018	Inaugural winner of Productivity Award conferred by the Singapore Precision Engineering and Technology Association (SPETA) in partnership with Singapore Institute of Manufacturing Technology (SIMTech)
2017	Winner of Singapore Productivity Awards by the Singapore Business Federation (SBF)

FINANCIAL HIGHLIGHTS

INCOME STATEMENT SUMMARY

Financial year-ended 30 June

(S$ million)	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	64.2	73.7	82.5	67.0	**57.9**
Gross Profit	34.3	40.0	44.0	31.2	**27.2**
Profit Before Tax	19.1	23.2	26.2	13.6	**11.5**
Net Profit	14.7	18.1	19.8	9.8	**8.0**
EPS (cents)	10.54	13.0	14.25	7.03	**5.78**
Weighted average number of shares in issue	139,031,881	139,031,881	139,031,881	139,031,881	**139,031,881**

BALANCE SHEET SUMMARY

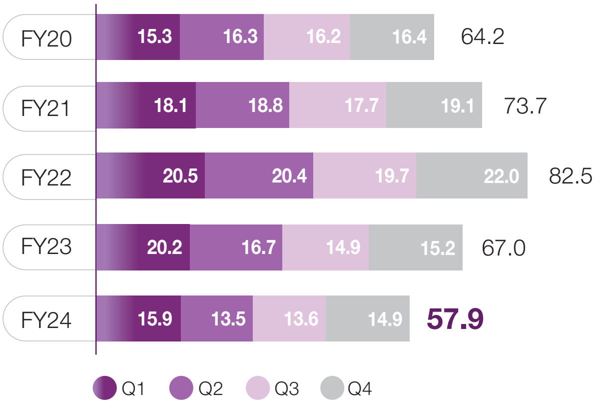
(S$ million)	As at 30 June 2023	As at 30 June 2024
Total Non-Current Assets	28.4	**24.8**
Total Current Assets	29.8	**32.1**
Total Non-Current Liabilities	3.6	**2.6**
Total Current Liabilities	8.1	**8.2**
Shareholders' Equity	46.4	**46.1**
Cash and cash equivalents	14.3	**16.6**
Trade and other receivables (current)	11.2	**11.6**
Trade and other payables (current)	5.9	**5.6**
Short and Long-term Debt	0.0	**0.0**
NAV per share (cents)	33.4	**33.1**

KEY FINANCIAL RATIOS

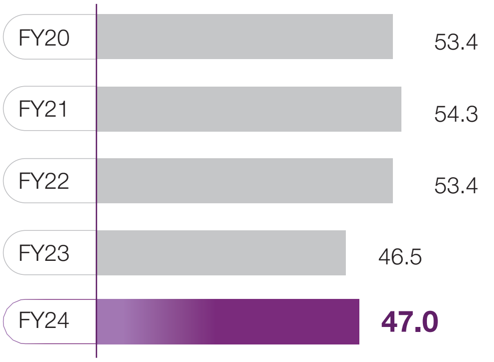
	FY2023	FY2024
Gross Profit Margin	46.5%	**47.0%**
Net Profit Margin	14.6%	**13.9%**
Return on Equity	21.0%	**17.4%**
Dividend Per Share	9.0 cents	**6.0 cents**
Dividend Payout	128%	**104%**

FINANCIAL HIGHLIGHTS

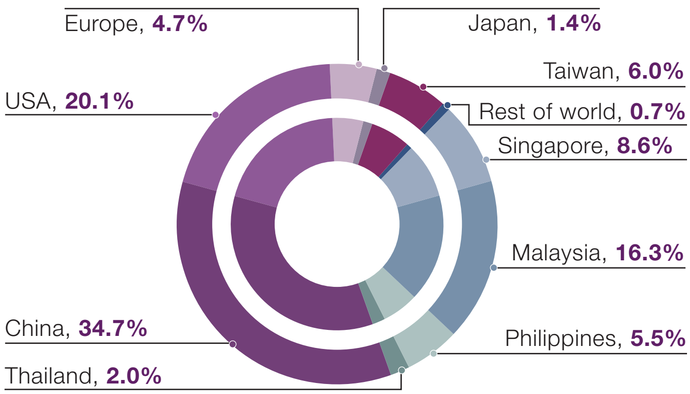
GROUP REVENUE (S$M)



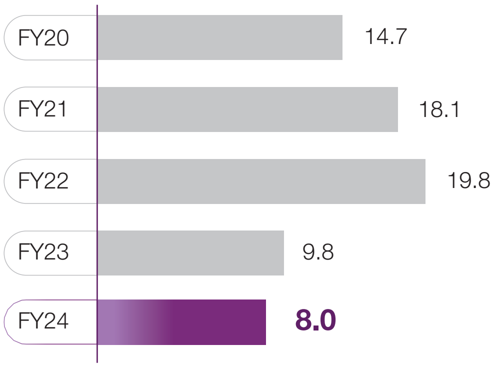
GROUP GROSS PROFIT MARGIN (%)



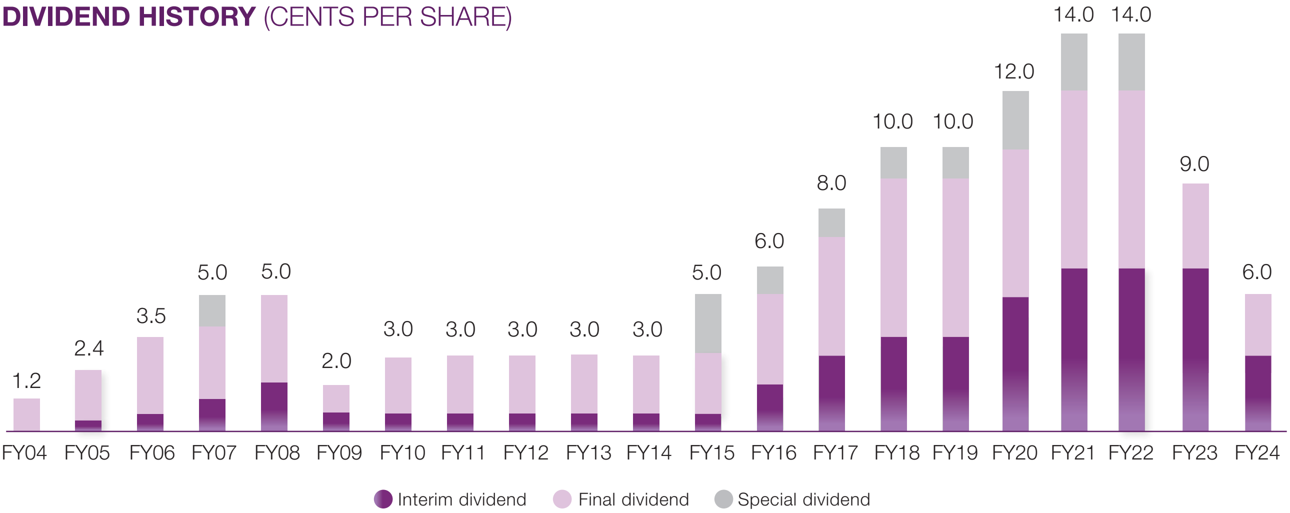
REVENUE BREAKDOWN BY GEOGRAPHICAL MARKET (FY2024)



GROUP NET PROFIT (S$M)



DIVIDEND HISTORY (CENTS PER SHARE)



BOARD OF DIRECTORS

Sumitri Mirnalini Menon @ Rabia
Independent Non-Executive Chairman

Ms. Menon is an advocate and solicitor and has been practicing as a lawyer since 1982. She is currently with Menon and Co and was previously a partner with Jansen Menon and Lee. Ms. Menon graduated from the National University of Singapore with a Bachelor of Laws (Honours). She is a Commissioner For Oaths and a Notary Public and member of the Singapore Institute of Directors.

Christopher Reid Borch
Founder & Chief Executive Officer

Mr. Borch has more than 40 years of engineering, manufacturing and management experience in the semiconductor industry, including 17 years living and working in Asia. Prior to founding Micro-Mechanics in 1983, Mr. Borch held positions with several leading makers of automatic assembly equipment including Kulicke & Soffa, Inc. Mr. Borch earned his undergraduate degree from Furman University and an MBA from The Wharton School at the University of Pennsylvania. Mr. Borch serves on the Dean's Board of the University of Southern California's Engineering School. In July 2018, Mr. Borch received the Best Chief Executive Officer Award at the Singapore Corporate Awards.

Kyle Christopher Borch
Deputy Chief Executive Officer

Mr. Borch joined Micro-Mechanics in 2018 as a manufacturing engineer at the Group's subsidiary in the USA ("MMUS"). Here he focused on helping to lead an engineering team working to make MMUS a *Center of Excellence* for manufacturing parts used in critical wafer-fabrication processes. Starting January 2023, Mr. Borch was appointed as Executive Director and Deputy CEO of Micro-Mechanics. As Deputy CEO, he oversees the Group's operations in Asia and is responsible for creating and steering a new inter-disciplinary team of people from the Group's five worldwide plants focused on accelerating the adoption of continuous improvement, operational excellence, innovation and *Five-Star Factory* initiatives.

Prior to joining Micro-Mechanics, Mr. Borch gained valuable technical and hands-on experience with various technology companies including Agilent Technologies, Apple and NASA Jet Propulsion Laboratory. Mr. Borch holds a Bachelor of Science in Physics with a minor in Mathematics from the University of California Los Angeles and double Master of Science degrees in Mechanical Engineering and Engineering Management from the University of Southern California.

Kenny Kwan
Independent Director

Mr. Kwan is a partner at A&O Shearman. His areas of practice include capital markets transactions, mergers and acquisitions, and general corporate matters. Over two decades, Kenny has established himself as a respected Capital Markets lawyer. His securities law experience includes acting as both issuers' and underwriters' counsel on Singapore, Indonesia, Malaysia capital market transactions as well as US-registered and Rule 144A/ Regulation S offerings. Mr. Kwan also advises on fund managers and issuers on the structuring and establishment of investment funds domiciled in Singapore as well as on regulatory aspects of managing investment funds outside of Singapore. He is also an Independent Director of Keppel DC REIT which is listed on the Singapore Exchange.

Mr. Kwan holds a Bachelor of Law (Honours) degree from the National University of Singapore and is a member of the Singapore Bar.

BOARD OF DIRECTORS

Lai Chin Yee
Independent Director

Ms. Lai has over 35 years of experience in areas including auditing, finance & accounting, corporate governance, taxation and treasury, and is currently the Finance Director of SGX-listed Qian Hu Corporation Limited. Ms. Lai was formerly an auditor with international accounting firms from 1987 to 2000.

Ms. Lai was elected as a council member of the Institute of Singapore Chartered Accountants (ISCA) from April 2018 to April 2024. She is the current Chairperson of ISCA's CFO Committee and a member of its Membership Committee. Ms Lai has served on ISCA's Continuing Professional Education Committee, Corporate Governance and Risk Management Committee and chaired the Singapore Chartered Accountant Qualification (SCAQ) Advisory Panel previously.

Ms. Lai is also an Independent Director of SGX-listed Abundance International Limited, as well as the Non-Executive Chairman of Singapore Paincare Holdings Limited. From April 2019 to March 2024, she was appointed by the Ministry of Finance as a Board member of Accounting and Corporate Regulatory Authority (ACRA).

Ms. Lai graduated with a bachelor's degree in Accountancy from the National University of Singapore. She is a Fellow Chartered Accountant (FCA) of Singapore and a member of the Singapore Institute of Directors. In 2009, she was named the Chief Financial Officer of the Year at the Singapore Corporate Awards (for listed companies with less than $300 million in market capitalisation).

Kazuo Jozeph Takeda
Independent Director

Mr. Takeda has a strong background in industrial engineering and engineering leadership development and an extensive career covering customer experience, logistics, supply chain management, and process implementation.

He held senior managerial positions at Fortune 500 companies and technology start-ups in the USA and was an industry lecturer in the University of Southern California Industrial and Systems Engineering Master's program. Mr. Takeda has also conducted leadership training for technical/engineering audiences and led multiple business processes and system improvement efforts.

From July 2020 to July 2023, Mr. Takeda was Director of Performance Excellence at SprintRay Inc, a leading manufacturer of 3D printing ecosystems for the dental industry. Prior to joining SprintRay Inc, Mr. Takeda held managerial positions in Industrial Engineering at The Disneyland Resort, a subsidiary of The Walt Disney Company, and at United Parcel Service.

Mr. Takeda holds the rank of Fellow from the Institute of Industrial and Systems Engineering, an MBA degree from the University of Redlands, USA, with an emphasis on Geographical Information Systems, and a Bachelor of Arts degree from California State University of Long Beach.

BOARD OF DIRECTORS

Chua Siew Hwi
Independent Director

Ms. Chua is an experienced leader with a proven track record in multiple finance and corporate functions, including operations, information technology, human resources, enterprise risk management, and internal audit. She has worked with diverse teams across various industries, jurisdictions, and organizations, including government agencies, aviation, financial institutions, real estate and hospitality, and shipping groups listed on the Main Board of the SGX.

Currently, she serves as the Senior Vice President of Enterprise Performance at Changi Airport Group, where she is responsible for the group's enterprise finance functions. Ms. Chua has also held senior management positions at Sentosa Development Corporation, SGX-listed companies Stamford Land Corporation Ltd and Singapore Shipping Corporation Ltd, and Nikko Asset Management Asia Ltd.

Ms. Chua is a Fellow Chartered Accountant of Singapore, an ASEAN Certified Public Accountant, a Committee Member of the CFO Committee of the Institute of Singapore Chartered Accountant, and a Finance Committee Member of the Institute of Engineers, Singapore. She holds an MBA from the University of Southern Queensland and a Bachelor's degree in Accountancy from Nanyang Technological University.

EXECUTIVE OFFICERS

SINGAPORE
Micro-Mechanics (Holdings) Ltd
Ms. Wendy Tan Wei Lee (Vice President, Finance & Company Secretary)

Micro-Mechanics Pte Ltd
Mr. Looi Sek Mun (General Manager)

MALAYSIA
Micro-Mechanics Technology Sdn. Bhd.
Mr. Goh King Kang (Deputy General Manager)

PEOPLE'S REPUBLIC OF CHINA
Micro-Mechanics Technology (Suzhou) Co. Ltd.
Mr. Shen Zi Quan (General Manager)

THE PHILIPPINES
Micro-Mechanics Technology International, Inc.
Mr. Richie Manuel (Deputy General Manager)

THE UNITED STATES
Micro-Mechanics, Inc.
Mr. Kyle Christopher Borch (Deputy CEO)

FINANCIAL CONTENTS

CORPORATE INFORMATION

Board of Directors
Sumitri Mirnalini Menon @ Rabia
Independent Non-Executive Chairperson
First appointed: 16 May 2003
(Email: smenon@micro-mechanics.com)
(re-appointed on 29 October 2021)

Christopher Reid Borch
Executive Director
First appointed: 25 June 1996
(Email: cborch@micro-mechanics.com)
(re-appointed on 30 October 2023)

Kyle Christopher Borch
Executive Director
First appointed: 1 January 2023
(Email: kborch@micro-mechanics.com)
(re-appointed on 30 October 2023)

Lai Chin Yee
Independent Director
First appointed: 1 June 2014
(Email: laicy@micro-mechanics.com)
(re-appointed on 30 October 2023)

Kenny Kwan Yew Kwong
Independent Director
First appointed: 14 June 2019
(Email: kennykwan@micro-mechanics.com)
(re-appointed on 30 October 2022)

Kazuo Jozeph Takeda
Independent Director
First appointed: 1 November 2023
(Email: ktakeda@micro-mechanics.com)

Chua Siew Hwi
Independent Director
First appointed: 1 April 2024
(Email: chuash@micro-mechanics.com)

Audit Committee
Lai Chin Yee
Chairperson
Sumitri Mirnalini Menon @ Rabia
Kenny Kwan Yew Kwong
Kazuo Jozeph Takeda
Chua Siew Hwi

Nominating Committee
Sumitri Mirnalini Menon @ Rabia
Chairperson
Lai Chin Yee
Kenny Kwan Yew Kwong
Kazuo Jozeph Takeda
Chua Siew Hwi

Remuneration Committee
Kenny Kwan Yew Kwong
Chairperson
Sumitri Mirnalini Menon @ Rabia
Lai Chin Yee
Kazuo Jozeph Takeda
Chua Siew Hwi

Risk Management Committee
Lai Chin Yee
Chairperson
Sumitri Mirnalini Menon @ Rabia
Kenny Kwan Yew Kwong
Kyle Christopher Borch
Chua Siew Hwi

Company Secretary
Wendy Tan Wei Lee
Certified Public Accountant
(Singapore)

Nor Hafiza Alwi
Fellow of the Chartered
Governance Institute (CGI)

Registered Office
Company No: 199604632W
31 Kaki Bukit Place
Eunos Techpark
Singapore 416209
Tel: 65-6746-8800
Fax: 65-6746-7700

Share Registrar &
Share Transfer Office
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

Auditors
KPMG LLP, Certified Public
Accountant
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961
Partner-in-charge: Tan Khai Boon
(appointed since Financial Year 2022)

Internal Auditors
CLA Global TS Risk Advisory Pte Ltd
80 Robinson Road
#25-00
Singapore 068898

Principal Banker
DBS Bank Ltd
12 Marina Boulevard
DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

Investor Relations Consultant
Teneo
One George Street
#12-01/02
Singapore 049145
Tel: 65-69558876
Email: micro-mechanics@teneo.com

SUSTAINABILITY REPORT
Year ended 30 June 2024

PURPOSE AND SCOPE

We are pleased to present our annual Environmental, Social and Governance ("ESG") report for FY2024. As with previous reports, this report seeks to provide all stakeholders with details about Micro-Mechanics' ESG performance based on regulatory requirements and industry best practices. This report also showcases Micro-Mechanics' ongoing efforts to be responsible corporate citizens.

This report was prepared in accordance with SGX Mainboard Listing Rules 711(A) and 711(B). To ensure continuity from previous reports, Micro-Mechanics has also chosen to continue presenting ESG data in accordance with the *Global Reporting Initiative* ("GRI") and *Task Force on Climate-related Financial Disclosures* ("TCFD") reporting frameworks. The report comprises data from Micro-Mechanics' manufacturing facilities in Singapore ("MMS"), Malaysia ("MMP"), China ("MMSU"), Philippines ("MMPH") and the United States ("MMUS") during the period of 1st July 2023 through 30th June 2024. The data collected is determined by the core metrics of the materiality assessment. While Micro-Mechanics did not seek any external assurance, the collected data been internally verified. As our ESG programme matures, processes will be further refined and improved to ensure consistency and accuracy of data.

As part of our sustainability programme, this year's annual report will be delivered in a digital format. By eliminating the need for printing, we are saving an estimated 1,500 kg of paper and chemicals that would have been used to print 3,000 copies of the annual report previously sent to shareholders.

The ESG landscape today is still very fluid, with new reporting standards and requirements evolving rapidly. Key stakeholders such as governments and customers may require us to include more data in our ESG report at a moment's notice. Nonetheless, Micro-Mechanics is committed to conduct our business in a manner that seeks to minimise negative environmental and social impacts while serving our customers. We endeavour to consciously mitigate risks, build a strong reputation for good governance, and promote sustainable business growth.

For more information, suggestions, or feedback on this Report, please email investors@micro-mechanics.com.

SUSTAINABILITY REPORT

Year ended 30 June 2024

MESSAGE FROM THE BOARD OF DIRECTORS

The Board of Directors (the "Board") is pleased to present Micro-Mechanics' FY2024 ESG Report. This also marks Micro-Mechanics' seventh sustainability report. Looking back, we have made some progress since we started our sustainability journey, but we are just getting started. The Board believes that as an organisation, we must be responsible corporate citizens. This means that we need to conduct operations in a manner that is not only profitable, but also socially and environmentally minded. These efforts are underpinned by 'DO IT RIGHT', a set of 9 core values that guides all employees to make the right decisions and do the right things, no matter how difficult. By adhering to these principles, Micro-Mechanics can also demonstrate how it has and will always act in the best interests of our stakeholders.

Our ESG report is prepared in accordance with SGX Mainboard listing Rules 711(A), 711(B), which reference the GRI standards. The report is also prepared in accordance with the TCFD framework, which we began incorporating in FY2023. However, this year, we asked our Board to consider climate related risks and opportunities as part of our operational risks. The results of the Board deliberations are summarised in the tables on pages 21 to 23. We recognise that full implementation of the TCFD framework will take time and effort. Hence, we intend to implement the framework in phases, which we will elaborate on in pages 24 to 34.

In FY2024, we also deployed a more systematic approach to ESG projects by using the tools and methods traditionally used in manufacturing and quality systems, and applying them to our sustainability projects. Data analysis methods and quality improvement tools were used to identify ESG projects that were easy to implement and had the highest impact on the company. A total of 15 projects were launched, ranging from water conservation to waste reduction efforts. To date, we have completed 13 projects. These include the establishment of a recycling programme, as well as a water conservation effort that has helped us reduce our water consumption by 9.8%. We also installed a wastewater evaporator at MMUS, which has reduced the annual amount of wastewater disposed by an average of 70%. Additionally, we have identified ageing cooling towers in MMP as a major water consumer and will be repairing these to reduce water consumption. Going forward, we also plan to reduce the amount of waste chemicals disposed in Singapore by recycling some of these waste chemicals instead of disposing them.

In closing, the Board believes that it is imperative to integrate our ESG efforts across all parts of our organisation to deliver long-term sustainable impact and value for our stakeholders. We would like to thank everyone who was involved in making this report, including our Head of Sustainability, Mervyn Tan, and our Director of Smart Factory Engineering and Development, Colin Wojno. Without their hard work and efforts, we would not have achieved so much in our ESG journey.

Sincerely,
Board of Directors
Micro-Mechanics (Holdings) Ltd

REPORTING STRUCTURE

At Micro-Mechanics, we believe our commitment to sustainability is integral to fostering long-term value creation. Our Environmental, Social, and Governance (ESG) reporting structure ensures active engagement across all organisational levels.

The Board of Directors provides oversight on significant ESG factors crucial to our long-term objectives. The Board also identifies ESG-related risks and opportunities, formulates strategies and policies to address these challenges, and sets targets and performance indicators for our ESG programme. Their oversight ensures that our sustainability initiatives are proactive and aligned with the long-term goals of the organisation.

Led by the Head of Sustainability, our Sustainability Working Committee (SWC) is responsible for implementing and managing ESG policies, initiatives, and programs. This committee translates the strategic directives of the Board into actionable plans. By continuously monitoring progress and adapting strategies, the committee ensures our ESG efforts are dynamic and responsive to both internal and external changes.

We believe sustainability is a collective responsibility. Our employees are encouraged to support and implement sustainability initiatives within their individual capacities. This grassroots approach allows us to embed our ESG objectives in our daily operations and decision-making processes. Through training and active involvement in sustainability projects, our employees drive our ESG agenda forward, fostering a culture of sustainability.

Board of Directors
(Board Members)
Provides oversight on significant ESG factors material to the long-term business objectives of the Group. Identifies ESG-related risks and opportunities; develops strategies and policies to address climate, social and governance-related risks and opportunities; and sets targets and performance indicators for the Group's ESG programme.

Sustainability Working Committee
(Head of Sustainability)
Implements and manages ESG policies, initiatives, and programme.

All Employees
Support and implement sustainability initiatives and programmes.

MATERIALITY ASSESSMENT

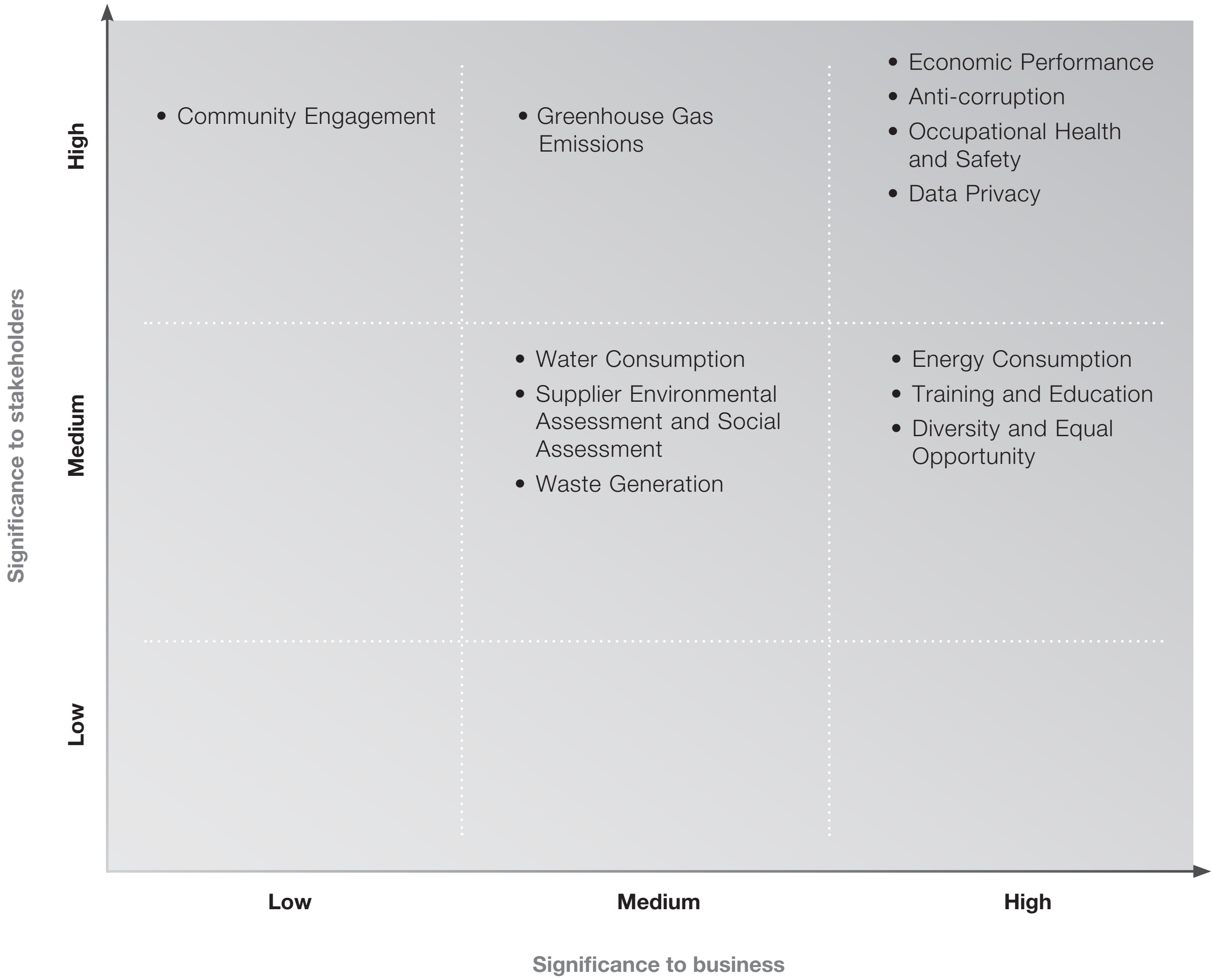
The GRI reporting framework has identified a total of 47 different reportable topics covering all aspects of ESG. Reporting on all 47 topics requires valuable resources and time, even for large companies. Hence, Micro-Mechanics uses a materiality assessment to help identify and prioritise ESG issues that have the most impact to our company. The topics are ranked according to their significance to the business, as well as their significance to stakeholders. The result of this assessment is then validated by the Board and is presented as a materiality matrix below. As the ESG landscape is highly dynamic, regular assessments need to be conducted to ensure the topics reported remain relevant to both stakeholders and the business. In FY2024, we revisited our materiality assessment process to ensure it aligns with current best industry practices. Using this revised process, we were able to determine 22 material topics from a total of 47 GRI topics. From there, we have chosen to report on 12 out of the 22 material topics that were assessed to have the most significant impact on our business.

Materiality Assessment Process

Identify material ESG factors and potential impacts → Assess significance of impacts → Prioritise most significant impacts for reporting → Validate material factors

SUSTAINABILITY REPORT
Year ended 30 June 2024

Materiality Matrix



Stakeholder Engagement

Stakeholder engagement is crucial in advancing Micro-Mechanics' sustainability efforts. We engage with our stakeholders through various channels to address concerns and improve our business operations and relationships for long-term growth and sustainability.

Key stakeholders and how we interact with them are detailed below:

Stakeholders	Key Topics	Engagement methods
Investors and shareholders	• Economic and financial performance • Business strategy • Relevant disclosure to shareholders	• Media releases • Quarterly SGX announcements • Half-yearly results briefings for investors and media • Yearly AGM for shareholders • Annual Report • Ad hoc meetings and conference calls with our investor relations consultants • Email communications (investor@micro-mechanics.com) • Company website with investor relations section
Employees	• Employee engagement • Workplace health and safety • Training and development	• Materiality prioritisation session • Company handbook including our *Code of Conduct* • New staff orientation • Yearly employee performance and improvement dialogue • Quarterly 8S audit • Town hall meetings • Anti-bribery policy and training • Training sessions • Emergency exercises • Whistleblowing policy in place
Customers	• Product quality • Compliance with the industry product standard • Customer satisfaction	• Customers visits by our sales personnel • Participation in industry trade shows • Material safety compliance requirements such as Restriction of Hazardous Substance (RoHS), Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) • Yearly customers satisfaction survey • Factory visits by customers
Suppliers	• Responsible business practices • Product quality assurance	• Supplier selection process • Supplier assessment • Meetings with suppliers

Stakeholders	Key Topics	Engagement methods
Regulators	• Compliance with laws and regulations • Anti-corruption and bribery	• Seminar/updates received from local government agencies or reporting standards • Internal processes are in place to ensure compliance with local government laws and regulations • Zero tolerance of non-compliance tone set by top management
Local communities	• Social development	• Compliance with local government laws and regulations such as pollution at surrounding factory areas, chemical discharge to drainage, etc. • Prioritizing employment of local nationals and residents • Participating and supporting community activities and charitable organisations

STRATEGY & RISK MANAGEMENT

TCFD Implementation Roadmap

The Taskforce on Climate-related Financial Disclosure ("TCFD") framework is designed to guide the way organisations disclose information around climate-related risks and opportunities. To do this in a clear, consistent and comparable manner, the framework is structured around four core elements, namely: Governance, Strategy, Risk Management, and Metrics and Targets. It is further broken down into eleven recommended disclosures.

Micro-Mechanics began incorporating the TCFD framework in its FY2023 sustainability report. The Board determines the strategic objectives, identifies climate-related risks and opportunities, sets risk appetite, and ascertains targets and performance indicators for all the ESG initiatives that are essential to the Group's long-term goals. These risks and opportunities have also been sub-categorised into short (less than 3 years), medium (3 to 5 years), and long term (more than 5 years) time frames. We have summarised these climate-related risks and opportunities in the tables below.

Fully implementing the TCFD framework requires significant time and effort; that said, we would like to assure our stakeholders that this framework will be fully implemented in phases over the coming years.

Climate-related risks and opportunities

Based on the information from the National Climate Change Secretariat, we have identified the following short, medium, and long-term climate-related risks and opportunities:

a) Climate-Related Risks

<table>
<tr><th>Type of Risk</th><th>Climate Related Risks</th><th>Potential Financial Impacts</th></tr>
<tr><td rowspan="3">Transition Risk</td><td>Policy and Legal</td><td>Short to Long Term
• Additional costs for compliance with policies and regulations
• Unable to obtain loans from banks due to high GHG emissions
• Additional costs to be paid to implement GHG emissions monitoring
• Costs for phasing out and replacing equipment with poor energy efficiency to better energy efficiency equipment
• Costs required to setup and maintain a packaging recycling program or change to new packaging</td></tr>
<tr><td>Technology and Market
• Customer requiring Micro-Mechanics to comply with their ESG requirements to meet their own goals</td><td>Short Term
• Additional costs for compliance with policies and regulations
Medium to Long Term
• Research and development costs of low emission products
• Loss of business if standards cannot be met
• Increased cost of goods sold</td></tr>
<tr><td>Reputation
• Pressure from stakeholders to do more
• Pressure from peer benchmarking</td><td>Medium to Long Term
• Loss of business to competitors with better sustainability programmes
• Reduced access to green loans from banks</td></tr>
<tr><td rowspan="2">Physical Risk</td><td>Acute
• Increase in extreme weather events
▪ Flash Floods
▪ Droughts
▪ Storms</td><td rowspan="2">Medium to Long Term
• Severe disruption to normal factory operations
▪ Damage to infrastructure
▪ Disruption of power and water supply
▪ Loss of business due to customer relocating operations
▪ Loss of company assets
▪ Disruption of supply chain
• Cost to relocate factories to areas that are not affected
• Increased cost of doing business
▪ Increased insurance premiums
▪ Increased transportation costs</td></tr>
<tr><td>Chronic
• Raising of sea levels
• Increase in ambient temperatures</td></tr>
</table>

b) Climate-Related Opportunities

Type of opportunity	Climate related opportunities	Potential financial impacts
Resource Efficiency	• Take advantage of governmental policies and grants • Adoption of technologies that reduce resource consumption • Move to more energy efficient buildings • Change to low GWP refrigerants • Increased recycling rates	**Short to Long Term** • Reduced operating costs upon adoption of improved or more efficient equipment, methods and processes • Blunted sensitivity to carbon tax credit pricing due to reduced consumption of resources
Energy Source	• Adoption of alternative energy sources	**Short to Long Term** • Onsite generation of energy, reduced costs of operations • Reduced GHG emissions • Excess carbon tax credits can be traded • Less sensitive to fuel price volatility
Products and Services	• Develop products that fit into a circular economy • Shift in customer requirements to need low emitting products	**Short to Long Term** • Increased revenue through demand for lower emissions products • New business revenue stream to retrofit and refurbish old products
Markets	• Low emission products become a customer requirement	**Short to Long Term** • Capture of business share from competitors who are unable to develop lower emission products
Resilience	• Formulation of back up plans	**Short to Long Term** • Improvement in reputation due to resilience planning

METRICS & TARGETS

Metrics

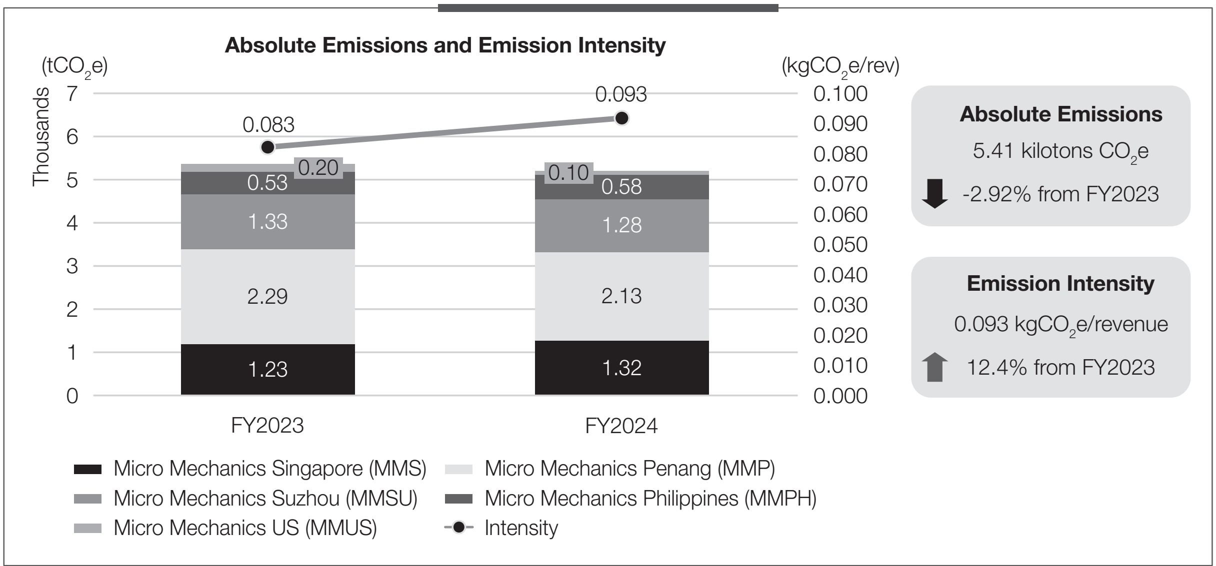
1. Greenhouse Gas Emissions

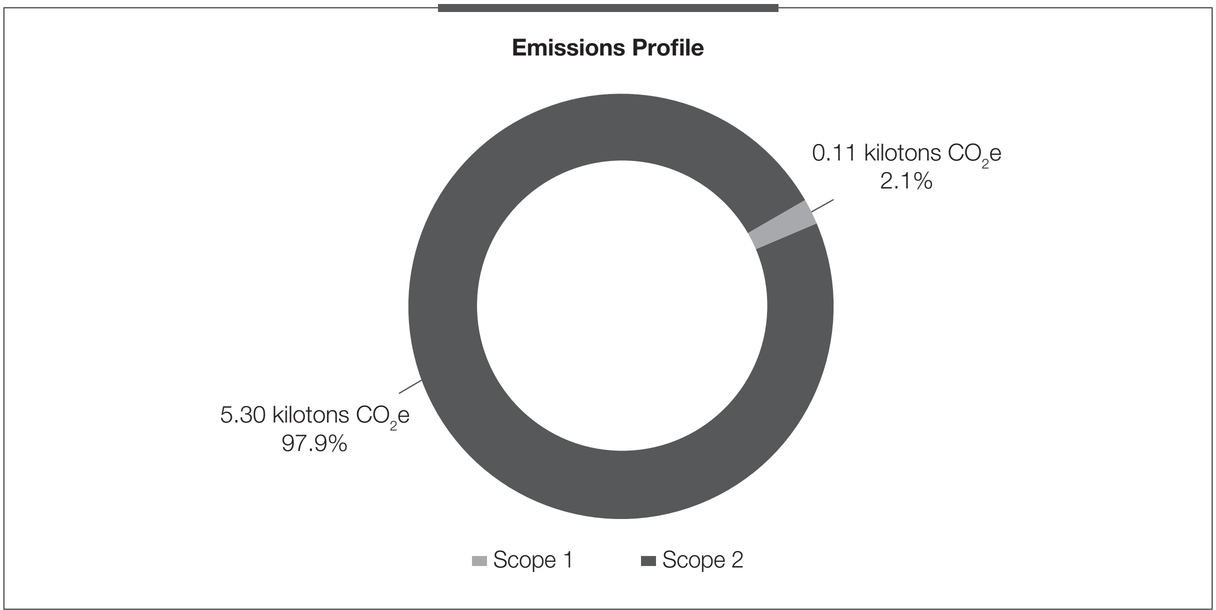
Greenhouse gases ("GHG") are gases in the atmosphere that trap and absorb heat from the sun and can cause the Earth's temperature to rise. There are seven main greenhouses gases that are being tracked by the International Panel on Climate Change ("IPCC"). These include carbon dioxide ("CO_2"), methane (CH_4"), nitrous oxide ("N_2O"), fluorinated gases such as hydrofluorocarbons ("HFCs"), perfluorocarbons ("PFCs"), sulfur hexafluoride ("SF_6") and nitrogen trifluoride ("NF_3"). Scientific studies increasingly point to GHGs as a leading cause of climate change and the resulting effects of rising sea levels, extreme weather events, and a global increase in mean temperatures.

Tracking GHG emissions is the first step to understanding how we can reduce our GHG emissions. We have adopted the GHG Protocol's Corporate Standards to track and report our GHG emissions. In this report, we are considering all seven greenhouse gases ("GHG") that are being tracked by IPCC. Currently, we are only able to track Scope 1 and 2 of GHG emissions. Due to the difficulty in evaluating Scope 3 emissions, we are still working on disclosing Scope 3 emissions in the future.

Micro-Mechanics has adopted an equity share approach for the consolidation of our GHG emissions as all the subsidiaries are wholly owned by the Group. The Group generated a total of 5.41 kilotons of CO_2 equivalent ("ktCO_2e") in FY2024. This was calculated using the datasets from The UK DEFRA 2023, emission factors and the emission factors of each facility power grid. In FY2024, we emitted 2.92% less compared to FY2023.

Based on data collected, we determined that 97.9% of our GHG emissions came from Scope 2 emissions stemming from the purchase and use of electricity for our operations, totaling 5.41 kilotons of CO_2 equivalent emitted by Micro-Mechanics in FY2024. Scope 2 emissions was reduced by 0.192 kilotons of CO_2 equivalent. This is primarily attributed to the solar panels installed in our MMUS plant, as well as the reduced revenue in FY2024. As a result, our emission intensity increased by 12.4% to 0.093 kilograms of CO_2 equivalent in FY2024.



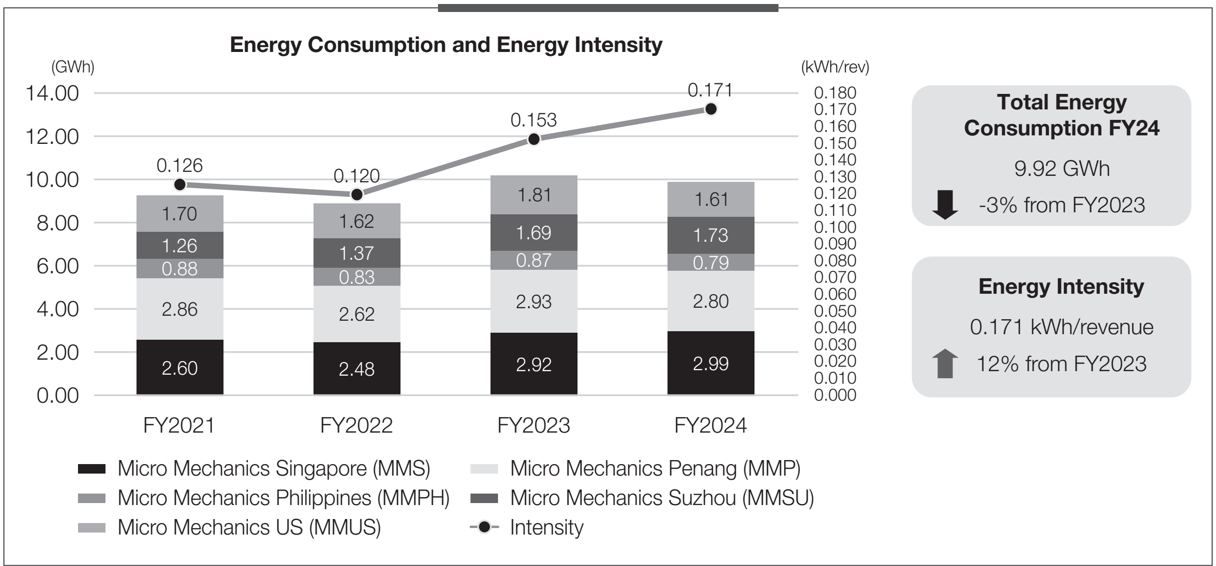


2. Energy Consumption

Energy at Micro-Mechanics is used to power machines, light up offices and provide air conditioning and heating to the employees working within our factories. With energy costs increasing, it is even more crucial that energy is used responsibly. Reducing our energy consumption will not only reduce Cost of Goods Sold (“COGS”), but also contribute towards reducing our carbon footprint.

Energy consumption is calculated based on consolidated utilities bills. In FY2024, Micro-Mechanics consumed a total of 9.92GWh of energy as a group. This represents a year-on-year decrease of 3% and an increase in energy intensity to 0.171 kWh per dollar revenue from 0.153 kWh per dollar revenue.

MMUS generated a record 1.14GWh of solar energy, representing 71% of total energy consumption at the facility in FY2024. The construction of additional shade structures equipped with solar panels was also completed. Going forward, we believe these additional solar panels and increased reliance on solar will further improve MMUS's energy use mix.



3. Water Consumption

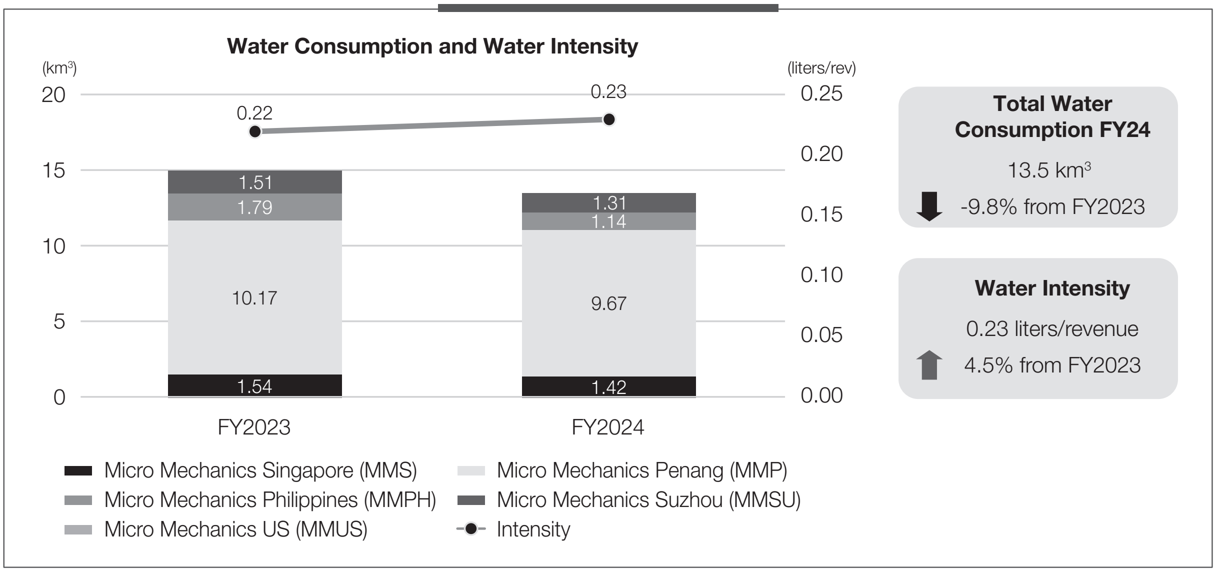
Clean water availability is becoming increasingly scarce in many regions worldwide, especially in the areas where most of our operations are located. At the same time, water is a critical resource for our most important processes. Hence, it is imperative for Micro-Mechanics to manage our water consumption effectively, so that we minimise the impact of our operations and ensure that we do not exacerbate water scarcity issues.

In FY2024, we launched an ESG project to raise awareness of water scarcity and implement water conservation measures at each facility. We measured flow rates of all our water fittings and sought to install water efficient fittings wherever possible. In MMPH, dual flush toilets were also installed to reduce their monthly water consumption by around 30 m^3. MMUS also collaborated with their local utilities company to identify and fix hidden leaks in the landscape irrigation system, successfully reducing monthly water consumption by about 5 m^3. Meanwhile, MMP and MMS looked at ways to improve water efficiency and were able to reduce water consumption as well.

Based on our FY2023 water consumption data, we observed that MMP was using more water than all other facilities combined. Upon further investigation, we identified that the cooling towers had leaks from old, blocked and damaged components, resulting in an estimated additional 6,700 m^3 of water consumed in FY2023. Repairs to the cooling tower were completed in July 2024.

In FY2024, the Group withdrew and consumed a total of 13.5 km^3 of fresh water from various water sources. This data is based on the consolidated water bills for each facility. Compared to FY2023, this represents a 1.5 km^3 decrease in water consumption, and a slight increase in water intensity from 0.22 liters per dollar revenue to 0.23 liters per dollar revenue.

During our internal verification process, we found inaccuracies within the FY2023 data on water consumption for MMUS and MMSU. We have since corrected the water consumption data for MMUS (from 780 m^3 to 23 m^3) and the data for MMSU (from 5,234m^3 to 1,511m^3).



4. Waste Generation

We have identified two main waste streams at Micro-Mechanics. The first waste stream is waste generated from our manufacturing processes, consisting of a mix of recyclable and non-recyclable hazardous by-products from the processing of raw materials into products sold to our customers. The second waste stream comprises waste generated from our offices and daily activities, which consist of a mix of recyclable and non-recyclable non-hazardous waste such as aluminium cans, plastic bottles and food containers.

We started several waste management projects in FY2024, including:

- Waste Awareness and Recycling Programme

  We raised awareness about waste generated in daily life and implemented a recycling programme targeting plastic drink bottles and aluminium cans at MMUS. This initiative diverted 3.5 kg of recyclable waste from disposal at MMUS.

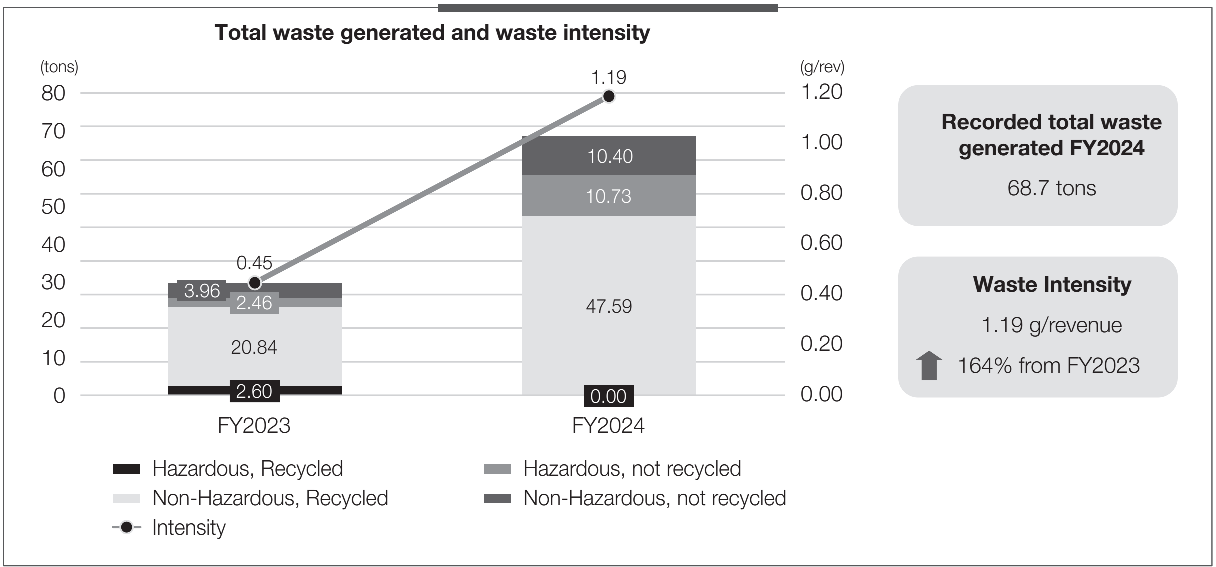
- Metal Chip Recycling

  MMPH explored the possibility of selling waste metal chips produced during manufacturing. Although this was unsuccessful due to the minimum requirements set by recyclers, we will continue to seek opportunities to sell this waste by-product.

- Wastewater Evaporator Installation

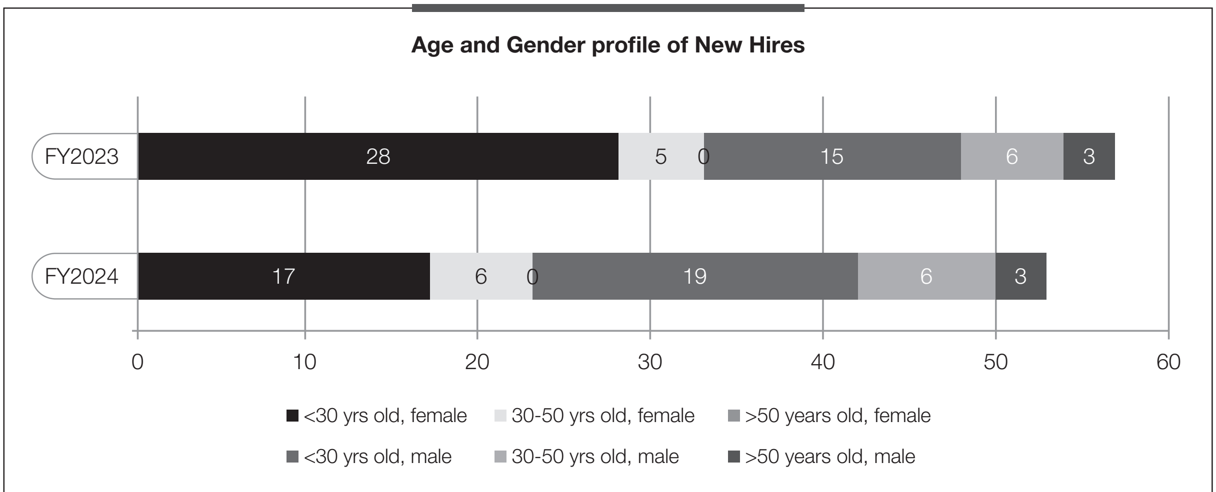
  MMUS installed a wastewater evaporator to reduce the amount of waste coolant being disposed. The evaporator successfully reduced the weight of waste coolant by 70%, significantly lowering the disposal costs associated with waste coolant disposal.

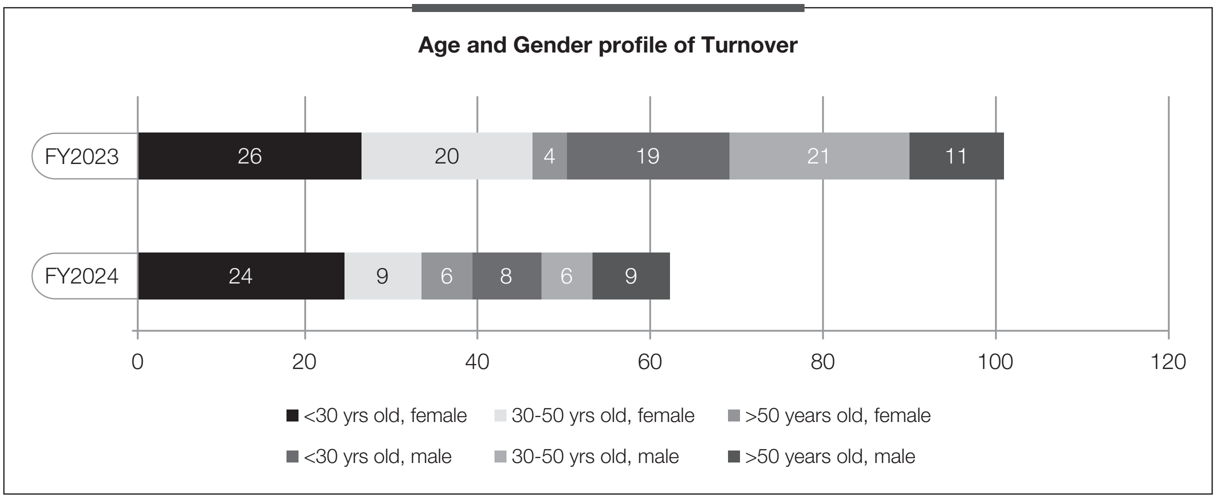
The reported data for FY2024 is still incomplete as we are still finalising procedures to measure our operational waste stream accurately. In the next two years, we will have the systems required for the identification, measurement and recording of waste data ready.



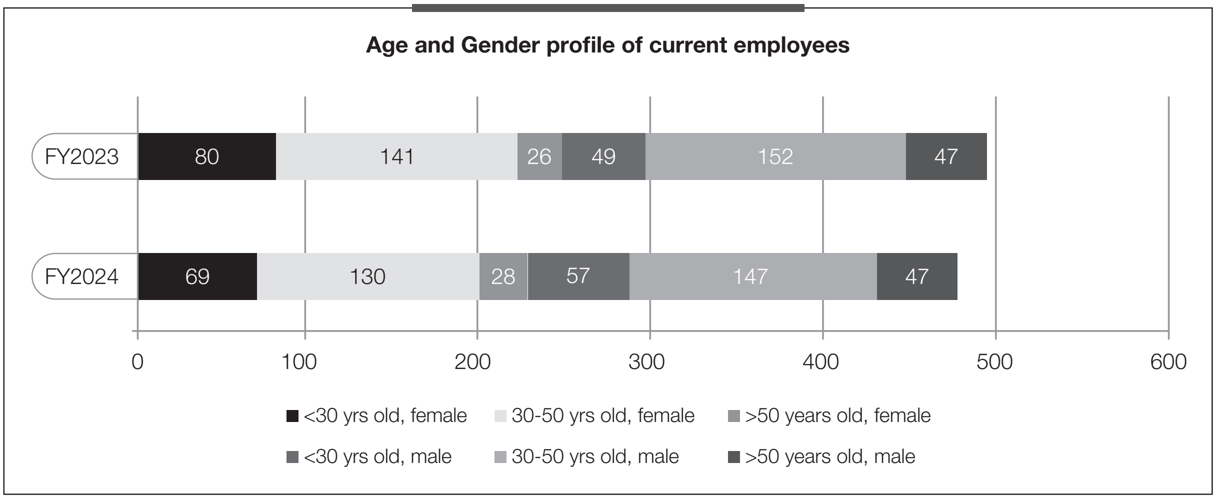
5. Diversity and Equal Opportunity

Micro-Mechanics practices fair employment principles and is committed to merit-based and non-discriminatory recruitment and advancement of employees. Applicants and employees are assessed based on their skills, knowledge, and competencies, regardless of age, gender, race, national origin, or religion. By applying fair and equal opportunity employment principles, Micro-Mechanics aims to build an organisation where all employees are respected and valued based on their performance and contributions to the Group. To further support fairness in the work environment, our Whistleblowing policy encourages the reporting of any incidents of discrimination. For FY2024, we did not receive any reports of discrimination.

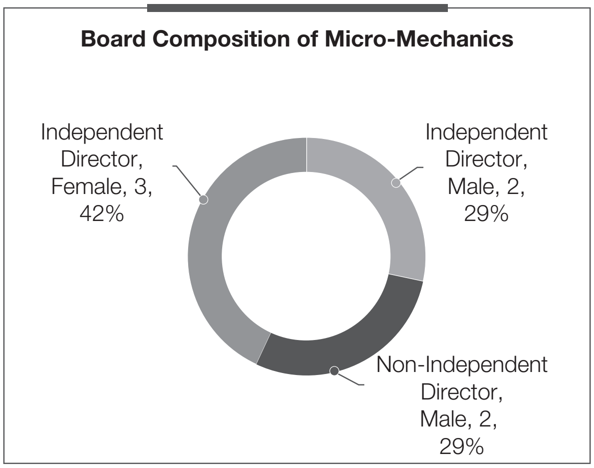




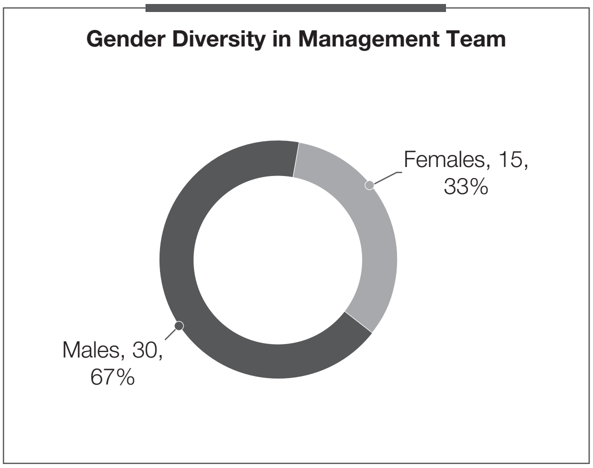
Age and Gender profile of Turnover
FY2023
26
20
4
19
21
11
FY2024
24
9
6
8
6
9
0
20
40
60
80
100
120
<30 yrs old, female
30-50 yrs old, female
>50 years old, female
<30 yrs old, male
30-50 yrs old, male
>50 years old, male



Age and Gender profile of current employees
FY2023
80
141
26
49
152
47
FY2024
69
130
28
57
147
47
0
100
200
300
400
500
600
<30 yrs old, female
30-50 yrs old, female
>50 years old, female
<30 yrs old, male
30-50 yrs old, male
>50 years old, male



Board Composition of Micro-Mechanics
Independent Director, Female, 3, 42%
Independent Director, Male, 2, 29%
Non-Independent Director, Male, 2, 29%



Gender Diversity in Management Team
Females, 15, 33%
Males, 30, 67%

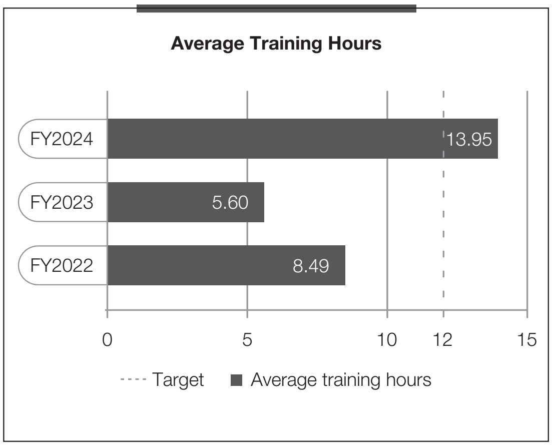
Our Employee Handbook sets forth the values, principles and our approach to fair, equal, and merit-based opportunity within the organisation. Employees can refer to the handbook for more information on Micro-Mechanics' hiring practices, advancement, and career opportunities.

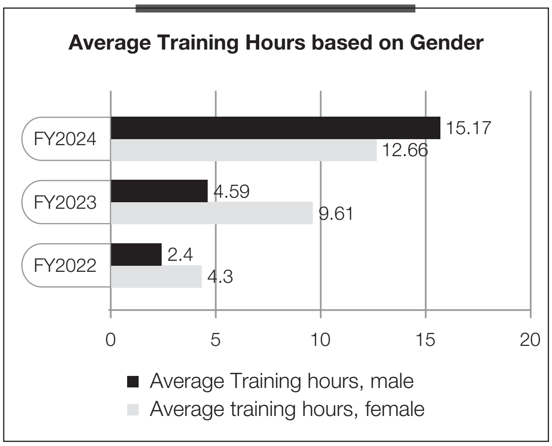
6. Training and Education

At Micro Mechanics, employees participate in biannual performance and career development reviews. These sessions go beyond performance evaluations by incorporating personalized skill development plans, ensuring that each employee receives the necessary training to excel in their role.

Training programmes at Micro-Mechanics are designed to equip employees with the specific skills and knowledge required to perform their roles effectively. In addition to core skills and competencies, Micro-Mechanics conducts training sessions on occupational health and safety, anti-bribery, quality management systems, and first aid. We also actively seek out technical courses that enable our employees to acquire competencies and technologies that benefit both themselves and the company.

We are committed to ensuring that all our employees receive training to the highest standards. In FY2024, we set a target of 12 hours of training per employee on average. We are pleased to report that we have surpassed this goal, achieving an average of 13.95 hours of training per employee. Our male employees received an average of 15.17 hours, while our female employees received an average of 12.66 hours.

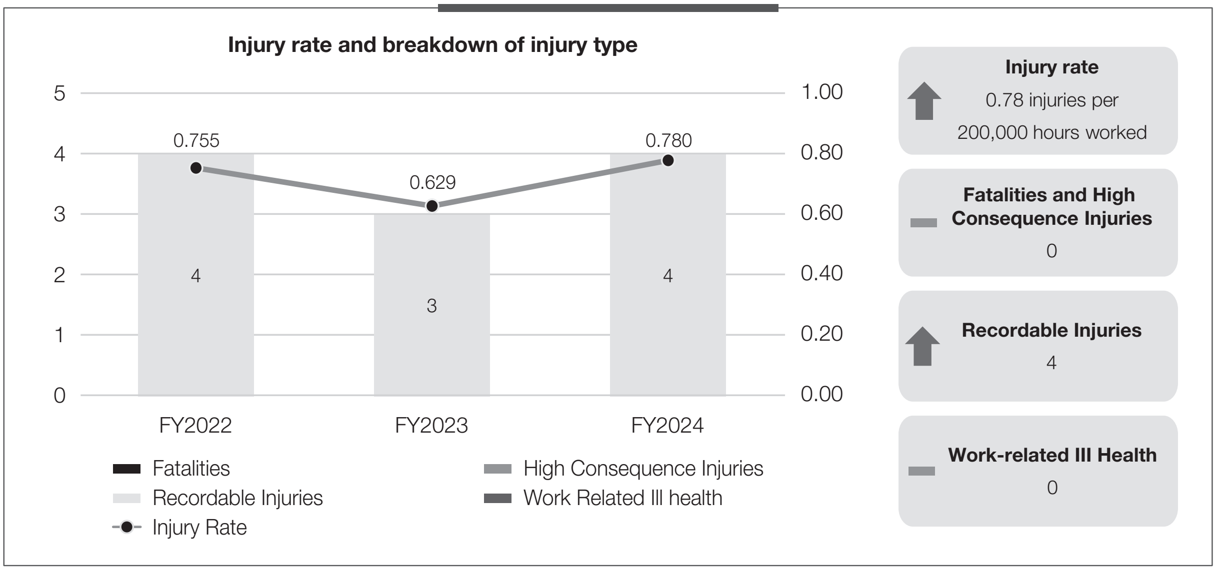




7. Occupational Health and Safety

Micro-Mechanics believes that all employees deserve a safe and clean working environment. Prioritising worker health and safety not only enhances productivity, but also reduces the costs associated with workplace injuries and illnesses.

Our 8S System provides the framework for all manufacturing facilities to ensure an organised, efficient, safe, and clean work environment for our employees. The 8S System is our adaptation of the 5S methodology developed and implemented in Toyota's production systems. In addition to the original 5 "S" steps, we have identified additional steps: "Shrink" "Safety" and "Sync" to improve quality, reduce costs, and promote worker safety. Each manufacturing facility has its own in-house 8S team responsible for developing and maintaining the 8S system according to their specific requirements. These teams are led by an 8S President, who is responsible for regularly communicating the company's health and safety policies and conducting bi-annual audits of the working environment. Employees are also encouraged to report any safety issues, near misses, or concerns promptly, allowing potential safety issues to be quickly addressed.



8. Community Engagement

Micro-Mechanics is dedicated to giving back to the local communities in the countries where we operate. We strive to contribute to these communities to the best of our abilities. In FY2024, MMPH made donation to "The Buhayani River Run 2024," organised by The Adopt a River Association of Calamba City Inc. in collaboration with CENRO and Tourism. The proceeds will go towards the protection and rehabilitation of rivers throughout the Philippines.

MMP participated in two community activities in FY2024. First, we sponsored a blood donation drive organized by the Hui Yin She Metta Blood Donation Group.

MMP also sponsored and volunteered in the “CLIMB to Change a Life” event held at Eagle Hill, Penang. Organized by the ZY Movement Foundation, this event aims to empower children with movement disabilities, such as cerebral palsy and arthrogryposis, to discover their true potential. The children are presented with the challenging task of climbing a hill, working alongside volunteers to overcome the challenge. The ZY Movement Foundation seeks to change the children’s perception of life and correct societal misconceptions, promoting equal treatment and respect for persons with disabilities.

Micro-Mechanics also believes in the importance of learning and education – and aims to support educational opportunities beyond the classroom. MMUS donated USD5,000 to San Jose State University's Baja Spartan Racing Club to help fund their student engineering club. Additionally, MMSU is working with Yangzhou Polytechnic Institute to fund a bursary worth RMB10,000 for the next three years, benefiting students in need.

9. Anti-Corruption

Micro-Mechanics believes in conducting every aspect of our business with the highest degree of fairness, integrity, and ethical behavior, and in accordance with the local laws and regulations of the jurisdictions in which we operate. Underpinning this philosophy is our Code of Conduct titled Do It Right, which is based on the 9 guiding principles: Diligence, Ownership, Integrity, Teamwork, Respect, Ingenuity, Governance, Habit and Teamwork.

We have also implemented a whistle blowing policy and conduct internal audits by an independent public accounting firm, separate from our annual financial audits. These measures reinforce our dedication to fostering a culture where every individual, from the shop floor to the boardroom, is committed to doing things the right way in all aspects of our operations.

In FY2024, we did not incur any fines or non-monetary sanctions pertaining to non-compliance of laws and regulations and we did not receive any reports or become aware of any incidents of corruption.

10. Data Privacy

Micro-Mechanics takes seriously the privacy of personal and customer data. We have systems in place to detect and prevent breaches and data leaks.

In FY2024, we did not receive any substantiated complaints from outside parties or regulatory bodies.

11. Supplier Environmental Assessment and Social Assessment

As part of the semiconductor supply chain, many of our customers require Micro-Mechanics and its suppliers to comply with the principles set forth by the Responsible Business Alliance (RBA). Whenever practicable, we will give priority to suppliers who are able to demonstrate compliance with the principles defined by the Responsible Business Alliance.

GRI CONTENT INDEX

GRI Standard	Disclosure		Location	Omission		
				Requirements omitted	Reason	Explanation
General Disclosures						
GRI 2: General Disclosures	2-1	Organisational Details	Pg 14			
	2-2	Entities included in the organisation's sustainability report	Pg 15			
	2-3	Reporting periods, frequency, and contact point	Pg 15			
	2-4	Restatements of information	Pg 27			
	2-5	External assurance		2-5 a, b	Not applicable	Company not seeking for external validation of sustainability report as of now
	2-6	Activities, value chain and other business relationships		2-6 b ii, iii, c, d	Confidentiality Constraints	Non-Disclosure agreements have been signed with members within the value chain
	2-7	Employees	Pg 28-31			
	2-8	Workers who are not employees			Not Applicable	Company does not have workers who are not employees
	2-9	Governance structure and composition	Pg 17			
	2-10	Nomination and selection of the highest governance body	Pg 17			
	2-11	Chair of the highest governance body	Pg 17			
	2-12	Role of the highest governance body in overseeing the management of impacts	Pg 17			
	2-13	Delegation of responsibility for managing impact	Pg 17			
	2-14	Role of highest governance body in sustainability reporting	Pg 17			
	2-15	Conflicts of interest	Pg 17			
	2-16	Communication of critical concerns	Pg 17			

SUSTAINABILITY REPORT

Year ended 30 June 2024

GRI Standard	Disclosure		Location	Omission		
				Requirements omitted	Reason	Explanation
	2-17	Collective knowledge of the highest governance body	Pg 17			
	2-18	Evaluation of the performance of the highest governance body	Pg 17			
	2-19	Remuneration policies			Confidentiality Constraints	
	2-20	Process to determine remuneration			Confidentiality Constraints	
	2-21	Annual total compensation ratio			Confidentiality Constraints	
	2-22	Statement on sustainable development strategy	Pg 17			
	2-23	Policy commitments	Pg 17			
	2-24	Embedding policy commitments	Pg 17			
	2-25	Process to remediate negative impacts	Pg 17			
	2-26	Mechanisms for seeking advice and raising concerns	Pg 19-21			
	2-27	Compliance with laws and regulations	Pg 34			
	2-28	Membership associations				Group is member of Singapore Precision Engineering & Technology Association
	2-29	Approach to stakeholder engagement	Pg 19-21			
	2-30	Collective bargaining agreements		2-30 a, b	Not Applicable	Company does not operate in areas requiring collective bargaining
Material Topics						
GRI 3: Material Topics	3-1	Process to determine material topics	Pg 18			
	3-2	List of material topics	Pg 18-19			
	3-3	Management of material topic	Pg 18			

SUSTAINABILITY REPORT

Year ended 30 June 2024

GRI Standard	Disclosure		Location	Omission		
				Requirements omitted	Reason	Explanation
Economic Performance						
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	See financial report			
	201-2	Financial implications and other risks and opportunities due to climate change	Pg 22-23			
	201-3	Defined benefit plan obligations and other retirement plans			Not Applicable	Company pays into government supported retirement plans
	201-4	Financial assistance received from government			Information unavailable	Company does not collect such data
Anti-Corruption						
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	Pg 34			
	205-2	Communication and training about anti corruption policies and procedures	Pg 30			
	205-3	Confirmed incidents of corruption and actions taken	Pg 34			
Tax						
GRI 207: Tax	207-1	Approach to Tax			Information unavailable	Company outsource to third party vendor to handle taxes
	207-2	Tax governance, control and risk management			Information unavailable	Company outsource to third party vendor to handle taxes
	207-3	Stakeholder engagement and management of concerns related to tax			Information unavailable	
	207-4	Country-by-country reporting			Information unavailable	Company outsource to third party vendor to handle taxes

GRI Standard	Disclosure		Location	Omission		
				Requirements omitted	Reason	Explanation
Materials						
GRI 301: Materials	301-1	Materials used by weight or volume		301-1 a	Information unavailable	Data not collected by company
	301-2	Recycled input materials used		301-2 a	Information unavailable	Data not collected by company
	301-3	Reclaimed products and their packaging materials		301-3 a, b	Information unavailable	Data not collected by company
Energy						
GRI 302: Energy	302-1	Energy consumption within the organisation	Pg 25-26			
	302-2	Energy consumption outside the organisation			Not Applicable	Company does not consume energy outside of the organisation
	302-3	Energy Intensity	Pg 25-26			
	302-4	Reduction of energy consumption	Pg 25-26			
	302-5	Reductions in energy requirements of products and services			Not Applicable	Not intending to conduct LCA on products and services
Water and Effluents						
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource			Information unavailable	Organisation consumes water during production but does not know where it is drawn
	303-2	Management of water discharge-related impacts	Pg 26-27			
	303-3	Water withdrawal	Pg 26-27	303-3 c	Information incomplete	
	303-4	Water discharge	Pg 26-27			

GRI Standard	Disclosure		Location	Omission		
				Requirements omitted	Reason	Explanation
	303-5	Water consumption			Not Applicable	Organisation does not consume water, all non-contaminated water used by organisation is discharged into the sewer system. Contaminated water is collected for further treatment and then discharge
Emissions						
GRI 305: Emissions	305-1	Direct (Scope 1) emissions	Pg 24-25			
	305-2	Energy indirect (Scope 2) emissions	Pg 24-25			
	305-3	Other indirect (Scope 3) emissions		305-3 a,b,c,d,e,f,g	Information unavailable	Insufficient resources to report on Scope 3 emissions
	305-4	GHG intensity	Pg 24-25			
	305-5	Reduction of GHG emissions	Pg 24-25			
	305-6	Emissions of ozone-depleting substances (ODS)		305-6	Not Applicable	Organisation does not use equipment with ODS
	305-7	Nitrogen Oxides (NOx), sulphur oxides (SOx), and other significant air emissions		305-7	Information incomplete	Not all emission sources were able to be identified this FY

GRI Standard	Disclosure		Location	Omission		
				Requirements omitted	Reason	Explanation
Waste						
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	Pg 27-28		Information incomplete	Organisation does not have a documented process to measure waste generation
	306-2	Management of significant waste-related impacts	Pg 27-28		Information incomplete	
	306-3	Waste generated	Pg 27-28		Information incomplete	
	306-4	Waste diverted from disposal	Pg 27-28		Information incomplete	
	306-5	Waste directed to disposal	Pg 27-28		Information incomplete	
Supplier Environmental Assessment						
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screen using environmental criteria			Information unavailable	Such information is not typically collected
	308-2	Negative environmental impacts in the supply chains and actions taken			Information unavailable	Such information is not typically collected
Employment						
GRI 401: Employment	401-1	New employee hires and employee turnover	Pg 28-30			
	401-2	Benefits provided to full time employees that are not provided to temporary or part time employee	Pg 28-30			
	401-3	Parental leave			Information unavailable	Data not collected by company
Labour/Management Relations						
GRI 402: Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	Pg 30			

GRI Standard	Disclosure		Location	Omission		
				Requirements omitted	Reason	Explanation
Occupational Health and Safety						
GRI 403: Occupational Health and Safety	403-1	Occupational Health and Safety Management System	Pg 31			
	403-2	Hazard identification, risk assessment and incident investigation	Pg 31			
	403-3	Occupational health services	Pg 31			
	403-4	Worker participation, consultation and communication on occupational health and safety	Pg 31			
	403-5	Worker training on occupational health and safety	Pg 31			
	403-6	Promotion of worker health	Pg 31			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			Not Applicable	Organisation does not send its employees to other companies for work
	403-8	Workers covered by an occupational health and safety management system	Pg 31			
	403-9	Work-related injuries	Pg 31			
	403-10	Work-related ill health	Pg 31			
Training and Education						
GRI 404: Training and Education	404-1	Average hours of training per year per employee	Pg 30			
	404-2	Programmes for upgrading employee skills and transition assistance programmes	Pg 30			
	404-3	Percentage of employees receiving regular performance and career development reviews	Pg 30			
Diversity and Equal Opportunity						
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Pg 28-29			
	405-2	Ratios of basic salary and renumeration of women to men		405-2	Confidentiality Constraints	Organisation does not collect data on this metric

GRI Standard	Disclosure		Location	Omission		
				Requirements omitted	Reason	Explanation
Non-Discrimination						
GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	Pg 28			
Forced or Compulsory Labour						
GRI 409: Forced or compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Pg 34			
Local Communities						
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programmes			Not Applicable	No operations identified to have negative impacts on local communities
	413-2	Operations with significant actual and potential negative impacts on local communities			Not applicable	No operations identified to have negative impacts on local communities
Supplier social assessments						
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria			Information incomplete	Such information is not typically collected
	414-2	Negative social impacts in the supply chain and actions taken			Information incomplete	Such information is not typically collected
Customer Privacy						
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg 34			

TCFD Content Index

<table>
<tr><th>TCFD Pillar</th><th>Recommendations</th><th>Key Points</th><th>Page Reference</th></tr>
<tr><td colspan="4">Governance</td></tr>
<tr><td rowspan="2">Disclose the organisation’s governance around climate-related risks and opportunities</td><td>a) Describe the board’s oversight of climate-related risks and opportunities</td><td rowspan="2">The Board of Directors determines the strategic objectives, identifies climate-related risks and opportunities, sets risk appetite and ascertains targets and performance indicators for all the ESG initiatives that are essential to the Group’s long-term goals.

Management reports to the Board on all the sustainability matters, including climate-related issues that affect the Group’s local and overseas markets.</td><td rowspan="2">Pg 21-23</td></tr>
<tr><td>b) Describe management’s role in assessing and managing climate-related risks and opportunities</td></tr>
<tr><td colspan="4">Strategy</td></tr>
<tr><td rowspan="3">Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning where such information is material</td><td>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term</td><td rowspan="2">The identified climate-related risks and opportunities are disclosed in the Sustainability Report.

To tackle the financial potential impacts of the identified climate-related risks and opportunities to the Group, a high-level assessment of the corresponding short (i.e. less than 3 years), medium (i.e. 3 to 5 years), and long term (i.e. more than 5 years) mitigating strategies are being explored and described in the Sustainability Report.</td><td>Pg 21-23</td></tr>
<tr><td>b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning</td><td>Pg 21-23</td></tr>
<tr><td>c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</td><td>As part of the Group’s phased approach to implementing TCFD reporting, the climate-related scenario analysis will be carried in subsequent years.</td><td>Pg 21-23</td></tr>
</table>

TCFD Pillar	Recommendations	Key Points	Page Reference
Risk Management			
Disclose how the organisation identifies, assesses and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risk	The Group has adopted the same risk management strategy towards climate-related risks as other risk categories. Climate-related risks and opportunities are identified and mitigated through the Group's risk management process. As part of the Group's phased approach to implementing TCFD reporting, the integration of climate-related risks into the organisation's overall risk management will be carried out in subsequent years.	Pg 21-23
	b) Describe the organisation's processes for managing climate-related risks		Pg 21-23
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management		Pg 21-23
Metrics and Targets			
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	The following metrics are used to assess climate related risks and opportunities 1. Emissions and its intensity 2. Water consumption and its intensity 3. Energy consumption and its intensity 4. Waste generation	Pg 24-28
	b) Disclose Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions and the related risks	Emission details are available in this report Scope 1 emissions – 113.29 tCO_2e Scope 2 emissions – 5,298.70 tCO_2e The Group will gradually include Scope 3 emissions in the future year's emission reporting.	Pg 24-25
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against target	As part of its phased approach to implementing TCFD reporting, the Group intends to set the targets to be used to manage climate-related risks and opportunities in the subsequent years.	Pg 24-28

CORPORATE GOVERNANCE

The Board of Directors ("Board") and management of Micro-Mechanics (Holdings) Ltd. (the "Company") are committed to high standards of corporate governance and transparency and to the growth and protection of shareholders' interests whilst taking into account the interests of all stakeholders. The Company's corporate governance policies and processes are in line with the revised Code of Corporate Governance ("Code") and accompanying Practice Guidance released in August 2018, which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

This report describes the Company's corporate governance policies, processes and structures for the financial year ended 30 June 2024 ("FY2024") with specific reference made to the principles and provisions of the Code. The Company has complied with most of the provisions and guidelines of the Code. Explanations for non-compliance are provided in this statement.

HIGHLIGHTS

1. In the latest Singapore Governance and Transparency Index ("SGTI") 2024 released on 1 August 2024, Micro-Mechanics ranked 22nd (14th in 2023) out of 477 SGX listed companies under the general category.

2. With effect from 1 November 2023, Mr Kazuo Jozeph Takeda was appointed as an independent director. Relevant particulars of Mr Takeda are on page 11.

3. With effect from 31 January 2024, Mr Chow Kam Wing's advisor contract ended.

4. With effect from 1 April 2024, Ms Chua Siew Hwi was appointed as an independent director. Relevant particulars of Ms Chua are on page 12.

5. With effect from 30 April 2024, Mr Low Ming Wah's advisor contract ended.

6. In May 2024, our Singapore plant operations were successfully re-assessed as conforming to the Business Continuity Management System standard ISO22301:2012.

BOARD MATTERS

Features of our Board

- Separation of the role of Chairperson and CEO
- Five out of seven directors are independent and non-executive
- The Chairperson of the Board and the Chairpersons of the Board's four committees are independent and non-executive
- The five independent directors are not related. The two executive directors being Mr Christopher Reid Borch and Mr Kyle Christopher Borch are father and son respectively
- There is a diversity of gender, professional backgrounds and expertise, including lawyers, chartered accountants and engineers of varied, ages and nationalities on the Board

CORPORATE GOVERNANCE

The Board's Conduct on Affairs

Principle 1:	*The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

Provision 1.1
Board responsibilities
As fiduciaries, all the directors objectively discharge their duties and responsibilities at all times in the interests of the Company.

The Board believes that its primary role is to protect and enhance long-term shareholder value whilst taking into account all stakeholders' interests and being a responsible corporate citizen. To this end, it sets the overall strategy for the Company and its subsidiaries (collectively, the "Group") and oversees management. To fulfill these objectives, the Board takes full responsibility for implementing and maintaining sound, sustainable and ethical corporate governance practices for the Group. The Board provides leadership, sets strategic direction, establishes a framework of prudent and effective controls, risk policies and procedures, and requires goals from management as well as monitors the achievement of those goals.

We have a code of conduct and ethics which are incorporated into our Company's handbook. All employees including executive directors have to strictly comply with the code of conduct and ethics. Orientation training is also conducted for new employees to ensure an understanding of our Company's culture as well as our code of conduct and ethics.

Directors are required to, and do abstain from discussion and decision making on any matters relating to them. This is to avoid any conflict of interests. For example an executive director whose remuneration is being approved will not be party to the discussions of the Remuneration Committee or the Boards in this regard and a retiring director is not included in discussions relating to that director's suitability for re-election or independence. All related parties' transactions are fully disclosed and approved by the Board and the directors involved will abstain from the approval process.

Provision 1.2
Training
The Board recognizes the importance of appropriate orientation training and continuing education for its directors. Newly appointed directors are fully briefed as to the business activities of the Group and its strategic directions. Newly appointed directors receive a formal letter explaining their statutory duties and responsibilities as a director. A director who has no prior experience as a director of an entity listed on the Exchange must undergo training in the roles and responsibilities of a director of a listed entity as prescribed by the Exchange.

The directors are also updated in a timely manner on regulatory changes which have a bearing on the Company and the directors' obligations towards the Company. The Vice President ("VP") of Finance who is also the Company Secretary has been tasked with providing or making arrangements for the directors to obtain such updates.

All directors are required to obtain at least 8 hours of continuous learning every year to maintain, develop or deepen their skills or knowledge of the Company's business or the business, economic and regulatory environment in which the Group operates so as to better discharge their duties as directors. The Company is prepared to bear the cost of such continuous development. In FY2024, all the directors confirmed that they had achieved this requirement.

CORPORATE GOVERNANCE

Provision 1.3
Internal guidelines
The Board regularly reviews all matters within its purview including but not limited to business strategies, development plans and the performance of the Group. Reviews are also made of the annual budget, announcements of financial results, annual reports, performance bonus incentives and any acquisition or disposal of material assets. There are comprehensive internal guidelines on matters that require the Board's approval, such as directors dealing in Company's shares, changes in the Company's constitution and structure, material capital commitments, commencing and defending litigation etc. These internal guidelines are reviewed and approved by the Board annually.

Provision 1.4
Delegated Committees
To assist in the execution of its responsibilities, the Board has established the following committees, namely an Audit Committee ("AC"), a Nominating Committee ("NC"), a Remuneration Committee ("RC") and a Risk Management Committee ("RMC") (collectively, the "Committees"). These Committees are chaired by independent and non-executive directors and function within clearly defined terms of reference and operating procedures. The Board and the Committees meet regularly and, if necessary, on an ad hoc basis.

Provision 1.5
Attendances and number of meetings
To facilitate the ease, frequency and speed of the Board and Committees meetings, the Company's Constitution allows Board/Committees members to attend meetings via any electronic or telegraphic methods of simultaneous communication including via tele-conference.

The following table shows the number of meetings held and directors' attendances during the financial year under review. All directors achieved full attendance.

	Board	Audit Committee	Remuneration Committee	Nominating Committee	Risk Mgt Committee	AGM
Number of meetings held	5	5	4	1	4	1
Directors:	**Number of Meetings Attended**					
Christopher Reid Borch	5	1*	4*	1*	2**	1
Kyle Christopher Borch	5	1*	4*	1*	4	1
Sumitri Mirnalini Menon @ Rabia	5	5	4	1	4	1
Lai Chin Yee	5	5	4	1	4	1
Kenny Kwan Yew Kwong	5	5	4	1	4	1
Kazuo Jozeph Takeda^	2	3	2	0	NA	0
Chua Siew Hwi^^	1	2	1	0	1	0

NA – not applicable as the director was not a member of the Committees at the time of meeting
* – attendance by invitation of the Committees
** – attendance as member and by invitation of the Committee
^ – Mr Kazuo Jozeph Takeda was appointed as an independent director on 1 November 2023
^^ – Ms Chua Siew Hwi was appointed as an independent director on 1 April 2024

CORPORATE GOVERNANCE

Provision 1.6

Board and Committees meetings

The management supplies financial, marketing, human resource and asset management reports and financial highlights to the Board on a monthly basis. In addition, the Board receives quarterly financial reports with budget variance analysis as well as the announcement of the Company's quarterly results.

Every quarter, there are Board meetings and Committees meetings which include all the independent directors when the management will provide updates about the Company's business and financial environment, as well as for review and approval of transactions according to the Internal Guideline and Listing Rules. The Risk Management Committee also holds regular meetings on matters relating to risk governance.

The Board and the Committees are furnished with complete, adequate and reliable Board/Committees papers and information in a timely manner prior to any meeting so as to facilitate directors in the proper and effective discharge of their duties. Detailed Board papers are prepared for each meeting of the Board and are normally circulated one week in advance of each meeting. The Board papers include sufficient information from management on financial, business and corporate issues to enable the directors to properly consider these matters before the meetings. The Board's annual evaluation exercise indicate that Board members are satisfied with the arrangements made by and support from the company secretary.

Provision 1.7

Direct access to management team

The directors have separate, unfettered and direct access to the management team, the company secretary, the internal auditor and the external auditors at all times. Additionally, the directors are encouraged to visit our overseas subsidiaries to meet in person with our management teams there.

The company secretary attends and minutes all Board/Committees meetings. She assists with proper procedure and compliance with the Companies Act 1967, the Company's Constitution and other applicable rules and regulations. The directors have full access to the company secretary with regard to any corporate issues or any matters of concern.

The appointment or the removal of the company secretary is subject to the approval of the Board.

Board Composition and Guidance

Principle 2:	*The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

Provision 2.1

To ensure an independent Board, the Board ensures that all independent non-executive board members are not related to any officers of the Company. Majority of the Board comprises members that are independent and non-executive. The Chairperson of the Board is an independent non-executive director. The Board's four Committees are chaired by independent and non-executive directors.

Provision 2.2

Independent and non-executive directors make up majority of the Board. The Chairperson is non-executive and independent.

Provision 2.3
Non-executive directors make up majority of the Board. The Board Chairperson is independent and non-executive. All Committees are chaired by independent and non-executive directors. According to the Company's Constitution, the Chairperson has second or casting vote in case of any equal voting on matters.

The roles of independent and non-executive directors are to constructively challenge the management's proposed strategies and also review their performance in line with agreed goals. The Chairperson of the Board and Chairpersons of the Board Committees are independent and non-executive directors to ensure independence and objectivity. The members of the AC, NC and RC are all independent and non-executive directors. Management and executive directors are invited for meetings only on a need basis.

These arrangements ensure that the Board and Committees discharge their responsibilities objectively in the best interests of the Company.

Provision 2.4
The Board sees value in and encourages diversity of its members in terms of their competency, expertise, background, race, gender and nationality so that members can contribute with different perspectives and insights.

The Board currently comprises five independent and non-executive directors and two executive directors. The independent directors are two lawyers, two fellow chartered accountants and a consultant with engineering background. The Board, NC, RMC and the AC are chaired by a female director. The composition of the Board is diverse, its members being of different genders and nationalities and possessing different skill sets and experience. We are satisfied with the composition and size of the Board. For relevant particulars of our members, please refer to pages 10 to 12.

Board Diversity Policy was approved by the Board on 28 August 2019:

Range of Board Diversity
The Company gives consideration to a range of diverse characteristics, including but not limited to gender, nationality and ethnicity, skills and experience and age. The Company also bears in mind the need for an optimal board size, given its current stage of growth, for effective and nimble decision making and responses and the discharge of Board responsibilities, as well as taking into account its own unique requirements within its industry and domain, and its strategic imperatives. The Board shall assess all relevant factors on an on-going basis.

Independence
The Board shall comprise a balanced composition of executive and independent directors with a small non-executive non-independent element if appropriate. This will allow the Board to benefit from a strong element of independence as well as deep industry and domain knowledge from the executive component.

Gender
The Board shall comprise persons of different gender. The Company is committed to equality and equal opportunity and its selection process and appointments at all levels of the organisation, including the Board, is unbiased in all respects including gender. Our Chairperson of the Board, NC, RMC and AC are female and they are all independent and non-executive.

Nationality and ethnicity
The Board shall comprise persons of different nationalities and ethnic backgrounds who can contribute their knowledge and understanding of and insights into the different environments in which the Company operates its business. The heads of facilities at the Company's five geographical locations are local.

Skills and Experience
The Board's selection process shall take into account its requirement for a diversity of skill sets as may be appropriate for its business needs and responsibilities. The Board should be able to call upon members having a mix of finance, legal and management backgrounds as well as technical skill and know-how that taken together will provide the Company with considerable experience for a range of activities and business needs.

Age
A Board shall, as far as may be practicable, comprise directors from different generations allowing for the wisdom of experience as well as the agility and ability to navigate a rapidly changing world and considerable disruption. Currently, the age of our Board members ranges from early thirties to mid-sixties.

Provision 2.5
The non-executive directors, led by our Chairperson, meet with our External and Internal auditors without the presence of the management annually. The non-executive directors meet amongst themselves at least once a year without the presence of management. Thereafter, the Chairperson will provide feedback to the Board for improvements, if any.

Separation of the roles of Chairperson and Chief Executive Officer

Principle 3:	*There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

Provision 3.1
Ms Sumitri Mirnalini Menon @ Rabia is the independent and non-executive Chairperson of the Board of Directors and Mr Christopher Reid Borch ("Mr Borch") is the Chief Executive Officer ("CEO") of the Group. The Chairperson and the CEO are not related to one another.

Provision 3.2
The major responsibilities of the non-executive Chairperson are:

- to ensure that Board meetings are held when necessary to enable the Board to perform its duties and facilitate the Company's operations;
- to set Board meeting agendas in consultation with the company secretary and the executive directors;
- to review all Board papers;
- to provide adequate, timely and relevant materials and Board papers to the Board members to help ensure the quality, quantity and timeliness of the flow of information between management and the Board;
- to ensure the Company practices effective communications with shareholders;
- to assist in ensuring compliance with the Company's guidelines on corporate governance; and
- to propose new members to be appointed to the Board with consultation with the NC.

As CEO, Mr Borch has overall responsibility for the management and daily operation of the Group and is supported by the executive directors and executive officers. The separation of the Chairperson and CEO roles enables Mr Borch to focus on his executive duties including the Group's strategic planning and operations.

Provision 3.3
The Chairperson is a non-executive and independent director. As such there is no lead independent director appointed.

Board Membership

Principle 4:	*The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

Provision 4.1
The Board discusses and reviews succession plans for executive directors and key management every year. Instead of attempting to identify any particular replacement, the Board focuses on having a system and framework in place to train potential leaders within a support team so that there should be little or no disruption if any executive director or key manager leaves the Company. All executive directors and senior management personnel are always supported by deputies and a trained support team. Since the Company's initial public offer, there has been a smooth transition following the departures of facility heads without any interruption to the Group's operations. This is similarly applicable to the departure of executive directors.

As part of the Company's succession plan, the CEO and Deputy CEO, who are also executive directors, have agreed to serve in the capacity of a mentor for one year following termination of their respective executive roles. This is to ensure there is a smooth handover of the executive director's duties and responsibilities to his successor and to provide the Company with continued access to his considerable organizational knowledge.

The structure, size and composition of the Board are reviewed periodically by the NC to ensure their relevance. The NC evaluates the Board's effectiveness as a whole, and the contribution of each director to the Board and Committees. The Board has adopted a system of evaluating the effectiveness of the Board and individual director's performance. For more details, please refer to Provision 5.1 and 5.2 of this Statement.

With effect from 1 July 2010, all directors are required to obtain at least 8 hours continuing education each financial year by attending or participating in seminars, courses etc which may be relevant to their skills, the Company's business, the business or regulatory environment etc so as to better discharge their duties as directors. In addition, independent directors are encouraged to visit one or more of the Group's facilities outside Singapore and attend our in-house training programs offered by the Group to its employees in order to more fully understand the Group's business and day-to-day operations.

The Company is prepared to pay for the cost of such continuing education. During FY2024, all directors met the continuing education target.

The Company's Constitution requires one-third of our directors to retire and subject themselves to re-election by shareholders at every annual general meeting ("AGM"). In addition, newly appointed directors are required to submit themselves for re-nomination and re-election at the next AGM following his/her appointment. Each member of the NC has abstained from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a director.

CORPORATE GOVERNANCE

At the forthcoming AGM, Mr Kenny Kwan Yew Kwong and Ms Sumitri Mirnalini Menon @ Rabia will be retiring pursuant to Article 97 and Mr Kazuo Jozeph Takeda and Ms Chua Siew Hwi will be retiring pursuant to Article 103 of the Company's Constitution. Except for Ms Sumitri Mirnalini Menon @ Rabia, all eligible directors have offered themselves for re-election. The Board and the NC have evaluated the overall contributions and performance of all eligible directors and their participation at Board meetings. The Board has accepted the NC's recommendation for their re-election to the Board.

As at the date of this report, Ms Lai Chin Yee and Ms Sumitri Mirnalini Menon @ Rabia have served as independent directors of the Company for more than nine years from the date of their first appointment, on 1 June 2014 and 16 May 2003 respectively. Pursuant to Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST which took effect from 1 January 2023, both Ms Lai Chin Yee and Ms Sumitri Mirnalini Menon @ Rabia will cease to be independent at the conclusion of the upcoming AGM.

To facilitate the Board renewal, at the conclusion of the AGM, Ms Lai Chin Yee and Ms Sumitri Mirnalini Menon @ Rabia will step down as directors of the Company. Concurrently, Ms Lai Chin Yee will vacate her positions as Chairperson of the AC & RMC and a member of the NC & RC. Ms Sumitri Mirnalini Menon @ Rabia will vacate her positions as Chairperson of the Board & NC and a member of the AC, RC & RMC.

The Board will make the appropriate announcement(s) to update the shareholders on the Board composition of the Board and Committees in due course.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which that NC member is interested.

Provision 4.2
The NC has five members, all of whom are independent and non-executive directors. The members are:

Chairperson	:	Sumitri Mirnalini Menon @ Rabia
Member	:	Lai Chin Yee
Member	:	Kenny Kwan Yew Kwong
Member	:	Kazuo Jozeph Takeda
Member	:	Chua Siew Hwi

The NC makes recommendations to the Board on all board appointments and re-appointments. The NC aids the Board in obtaining an appropriate mix of relevant knowledge and experience among Board appointees.

The NC's written terms of reference, which describe its major responsibilities, are:

– to make recommendations to the Board on the re-nomination of retiring directors standing for re-election at the Company's AGM, having regard to the directors' contributions and performance;

– to determine annually whether or not an independent director is independent;

– to determine whether a director is able to and has been adequately carrying out that director's duties as a director of the Company;

– to ensure that disclosure of key information relating to directors is in the annual reports as required by the Code;

– to decide how the Board's performance may periodically be evaluated against objective criteria;

– to review the Board's succession plan, in particular, the roles of Chairperson and CEO; and

– to develop a process for the evaluation of the Board's performance as a whole, that of its Committees and if and when appropriate, its individual members.

Provision 4.3
The NC's process for identifying and selecting candidates for the Board (whether in the event of a vacancy or to add to the Board) has been and is as follows.

The Board sets selection criteria based on the desired complementary skill set i.e. managerial, technical, financial, legal etc. expertise and experience in a similar or related industry. The NC shall have recourse to both internal sources as well as external sources to draw up a list of potential candidates. Internal sources include the Company's own directors and management. Interviews shall be conducted by the NC and short-listed candidates are recommended to the Board for consideration.

For example, during FY2023, the NC identified potential candidates fitting the criteria set by the Board by making inquiries with the Singapore Institute of Directors, Institute of Singapore Chartered Accountants, corporate secretarial provider and its own directors. A number of potential candidates consequently came into view. Having shortlisted potential candidates, the NC then conducted interviews and made recommendations to the Board. After a second round of interviews and based on suitability of experience, background, qualifications and other attributes deemed desirable, the Board issued an invitation to Mr Kazuo Jozeph Takeda and Ms Chua Siew Hwi who accepted the same.

Regarding re-electing incumbent directors, the Board complies with the Company's Constitution which require one-third of our directors to retire and subject themselves to re-election by shareholders at every AGM. After taking into consideration their contribution and performance and any other relevant factors, the NC will make recommendations to the Board on the nomination of the retiring directors for re-appointment at the forthcoming AGM.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which that NC member is interested.

Provision 4.4
Ms Sumitri Mirnalini Menon @ Rabia, Ms Lai Chin Yee, Mr Kenny Kwan Yew Kwong, Mr Kazuo Jozeph Takeda and Ms Chua Siew Hwi have satisfied the criteria stipulated in the below policy and the Board is of the view they are in fact independent and non-executive directors. For key information relating to the directors, please refer to the particulars of the directors as set out on pages 10 to 12. The dates of first appointment and last re-appointment of each director are provided in the Corporate Information section on page 14.

All of our independent and non-executive directors are deemed to be independent according to the Code and the policy mentioned below and they have no relationship with the CEO, substantial shareholders and other directors of the Company or at its subsidiary level.

Policy on the independence of independent directors

The Company is committed to have a strong independent element on the Board and has adopted a policy and established a process to obtain and maintain the requisite degree of independent representation for good and sound governance. As prescribed by the policy, the process:

– Establishes the methodology the Board shall use to assess the independence of each independent director bearing in mind the definition of independence in the Code;

– Identifies the information that shall be collected from each independent director to make the assessment of independence; and

– Fixes the elements of disclosure to shareholders with regard to the assessment to be made, including the disclosure of any relationships and associations that may be perceived to affect the independence or objectivity of an independent director.

The process requires the NC to make a formal assessment and report to the Board their findings as to whether the independent directors are independent of management and independent in character and judgment and whether there are any business or other relationships that could materially affect or interfere with the exercise of objective, unfettered or independent judgment by the independent directors or the independent directors' ability to fulfill their mandate and duties. The Board's rigorous review of the process is an important element in this process as the NC itself comprises only independent directors. The key features of the process are briefly set out below.

On an annual basis, the NC shall require each independent director to complete, confirm and sign a declaration of independence, the content and form of which has been approved. Each declaration shall be reviewed by the other members of the NC. This forms the basis of the assessment. All relevant facts and circumstances shall be considered in making the assessment. Generally (but without limiting the scope of the factors which may be taken into account), in accordance with best practices, independence is, prima facie, established if the criteria set out below are met.

An independent director should have no relationship (whether familial, business, financial, employment or otherwise) with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the director's independent judgment.

A director is independent if the director:

(a) is not employed by the Company or any of its related corporations for the current or any of the past three financial years;

(b) does not have close family ties to an executive director of the Company or any of its related corporations;

(c) does not have an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations as a senior executive officer whose remuneration is determined by the RC;

(d) does not accept any compensation from the Company or any of its subsidiaries other than compensation for board service for the current or immediate past financial year;

(e) does not have an immediate family member who is accepting any compensation from the Company or any of its subsidiaries other than compensation for board service for the current or immediate past financial year;

(f) is not a substantial shareholder of or a partner in (with 5% or more stake), or an executive officer of, or a director of any for-profit business organization to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments (in excess of an aggregate of S$100,000 per annum) in the current or immediate past financial year;

(g) does not have an immediate family member who is a substantial shareholder of or a partner in (with 5% or more stake), or an executive officer of, or a director of any for-profit business organization to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments (in excess of an aggregate of S$100,000 per annum) in the current or immediate past financial year;

(h) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the independent director's ability to act in the best interests of the Company;

(i) does not have a relationship which would interfere, or be reasonably perceived to interfere with, the exercise of independent judgment in carrying out the functions of an independent director of the Company; and

(j) does not receive a significant holding of shares in the Company by way of gift or financial assistance from the Company or its major shareholders for the purchase of shares.

Independent directors are obliged to update the Board with any new information in relation to interests or relationships relevant to independence. The Board shall re-assess independence as and when any new interests or relationships are disclosed or come to light, as well as annually.

Following this process, the NC shall report to the Board, drawing to its attention in particular any failure to meet any of the above criteria and to any other relevant circumstances and the NC shall make recommendations. However, it is the Board's duty and prerogative to determine the sufficiency or otherwise of independence and to determine its composition. In accordance with best practices and the Code, the Board shall provide a justification if an appointee fails to meet any of the criteria above but the Board still considers the appointee an independent director.

The Board shall make the following disclosure to shareholders in the Company's annual report with regard to the matter of independent directors:

– The status of each of its members, that is whether each is an independent or non-independent director (and any change in status that occurred during the year) and their period of office.

– The justification for designating any member an independent director who fails to meet all of the criteria stated above or whose status requires an explanation for any reason.

– The policy and criteria mentioned above.

Independent and non-independent directors standing for re-election will be so identified in the notice of AGM. If the Board's assessment of a director's independence changes, that change will be disclosed immediately through an announcement on the Singapore Exchange website and the Company's website.

Provision 4.5
On 1 May 2010, the Board resolved to limit each director to holding not more than four (4) directorships in listed companies including the Company. At the end of the financial year, it was confirmed that this restriction was complied with by all directors.

The NC also investigated each director's other board appointments and found their directorships were of unrelated companies which posed no issue for or would result in any conflict of interest vis a vis the Company. It is part of the NC's duties to review and ascertain whether any director who has multiple board representations is able to and has been effectively carrying out such director's duties in accordance with its internal guidelines in this regard and to ensure these guidelines remain relevant. All directors are required to formally declare their other board representations.

During FY2024, all directors attended the AGM and all Board and Committees meetings. (For details, please refer to Provision 1.5 of this statement.)

Directorships

The following lists the present and past directorships of our directors in listed companies other than held in our Company.

Name	Present Directorships	Past Directorships (preceding 3 years)
Christopher Reid Borch	NIL	NIL
Kyle Christopher Borch	NIL	NIL
Sumitri Mirnalini Menon @ Rabia	NIL	NIL
Lai Chin Yee	Singapore Paincare Holdings Limited Abundance International Limited	Qian Hu Corporation Limited
Kenny Kwan Yew Kwong	Keppel DC REIT Management Ltd	NIL
Kazuo Jozeph Takeda	NIL	NIL
Chua Siew Hwi	NIL	NIL

Board Performance

Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

Provision 5.1 and Provision 5.2

Board Evaluation

The NC is charged with carrying out an annual Board appraisal. Briefly, the process followed is for each Board member (executive and non-executive) to complete an evaluation form within a stipulated period. The completed form is returned by each member to the Chairperson of the NC who compiles a consolidated report after discussion with the NC members.

The NC's report and any recommendations are then tabled for discussion by the whole Board. The Board takes this evaluation process seriously. The evaluation form and process have been designed to obtain constructive feedback and initiate dialogue among Board members with a view to enhancing shareholder value, the effectiveness of the Board as a whole and the discharge of each member's duties. The evaluation covers the composition of the Board, its independence, processes, functioning, advisory and oversight functions, risk and crisis management protocols, compliance record and protocols, the discharge of its duties towards shareholders and the sufficiency and effectiveness of its Committees. The contribution of each director to the effectiveness of the Board is tracked via their attendance at Board and Committees meetings. The performance indicators also include director's duties, their involvement and engagement, leadership, communication skills, strategy and risk management, Board contribution, knowledge and their interaction with peers, senior management, internal and external auditors.

Chairpersons of the Board Committees report to the Board regularly. All Committees minutes are distributed to the Board for review. All Committees are mandated with clear terms and reference which are reviewed and approved by the Board. The evaluation on each Committee has been conducted for FY2024 and the Board is satisfied with their performance in view of their full attendance and active engagement.

The NC has reviewed the overall performance of the Board, Board Committees and individual director for FY2024 and is satisfied that the Board as a whole and Board Committees have met the performance evaluation criteria and objectives, and each director has contributed effectively and demonstrated commitment to their respective roles, including commitment of time for the Board and Board Committees meetings and any other duties in FY2024.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance or re-appointment as a director of the Company.

REMUNERATION MATTERS
Procedures for Developing Remuneration Policies

Principle 6:	*The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding the director's own remuneration.*

Provision 6.1
The RC's written terms of reference which describe its major responsibilities, are:

- to make recommendations to the Board on the framework for remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind for the Board and key management personnel and to determine specific remuneration packages for each executive director and key management personnel;

- to review all benefits and long-term incentive schemes (including share schemes), whether directors and key management personnel should be eligible for benefits under long-term incentive schemes and compensation/ remuneration packages for the Board and key management personnel;

- to review annually the remuneration package of directors and key management personnel;

- to review specific remuneration packages (the performance bonus incentive) for directors and key management personnel;

- to review service contracts of the executive directors; and

- to review remuneration packages of employees who are related to any director or substantial shareholders.

Provision 6.2

The RC has five members, all of whom are independent and non-executive directors.

The members are:

Chairperson	:	Kenny Kwan Yew Kwong
Member	:	Sumitri Mirnalini Menon @ Rabia
Member	:	Lai Chin Yee
Member	:	Kazuo Jozeph Takeda
Member	:	Chua Siew Hwi

Provision 6.3

Service contracts with the CEO and Deputy CEO who are executive directors, are renewable every two years with a notice period of three months in each of their respective service contracts. There are no onerous clauses or 'golden handshake' provisions in connection with termination. There are no termination, retirement and post-employment benefits that are granted to the executive directors, the CEO and the key management personnel. These service contracts are subject to the review and approval of the RC. An over-riding principle of our remuneration policy is that no director is involved in deciding that director's own remuneration.

Effective from FY2021, a clawback provision has been included into the service contracts. It allows the Company to reclaim bonuses that have been paid in the event of mis-statement of financial results in its audited accounts. The provision is legally binding against the executive directors even after they have left the Company for a period not exceeding two years. The clawback provision will take effect only when the mis-statement of financial results is material, that is, more than 5%.

Provision 6.4

The Company did not appoint any remuneration consultant during the financial year.

Level and Mix of Remuneration

Principle 7:	*The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

Provision 7.1

The Company adopts a remuneration package for employees including executive directors, which is made up of fixed and variable components. The fixed component is the base salary and the variable components are the Performance Bonus Incentive ("PBI") Scheme and the Sales Incentive scheme.

For all Company employees (including key management personnel), the PBI is linked to the performance of the relevant subsidiary and its achievement of established targets approved by the RC such as profitability, sales turnover, assets management, human resource management, quality, customer services and delivery time etc. For executive directors, the PBI is linked to the performance of the Group and the achievement of established targets that are the same as the employees. The Company also has a Sales Incentive scheme for its sales and marketing teams structured on pre-defined targets. Executive directors and key management personnel are not entitled to the Sales Incentive.

Cap on bonuses to employees and executive directors

To ensure a sensible bonus structure in line with performance and remuneration objectives there is a cap and control on the total amount of bonuses to executive directors and employees. The Executive directors and employees of profitable subsidiaries are entitled to PBI but the aggregate Group total amount should not be more than 10% of the Group profit pre-tax and pre-bonus.

Provision 7.2

The independent and non-executive directors receive directors' fees in line with the market bearing in mind the size of the Company and the level of contribution, time spent, efforts and responsibilities of each independent and non-executive director. The calculation of director's fees for independent and non-executive directors is as follows:

– the base director's fee + 15% for each Committee Chairperson

– the base director's fee + 30% for AC Chairperson

– the base director's fee + 50% for Board Chairperson

During FY2024, all independent and non-executive directors attended all Board and Committees meetings.

The base director's fee was revised in FY2019 after benchmarking with peer listed companies that were then of similar market capitalization ie. in the range of S$250 million. Prior to that, the base director's fee had not been revised since the Company's IPO in 2003.

The director's fees are subject to shareholders' approval at the AGM.

Provision 7.3

The Group's practice is to conduct an annual salary review for all employees, including key management personnel, which is based on the individual performance as well as the Company's performance. We also review and adjust the salary scale for each position in line with the market on an annual basis.

The RC reviews the remuneration packages of executive directors and key management personnel yearly in line with the performance of the Company and the individual. The total remuneration is made up of fixed base salary and variable bonuses so as to align the performance of executive directors and key management personnel with the Company's goals and objectives. Many of our key management personnel have served the Company for long periods of time, some of them since our IPO and many are long-term shareholders of the Company.

Disclosure on Remuneration

Principle 8: *The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

Provision 8.1

The Board supports and is keenly aware of the need for transparency. However, after careful deliberation and considerable debate, the Board is of the view that full disclosure of the key management personnel is not in the best interests of the Company. Inter alia, the Board took into account the very sensitive nature of the matter, the relative size of our Company, the competitive business environment we operate in and the irrevocable negative impact such disclosure may have on the Company.

The Company disclose fully the remuneration of executive directors, independent and non-executive directors and any employee related to the substantial shareholder, CEO or directors.

The breakdown of the level and mix of remuneration of each director and the key management personnel in FY2024 is as follows:

Remuneration of Directors

Name of Executive Director	Director's fee S$	Salary S$	Bonus S$	Allowances/ Benefits S$	Total S$
Christopher Reid Borch (CEO)	60,000	269,647	80,000	3,489	413,136
Kyle Christopher Borch (Deputy CEO)	60,000	231,353	103,768	63,620	458,741

Remuneration band & name of Independent and Non-Executive Director	Director's fee S$	Salary S$	Bonus S$	Allowances/ Benefits S$	Total S$
Sumitri Mirnalini Menon @ Rabia	99,000	–	–	–	99,000
Lai Chin Yee	87,000	–	–	–	87,000
Kenny Kwan Yew Kwong	69,000	–	–	–	69,000
Kazuo Jozeph Takeda	40,000	–	–	–	40,000
Chua Siew Hwi	15,000	–	–	–	15,000

Remuneration of Key Management Personnel

Remuneration band & name of key management personnel	Salary	Bonus	Allowances/ Benefits	Total
S$250,000 to S$500,000				
Wendy Tan Wei Lee	55%	34%	11%	100%
Shen Zi Quan	57%	34%	9%	100%
Below S$250,000				
Goh King Kang	61%	23%	16%	100%
Richie Cajili Manuel	79%	16%	5%	100%
Alain Neo Say Chow*	70%	16%	14%	100%
Looi Sek Mun*	77%	7%	16%	100%

Note: * Alain Neo Say Chow ceased to be Key Management Personnel from 15 January 2024 and replaced by Looi Sek Mun effective 16 January 2024.

The aggregate remuneration paid to the top 5 key management personnel is S$1,059,709.

Provision 8.3

The remuneration package for executive directors and key management personnel includes base salary and variable bonus (performance bonus incentive) as well benefits such as car allowances.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9:	*The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

Provision 9.1

Risk Management

The Company has put in place internal controls necessary to identify and manage significant business risks. The Company's internal auditor being an external service provider, provides an independent resource and perspective to the AC by highlighting any areas of concern discovered during the course of performing such internal audit process.

Management regularly reviews the Company's business and operational activities to identify areas of financial, operational, compliance and information technology risk as well as measures to control these risks and reports to RMC quarterly. These include detailed financial and management reporting and detailed operational manuals and reports. Targets are set to measure and monitor the performance of operations periodically, such as growth, profit margins, inventory efficiency, accounts receivable management, personnel attendance, cycle time and housekeeping.

The Company's assets and our employees are insured under a comprehensive insurance program which is reviewed annually. These also include product liability insurance and directors and officers liability insurance.

In June 2016, our Singapore plant operations was certified as conforming to the Business Continuity Management System standard ISO22301:2012. The certification was successfully re-issued as conforming to the standard in May 2024 following re-assessment.

Financial risk management is discussed in Note 22 to the financial statements set out on page 126 to 132.

Risk Management Committee

The Risk Management/Sustainability Committee was renamed the Risk Management Committee in October 2023. For more direct oversight on Environmental, Social and Governance ("ESG") issues, the following responsibilities relating to sustainability was shifted to the Board:

– review the implementation of sustainability strategy

– monitor the performance against the sustainability targets

– establish a process to monitor any regulatory change relating to sustainability

– review the sustainability reporting

The RMC comprises four independent and non-executive directors and one executive director:

Chairperson	:	Lai Chin Yee
Member	:	Sumitri Mirnalini Menon @ Rabia
Member	:	Kenny Kwan Yew Kwong
Member	:	Chua Siew Hwi
Member	:	Kyle Christopher Borch

The Committee is guided by the terms of reference to assist the Board as follows:

– determine the Group's level of risk tolerance and risk policies

– ensure the management maintains a sound system of risk management

– recommend and review the implementation of risk management framework

– review the processes and procedures for ensuring that all material risks are properly identified and that appropriate systems of monitoring and control are in place

– review the Group's risk profiles regularly

– review breaches of risk appetite and tolerances

The Committee references the ISO31000 – Risk Management Standards and Committee of Sponsoring of the Treadway Commission ("COSO") Model in assessing the effectiveness of its risk management system and the ISO27000 series on its IT governance.

At the management level, an Enterprise Risk Management Working Committee is formed comprising key management personnel for the development and implementation of enterprise risk management system. It will report regularly to RMC.

The RMC reports to the Board. The Board determines and reviews the Company's levels of risk tolerance and risk policies and oversees the risk management and internal control systems.

Accountability

Provision 9.2
The Board is accountable to the shareholders while the management is accountable to the Board. The Board is mindful of its obligation to provide timely, reliable and fair disclosure of material information in compliance with the SGX-ST Listing Manual and present the financial results quarterly, half yearly and yearly to the public. The management announced the quarterly and the half yearly financial results within 30 days from the relevant financial period. The CEO and VP of Finance certify all such financial results.

In presenting the financial results, the Board has sought to provide a balanced and reader friendly assessment of the Company's performance and position.

To continually ensure the accountability of management to the Board, the management provides all members of the Board with a useful and balanced summary of the Company's performance and financial position such as consolidated statement of comprehensive income, consolidated statement of financial position and other management reports on a monthly basis.

The Board has received written assurances from

(a) the CEO and the VP of Finance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Provision 9.2a and 9.2b/Listing Rule 1207(10)

The Board's opinion is, with the concurrence of the AC, that there are adequate internal controls in place to address material financial, operational and compliance risks during the financial year and up to the date of this report after considering the following:

– work done and reports by the internal and external auditors given during the year;

– report by RMC;

– the lack of any concern raised by a whistle blower;

– certification as conforming to the Business Continuity Management System standard ISO22301:2012; and

– assurance obtained from the CEO and VP of Finance (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances and (b) regarding the effectiveness of the Company's risk management and internal control systems. Similar assurance were obtained from subsidiaries and finance heads.

Areas of concern

The Board would report on the following risk which became apparent or was brought to its attention.

Earthquake Damage in California – California is an earthquake prone area. The Group's factory in the USA is situated in Morgan Hill, California. The Board has ascertained that insurance deductibles on any policy obtainable to cover damage as a consequence is very high such as, as in the Board's view, to make coverage ineffective. Furthermore, the greater damage is likely to be caused by flooding in the event of a large earthquake, and this consequence is not insurable at all in this region. After due consideration, the management has decided not to insure against earthquake damage. The management has taken and shall continue to take steps to minimize potential damages and loss by employee education training programs and by proper bracing and anchoring of the contents in the plant. As at 30 June 2024, our USA operations recorded an annual revenue of S$10.2 million and had total assets of S$11.1 million.

Audit Committee

Principle 10:	*The Board has an Audit Committee ("AC") which discharges its duties objectively.*

Provision 10.2
The AC comprises five members, all of whom are independent and non-executive directors.

Chairperson	:	Lai Chin Yee
Member	:	Sumitri Mirnalini Menon @ Rabia
Member	:	Kenny Kwan Yew Kwong
Member	:	Kazuo Jozeph Takeda
Member	:	Chua Siew Hwi

All the members have had many years of experience in senior positions in financial, legal and/or commercial sectors. They have sufficient financial expertise and experience to discharge the AC's functions. The chairperson, who is a Fellow Chartered Accountant of Singapore, has been Finance Director of a listed company and non-executive chairperson in other listed companies in Singapore.

Provision 10.1
Provision 10.1 (a)(b)(c)(d)(e) and (f)
The AC's written terms of reference which describe its major responsibilities are:

– to review with the external and internal auditors the audit plan and the results of the external auditor's examination and evaluation of the Group's system of internal controls;

– to review (i) the quarterly, half yearly and yearly announcement of financial results, and (ii) the consolidated financial statements, consolidated statement of financial position, consolidated statement of comprehensive income, and the external auditor's reports on those financial statements, before submission to the Board for approval;

– to review and discuss with external and internal auditors any suspected fraud or irregularities, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position;

– to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters and how to handle it properly including independent investigation, public announcement and internal communication with employees and related stakeholders;

– to make recommendations to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approve the remuneration and terms of engagement of the external and internal auditors;

– to review the independence of the external auditors annually including the nature and extent of non-audit services provided by the external auditors;

– to review interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

- to review the adequacy and effectiveness of the internal control framework and risk management processes including financial, operational, compliance and information technology controls and help ensure adequate measures are in place;

- to review the compliance with the Code of Best Practice on Security Transactions;

- to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual;

- to review the scope of the work of the internal auditor and to review with the internal auditor the audit plan and the results of the internal auditor's examination and evaluation of the Group's system of internal controls;

- to review the assurance from CEO and the VP of Finance on the financial records and financial statements; and

- to review the corporate governance processes.

The AC has reviewed the non-audit services performed by the external auditors and is satisfied that the provision of such services has not affected the independence of the external auditors. The AC has recommended their re-appointment at the forthcoming AGM. The aggregate amount of fees paid to the external auditors for the year is S$216,000 and S$19,000 for non-audit service fees.

Some of the subsidiaries in the Group are being audited by external auditors other than those of the Company. The AC is satisfied that there are sound internal controls applied in these subsidiaries and the scope of audit performed by these other external auditors is adequate. Furthermore, the external auditor of the Company visited these subsidiaries and did review their accounts.

It is the Company's practice for our external auditor to present the AC with their audit plan and with updates relating to any change of accounting standards impacting on the financial statements before an audit commences. It is also the responsibility of the VP of Finance to update the Board on any changes in accounting standards which may have an impact on the financial statements. During the financial year in review, the changes in accounting standards did not have any significant impact on the Group's financial statements.

Whistle Blowing Policy

The Board has formulated a written and comprehensive Whistle Blowing policy which has been disseminated throughout the Group and is an integral part of the Company Handbook. The Board believes that this policy will, inter alia, act as a deterrent to malpractice and wrongdoing, encourage openness, promote transparency and underpin the risk management systems of the Group.

The Whistle Blowing Officers are the members of the Board. Any Whistle Blowing Officer to whom a concern has been raised is obliged to make a report to the AC of the substance of the concern without breaching employee confidentiality. The AC is obliged to review all reports received and take or approve appropriate action.

The policy requires that the Whistle Blowing Officer shall consider any concern raised seriously even if they made anonymously.

The policy covers all and any improprieties and wrongdoings:

– affecting the financial position of the Company;

– relating to the honesty and integrity of the Company's dealings; and

– relating to the honesty and integrity of any employee or director in the course of that person's employment or dealing with or on behalf of the Company.

A whistle blower can choose to raise a concern by any means convenient including sending a letter or email or by telephone to any Whistle Blowing Officer directly. Within 10 working days, the Whistle Blowing Officer is obliged to acknowledge receipt of the information and provide an explanation as to how the matter is being handled if the report is not anonymous. The concern is appropriately and expeditiously dealt with and could be referred to the police, our external auditor or an independent investigator depending on the nature of the disclosure and the outcome of preliminary investigations.

Protecting the whistle blower:

(a) The Whistle Blowing Officer, whom the whistle blower has approached, will keep the whistle blower's identity and position and any other aspects of how the matter came to the Officer's attention strictly confidential. If the Officer is required to reveal the same by law, the Officer shall do so only after giving the whistle blower due notice and the AC and/or the Board shall do its utmost to protect from and assist the whistle blower with any consequences that the whistle-blower fears may result from such disclosure.

(b) Any investigations which must be made and the outcome shall be dealt discreetly and made known only to such persons and to the extent needed to deal effectively with the whistle blower's complaint.

Anonymous allegations:

(a) Since the Company will protect the whistle blower, the Company shall encourage any whistle blower to provide the whistle-blowers identity when making an allegation as this shall assist with a rapid and effective investigation.

(b) Even if the whistle blower declines to do so, our Whistle Blowing Officer will seriously consider the matters raised. However, the fact that the complaint has been made anonymously will be taken into account in evaluating its merits.

All concerns raised must be referred to the AC in a timely manner.

Provision 10.3
It is the Company's practice not to appoint any former/current partner or director of the Company's existing internal or external auditing firm acting as Board member or any Committees member to ensure independence and objectivity.

Provision 10.4 and 10.5
In the financial year under review, the AC met with the external auditor and internal auditor without the presence of executive directors and senior management. All AC meetings were run without the presence of executive directors and senior management unless invited by the AC to attend for any particular reason.

Provision 10.4
The internal auditor reports directly to the AC.

The Company maintains a sound internal control and internal audit system to ensure the integrity and reliability of our financial information, as well as to safeguard shareholder value and the Group's assets. The system is strengthened and reinforced by the Group's internal auditor who carries out regular internal audits to ensure compliance with stipulated internal controls, applicable laws and regulations.

The internal audit function has been outsourced to a reputable auditing firm which was appointed by the AC. The AC reviews the audit plan yearly with the internal auditor and the effectiveness of the internal audit function.

Since August 2011, CLA Global TS Holdings Pte. Ltd. has been the internal auditor of the Group. The internal auditor meets with the AC half yearly to present the internal audit reports. The AC approves the internal audit schedule and plan and reviews the activities of the internal auditor on a regular basis. Outsourcing the internal audit function enhances continuity, objectivity and independence and thus good corporate governance.

The recruitment, selection and appointment of the internal auditor was made by the AC after reviewing suitable candidates identified by internal and external parties including the external auditor, company secretary and others. The internal auditor is independent and is not associated with or related to the substantial shareholders, directors or the CEO and the VP of Finance.

The internal auditor in charge is a qualified accountant with many years of internal audit experience. The internal audit has been carried out in accordance with the Institute of Internal Auditors standards.

SHAREHOLDER RIGHTS AND ENGAGEMENT
Shareholder Rights and Conduct of General Meetings

Principle 11: *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

Provision 11.1
During the Company's AGM, it is our practice for the Chairperson to read the rules, including voting procedures that govern the AGM, so that the shareholders can participate in and vote effectively.

Provision 11.2
All resolutions tabled at the AGM are voted by poll, counted and validated by an independent scrutineer. The Board ensures that there should be a separate resolution at general meetings on each substantially separate issue unless there are sufficient and weighty reasons that this should not be done and will provide reasons and material implications where resolutions are interlinked.

Provision 11.3
At AGM, the CEO, Deputy CEO and VP of Finance will conduct a presentation on the Company's developments, financial results, outlook and strategy to provide shareholders with updates on the Company's progress. Shareholders also have the opportunity to share with and communicate their views to the Board. The Chairpersons of the respective Committees as well as the external auditors are requested to be present and available to address any queries by shareholders.

Provision 11.4
If shareholders are unable to attend the meetings, the Constitution of the Company allows shareholders to appoint not more than two proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries to appoint more than two proxies to attend, speak and vote at general meetings. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 72 hours before the time set for the general meetings.

Provision 11.5
The Company publishes the results of the voting on each resolution tabled and posts detailed minutes of the AGM which records shareholders' questions and the Board's/management's answers, via SGXNet. The minutes of the AGM include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and management.

Provision 11.6
Effective from FY2016, the Company has instituted a formal dividend policy which is to declare 40% or more of the Group's net profit according to the audited report.

The Company pays interim and final dividends each year after taking into consideration the Group's financial performance, cash position, cash flow generated from operations, projected capital requirements for business growth, general global economic conditions and other factors as the Board may deem appropriate.

Engagement with Shareholders

Principle 12:	*The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

Provision 12.1
The Company's primary communication platforms are its annual report, announcements posted on the SGXNet and Company website, and AGM. The Company augments its communications with regular analyst/media briefings, one-on-one meetings and conference calls when required.

The Company announces its financial results via SGXNet and strives to provide material information beyond the mandatory regulatory requirements of the SGX-ST Listing Manual. Where there is inadvertent disclosure made to a select group, we will make the same disclosure publicly to all others as promptly as possible.

Notice of AGM is sent to all shareholders 21 days before AGM. Such notice is announced via SGXNet. Shareholders are encouraged to attend the Company's AGM. To enhance shareholders' participation, the Company holds its AGM at central locations with walking distance from MRT stations.

The Company will continue to voluntarily announce its quarterly financial results via SGXNet although it is no longer a mandatory requirement under the SGX Listing Rules.

Provision 12.2 and 12.3

To enhance and encourage communication with investors, the Company provides an email address for investors at investor@micro-mechanics.com and the contact details of our Investor Relations Consultants. We have a practice of posting FAQs which are informative on our website to provide shareholders and the public with more information about the Company. Announcements via SGXNet are made to inform and update the shareholders and the public if there are any changes and developments in the Company or its business which would be likely to materiality affect the price or value of the Company's shares.

Our CEO is Head of the IR team and oversees the IR strategy. The CEO is supported by the VP of Finance and external IR consultants engaged by the Company to reinforce its communications and interactions with investors and analysts. IR contact information is also publicly disclosed in our annual reports, announcements and website.

Investor Relations Practices and Guidelines

The main objectives of the Company's Investor Relations ("IR") are to:

- maintain an open and active dialogue with existing and potential shareholders.
- ensure all investors have equal and adequate access to clear, comprehensive, and relevant information on a timely basis.

Regular media and analyst briefings are organized to enable a better appreciation of the Group's performance and developments. The Company holds investor briefings, inviting the media and analysts, after the release of the first half and full year financial results.

The Company conducts its IR on the following principles:

– Operate an open-door policy with regard to investor/analyst enquiries which should be responded to within three working days;

– Management and IR team are accessible to requests for one-on-one meetings and conference calls with investors and analysts;

– Information deemed to be price-sensitive is disseminated without delay via announcements and/or press releases on SGXNet;

– Discuss only publicly-available and publicly known information during dialogues with investors and analysts, principally following announcements of financial results;

– Maintain a blackout period prior to the planned release of financial statements during which no meetings and presentations will be held with analysts or investors. The blackout period is two weeks for quarterly financial results and one month for the half yearly/full-year financial results;

– Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions;

– Announce the date of release of quarterly financial reports at least a week in advance; and

– Allocate sufficient time to address queries of shareholders outside the formal business of the AGM.

CORPORATE GOVERNANCE

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13:	*The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

Provision 13.1

The Board encourages stakeholder engagement by identifying the key stakeholder groups and understanding their perceptions about the Company especially regarding sustainability issues. Setting high ethical standards for all levels within the Company is the Board's priority. Our stakeholders are engaged through various channels to ensure our business interests are aligned with them and their concerns are addressed in a manner that will improve our business operations for long-term growth and sustainability.

Our major stakeholders mainly include: customers, employees, suppliers, shareholders, regulators and the local communities where our businesses operate.

Provision 13.2

Customers

Focusing on the needs of customers is a critical success factor for our business. We have about 600 customers worldwide. Our top 10 customers are mainly in the USA, China and Malaysia. The revenue in the three regions accounted for 71% of the Group's revenue in FY2024. The majority of our customers have been working with the Group for more than 10 years. We have implemented Customer Relationship Management ("CRM") embedded in our ERP system to help us interact with our customers. Our sales team and R&D team make regular visits to our customers to provide technical solutions and provide updates on our latest capabilities. Despite the COVID-19 pandemic, we remain in regular communication with customers via virtual conference. Every year, we carry out a Customer Satisfaction Survey to have a better understanding of their needs. We participate in trade shows and exhibitions relating to our industry to showcase our latest products and services to both our existing and prospective customers.

Employees

Employee engagement is another critical success factor for our business. People are the Group's most important asset. All new employees will receive an orientation session when our relevant human resource manager will explain every detail of the Company Handbook especially the Code of Conduct. This is to ensure that every new employee understands the Company's culture and the employee's rights and obligations. Training will be provided to make sure that all employees are able to carry out their respective jobs competently. Every half year, we have an interactive session called Sync Card when our employees will have a discussion with their supervisors regarding their performance and career development. To align all employees with the Group's goals and objectives, we have designed a half yearly Performance Bonus Incentive (PBI) Scheme. All employees are informed so that they fully understand the targets they have to achieve in order to be rewarded in the PBI Scheme. Our practice is to have a diverse and inclusive workforce and to provide a safe and healthy work environment for our employees.

We are committed to providing our employees with opportunities to develop their potential through relevant training programs. The focus of such training programs is skills-upgrading and education in areas directly related to an employee's present work and/or future development. During FY2024, about 518 confirmed employees received formal and structured training of 7,224 hours, excluding on-the-job training, which is approximately 14.0 hours per employee. In the previous year, training provided amounted to 2,830 hours. Our target is to provide 12 training hours per employee.

Suppliers
Our suppliers are key to our performance in terms of quality and cycle time. We need to form trusting relationships that are mutually beneficial. We encourage our suppliers to use the Reference Business Alliance (“RBA”) principles as a guide to meet our evaluation criteria for preferred supplier standing. The RBA details standards for social, environmental and ethical matters for supply chains in the electronics industry. We assess the performance of our suppliers yearly and also assess the risk of business continuity of the supply chain. The majority of our suppliers and service providers have been working with us for more than 10 years.

Shareholders
We ensure that our shareholders and the investment community have an understanding of our business model, strategy, performance and culture. We have a strong IR team to communicate with our shareholders and the public. Please refer to Provision 12.1, 12.2 and 12.3. under the Engagement with Shareholders of this statement.

Regulators
We fully comply with and respect local rules and regulations. The Board and the Company have zero tolerance towards corruption and non-compliance of laws and regulations. Any non-compliance with country laws and regulations or corruption incident linked to our Company will damage our reputation and the trust we have built with stakeholders. The Board will be regularly updated on any change of rules or regulations affecting the business of the Company.

To strengthen the awareness and understanding of our employees and to be in compliance with the rules and regulations, we have obtained/gone through the following certifications:

– BCM22301:2012 Societal Security-Business Continuity Management System

– International Traffic in Arms Regulation

Local Communities
We work to build positive relationships with the communities in which we operate. We support local communities by employing locals as a preference wherever feasible. Only locals are employed in our operation in USA, the Philippines and China. In addition, we have initiated participation in some social and charitable activities with some local communities.

During FY2024, our subsidiaries in Malaysia and the Philippines made donations and sponsored charitable activities.

Provision 13.3
Our website www.micro-mechanics.com is updated in a timely manner with the Group’s latest announcements. In addition, shareholders can also view our latest financial highlights, financial reports, company presentations, investor factsheet, research reports, annual reports, stock quote and Frequently Asked Questions (“FAQs”) under the Investor Relations section. Anyone may subscribe to the Company’s announcements by registering for “email alerts” via our website.

Please refer to our Sustainability Report regarding engagement with stakeholders.

CORPORATE GOVERNANCE

Other matters:

Anti-corruption
Our company has zero tolerance with regard to any kind and form of bribery or corruption. An employee is not allowed to solicit or offer or give bribes or incentives whether in the form of money or gifts or favours in any form whatsoever. Any unsolicited gift(s) having an aggregate value in excess of S$200 must immediately be disclosed to a director. Proven violation shall result in the immediate initiation of termination processes and a report will be made to the local authority as appropriate. Customers/suppliers shall be entertained with breakfast, lunch or dinner only and the level of such entertainment shall be modest.

Securities Trading Code
The Company has adopted an internal compliance code which is applicable to all officers in relation to dealings in the Company's securities. Our officers are not allowed to deal in the Company's shares during the stipulated black-out periods (i.e. the period commencing two weeks before the announcement of the Company's financial statements for quarterly results and one month before half year or full year financial results, and ending after release of results announcement to SGX) or if they are in possession of unpublished material price-sensitive information pertaining to the Group.

All directors and all employees of the Group have been instructed to observe the internal compliance code and all applicable insider trading laws at all times even when dealing in securities within permitted trading periods. In this regard, all directors and employees are requested to sign a Declaration of Compliance with the internal compliance code annually and submit the same to the company secretary who in turn tables the duly signed declarations to the AC for inspection.

Interested Person Transactions
The Company has adopted a policy in respect of any transactions with interested persons and requires that all such transactions be at arm's length and reviewed by the AC quarterly.

For the financial year ended 30 June 2024, the Group has made rental payment of US$561,372 (30 June 2023: US$434,000) and solar-generated electrical services payment of US$210,000 (30 June 2023: US$169,634) to Sarcadia LLC, a controlling shareholder of the Company and a family company set up by Mr Christopher Reid Borch, the CEO of the Company.

Except for the above, there was no other interested person transaction relating to any director, controlling shareholders and their associates as defined in Chapter 9 of the Listing Manual.

CORPORATE GOVERNANCE

List of Certifications:

	Name of certification	Validity until
MM-Singapore	ISO9001-2015 Quality Management System	2-Dec-24
	BCM22301:2012 Societal Security-Business Continuity Management System	16-May-25
	Data Protection Trustmark	2-Sep-25
	bizSafe Level 3	28-Dec-25
MM-Malaysia	ISO9001-2015 Quality Management System	31-Oct-25
MM-Philippines	ISO9001-2015 Quality Management System	14-Jan-25
MM-China	ISO9001-2015 Quality Management System	7-Apr-25
MM-USA	AS9100 Quality Management System for aviation, space and defense organization	21-Nov-25
	International Traffic in Arms Regulation	31 Jul-25

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Kenny Kwan Yew Kwong	Kazuo Jozeph Takeda	Chua Siew Hwi
Date of appointment	14 June 2019	1 November 2023	1 April 2024
Date of last re-appointment (if any)	30 October 2022	Not Applicable	Not Applicable
Age	54	65	47
Country of principal residence	Singapore	United States of America	Singapore
The Board's comments on this re-election/appointment	After reviewing the recommendation of the Nominating Committee and Mr. Kwan's qualifications and experience (as set out below), the Board has confirmed Mr. Kwan's independence and approved that Mr. Kwan stands for re-election as a Non-Executive Independent Director.	After reviewing the recommendation of the Nominating Committee and Mr. Takeda's qualifications and experience (as set out below), the Board has confirmed Mr. Takeda's independence and approved that Mr. Takeda stands for re-election as a Non-Executive Independent Director.	After reviewing the recommendation of the Nominating Committee and Ms Chua's performance and contribution and experience (as set out below), the Board has confirmed Ms. Chua's independence and approved that Ms Chua stands for re-election as Non-Executive Independent Director.
Whether appointment is executive, and if so, the area of responsibility	• Non-Executive	• Non-Executive	• Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member, etc)	• Non-Executive Independent Director • Chairperson of Remuneration Committee • Member of Audit Committee • Member of Nominating Committee • Member of Risk Management Committee	• Non-Executive Independent Director • Member of Remuneration Committee • Member of Audit Committee • Member of Nominating Committee	• Non-Executive Independent Director • Member of Remuneration Committee • Member of Audit Committee • Member of Nominating Committee • Member of Risk Management Committee
Professional qualification	• Bachelor of Law from National University Singapore • Advocate and Solicitor of the Supreme Court of Singapore	• Fellow awarded from the Institute of Industrial and Systems Engineering, Atlanta, GA, USA; • MBA degree from the University of Redlands CA, USA; • Bachelor of Arts degree from California State University of Long Beach, CA USA; • Member of Singapore Institute of Directors.	• Fellow Chartered Accountant (Singapore) • ASEAN CPA • MBA from University of Southern Queensland • Bachelor degree in Accountancy from Nanyang Technological University • Member of Singapore Institute of Directors

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Kenny Kwan Yew Kwong	Kazuo Jozeph Takeda	Chua Siew Hwi
Working experience and occupation(s) during the past 10 years	1. Partner, Allen & Overy LLP (June 2009 to September 2017) 2. Director, Drew & Napier LLC (February 2018 to February 2019) 3. Partner, Baker McKenzie Wong & Leow (March 2019 to February 2023) 4. Partner, A&O Shearman (March 2023 to present)	1. Director of Performance Excellence, SprintRay, Los Angeles, CA, USA (July 2020 to July 2023) 2. Adjunct Industry Faculty, University of Southern California, Los Angeles, CA, USA (January 2012 to May 2022) 3. Manager, Industrial Engineering, Disneyland Resort, Anaheim, CA, USA (June 1998 to July 2020)	1. Senior Vice President, Enterprise Performance, Changi Airport Group (Singapore) Pte. Ltd. (Apr 2021 to Present) 2. Chief Financial Officer, Changi Airport International Pte Ltd (Oct 2020 to Feb 2021) 3. Divisional Director, Finance, Sentosa Development Corporation (Jul 2017 – Oct 2020) 4. Deputy Chief Executive Officer and Chief Financial Officer, Stamford Land Corporation Ltd (Jun 2013 – Sep 2016) 5. Deputy Chief Executive Officer and Chief Financial Officer, Singapore Shipping Corporation Ltd (Jun 2013 – Sep 2016)
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	Nil

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Kenny Kwan Yew Kwong	Kazuo Jozeph Takeda	Chua Siew Hwi
Conflict of interests (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code.			
Past (for the last 5 years)	Nil	(1) California Polytechnic University – Pomona, Industrial and Manufacturing Engineering Industry Advisory Board member (August 1998 – September 2023)	(1) Changi Airport Consultants Pte. Ltd. (2) Changi Airports India Pte. Ltd. (3) Changi Airports China Pte. Ltd. (4) Changi Airports MENA Pte. Ltd. (5) Changi Airports Europe Pte. Ltd. (6) Changi Airports Philippines (I) Pte. Ltd. (7) Changi Airports Kyushu Pte. Ltd. (8) Changi Golden Edge Pte. Ltd. (9) GateEq Pte. Ltd. (10) Goldenhorn Gate Pte. Ltd. (11) Singapore Changi Airport Enterprise Pte Ltd (12) SCAE Alterra Pte. Ltd. (13) Theta Enterprise Pte. Ltd. (14) Concessionaria Aeroporto Rio de Janeiro S.A. (15) Rio de Janeiro Aeroporto S.A

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Kenny Kwan Yew Kwong	Kazuo Jozeph Takeda	Chua Siew Hwi
Present	(1) Keppel DC Reit Management Pte. Ltd. (Lead Independent director-appointed on 28 February 2019)	(1) Founder and CEO of Kaz and Effect Solutions LLC, a consultancy and leadership development company (August 2023 – Present) (2) University of Southern California, Industrial and Systems Engineering, Industry Advisory Board member (Oct 1995 – Present) (3) Institute of Industrial and Systems Engineering, National Leadership Committee Assistant Regional VP, a professional national organization (April 2008 – Present) (4) Institute of Industrial and Systems Engineering, Los Angeles Chapter 23, Board Member, Secretary, Treasurer, a professional local organization (September 2008 – Present) (5) California Polytechnic University – San Luis Obispo, Industrial and Manufacturing Engineering, Industry Advisory Board member (December 2013 – Present) (6) University of Washington, Industrial and Systems Engineering, External Advisory Board member (July 2023 – Present)	(1) Committee Member of CFO Committee, Institute of Singapore Charted Accountant (2) Committee Member of Finance Committee, Institute of Engineers Singapore

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Kenny Kwan Yew Kwong	Kazuo Jozeph Takeda	Chua Siew Hwi
Information required Disclose the following matters concerning an appointment of director.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

Name of Director	Kenny Kwan Yew Kwong	Kazuo Jozeph Takeda	Chua Siew Hwi
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Kenny Kwan Yew Kwong	Kazuo Jozeph Takeda	Chua Siew Hwi
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

Name of Director	Kenny Kwan Yew Kwong	Kazuo Jozeph Takeda	Chua Siew Hwi
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

Name of Director	Kenny Kwan Yew Kwong	Kazuo Jozeph Takeda	Chua Siew Hwi
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

DIRECTORS' STATEMENT

Year ended 30 June 2024

We are pleased to submit this annual report to the members of Micro-Mechanics (Holdings) Ltd. (the "Company") together with the audited financial statements for the financial year ended 30 June 2024.

In our opinion:

(a) the financial statements set out on pages 92 to 134 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Christopher Reid Borch	
Kyle Christopher Borch	
Kwan Yew Kwong, Kenny	
Lai Chin Yee	
Sumitri Mirnalini Menon @ Rabia	
Kazuo Jozeph Takeda	(Appointed on 1 November 2023)
Chua Siew Hwi	(Appointed on 1 April 2024)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company are as follows:

Name of director in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year	Holdings at 21 July 2024
		Ordinary shares	
Christopher Reid Borch	63,985,169	60,385,169	60,385,169
Kyle Christopher Borch	40,785,256	41,685,256	41,485,256
Kwan Yew Kwong, Kenny	–	–	–

Name of director in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year	Holdings at 21 July 2024
		Ordinary shares	
Lai Chin Yee	20,000	20,000	20,000
Sumitri Mirnalini Menon @ Rabia	300,000	300,000	300,000
Kazuo Jozeph Takeda	–	–	–
Chua Siew Hwi	–	–	–

By virtue of Section 7 of the Act, Christopher Reid Borch and Kyle Christopher Borch are deemed to have interests in the other subsidiaries of the Company, all of which are wholly-owned, at the beginning and at the end of the financial year.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(a) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(b) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

- Lai Chin Yee (Chairman), Independent director
- Sumitri Mirnalini Menon @ Rabia, Independent director
- Kwan Yew Kwong, Kenny, Independent director
- Chua Siew Hwi, Independent director
- Kazuo Jozeph Takeda, Independent director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held five meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- the assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual); and
- corporate governance processes.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Christopher Reid Borch *Director*	**Kyle Christopher Borch** *Director*

29 August 2024

INDEPENDENT AUDITORS' REPORT

Members of the Company Micro-Mechanics (Holdings) Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Micro-Mechanics (Holdings) Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 92 to 134.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2024, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Property, Plant and Equipment ("PPE") and Right-of-Use ("ROU") assets of Micro-Mechanics Inc. ("MMUS")'s cash-generating unit ("CGU")

(Refer to Note 4 to the financial statements)

The key audit matter

The Group has PPE and ROU assets with a carrying amount of $23.9 million (2023: $27.6 million).

During the financial year, the CGU from a subsidiary, MMUS, was in a loss-making position. Management identified this as an impairment indicator on the PPE and ROU assets within this CGU. Accordingly, the Group performed an impairment assessment on MMUS's PPE and ROU assets by estimating the recoverable amount of the CGU based on value in use ("VIU") method.

The estimation of the recoverable amount is subjective and involves management's judgement. The assessment of the estimation uncertainty is a key focus area of our audit.

How the matter was addressed in our audit

Our procedures in relation to management's impairment assessment included, among others:

- Reviewed management's assessment of existence of impairment indicators, which among others, include observable indicators that the assets value has declined, any adverse economic effect on the CGU and evidence of obsolescence.

- Obtained an understanding of management's computation and assumptions used in determining the recoverable amount of MMUS.

- Assessed the reasonableness of management's key assumptions made in the discounted cash flow ("DCF") model by comparing the key assumptions in the DCF model against available market data and/or historical performances of MMUS.

- Performed sensitivity analysis on the DCF model.

- Reviewed the disclosures included in the financial statements against the requirements of the accounting standards.

We found management's process of assessing for impairment indicators to be appropriate, estimates used to determine recoverable amounts to be balanced and disclosures to be appropriate.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for Shareholders' statistics (the "Reports") which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors 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 Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

Members of the Company Micro-Mechanics (Holdings) Ltd.

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 a subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Khai Boon.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 August 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	Group 2024 $	Group 2023 $	Company 2024 $	Company 2023 $
Assets					
Property, plant and equipment	4	22,299,885	25,445,458	–	–
Right-of-use assets	4	1,670,348	2,119,176	–	–
Investment property	5	266,013	280,958	–	–
Subsidiaries	6	–	–	29,095,544	29,095,544
Trade and other receivables	8	519,079	488,744	–	–
Deferred tax assets	12	19,795	22,072	–	–
Non-current assets		24,775,120	28,356,408	29,095,544	29,095,544
Inventories	7	3,905,905	4,323,055	–	–
Trade and other receivables	8	11,610,943	11,244,667	1,155,110	1,546,791
Cash and bank balances	9	16,567,727	14,266,863	6,026,177	2,326,039
Current assets		32,084,575	29,834,585	7,181,287	3,872,830
Total assets		56,859,695	58,190,993	36,276,831	32,968,374
Shareholders' equity					
Share capital	10	14,782,931	14,782,931	14,782,931	14,782,931
Reserves	11	31,288,616	31,659,119	20,728,191	17,467,364
Total equity		46,071,547	46,442,050	35,511,122	32,250,295
Liabilities					
Deferred tax liabilities	12	1,429,220	1,591,500	239,363	206,203
Trade and other payables	13	–	229,186	–	–
Provisions	14	834,652	811,489	–	–
Lease liabilities	15	332,073	1,012,723	–	–
Non-current liabilities		2,595,945	3,644,898	239,363	206,203
Trade and other payables	13	5,554,951	5,908,553	524,644	509,459
Lease liabilities	15	1,439,487	1,183,468	–	–
Current tax payable		1,197,765	1,012,024	1,702	2,417
Current liabilities		8,192,203	8,104,045	526,346	511,876
Total liabilities		10,788,148	11,748,943	765,709	718,079
Total equity and liabilities		56,859,695	58,190,993	36,276,831	32,968,374

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2024

	Note	2024 $	2023 $
Revenue	16	57,888,378	67,021,993
Cost of sales		(30,702,288)	(35,832,351)
Gross profit		27,186,090	31,189,642
Other income		413,618	515,742
Distribution expenses		(2,873,181)	(2,879,823)
Administrative expenses		(9,127,651)	(10,012,989)
Other operating expenses		(3,742,594)	(5,034,746)
Results from operating activities		11,856,282	13,777,826
Finance income		193,393	169,325
Finance expense		(516,063)	(318,355)
Net finance expense		(322,670)	(149,030)
Profit before tax	17	11,533,612	13,628,796
Tax expense	18	(3,495,496)	(3,858,316)
Profit for the year		8,038,116	9,770,480
Profit attributable to:			
Owners of the Company		8,038,116	9,770,480
Profit for the year		8,038,116	9,770,480
Earnings per share:			
Basic and diluted earnings per share (in cents)	19	5.78	7.03
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from foreign operations		(93,027)	(2,150,256)
Item that will not be reclassified to profit or loss:			
Remeasurement on retirement benefits	14	27,182	(19,220)
Related tax	12	(864)	622
Other comprehensive income for the year, net of tax		(66,709)	(2,168,854)
Total comprehensive income for the year		7,971,407	7,601,626
Total comprehensive income attributable to:			
Owners of the Company		7,971,407	7,601,626
Total comprehensive income for the year		7,971,407	7,601,626

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2024

	Share capital $	Foreign currency translation reserve $	Accumulated remeasurement on retirement benefits $	Statutory reserve $	Accumulated profits $	Total $
At 1 July 2022	14,782,931	144,547	27,959	1,263,008	42,086,442	58,304,887
Total comprehensive income for the year						
Profit for the year	–	–	–	–	9,770,480	9,770,480
Other comprehensive income						
Foreign currency translation differences	–	(2,149,301)	(955)	–	–	(2,150,256)
Remeasurement on retirement benefits	–	–	(18,598)	–	–	(18,598)
Total other comprehensive income	–	(2,149,301)	(19,553)	–	–	(2,168,854)
Total comprehensive income for the year	–	(2,149,301)	(19,553)	–	9,770,480	7,601,626
Transactions with owners, recognised directly in equity						
Interim dividend of 6.0 cents per share (tax-exempt) in respect of current financial year	–	–	–	–	(8,341,913)	(8,341,913)
Final dividend of 8.0 cents per share (tax-exempt) in respect of previous financial year	–	–	–	–	(11,122,550)	(11,122,550)
Total transactions with owners	–	–	–	–	(19,464,463)	(19,464,463)
At 30 June 2023	14,782,931	(2,004,754)	8,406	1,263,008	32,392,459	46,442,050

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2024

	Share capital $	Foreign currency translation reserve $	Accumulated remeasurement on retirement benefits $	Statutory reserve $	Accumulated profits $	Total $
At 1 July 2023	14,782,931	(2,004,754)	8,406	1,263,008	32,392,459	46,442,050
Total comprehensive income for the year						
Profit for the year	–	–	–	–	8,038,116	8,038,116
Other comprehensive income						
Foreign currency translation differences	–	(91,856)	(1,171)	–	–	(93,027)
Remeasurement on retirement benefits	–	–	26,318	–	–	26,318
Total other comprehensive income	–	(91,856)	25,147	–	–	(66,709)
Total comprehensive income for the year	–	(91,856)	25,147	–	8,038,116	7,971,407
Transactions with owners, recognised directly in equity						
Interim dividend of 3.0 cents per share (tax-exempt) in respect of current financial year	–	–	–	–	(4,170,955)	(4,170,955)
Final dividend of 3.0 cents per share (tax-exempt) in respect of previous financial year	–	–	–	–	(4,170,955)	(4,170,955)
Total transactions with owners	–	–	–	–	(8,341,910)	(8,341,910)
At 30 June 2024	14,782,931	(2,096,610)	33,553	1,263,008	32,088,665	46,071,547

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2024

	2024 $	2023 $
Cash flows from operating activities		
Profit for the year	8,038,116	9,770,480
Adjustments for:		
Depreciation of property, plant and equipment	6,496,591	6,704,279
Depreciation of investment property	13,075	13,785
Property, plant and equipment written off	9,045	14,908
Gain on disposal of property, plant and equipment	(14,187)	(74,832)
Interest income	(193,393)	(169,325)
Interest expense on lease liabilities	170,526	95,866
Retirement benefits cost	60,227	54,513
Unwind of discount on reinstatement costs	18,450	13,585
Doubtful debts written off	3,891	141
Inventories written off	214,437	75,843
Tax expense	3,495,496	3,858,316
	18,312,274	20,357,559
Changes in:		
Inventories	196,750	981,313
Trade and other receivables	(396,128)	4,545,160
Trade and other payables	(63,683)	(2,920,575)
Cash generated from operations	18,049,213	22,963,457
Tax paid	(3,471,333)	(5,263,679)
Net cash generated from operating activities	14,577,880	17,699,778
Cash flows from investing activities		
Interest received	193,423	157,977
Payment of property, plant and equipment	(2,461,573)	(3,335,905)
Proceeds from disposal of property, plant and equipment	22,627	754,125
Net cash used in investing activities	(2,245,523)	(2,423,803)
Cash flows from financing activities		
Deposit pledged	(13,827)	–
Dividends paid	(8,341,910)	(19,464,463)
Interest paid	(170,526)	(95,866)
Payment of lease liabilities	(1,401,550)	(1,216,094)
Net cash used in financing activities	(9,927,813)	(20,776,423)
Net increase/(decrease) in cash and cash equivalents	2,404,544	(5,500,448)
Cash and cash equivalents at beginning of the year	14,122,013	20,210,293
Effect of exchange rate fluctuations on cash held	(116,586)	(587,832)
Cash and cash equivalents at end of the year (Note 9)	16,409,971	14,122,013

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2024

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 August 2024.

1 DOMICILE AND ACTIVITIES

Micro-Mechanics (Holdings) Ltd. (the "Company") is incorporated in Singapore. The address of the Company's registered office is 31 Kaki Bukit Place, Eunos Techpark, Singapore 416209.

The financial statements of the Group as at and for the year ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is primarily involved in the manufacturing of precision tools and components.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The changes to material accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements are prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions about the future, including climate-related risks and opportunities, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to accounting estimates are recognised prospectively.

Management is of the opinion that there are no critical judgements made in applying the entity's accounting policies that have a significant risk of resulting in a material adjustment within the next financial year.

2 BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment on non-financial assets

The Group and the Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there is any objective evidence or indication that the non-financial assets may be impaired. This determination and derivation of the relevant inputs requires significant judgement. The impairment assessment takes into account the market value of the asset, changes to the technological, market, economic or legal environment in which the Group and the Company operates, market interest rates, evidence of obsolescence or physical damage to the asset and changes to the expected usage to the asset.

The carrying amounts of the Group's and the Company's non-financial assets are disclosed in the following notes:

- Note 4 – Property, plant and equipment and right-of-use assets
- Note 6 – Investments in subsidiaries

2.5 Changes in material accounting policies

New accounting standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 July 2023:

- SFRS(I) 17: *Insurance Contracts*
- Amendments to SFRS(I) 1-12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

The application of the above SFRS(I)s and amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the financial year ended 30 June 2024.

2 BASIS OF PREPARATION (continued)

2.5 Changes in material accounting policies (continued)

New accounting standards and amendments (continued)

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences.

For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of SFRS(I) 1-12. There was also no impact on the opening retained earnings as at 1 July 2023 as a result of the change. The key impact for the Group relates to the disclosure of the deferred tax assets and liabilities recognised (see Note 12).

Global minimum top-up tax

The Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules* provide a temporary mandatory exception from deferred tax accounting for the top-up tax that may arise from the jurisdictional adoption of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"), and require new disclosures about the Pillar Two tax exposure.

The mandatory exception is effective immediately and applies retrospectively. However, the amendments have no impact on the Group as the Group's consolidated revenue is less than Euro 750 million per year and it is not in scope of the Pillar Two model rules.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in material accounting policies.

In addition, the Group adopted the Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* from 1 July 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 3 in certain instances.

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(i) Subsidiaries (continued)

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income ("OCI"). When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve as equity.

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

• Leasehold properties	50 years
• Plant and equipment	5 to 10 years
• Furniture, fittings and office equipment	5 years
• Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified at carrying amount.

3.4 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Leases (continued)

(i) As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of machineries that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Leases (continued)

(ii) As a lessor

The Group recognises rental income received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'other income'. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost on initial recognition and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful life of 60 years. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. The effects of any revision are included in profit or loss when the changes arise.

Any gain or loss on disposal of an item of investment property is recognised in profit or loss.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.7 Financial instruments

(i) Non-derivative financial assets

Classification, subsequent measurement and derecognition

Financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Classification, subsequent measurement and derecognition (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which either substantially all the risks and rewards of ownership of the financial asset are transferred; or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(ii) Non-derivative financial liabilities

Classification, subsequent measurement and derecognition

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term fixed deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude deposits pledged with the financial institutions as collateral which form an integral part of the Group’s cash management.

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

(vi) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are recognised initially at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(vi) Derivative financial instruments (continued)

Non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.8 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost ('cash and bank balances' and 'trade and other receivables').

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For all trade receivables, the Group measures loss allowances at an amount equal to lifetime ECLs, except for cash and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which is measured as 12-month ECLs.

For other financial instruments, the Group measures loss allowances at an amount equal to 12-month ECLs at initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, including forward looking information.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2024

3 MATERIAL ACCOUNTING POLICIES (continued)

3.8 Impairment (continued)

(i) Non-derivative financial assets (continued)

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset).

3 MATERIAL ACCOUNTING POLICIES (continued)

3.9 Employee benefits (continued)

(ii) Defined benefit plans (continued)

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA from a recognised rating agency that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. In countries where there is no deep market in such bonds, the market yields on the government bonds shall be used.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in OCI and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iv) Unconsumed leave

Employees' entitlement for unconsumed leave is recognised as a liability.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as administrative expenses.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.11 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that
  - is not a business combination; and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss; and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.12 Revenue

Revenue from the manufacture and sale of precision tools is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over the product to a customer.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.13 Finance income and finance expense

Interest income or expense is recognised as it accrues in profit or loss, using the effective interest method.

3.14 Dividends

Dividends to the Company's shareholders are recognised when the obligation to pay dividends is established. Dividends on ordinary shares classified as equity are accounted for as movements in the accumulated profits.

3.15 Government grants

An unconditional government grant related to computer software and equipment is recognised initially as deferred income at fair value. The grant is then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grant that compensates the Group for expenses incurred is recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

3.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Executive Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

3.18 New accounting standards and amendments not adopted

A number of new accounting standards and amendments to standards are effective for annual periods beginning after 1 July 2023 and earlier application is permitted. However, the Group has not early adopted the new or amended accounting standards in preparing these financial statements.

The following amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to SFRS(I) 1-7 and SFRS(I) 7*: Supplier Finance Arrangement*
- Amendments to SFRS(I) 1-21*: Lack of Exchangeability*
- Amendments to SFRS(I) 16*: Lease Liability in a Sale and Leaseback*

4 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties $	Plant and equipment $	Furniture, fittings and office equipment $	Motor vehicles $	Assets under construction $	Total $
Cost						
At 1 July 2022	16,374,850	67,480,656	7,252,796	1,091,806	208,730	92,408,838
Additions	2,194,766	2,880,892	666,381	20,970	56,849	5,819,858
Disposals	–	(1,756,297)	(1,103,118)	(927,282)	–	(3,786,697)
Reclassification	–	–	208,731	–	(208,731)	–
Derecognition due to expiry of lease	(505,261)	–	–	–	–	(505,261)
Translation differences	(366,660)	(2,638,291)	(283,897)	(11,255)	(17)	(3,300,120)
At 30 June 2023	17,697,695	65,966,960	6,740,893	174,239	56,831	90,636,618
Additions	1,442,904	1,246,382	301,421	8,675	–	2,999,382
Disposals	(15,545)	(1,366,589)	(387,466)	(8,482)	–	(1,778,082)
Reclassification	53,925	–	–	–	(53,925)	–
Translation differences	(33,570)	(216,348)	(50,972)	(2,684)	–	(303,574)
At 30 June 2024	19,145,409	65,630,405	6,603,876	171,748	2,906	91,554,344
Accumulated depreciation and impairment loss						
At 1 July 2022	9,661,862	45,977,447	6,456,383	160,444	–	62,256,136
Depreciation	1,552,837	4,552,621	388,378	210,443	–	6,704,279
Disposals	–	(1,726,541)	(1,103,044)	(262,911)	–	(3,092,496)
Derecognition due to expiry of lease	(505,261)	–	–	–	–	(505,261)
Translation differences	(207,259)	(1,836,114)	(238,520)	(8,781)	–	(2,290,674)
At 30 June 2023	10,502,179	46,967,413	5,503,197	99,195	–	63,071,984
Depreciation	1,835,296	4,220,301	414,777	26,217	–	6,496,591
Disposals	(15,543)	(1,351,760)	(384,812)	(8,482)	–	(1,760,597)
Translation differences	(23,600)	(160,080)	(38,963)	(1,224)	–	(223,867)
At 30 June 2024	12,298,332	49,675,874	5,494,199	115,706	–	67,584,111
Carrying amounts						
At 1 July 2022	6,712,988	21,503,209	796,413	931,362	208,730	30,152,702
At 30 June 2023	7,195,516	18,999,547	1,237,696	75,044	56,831	27,564,634
At 30 June 2024	6,847,077	15,954,531	1,109,677	56,042	2,906	23,970,233

4 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment comprise owned and leased assets.

The Group leases factory building with a contract term of two to three years.

	Group	
	2024	**2023**
	$	**$**
Property, plant and equipment – owned	22,299,885	25,445,458
Right-of-use assets	1,670,348	2,119,176
	23,970,233	27,564,634

Right-of-use assets are included in the following category of property, plant and equipment:

	Group	
	Leasehold properties	
	2024	**2023**
	$	**$**
Cost		
At 1 July	5,126,895	3,875,422
Additions	974,287	1,864,252
Derecognition due to expiry of lease	–	(505,261)
Translation differences	1,483	(107,518)
At 30 June	6,102,665	5,126,895
Accumulated depreciation		
At 1 July	3,007,719	2,330,023
Depreciation	1,426,116	1,231,123
Derecognition due to expiry of lease	–	(505,261)
Translation differences	(1,518)	(48,166)
At 30 June	4,432,317	3,007,719
Carrying amounts	1,670,348	2,119,176

Impairment assessment

During the year, the Company carried out a review of the recoverable amount of Micro-Mechanics Inc. ("MMUS")'s property, plant and equipment as it was in loss-making position in the past few years. The recoverable amount was determined based on value in use method. As a result of the review, no impairment loss was recognised in profit or loss during the year (and in 2023).

5 INVESTMENT PROPERTY

	Group	
	2024	2023
	$	$
Cost		
At 1 July	759,986	828,719
Translation differences	(4,984)	(68,733)
At 30 June	755,002	759,986
Accumulated depreciation		
At 1 July	479,028	507,970
Depreciation	13,075	13,785
Translation differences	(3,114)	(42,727)
At 30 June	488,989	479,028
Carrying amounts	266,013	280,958

Measurement of fair value

The fair value of investment property was determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair value of the Group's investment property annually.

At 30 June 2024, the fair value of the investment property is $2,878,000 (2023: $2,897,000) (categorised under Level 3 of the fair value hierarchy: unobservable inputs used in estimating the fair value of the investment property).

The following table shows the Group's valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison technique: The fair value was determined by analysing comparable sales of similar properties located in the general vicinity and adjusted for factors affecting the value.	Not applicable	Not applicable

Amounts recognised in profit or loss

	Group	
	2024	2023
	$	$
Rental income (Note 17)	124,484	129,847
Direct operating expenses	(14,259)	(17,193)

5 INVESTMENT PROPERTY (continued)

Operating lease

All leases are classified as operating leases from a lessor perspective because they do not transfer substantially all risks and rewards incidental of the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2024	**2023**
	$	**$**
Less than one year	20,791	125,568
One to two years	–	10,464
Total	20,791	136,032

6 SUBSIDIARIES

	Company	
	2024	**2023**
	$	**$**
Equity investments, at cost	35,527,955	35,527,955
Less: Impairment losses	(6,432,411)	(6,432,411)
	29,095,544	29,095,544

The details of the subsidiaries are as follows:

Name of subsidiary	**Principal activities**	**Country of incorporation and business**	**Percentage of equity held by the Group**	
			2024	**2023**
			%	**%**
Micro-Mechanics Pte Ltd[1]	Manufacturing of precision tools	Singapore	100	100
Micro-Mechanics Technology Sdn Bhd[2]	Manufacturing of precision tools	Malaysia	100	100
Micro-Mechanics Technology International, Inc.[3]	Manufacturing of precision tools	The Philippines	100	100
Micro-Mechanics Technology (Suzhou) Co. Ltd[2]	Manufacturing of precision tools	People's Republic of China	100	100
Micro-Mechanics Inc.[4] ("MMUS")	Manufacturing of precision components and modules and sale of precision tools	United States of America	100	100

1 Audited by KPMG LLP, Singapore.
2 Audited by other member firms of KPMG International.
3 Audited by Roxas Cruz Tagle and Co.
4 Audited by Fiondella, Milone & LaSaracina LLP.

6 SUBSIDIARIES (continued)

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries except for MMUS which is audited by Fiondella, Milone & LaSaracina LLP. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Impairment assessment

During the year, the Company carried out a review of the recoverable amount of its investment in MMUS as it was in loss-making position in the past few years. The recoverable amount was determined based on value in use method. As a result of the review, no additional impairment loss was recognised in profit or loss during the year (and in 2023).

7 INVENTORIES

	Group	
	2024	2023
	$	$
Raw materials	963,665	1,151,915
Work-in-progress	1,646,602	1,412,566
Finished goods	1,295,638	1,758,574
	3,905,905	4,323,055

During the year, raw materials and changes in finished goods and work-in-progress recognised in cost of sales amounted to $19,950,111 (2023: $24,874,750).

Valuation of inventories

The valuation of inventory at the lower of cost and net realisable value requires the Group to review inventories for their saleability and for indicators of obsolescence. This requires management to make estimates based on future market demand and their past experiences with similar inventories. In addition, judgements and estimates regarding future selling prices, level of demand and indicators of obsolescence must be made and used in connection with evaluating whether such write-downs are necessary and the amounts of such write-downs.

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Trade receivables	10,848,092	10,643,097	–	–
Amount due from subsidiaries (non-trade)	–	–	1,134,410	1,533,843
Other receivables	16,145	19,764	2,934	–
Deposits	416,488	409,694	–	–
Advances to suppliers	133,288	107,228	–	–
Prepayments	675,659	505,126	17,766	12,948
GST receivables	39,597	44,102	–	–
Forward exchange contracts	753	4,400	–	–
Total	12,130,022	11,733,411	1,155,110	1,546,791
Comprise of:				
Non-current	519,079	488,744	–	–
Current	11,610,943	11,244,667	1,155,110	1,546,791
	12,130,022	11,733,411	1,155,110	1,546,791

8 TRADE AND OTHER RECEIVABLES (continued)

The Group's non-current trade and other receivables of $519,079 (2023: $488,744) was due to advance payment made to suppliers to purchase plant and equipment and security deposits.

Amount due from subsidiaries is non-trade in nature, unsecured, interest-free, and has no fixed terms of repayment. The amounts are classified as current as the Company expects to receive payment within the next 12 months.

9 CASH AND BANK BALANCES

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Cash at banks and on hand	12,442,190	11,597,211	3,526,177	2,326,039
Short-term deposits	4,125,537	2,669,652	2,500,000	–
Cash and bank balances	16,567,727	14,266,863	6,026,177	2,326,039
Less: Deposits pledged	(157,756)	(144,850)		
Cash and cash equivalents in the consolidated statement of cash flows	16,409,971	14,122,013		

The deposits pledged are pertaining to banker's guarantees issued by a subsidiary in Malaysia.

10 SHARE CAPITAL

	Group and Company	
	2024	2023
	$	$
Issued and fully paid ordinary shares, with no par value		
139,031,881 ordinary shares at beginning and end of the year	14,782,931	14,782,931

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity attributable to owners of the Company. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity, as well as the level of dividends to ordinary shareholders.

The Group aims to obtain an optimal capital structure by balancing capital efficiency and financial flexibility. The Group manages the capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets.

There were no changes in the Group's approach in capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

10 SHARE CAPITAL (continued)

Dividends

The following dividends were declared and paid by the Group and the Company:

For the year ended 30 June

	Group and Company	
	2024	**2023**
	$	**$**
Paid by the Company to owners of the Company		
Final tax-exempt dividend paid of 3.0 cents (2023: 8.0 cents) per share in respect of previous financial year	4,170,955	11,122,550
Interim tax-exempt dividend paid of 3.0 cents (2023: 6.0 cents) per share in respect of current financial year	4,170,955	8,341,913
	8,341,910	19,464,463

After the reporting date, the following dividends were proposed by the directors. The dividends have not been provided for, and there are no income tax consequences.

	Group and Company	
	2024	**2023**
	$	**$**
Final proposed tax-exempt dividend of 3.0 cents (2023: 3.0 cents) per share	4,170,955	4,170,955

11 RESERVES

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

Accumulated remeasurement on retirement benefits

The accumulated remeasurement on retirement benefits comprise actuarial gains and losses which are recognised immediately in other comprehensive income in the period which they arise.

Statutory reserve

In accordance with the Company Law of the People's Republic of China ("PRC"), the Group's PRC subsidiaries are required to appropriate 10% of their profit after taxation to a statutory surplus reserve until such reserve balance reaches 50% of the registered capital. The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into paid-up capital, provided that the balance after such conversion is not less than 25% of the registered capital of the PRC subsidiary.

12 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities and the movements in deferred tax balances are attributable to the following:

Group	At 1 July	Recognised in profit or loss (Note 18)	Recognised in other comprehensive income	Translation differences	At 30 June
	$	$	$	$	
2024					
Property, plant and equipment	1,666,473	(144,893)	–	(3,145)	1,518,435
Right-of-use assets	–	96,849	–	–	96,849
Lease liabilities	–	(102,977)	–	–	(102,977)
Others	(97,045)	(7,591)	864	890	(102,882)
	1,569,428	(158,612)	864	(2,255)	1,409,425
2023					
Property, plant and equipment	1,550,648	154,842	–	(39,017)	1,666,473
Others	(94,018)	(2,775)	(622)	370	(97,045)
	1,456,630	152,067	(622)	(38,647)	1,569,428

During the year, the Company's deferred tax credit of $33,160 (2023: deferred tax expense of $28,606) for temporary differences related to investments in subsidiaries was recognised in profit or loss.

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 the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the consolidated statement of financial position as follows:

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Deferred tax liabilities	1,429,220	1,591,500	239,363	206,203
Deferred tax assets	(19,795)	(22,072)	–	–
Net deferred tax liabilities	1,409,425	1,569,428	239,363	206,203

13 TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Trade payables	924,392	726,583	–	–
Other payables	837,131	1,442,220	32,544	31,182
Accrued expenses	3,703,769	3,854,680	492,100	478,277
Advances from customers	68,469	75,661	–	–
Forward exchange contracts	21,190	38,595	–	–
	5,554,951	6,137,739	524,644	509,459
Comprise of:				
Non-current	–	229,186	–	–
Current	5,554,951	5,908,553	524,644	509,459
	5,554,951	6,137,739	524,644	509,459

Included in other payables is an amount relating the purchase of property, plant and equipment of $223,203 (2023: $659,681). Accrued expenses consist of payroll related accruals, withholding tax payables and other accruals.

14 PROVISIONS

	Group	
	2024	2023
	$	$
Non-current		
Reinstatement costs	345,541	327,091
Retirement benefits	489,111	484,398
	834,652	811,489

Provision for reinstatement costs

	Group	
	2024	2023
	$	$
At 1 July	327,091	222,018
Unwind of discount on reinstatement costs	18,450	13,585
Reclassification	–	91,488
At 30 June	345,541	327,091

The provision is due within 1 to 2 years (2023: 2 to 3 years) and is classified as non-current liabilities.

14 PROVISIONS (continued)

Provision for retirement benefits

The Group has an unfunded, non-contributory defined benefits retirement plan covering its permanent employees. Costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is 30 June 2024.

The following table shows the reconciliation from the opening balances to the closing balances of the retirement benefits liability recognised in the consolidated statement of financial position.

	Group	
	2024	**2023**
	$	**$**
At 1 July	484,398	422,198
Included in profit or loss		
Current service cost	31,176	28,237
Interest cost	29,051	26,276
	60,227	54,513
Included in other comprehensive income		
Remeasurements arising from:		
Experience adjustment	(38,975)	16,341
Change in financial assumptions	11,793	2,879
	(27,182)	19,220
Translation differences	(28,332)	(11,533)
At 30 June	489,111	484,398

The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:

	Group	
	2024	**2023**
	%	**%**
Discount rate	6.82	6.19
Salary increase rate	5.00	5.00

The discount rate assumption is based on the Bankers Association of the Philippines's PHP Bloomberg BVAL Reference Rates benchmark reference curve for the government securities market as of the valuation dates (or latest available), considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

The weighted-average duration of the retirement benefits obligation is 11.7 (2023: 13.0) years.

Assumptions regarding future mortality have been based on published statistics and mortality tables.

14 PROVISIONS (continued)

Provision for retirement benefits (continued)

Funding Policy

Benefit claims under the retirement benefits obligation are paid directly by the Group when they become due. The Group is not expected to make contributions in 2024.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefits obligation by the amounts shown below.

	2024		2023	
Group	**1% Increase**	**1% Decrease**	**1% Increase**	**1% Decrease**
	$	**$**	**$**	**$**
Discount rate	(52,766)	62,168	(57,395)	68,254
Salary increase rate	62,691	(54,083)	68,387	(58,502)

While the Group believes that, the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect the recognised income and expenses and related assets or obligations.

The retirement benefits obligation is exposed to actuarial and longevity risks.

Maturity profile

No future benefits payments are expected until the financial year 2026.

15 LEASES

Leases as lessee

The Group leases factory building. The leases typically run for a period of two to three years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

Right-of-use assets

The Group's movement of right-of-use assets is disclosed in Note 4.

Lease liabilities

	Group	
	2024	**2023**
	$	**$**
Maturity analysis – contractual undiscounted cash flows		
Less than one year	1,510,035	1,265,154
One to two years	337,264	717,787
Two to three years	–	335,230
Total undiscounted lease liabilities	1,847,299	2,318,171
Lease liabilities included in the consolidated statement of financial position		
Current	1,439,487	1,183,468
Non-current	332,073	1,012,723
Total	1,771,560	2,196,191

15 LEASES (continued)

Leases as lessee (continued)

Amounts recognised in profit or loss

	Group 2024 $	Group 2023 $
Interest on lease liabilities	170,526	95,866
Expenses relating to short term leases	6,496	6,097
Expenses related to leases of low value assets, excluding short term leases of low value assets	4,176	4,182

Amounts recognised in consolidated statement of cash flows

	Group 2024 $	Group 2023 $
Total cash outflow for leases	1,582,748	1,322,239

Reconciliation of movements of lease liabilities to cash flows arising from financing activities

	Group 2024 $	Group 2023 $
At 1 July	2,196,191	1,609,465
Changes from financing cash flows		
Payment of lease liabilities	(1,401,550)	(1,216,094)
Interest paid	(170,526)	(95,866)
Total changes from financing cash flows	(1,572,076)	(1,311,960)
Other changes		
New leases	974,287	1,864,252
Interest expense	170,526	95,866
Translation differences	2,632	(61,432)
Total other changes	1,147,445	1,898,686
At 30 June	1,771,560	2,196,191

16 REVENUE

Revenue of the Group represents the value of goods invoiced to third parties.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Nature of goods	Revenue comprises sale of precision tools and components.
When revenue is recognised	Revenue from the sale of goods is recognised at a point in time when goods are delivered to the customers' site and all criteria of acceptance have been satisfied.
Significant payment terms	Invoices are typically issued upon delivery of goods and are payable within 30 to 60 days.

17 PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2024	**2023**
	$	**$**
Other income:		
– Gain on disposal of property, plant and equipment	14,187	74,832
– Government grants	70,006	53,065
– Rental income	124,484	129,847
– Others	204,941	257,998
	413,618	515,742
Finance income:		
– Interest income	193,393	169,325
Finance expense:		
– Bank charges	89,284	78,220
– Foreign currency exchange losses, net	237,803	130,684
– Interest on lease liabilities	170,526	95,866
– Unwind of discount on restoration cost provision	18,450	13,585
	516,063	318,355
Staff costs:		
– Wages and salaries	20,703,621	22,905,446
– Contribution to defined contribution plans	2,049,967	2,497,206
– Employee benefit expenses	56,661	54,513
	22,810,249	25,457,165
Audit fees:		
– auditors of the Company	165,500	169,000
– other member firms of the auditors of the Company	50,891	47,517
– other auditors	69,739	70,597
Non-audit fees:		
– auditors of the Company	13,800	14,600
– other member firms of the auditors of the Company	4,308	3,179
– other auditors	16,441	12,965
Depreciation of property, plant and equipment	6,496,591	6,704,279
Depreciation of investment property	13,075	13,785
Directors' remuneration:		
– directors of the Company	1,181,878	2,130,165
– other directors	528,676	375,502
Doubtful debts written off	3,891	141
Expenses relating to short term leases	6,496	6,097
Expenses related to leases of low value assets, excluding short term leases of low value assets	4,176	4,182
Inventories written off	214,437	75,843
Property, plant and equipment written off	9,045	14,908

18 TAX EXPENSE

	Group	
	2024	2023
	$	$
Current tax expense		
Current year	3,752,208	3,756,329
Changes in estimates related to prior years	(98,100)	(50,080)
	3,654,108	3,706,249
Deferred tax expense (Note 12)		
Origination and reversal of temporary differences	(169,366)	160,020
Changes in estimates related to prior years	10,754	(7,953)
	(158,612)	152,067
Tax expense	3,495,496	3,858,316
Reconciliation of effective tax rate		
Profit before tax	11,533,612	13,628,796
Tax using the Singapore tax rate at 17%	1,960,714	2,316,895
Effect of tax rate in foreign jurisdictions	802,214	671,466
Effect of tax incentives granted	(40,353)	(10,067)
Non-deductible expenses	272,670	292,990
Non-taxable income	(22,877)	(20,991)
Current year loses for which no deferred tax asset is recognised	365,606	184,127
Changes in estimates related to prior years	(87,346)	(58,033)
Withholding tax paid in foreign jurisdictions	245,513	489,224
Others	(645)	(7,295)
Tax expense	3,495,496	3,858,316

Unrecognised deferred tax assets

During the year, Micro-Mechanics Inc. recorded a loss before tax of US$1,595,903 (2023: US$1,083,100). The tax losses brought forward are subject to agreement with the tax authorities and compliance with tax regulations in the jurisdiction in which the subsidiary operate. Cumulative deferred tax assets with respect to taxable losses of US$11,403,768 (2023: US$9,807,865) have not been recognised because it is not probable that future taxable profit will be available against which Micro-Mechanics Inc. can utilise the benefits.

Effective from 14 February 2022 as stipulated in the Franchise Tax Board by State of California, the unutilised tax losses carry-forwards beginning before 1 January 2018 will only be available for carry forward up to a period of 20 consecutive years. For unutilised tax losses beginning after 31 December 2017, the unutilised tax losses carry-forwards generally are limited to 80% of taxable income available indefinitely for offsetting against future taxable profits.

19 EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	Group	
	2024	**2023**
	$	**$**
Profit attributable to ordinary shareholders		
Profit for the year, attributable to the owners of the Company	8,038,116	9,770,480
Weighted-average number of ordinary shares		
Number of shares outstanding during the year	139,031,881	139,031,881

There is no difference between the basic earnings per share and the diluted earnings per share as there are no potentially dilutive ordinary shares at the end of the financial year.

20 RELATED PARTIES

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and the facility heads of the Company and its subsidiaries are considered as key management personnel of the Group.

	Group	
	2024	**2023**
	$	**$**
Short-term benefits of key management personnel	2,173,605	2,980,350
Defined contribution and defined benefit plans	67,982	87,451
	2,241,587	3,067,801

Transactions with key management personnel

The Group has an agreement with Sarcadia LLC, a shareholder of the Company and a company which is controlled by Christopher Reid Borch, a director of the Company, for the lease of a premise which is used as the office of Micro-Mechanics, Inc. The Group entered into an additional agreement with Sarcadia LLC in 2019 for the provision of electrical services. During the year, the Group made lease payments of $756,499 (2023: $592,316) and electrical services payments of $282,994 (2023: $231,145) to Sarcadia LLC. As at 30 June 2024, the amount of lease liability recognised for the lease of building is $727,034 (2023: $493,790). The balance is not secured and is payable under normal payment terms.

21 COMMITMENTS

Apart from the obligations set out elsewhere in the consolidated financial statements, the Group had the following commitments as at reporting date:

	Group	
	2024	**2023**
	$	**$**
Capital commitments:		
– contracted but not provided for	–	193,196
– authorised but not contracted for	–	239,009

22 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing the risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and the Company's non-trade amount due from subsidiaries.

The carrying amounts of financial assets represent the Group's and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets.

22 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

Exposure to credit risk

The exposure to credit risk for the Group's trade receivables and the Company's non-trade amount due from subsidiaries at the reporting date by type of customer was as follows:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Distributors	154,092	182,913	–	–
Direct customers	10,694,000	10,460,184	–	–
Subsidiaries	–	–	1,134,410	1,533,843
	10,848,092	10,643,097	1,134,410	1,533,843

The exposure to credit risk for the Group's trade receivables and the Company's non-trade amount due from subsidiaries at the reporting date by geographic region was as follows:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Singapore	1,221,061	881,444	–	–
Europe	327,327	408,184	–	–
Japan	106,358	144,797	–	–
Malaysia	2,133,267	1,886,899	–	–
People's Republic of China	4,436,852	4,167,575	–	–
Philippines	337,032	545,750	1,134,410	1,533,843
Taiwan	663,040	670,477	–	–
Thailand	234,408	149,912	–	–
United States of America	1,337,124	1,751,838	–	–
Others	51,623	36,221	–	–
	10,848,092	10,643,097	1,134,410	1,533,843

22 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

Expected credit loss assessment for customers

The ECLs were calculated based on actual credit loss experience over the past 3 years. The Group performed the calculation of ECL rates separately for distributors, subsidiaries and other customers. The Group considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The Group and the Company has assessed that the amount of the allowance on these balances is negligible. The Group and the Company did not have significant overdue or credit impaired trade receivables as at reporting date.

An analysis of the ageing of the Group's trade receivables and the Company's non-trade amount due from subsidiaries that are not impaired is as follows:

	Group		**Company**	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Current	8,646,126	8,405,838	–	1,395,320
Past due 1 to 30 days	1,796,958	1,810,298	–	–
Past due 31 to 60 days	362,561	287,123	–	–
Past due more than 60 days	42,447	139,838	1,134,410	138,523
	10,848,092	10,643,097	1,134,410	1,533,843

Other financial assets at amortised cost

For the purpose of impairment assessment, the other financial assets at amortised cost, such as deposits and other receivables, are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The amount of the allowance on other financial assets at amortised cost is negligible.

Cash and bank balances

The cash and bank balances are held with bank and financial institution counterparties which are reputable and regulated.

Impairment on cash and bank balances has been measured on the 12-month ECL basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank balances is negligible.

22 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains the line of credit amounting to $2,000,000 (2023: $2,000,000) overdraft facility that is unsecured. Interest would be payable at 1.25% (2023: 1.25%) above the DBS Bank Prime rate. At the reporting date, the Group has no outstanding payable on the line of credit.

Exposure to liquidity risk

The following are the remaining contractual maturities of non-derivative financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments:

	Carrying amount $	Contractual cash flows $	Within 1 year $	Within 2 to 5 years $
Group				
2024				
Forward exchange contracts	(20,437)			
– Gross payments		(2,849,574)	(2,849,574)	–
– Gross receipts		2,829,137	2,829,137	–
	(20,437)	(20,437)	(20,437)	–
Trade and other payables*	(2,822,081)	(2,822,081)	(2,822,081)	–
2023				
Forward exchange contracts	(34,195)			
– Gross payments		(3,011,681)	(3,011,681)	–
– Gross receipts		2,977,486	2,977,486	–
	(34,195)	(34,195)	(34,195)	–
Trade and other payables*	(2,825,108)	(2,825,108)	(2,615,192)	(209,916)
Company				
2024				
Trade and other payables	(524,644)	(524,644)	(524,644)	–
2023				
Trade and other payables	(509,459)	(509,459)	(509,459)	–

* Excluding advances from customers, payroll related accruals, withholding tax payables and forward exchange contracts.

22 FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to foreign currency risk relates to the countries in which the subsidiaries operate. The Group endeavours to minimise such exposures as far as possible by matching assets and liabilities of the same currency although there is no formal hedging policy. The currencies in which these transactions primarily are denominated are the United States dollar ("USD"), Japanese Yen ("JPY") and Philippine Peso ("PHP").

As at 30 June 2024, the Group had outstanding foreign exchange contracts with notional amounts of approximately $2,849,574 (2023: $3,011,681) to manage exposure to foreign currency fluctuation.

Exposure to currency risk

The summary of quantitative data about the exposure to currency risk as reported to the management of the Group and the Company is as follows:

	USD $	JPY $	PHP $
Group			
2024			
Trade and other receivables	2,125,717	106,358	–
Cash and bank balances	742,417	12,757	–
Trade and other payables	(111,060)	(3,557)	–
Net exposure	2,757,074	115,558	–
2023			
Trade and other receivables	2,770,363	144,797	–
Cash and bank balances	1,104,236	11,440	–
Trade and other payables	(61,710)	(2,328)	–
Net exposure	3,812,889	153,909	–
Company			
2024			
Trade and other receivables	–	–	1,134,410
Cash and bank balances	82,389	–	–
Net exposure	82,389	–	1,134,410
2023			
Trade and other receivables	–	–	1,533,843
Cash and bank balances	82,586	–	–
Net exposure	82,586	–	1,533,843

22 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

A 10% strengthening of Singapore dollar against the following currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2024	**2023**
	$	**$**
Group		
USD	(275,707)	(381,289)
JPY	(11,556)	(15,391)
Company		
USD	(8,239)	(8,259)
PHP	(113,441)	(153,384)

A 10% weakening of Singapore dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Group and the Company is not exposed to interest rate risk as it has no significant interest-earnings financial assets and no significant interest-bearing financial liabilities.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

22 FINANCIAL RISK MANAGEMENT (continued)

Measurement of fair values (continued)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

		Group		Company	
	Note	**2024**	**2023**	**2024**	**2023**
		$	**$**	**$**	**$**
Financial assets measured at amortised cost					
Trade and other receivables**	8	11,280,725	11,072,555	1,137,344	1,533,843
Cash and bank balances	9	16,567,727	14,266,863	6,026,177	2,326,039
		27,848,452	25,339,418	7,163,521	3,859,882
Financial assets measured at fair value					
Forward exchange contracts – asset	8	753	4,400	–	–
Financial liabilities measured at amortised cost					
Trade and other payables*	13	(2,822,081)	(2,825,108)	(524,644)	(509,459)
Financial liabilities measured at fair value					
Forward exchange contracts – liability	13	(21,190)	(38,595)	–	–

* Excluding advances from customers, payroll related accruals, withholding tax payables and forward exchange contracts

** Excluding advances to suppliers, prepayments, GST receivables and forward exchange contracts.

Valuation techniques

The fair values of forward exchange contracts are based on financial institutions quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. This instrument is categorised under Level 2 of the fair value hierarchy.

23 SEGMENT REPORTING

The Group has the following five reportable segments, which are the Group's strategic business units. The strategic business units are managed separately due to the requirement of different marketing strategies. For each of the strategic business units, the Group's Executive Directors review internal management reports regularly. The following describes the operations in each of the Group's reportable segments:

- Singapore: Includes manufacturing and distributing of precision tools.
- Malaysia: Includes manufacturing and distributing of precision tools.
- The Philippines: Includes manufacturing and distributing of precision tools.
- United States of America ("USA"): Includes manufacturing of precision components and modules and distributing of precision tools.
- China: Includes manufacturing and distributing of precision tools.

23 SEGMENT REPORTING (continued)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments.

Inter-segment pricing is determined on an arm's length basis.

Information about reportable segments

Group	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	$	$	$	$	$	$	$
2024							
External revenue	14,672,468	10,129,200	3,406,669	10,161,470	19,518,571	–	57,888,378
Inter-segment revenue	5,161,268	1,167,055	430,118	1,455	–	(6,759,896)	–
Total revenue	19,833,736	11,296,255	3,836,787	10,162,925	19,518,571	(6,759,896)	57,888,378
Segment profit before tax	3,616,093	4,444,245	388,710	(2,154,121)	6,273,585	212,886	12,781,398
Finance income	–	62,320	195	100,510	5,346	25,022	193,393
Finance expense	(234,069)	(27,221)	(19,722)	(97,015)	(41,051)	(96,985)	(516,063)
Unallocated expenses							(925,116)
Profit from operations							11,533,612
Tax expense							(3,495,496)
Net profit for the year							8,038,116
Segment assets	15,673,943	9,667,985	2,503,635	11,107,842	12,192,897	(333,486)	50,812,816
Unallocated assets:							
Others							6,046,879
Total assets							56,859,695
Segment liabilities	2,621,046	621,499	800,868	1,534,178	1,941,360	117,567	7,636,518
Unallocated liabilities:							
Tax	1,622,517	400,132	18,191	–	345,080	241,065	2,626,985
Others							524,645
Total liabilities							10,788,148
Other segment information:							
Capital expenditure	589,891	297,882	472,698	322,509	342,115	–	2,025,095
Depreciation	2,170,151	692,045	501,924	2,204,851	951,505	(10,810)	6,509,666
Non-current assets	9,518,595	3,996,332	1,599,309	6,373,303	3,375,655	(88,074)	24,775,120

23 SEGMENT REPORTING (continued)

Information about reportable segments (continued)

Group	Singapore $	Malaysia $	The Philippines $	USA $	China $	Elimination $	Consolidated $
2023							
External revenue	14,943,595	10,502,604	5,205,755	18,468,037	17,902,002	–	67,021,993
Inter-segment revenue	5,278,900	1,339,690	383,547	3,895	–	(7,006,032)	–
Total revenue	20,222,495	11,842,294	5,589,302	18,471,932	17,902,002	(7,006,032)	67,021,993
Segment profit before tax	3,502,945	4,659,596	1,638,096	(1,456,445)	6,155,458	22,489	14,522,139
Finance income	–	78,696	239	10,620	23,550	56,220	169,325
Finance expense	(200,433)	(12,163)	(11,309)	(32,371)	34,052	(96,131)	(318,355)
Unallocated expenses							(744,313)
Profit from operations							13,628,796
Tax expense							(3,858,316)
Net profit for the year							9,770,480
Segment assets	17,209,802	10,593,263	3,036,710	13,102,224	12,384,413	(474,407)	55,852,005
Unallocated assets:							
Others							2,338,988
Total assets							58,190,993
Segment liabilities	3,539,037	657,222	1,189,762	1,370,117	1,879,821	–	8,635,959
Unallocated liabilities:							
Tax	1,505,196	510,118	28,014	–	351,576	208,620	2,603,524
Others							509,460
Total liabilities							11,748,943
Other segment information:							
Capital expenditure	1,651,240	1,061,532	360,959	684,062	303,272	(105,459)	3,955,606
Depreciation	2,297,863	728,739	500,494	2,223,061	987,573	(19,666)	6,718,064
Non-current assets	11,027,703	4,453,909	1,745,751	7,391,724	3,836,206	(98,885)	28,356,408

Major customers

Revenues of major customers (contributing more than 10% of total revenue from external customers of each segment) of the reportable segments are as follows:

	Singapore $	Malaysia $	The Philippines $	USA $	China $	Total $
2024						
Revenue	–	2,684,329	2,430,674	8,550,872	2,242,545	15,908,420
Number of customers	–	2	4	4	1	11
2023						
Revenue	2,139,841	2,743,510	3,967,263	17,135,180	2,800,914	28,786,708
Number of customers	1	2	4	4	1	12

SHAREHOLDERS' STATISTICS

As at 13 September 2024

SHARE CAPITAL

Number of Shares	:	139,031,881
Class of Shares	:	Fully paid ordinary shares
Voting Rights	:	On a poll – 1 vote for each ordinary share held

Based on the information available to the Company as at 13 September 2024, the percentage of shareholding held in the hands of the public is approximately 49.28% which is more than 10% of the issued ordinary shares of the Company. Therefore Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with. The Company did not have any treasury shares or subsidiary holdings (as defined in the Listing Manual) as at 13 September 2024.

SUBSTANTIAL SHAREHOLDERS AS AT 13 SEPTEMBER 2024

	Name	Shareholdings beneficially held by the substantial shareholder		Other shareholdings in which the substantial shareholder is deemed to have an interest	
		No. of Shares	%	No. of Shares	%
1	Christopher Reid Borch	22,524,913*	16.20%	37,860,256**	27.23%
2	Sarcadia LLC	37,760,256*	27.16%	–	–
3	Low Ming Wah***	7,126,001	5.13%	1,000	0.00%
4	Andrea W. Borch****	–	–	37,760,256	27.16%
5	Kyle Christopher Borch****	3,925,000*	2.82%	37,760,256	27.16%
6	Tyler Campbell Borch****	1,675,000*	1.20%	37,760,256	27.16%
7	Cameron Louis Borch****	1,675,000*	1.20%	37,760,256	27.16%
8	Allison Ruth Borch****	1,675,000*	1.20%	37,760,256	27.16%

* *These shares are held in the name of their nominee, Citibank Nominees Singapore Pte Ltd*

** *Deemed to be interested in 37,760,256 shares held by Sarcadia LLC and 100,000 shares held by his children (under joint tenant account).*

*** *Deemed to be interested in 1,000 shares held by spouse*

**** *Deemed to be interested in 37,760,256 shares held by Sarcadia LLC under its nominee account.*

ANALYSIS OF SHAREHOLDERS BY RANGE AS AT 13 SEPTEMBER 2024

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued share capital
1 – 99	21	0.96	732	0.00
100 – 1,000	628	28.64	433,100	0.31
1,001 – 10,000	1,173	53.49	5,022,277	3.61
10,001 – 1,000,000	358	16.32	24,023,401	17.28
1,000,001 and above	13	0.59	109,552,371	78.80
Total	**2,193**	**100.00**	**139,031,881**	**100.00**

SHAREHOLDERS' STATISTICS

As at 13 September 2024

TWENTY LARGEST SHAREHOLDERS AS AT 13 SEPTEMBER 2024

	Name	No. of Shares	% of Issued share capital
1	Citibank Nominees Singapore Pte Ltd	80,217,030	57.70
2	Low Ming Wah	7,126,001	5.13
3	DBS Nominees Pte Ltd	5,774,650	4.15
4	Lam Yen Yong	3,404,000	2.45
5	Chew Kwai Yoke	2,734,600	1.97
6	Tan Eng Yam Holdings Pte Ltd	1,602,700	1.15
7	Tan Boon Khak Holdings Pte Ltd	1,541,100	1.11
8	Tan Leng Oei	1,360,700	0.98
9	Tan Seck Wei	1,320,700	0.95
10	Maybank Securities Pte Ltd	1,316,869	0.95
11	Yeap Lam Yang	1,077,000	0.77
12	BPSS Nominees Singapore (Pte) Ltd	1,076,771	0.77
13	IFAST Financial Pte Ltd	1,000,250	0.72
14	OCBC Securities Private Ltd	955,749	0.69
15	Lim Yong Wah	947,300	0.68
16	Raffles Nominees (Pte) Limited	874,627	0.63
17	Phillip Securities Pte Ltd	687,027	0.49
18	United Overseas Bank Nominees Pte Ltd	650,200	0.47
19	Lim Low Yeok	585,700	0.42
20	OCBC Nominees Singapore Pte Ltd	571,850	0.41
Total		**114,824,824**	**82.59**

NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting (the "**AGM**" or the "**Meeting**") of the Company will be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Wednesday, 30 October 2024 at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2024 together with the Directors' Statement and the Auditors' Report thereon. **[Resolution 1]**

2. To approve a tax exempt (one-tier) final dividend of three cents per ordinary share for the financial year ended 30 June 2024. **[Resolution 2]**

3. To approve the payment of Directors' fees of S$430,000 for the financial year ended 30 June 2024. (2023: S$430,000) **[Resolution 3]**

4. To re-elect Mr Kwan Yew Kwong Kenny, a Director retiring pursuant to Regulation 97 of the Company's Constitution. **[Resolution 4]**
   (See Explanatory Note 1)

5. To re-elect Mr Kazuo Jozeph Takeda, a Director retiring pursuant to Regulation 103 of the Company's Constitution. **[Resolution 5]**
   (See Explanatory Note 1)

6. To re-elect Ms Chua Siew Hwi, a Director retiring pursuant to Regulation 103 of the Company's Constitution. **[Resolution 6]**
   (See Explanatory Note 1)

7. To record the retirement of Ms Sumitri Mirnalini Menon @ Rabia, a Director retiring pursuant to Regulation 97 of the Company's Constitution, who will not seek for re-election and will retire at the conclusion of the AGM.
   (See Explanatory Note 2)

8. To record the retirement of Ms Lai Chin Yee as a Director of the Company at the conclusion of the AGM.
   (See Explanatory Note 3)

9. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 7]**

10. To transact any other business that may be transacted at an AGM.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolution, with or without modifications:

11. **Authority to allot and issue shares in the capital of the Company** **[Resolution 8]**

That pursuant to Section 161 of the Companies Act 1967 ("**Act**"), the Constitution and the SGX-ST Listing Manual, authority be and is hereby given to the Directors of the Company to:–

(a) (i) allot and 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 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 the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments 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) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares issued other than on a pro-rata basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:–

(a) new Shares arising from the conversion or exercise of convertible securities or from the exercise of share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution 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 earlier.

(See Explanatory Note 4)

By Order of the Board

Tan Wei Lee
Company Secretary
30 September 2024
Singapore

Explanatory Notes:

(1) For Ordinary Resolutions 4, 5 and 6, detailed information on the three Directors can be found in the sections on "Board of Directors", "Corporate Information", "Corporate Governance" and "Additional Information for Directors Seeking Re-election" in the Company's Annual Report FY2024.

Ordinary Resolution 4 – Upon re-election as a Director of the Company, Mr Kwan Yew Kwong Kenny will remain as an Independent and Non-Executive Director, as well as the Chairman of the Remuneration Committee and a member of the Audit, Nominating and Risk Management Committees. He is considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationships) between Mr Kwan Yew Kwong Kenny and the other Directors of the Company, the Company or its substantial shareholders.

Ordinary Resolution 5 – Upon re-election as a Director of the Company, Mr Kazuo Jozeph Takeda will remain as an Independent and Non-Executive Director, as well as a member of the Audit, Nominating and Remuneration Committees. He is considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationships) between Mr Kazuo Jozeph Takeda and the other Directors of the Company, the Company or its substantial shareholders.

Ordinary Resolution 6 – Upon re-election as a Director of the Company, Ms Chua Siew Hwi will remain as an Independent and Non-Executive Director, as well as a member of the Audit, Nominating, Remuneration and Risk Management Committees. She is considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationships) between Ms Chua Siew Hwi and the other Directors of the Company, the Company or its substantial shareholders.

(2) Ms Sumitri Mirnalini Menon @ Rabia will retire as an Independent and Non-Executive Director of the Company at the conclusion of the AGM and concurrently relinquish her position as the Chairperson of the Board of Directors and Nominating Committee, and a member of the Audit, Remuneration and Risk Management Committees.

(3) Item 8 is to record the retirement of Ms Lai Chin Yee as a Director of the Company. Ms Lai Chin Yee has served as an Independent and Non-Executive Director of the Company for more than nine years from the date of her appointment and will cease to be independent and retire as a Director at the conclusion of the AGM. She will concurrently cease to be the Chairperson of the Audit and Risk Management Committees, and a member of the Nominating and Remuneration Committees.

(4) Ordinary Resolution 8 – If passed, will empower the Directors from the date of this AGM until the date of the next AGM to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments up to an aggregate number not exceeding 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings, if any, in the capital of the Company, with a sub-limit of 10% for issues other than on a pro-rata basis.

Notes:

1. A printed copy of this notice of AGM (the "**Notice**") will be sent to the shareholders. Printed copy of the Company's annual report ("**AR**") will not be sent to shareholders, instead, it will be made available to shareholders by electronic means via publication on the Company's website at the URL https://micromechanics.listedcompany.com/ and made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements. Shareholders have the right to elect whether to receive the AR in physical copy by completing the Request Form sent together with the Notice. Please refer to and read the instructions set out in the Request Form carefully.
2. A proxy need not be a member of the Company.
3. The instrument appointing proxy(ies) must be submitted to the Company in the following manner:
   (a) if submitted via email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com; or
   (b) if submitted personally or by post, be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896

   in either case, by **2.00 p.m.** on **27 October 2024** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   Shareholders are strongly encouraged to submit Proxy Forms electronically via email.
4. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specify in the instrument.
   (c) CPF and SRS investors:
      (i) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
      (ii) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM that is by **2.00 p.m.** on **21 October 2024**, in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit the Proxy Forms to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
5. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depository to be entitled to attend and vote at the AGM.
7. The appointment of a proxy(ies) shall not preclude a shareholder from attending, speaking and voting in person at the AGM. If a shareholder attends the AGM in person, the appointment of a proxy(ies) shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy(ies) to the AGM.

IMPORTANT INFORMATION

8. Attendance

   The AGM is being convened and will be held physically ("**Physical Meeting**").
9. Voting

   Voting on the resolutions tabled at the AGM will be by poll in accordance with the Constitution of the Company.
10. Submission of Questions in Advance

    Shareholders may submit their questions related to the resolutions of the AGM by:
    (a) email to investor@micro-mechanics.com; or
    (b) post to the registered office at 31 Kaki Bukit Place, Eunos Techpark, Singapore 416209.

    When submitting questions by post or via email, shareholders should also provide the following details: (i) the shareholder's full name; (ii) the shareholder's email address; and (iii) the manner in which the shareholder holds shares in the Company (e.g., via CDP, CPF or SRS) for verification purposes.

    All questions must be submitted by **2.00 p.m.** on **8 October 2024** ("**Cut-Off Time**").

NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

The Company will endeavor to address all substantial and relevant questions received from shareholders by the Cut-Off Time and publish its response on SGXNET and the Company's website not later than 25 October 2024. Where substantial and relevant questions are unable to be answered prior to the AGM, the Company will address them at the AGM.

Verified shareholders and proxy(ies) attending the Physical Meeting will be able to ask questions in person at the AGM venue.

The Company will publish the minutes of the AGM on SGXNET and the Company's website within one month after the date of the AGM, and the minutes will include the responses to the questions referred to above.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or submitting any question prior to the AGM in accordance with the Notice of AGM dated 30 September 2024, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes: (i) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof); (ii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; (iii) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Micro-Mechanics (Holdings) Ltd. (the "**Company**") will be closed on 8 November at 5.00 p.m. ("**Record Date**") for the preparation of dividend warrants and for purposes of determining the entitlement of the shareholders' of the Company ("**Shareholders**") to the proposed final one-tier tax exempt dividend for the financial year ended 30 June 2024 (the "**Proposed Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 up to 5:00 p.m. on 8 November 2024 will be registered to determine Shareholders' entitlements to the said Proposed Dividend.

Members whose securities accounts with the Central Depository (Pte) Limited are credited with shares as at 5:00 p.m. on 8 November 2024 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved at the Twenty-Eighth Annual General Meeting to be held on 30 October 2024, will be paid on 18 November 2024.

This page has been intentionally left blank

MICRO-MECHANICS (HOLDINGS) LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 199604632W)

PROXY FORM

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act 1967 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in Micro-Mechanics (Holdings) Ltd., this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 2.00 p.m. on 21 October 2024.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of Annual General Meeting dated 30 September 2024.

I/We ______________________ NRIC/Passport/Co. Registration No. ______________

of ____ (Address)

being a member/members of **MICRO-MECHANICS (HOLDINGS) LTD.** hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her/them, the Chairman of the Meeting, as *my/our proxy(ies) to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**" or the "**Meeting**") of the Company to be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on **Wednesday, 30 October 2024** at **2.00 p.m.** and at any adjournment thereof. Where a member appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

*I/We direct *my/our proxy(ies) to vote for or against, or to abstain from voting on, the Resolutions to be proposed at the AGM as indicated hereunder.

No.	Ordinary Resolutions	For	Against	Abstain
1.	Adoption of the Audited Financial Statements for the financial year ended 30 June 2024 together with the Directors' Statement and the Auditors' Report thereon.			
2.	Approval of tax exempt (one-tier) final dividend of three cents per ordinary share for the financial year ended 30 June 2024.			
3.	Approval of Directors' fees of S$430,000 for the financial year ended 30 June 2024.			
4.	Re-election of Mr Kwan Yew Kwong Kenny as a Director of the Company.			
5.	Re-election of Mr Kazuo Jozeph Takeda as a Director of the Company.			
6.	Re-election of Ms Chua Siew Hwi as a Director of the Company.			
7.	Re-appointment of KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
8.	Authority to allot and issue shares in the capital of the Company.			

Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolution(s), please mark an "X" in the relevant box provided. Alternatively, please indicate the number of votes "For", "Against" or "Abstain" for each Resolution in the boxes provided.

Dated this ______ day of ______________ 2024

Total no. of Shares in	No. of Shares
(a) Depository Register	
(b) Register of Members	

____
Signature(s) of Member(s)/
Common Seal of Corporate Member(s)

* Delete where applicable

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF

NOTES FOR PROXY FORM

1. A member should insert the total number of shares held by him. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specify in the instrument.

   (c) CPF or SRS investors:

      (i) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

      (ii) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM that is by **2.00 p.m.** on **21 October 2024**, in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit the Proxy Forms to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

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

4. The instrument appointing proxy(ies) must be submitted to the Company in the following manner:

   - if submitted via email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com; or

   - if submitted personally or by post, be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

   in either case, by **2.00 p.m.** on **27 October 2024** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

5. The instrument appointing a proxy shall be signed by the appointor or his attorney. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid. In the case of a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

6. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the meeting.

7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy if the member, being the appointor, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the AGM, as certified by The Central Depository (Pte) Limited to the Company.

8. The appointment of a proxy(ies) shall not preclude a member from attending, speaking and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy(ies) shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy(ies) to the AGM.

Personal data privacy

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 September 2024.

CORPORATE DIRECTORY

SUBSIDIARIES

SINGAPORE
Micro-Mechanics Pte Ltd
No. 31 Kaki Bukit Place
Eunos Techpark
Singapore 416209
Tel: 65-6746-8800
Fax: 65-6746-7700
Mmsingapore@micro-mechanics.com

MALAYSIA
Micro-Mechanics Technology Sdn. Bhd.
Lot P22, Phase 4
Free Industrial Zone
Bayan Lepas, 11900
Penang
Malaysia
Tel: 604-643-4648
Fax: 604-643-4628
Mmmalaysia@micro-mechanics.com

PHILIPPINES
Micro-Mechanics Technology International Inc.
Lot B2-1 C Carmelray Industrial Park II
Brgy Tulo, Calamba City, Laguna,
Philippines
Tel: 63-49-545-7718
Fax: 63-49-545-7719
Mmphilippines@micro-mechanics.com

CHINA
Micro-Mechanics Technology
(Suzhou) Co., Ltd
8A Suchun Industrial Square
No 428 Xing Long Street
Suzhou Industrial Park
P.R. China 215126
Tel: 86-512-8716-8800
Fax: 86-512-8716-7700
Mmsuzhou@micro-mechanics.com

USA
Micro-Mechanics, Inc.
465 Woodview Drive
Morgan Hill, California 95037
Tel: 408-779-2927
Fax: 408-779-9189
Mmusa@micro-mechanics.com

MICRO-MECHANICS®

No. 31 Kaki Bukit Place
Eunos Techpark
Singapore 416209
T +65 6746 8800
F +65 6746 7700
www.micro-mechanics.com