



Frencken Group Limited



ANNUAL REPORT 2025

Driving sustainable, profitable growth

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The Annual Report cover visualises Frencken's journey towards sustainable growth and long-term value creation. The blocks, gradually expanding, represent our ambition to grow as one Frencken, driving profitable growth both organically and through strategic expansion, while strengthening clarity and focus across the organisation. As the structure evolves, the blocks align with the arrows moving upward with the markets, symbolising our responsiveness to market dynamics and our commitment to capturing growth opportunities.

The foundation of the design is anchored by solid blocks, reflecting the strength of our core businesses, robust governance and disciplined execution. Together, the combination of anchored and expanding elements illustrates a balanced approach: building on a strong base while continuously evolving for the future. The design further reflects our resilience, built on strong market segmentation and a robust business model that enables us to adapt and perform in a changing environment. Partnership is symbolised through connectivity and unity, highlighting our deep-rooted engagement with customers and the strategic collaborations that fuel mutual success. The gathering and alignment of elements embody innovation, thinking beyond boundaries and bringing people together to develop new ideas, digital capabilities and future-ready solutions.

Together, the cover expresses Frencken's commitment to building a resilient, efficient and innovative organisation, positioned for sustainable growth.

Annual General Meeting of Frencken Group Limited



Pan Pacific Hotel, Ocean 3 (Level 2),
7 Raffles Boulevard, Marina Square,
Singapore 039595



Friday on
24 April 2026 at 2.30 p.m.

GROUP OPERATING STRUCTURE

MECHATRONICS DIVISION

Europe

- Frencken Europe B.V.
Eindhoven, The Netherlands
- Frencken Mechatronics B.V.
Eindhoven, The Netherlands
- Frencken Machining B.V.
Eindhoven, The Netherlands

America

- Frencken America Inc.
Spokane, USA

Asia

- ETLA Limited
Singapore
- Avimac Pte. Ltd.
Singapore
- ETLA Technology (Wuxi) Co., Ltd.
Wuxi, People's Republic of China
- Frencken Mechatronics (M) Sdn. Bhd.
Bangi, Malaysia

ADVANCED PLASTICS SOLUTIONS DIVISION

Asia

- Juken Technology Limited
Singapore
- Juken Technology Engineering Sdn. Bhd.
Johor, Malaysia
- Juken (Thailand) Co., Ltd
Bangkok, Thailand
- Juken (Zhuhai) Co., Ltd
Zhuhai, People's Republic of China
- Frencken (Chuzhou) Co., Ltd
Chuzhou, People's Republic of China
- Micro-Air (Tianjin) Technology Co., Ltd
Tianjin, People's Republic of China
- Juken Uniproducs Pvt. Limited
Noida, India

Europe

- Juken Swiss Technology AG
Grenchen, Switzerland
- NTZ Nederland B.V.
Rotterdam, The Netherlands

OTHER DIVISION

Asia

- Penchem Technologies Sdn. Bhd.
Penang, Malaysia

OUR BUSINESS

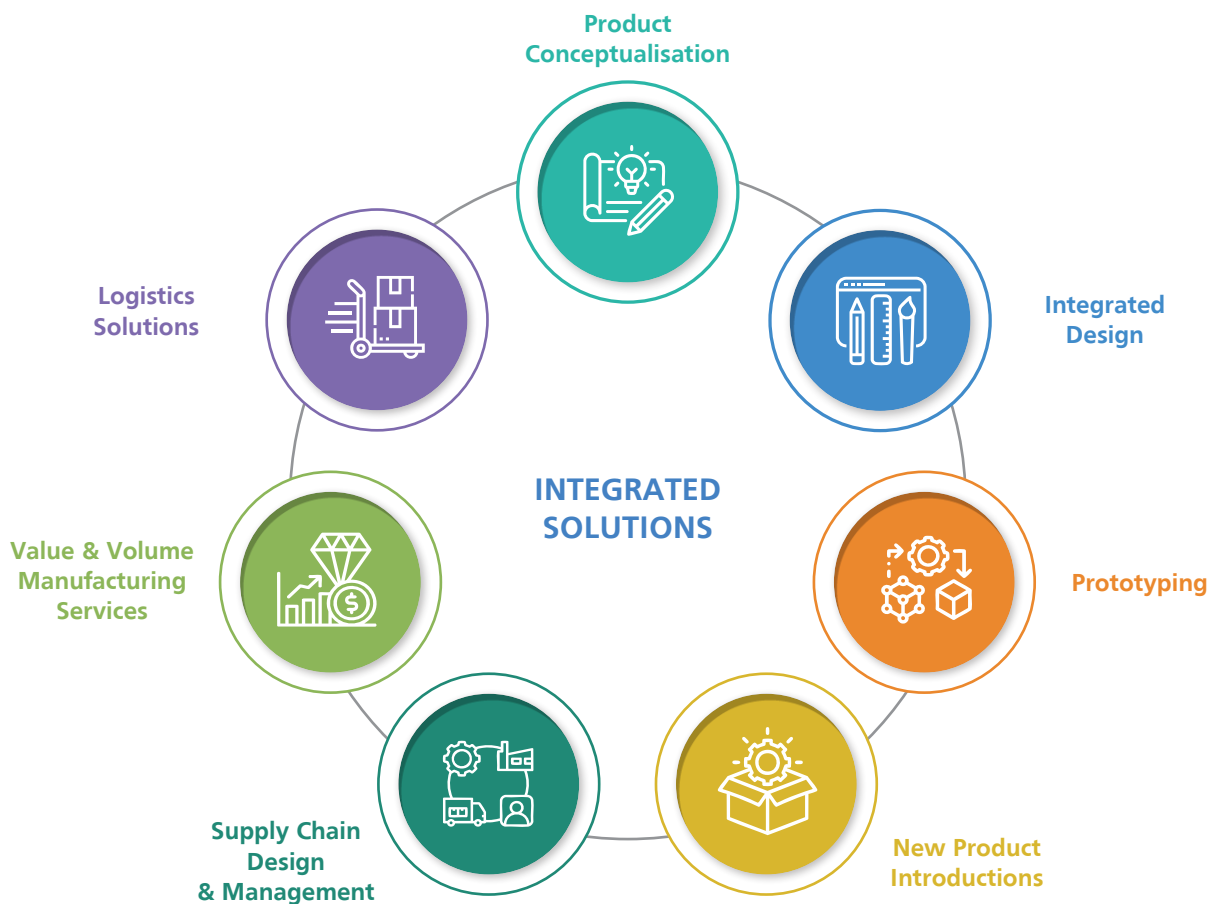
THE FRENCKEN ADVANTAGE

Frencken Group Limited ("Frencken") is a Global Integrated Technology Solutions Company that is listed on the Main Board of the Singapore Exchange.

We provide comprehensive Original Design, Original Equipment and Diversified Integrated Manufacturing solutions for world-class multinational companies in the aerospace, analytical life sciences, automotive, healthcare, industrial and semiconductor industries. The Group also operates a materials engineering business that develops proprietary solutions for a wide range of end-user markets.

Frencken has capabilities to offer end-to-end solutions to customers across the entire value chain - from product conceptualisation, integrated design, prototyping and new product introductions, to supply chain design and management, state-of-the-art value and volume manufacturing, and logistics services.

With 3,600 employees in 18 operating sites across Asia, Europe and the USA, Frencken offers global reach backed by local expertise to our growing base of customers. We unite the strengths of our strategically located businesses to create and add value for our customers.



ONE-STOP GLOBAL INTEGRATED TECHNOLOGY SOLUTIONS PROVIDER

OUR BUSINESS (CONT'D)

MECHATRONICS DIVISION

Frencken designs and manufactures high precision and complex systems for renowned global Original Equipment Manufacturers in the aerospace, analytical life sciences, healthcare, semiconductor and industrial automation markets. We serve market and technology leaders from our operating sites and global centres in Europe, Asia and the USA.

Our Mechatronics Division has core competencies in development & engineering, complex & high precision components, precision cleaning of parts, high level assembly, global supply chain management and process & quality control.



Build to customers' Product Design

- Optimise product design for manufacturability
- Develop a manufacturing process for quality and repeatability
- Optimise the manufacturing process for cost, quality and on-time delivery



Develop and build to customers' Specifications

- Jointly develop product specification
- Product conceptualisation
- Develop and build prototype
- Develop a manufacturing process for quality and repeatability
- Optimise the manufacturing process for cost, quality and on-time delivery
- Support the product's life cycle



Build to customers' Roadmap

- Good grasp of market drivers and requirements, mapped to the customer's solutions roadmap
- Develop a solution / product from conceptualisation to serial production
- Product fitting into the customer's desired offering
- Production and management of the product's life cycle
- Frencken, your product design partner

GLOBAL CENTRES

oneMechatronics

Asia

- 📍 Bangi, Malaysia
- 📍 Singapore
- 📍 Wuxi, China

Europe

- 📍 Eindhoven, Netherlands
- 📍 Reuver, Netherlands

USA

- 📍 Spokane, USA

OUR BUSINESS (CONT'D)

APS DIVISION

Frencken offers advanced plastic solutions to the automotive and consumer & industrial electronics segments. With over 30 years of experience, our APS Division has extensive capabilities to provide integrated contracted design and manufacturing services at our operating sites worldwide.



Integrated Solutions

Proven track record in product design, tooling design & manufacturing, and manufacturing & finishing of high-precision plastic injection parts conforming to stringent automotive standards.

Secondary processes for automotive decorative finishing, modules and final assembly & test.



Coating

Proprietary PVD (Physical Vapour Deposition) solution which was developed in-house and deployed across the APS Division. "Sustainable Green" environmentally friendly PVD surface coating technologies for plastic.

Cost effective surface coating for automotive functional parts and interior decorative parts using our "Green" coating processes. Metallisation of plastic to replace metal parts in automotive radar antenna.



Insert Molding

High quality insert molding capabilities that encompass automated metal stamping wire mesh, pick-and-place overmolding of metal parts with plastic material.

Deliver value-added components to customers, by leveraging our competencies in the manufacture of high precision assembly parts and management of tolerance stacking issues.



Filter

Conceptualisation, design and manufacture of high quality, reliable and efficient oil filtration solutions for automotive industry.

Automotive gearbox oil filtration systems for Internal Combustion Engine (ICE), Mild Hybrid Electric Vehicle (MHEV) and Plug-in Hybrid Electric Vehicle (PHEV) and engine filters. Designed to customers' needs and specifications for superior filtration, cost effective performance and excellent reliability.

GLOBAL CENTRES

APS

Asia

- 📍 Noida, India
- 📍 Bangkok, Thailand

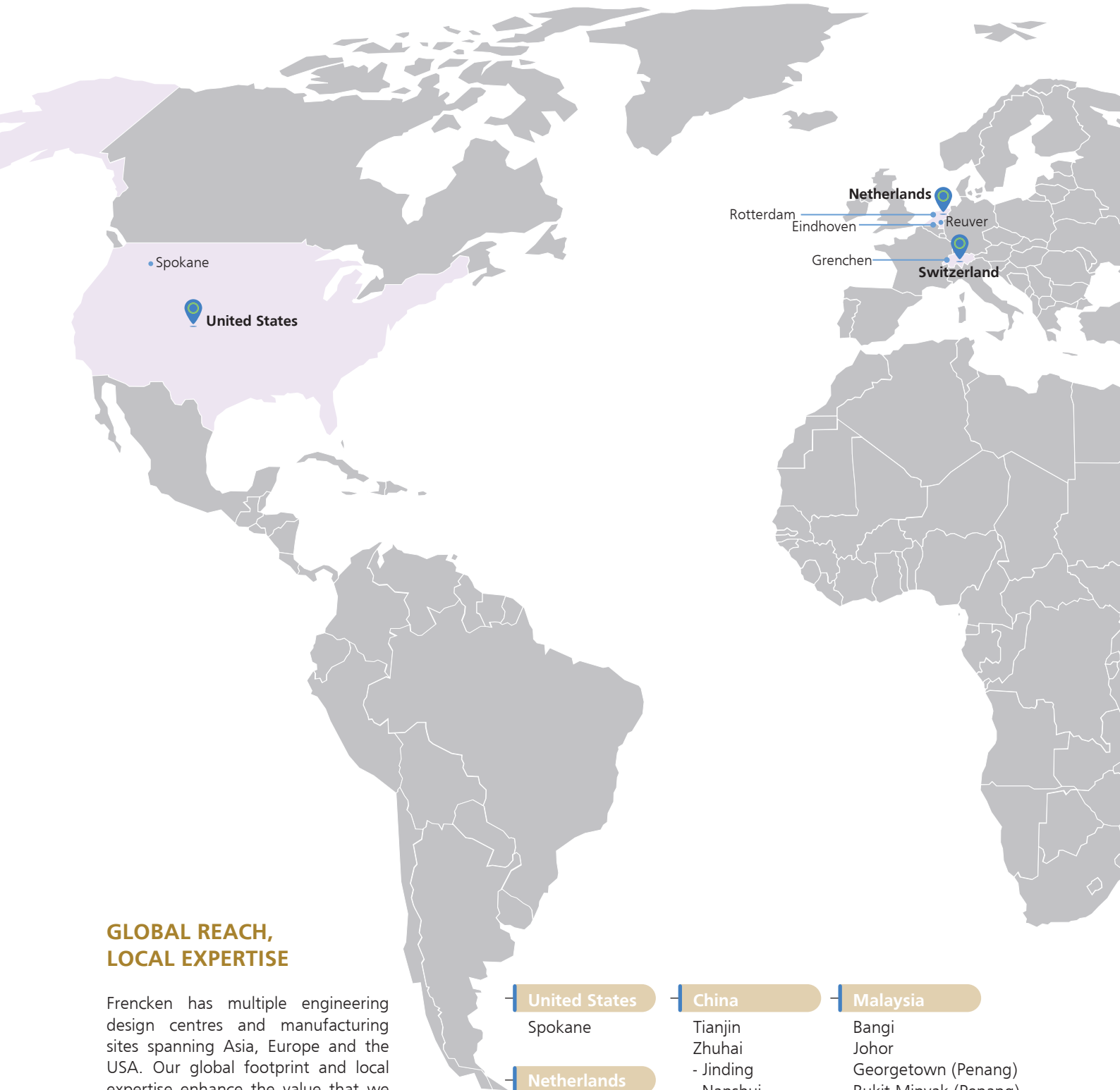
- 📍 Johor, Malaysia
- 📍 Singapore
- 📍 Zhuhai, China

- 📍 Tianjin, China
- 📍 Chuzhou, China

Europe

- 📍 Rotterdam, Netherlands
- 📍 Grenchen, Switzerland

OUR VALUE PROPOSITION



GLOBAL REACH, LOCAL EXPERTISE

Frencken has multiple engineering design centres and manufacturing sites spanning Asia, Europe and the USA. Our global footprint and local expertise enhance the value that we bring to customers by facilitating seamless engagement, leading to faster time-to-profit. Leveraging our presence and capabilities worldwide, the Group is uniquely positioned to offer customers global support, supply chain diversification, and local-for-local solutions across their core geographical markets.

- United States**

 - Spokane
- China**

 - Tianjin
 - Zhuhai
 - Jinding
 - Nanshui
 - Chuzhou
 - Wuxi
- Malaysia**

 - Bangi
 - Johor
 - Georgetown (Penang)
 - Bukit Minyak (Penang)
- Netherlands**

 - Eindhoven
 - Rotterdam
 - Reuver
- Singapore**

 - Changi North
 - Seletar Aerospace Link
- Switzerland**

 - Grenchen
- Thailand**

 - Bangkok
- India**

 - Noida

OUR VALUE PROPOSITION (CONT'D)



Revenue

\$S\$865.1 million



Public Corporation listed on

SGX



Operating Sites

18



Employees

3,600



Countries Served

50+

OUR VALUE PROPOSITION (CONT'D)

DIVERSITY BRINGS RESILIENCE AND STABILITY

Frencken operates in a broad array of market segments, end-user markets and geographical regions. Our established presence in the aerospace, analytical life sciences, automotive, healthcare, industrial and semiconductor markets has resulted in growth, resilience and stability for the Group.

The Group's business is built on a model of market and geographical diversity, and strong partnerships with global companies that are market leaders in their respective industries. This has provided Frencken with a solid and proven foundation to weather headwinds from global economic uncertainties and cyclical fluctuations of certain business sectors.

We take pride in our partnerships with customers to create world-class products. Our solutions, while not immediately visible to end-users, enable many of the products that surround us in our everyday lives.

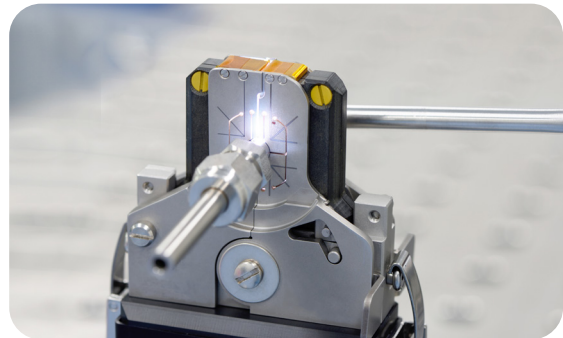
The smart devices and artificial intelligent applications you use, the water you drink, the food you eat, the enhanced safety features in your car, your medical diagnostic tests – these are examples of customers' products to which Frencken has contributed in the design, technology or manufacturing of components, sub-assemblies, or the entire product.

BREADTH OF CAPABILITIES



AUTOMOTIVE

- Filters
- Interior plastic decorative parts
- Dashboard clusters, pointers and clocks
- Radar antennas



ANALYTICAL LIFE SCIENCES

- Components and sub-assemblies for
- Scanning electron microscopes
 - Mass spectrometers
 - Gas / Liquid chromatography systems
 - Spectroscopes
 - Vacuum systems

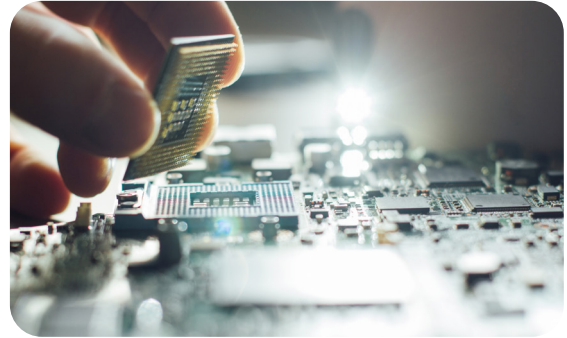
OUR VALUE PROPOSITION (CONT'D)



HEALTHCARE

Components and sub-assemblies for

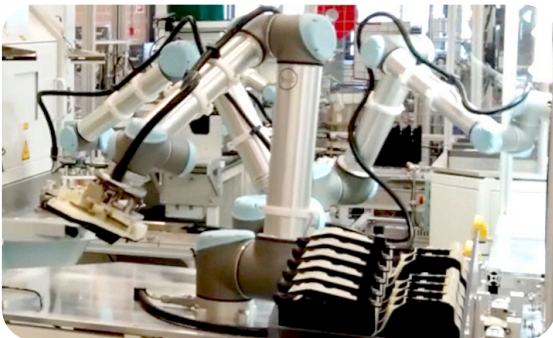
- CV (cardiovascular) tables
- X-ray system
- CT scanner
- Histopathology digital scanner



SEMICONDUCTOR

Components, sub-assemblies and complete equipment build-up for front-end and back-end semiconductor equipment such as:

- Wafer fabrication equipment for lithography, etching, implantation, deposition & shape processes
- Semiconductor wafer transfer robots
- Die bonders
- IC testers and manipulators
- Metrology tools
- Customised motors, consumables & repair solutions for wafer fabrication equipment



INDUSTRIAL

Components and sub-assemblies for

- Industrial automation for disk drive assembly and testing
- Electric motors for custom applications
- Electrical switch-gear for industrial and home applications

OUR SOLUTIONS SURROUND AND ENABLE THE PRODUCTS AROUND YOU

CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Frencken Group Limited's Annual Report for the financial year ended 31 December 2025 ("FY2025").

Dato' Seri Gooi Soon Chai

Non-Executive Non-Independent Chairman

Frencken crossed a significant milestone in FY2025 as we celebrated the 20th anniversary of our listing on the Mainboard of the Singapore Exchange ("SGX"). During the year, the Group was also named as a constituent of the iEdge Singapore Next 50 Index, which tracks the performance of the next 50 largest companies listed on the SGX Mainboard beyond the STI constituents by market capitalisation.

Over the past two decades, Frencken has earned a sound reputation as a trusted global technology partner, and significantly expanded our manufacturing footprint, engineering capabilities, and customer partnerships across Asia, Europe and the United States. This strong foundation has enabled the Group to remain resilient amid an increasingly complex operating environment, characterised by geopolitical tensions, shifting global trade policies and tariff uncertainties.

Frencken navigated the volatile business landscape with discipline and agility. Despite these headwinds, the Group delivered an improved set of financial results in FY2025 while continuing to execute our long-term strategic initiatives. Our core business segments demonstrated resilience, which underscores the strength of our diversified portfolio and global operating platform.

CHAIRMAN'S STATEMENT (CONT'D)

Financial Performance in FY2025

In FY2025, Group revenue increased 8.9% to S\$865.1 million compared with S\$794.3 million in FY2024. Net profit attributable to equity holders ("PATMI") rose 5.4% to S\$39.1 million from S\$37.1 million in the previous year.

This performance was primarily driven by the Mechatronics Division which recorded a 10.2% increase in revenue to S\$778.4 million, supported by stronger contributions from the semiconductor, medical and industrial automation segments.

Revenue for the APS Division (formerly the IMS Division) declined 3.0% to S\$83.1 million, mainly due to softer demand in the automotive segment.

The Group closed FY2025 with a robust balance sheet, comprising net cash of S\$139.6 million and shareholders' equity of S\$475.3 million which translated to a net asset value of S\$1.11 per share.

In appreciation of the continued support from our shareholders, the Board has recommended a final tax-exempt (one-tier) dividend of 2.75 cents per share for FY2025. Subject to shareholders' approval at the Annual General Meeting on 24 April 2026, the dividend will be paid on 14 May 2026.

Since our listing in 2005, Frencken has consistently distributed at least 30% of PATMI as dividends, reflecting our commitment to delivering sustainable shareholder returns.

The Next Phase of Growth

While the global operating landscape remains uncertain, the Group remains firmly focused on executing our long-term growth strategy.

During FY2025, Frencken continued investing in capacity expansion, capability development and engineering excellence to support future growth.

Our Mechatronics operations in the United States marked an important milestone with the opening of a new facility approximately three times the size of the previous site. This expansion enhances our capacity for motor-related products and strengthens our ability to support existing customers while pursuing new business opportunities.

Building on this momentum, the Group also secured a new site to develop a state-of-the-art facility for our Mechatronics operations in Singapore. This new facility will enhance operational efficiency, expand capacity and strengthen engineering capabilities.

Over the years, Mechatronics Singapore has established a quality customer portfolio comprising leading global OEMs across multiple technology sectors. The new facility will enable Frencken to deepen collaboration with our customers, and position the operations for its next phase of growth as Singapore evolves into an important semiconductor hub.

Scheduled for completion in the first quarter of 2027, this facility will support advanced engineering, intelligent manufacturing and innovation capabilities, thereby strengthening Frencken's competitiveness in the next generation of high-technology manufacturing.

FY2025 also marked an important operational achievement for the Group with the successful delivery of a complex semiconductor equipment prototype to a leading European OEM.

Notably, this was the first design-to-prototype program executed for the customer by our Mechatronics' team in Asia, outside our operations in Europe. This achievement underscores the engineering depth and manufacturing excellence across Frencken's global operations. The close collaboration between our teams in Europe and Asia continues to enhance our ability to support customers globally.

As companies increasingly diversify their supply chains, Frencken is uniquely positioned with its global manufacturing platform spanning Asia, Europe and the United States. This enables us to support customers in building more resilient supply chains while capturing opportunities arising from shifts in global trade and manufacturing networks.

CHAIRMAN'S STATEMENT (CONT'D)



OUTLOOK AND STRATEGY

Outlook and Strategy

The global economic outlook remains uncertain amid geopolitical developments, fluid trade policies and potential shifts in global supply chains. In this environment, Frencken remains focused on ensuring market diversification, strong customer partnerships and financial resilience.

Despite the macroeconomic uncertainties, the Group maintains a positive outlook for FY2026.

The semiconductor segment is expected to remain a key growth driver, supported by strong partnerships with leading semiconductor equipment OEMs. The ongoing expansion of artificial intelligence applications and infrastructure continues to drive long-term demand for advanced semiconductor manufacturing technologies.

Our semiconductor business in Asia experienced a strong rebound in FY2025. We will continue working closely with customers to support both existing and new programs to build our future pipeline. In Europe, we remain prepared to support our key semiconductor customer as order momentum recovers following inventory adjustments.

The medical and analytical life sciences segments will remain integral to our diversification strategy. In the medical sector, we continue to collaborate with a major European customer on new product introductions and upgrades while supporting their production transfers to Asia through local-for-local manufacturing solutions.

Similarly, we are developing local-for-local opportunities in Asia with our analytical life sciences customer as their business stabilises following a market slowdown in 2025.

The Group is also expanding into new areas of growth. Our aerospace business continues to progress as we strengthen relationships with key customers and advance our supplier standing. This creates opportunities to scale the segment over time.

Another promising opportunity lies in our automotive radar antenna business, where increasing adoption of ADAS (Advanced Driver Assistance Systems) is expected to drive market expansion. Based on customers' current outlook, we believe this business may approach an inflection point in FY2026.

The Group is also transforming its integrated plastics solutions business, which has been renamed as APS (Advanced Plastics Solutions) Division to better reflect its focus on higher-value engineering and technology solutions.

To explore new markets, the APS Division has formed a partnership to develop a new generation of plastic gearbox, motor and control system for service robots and humanoids. Although this initiative is at an early stage of development, initial market feedback has been encouraging.

Alongside these growth initiatives, Frencken continues to strengthen its operational excellence through automation, digitalisation and advanced manufacturing systems. We remain committed to aligning our capabilities closely with customers' product and technology roadmaps, while expanding the value we deliver across our integrated services.

To support our long-term development, the Group will also embark on a strategic organisational alignment initiative. This is a multi-phase program, of which the first stage of system upgrade and integration is slated to start in FY2026. This transformation will enable Frencken to build a more scalable and efficient operating structure to support sustainable growth.

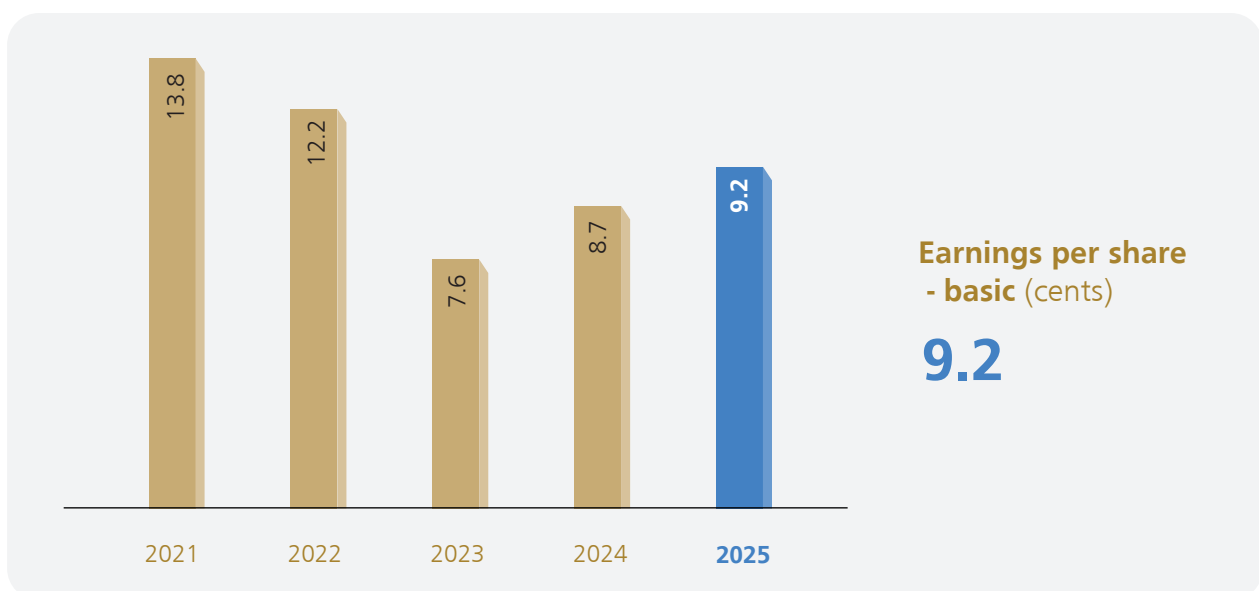
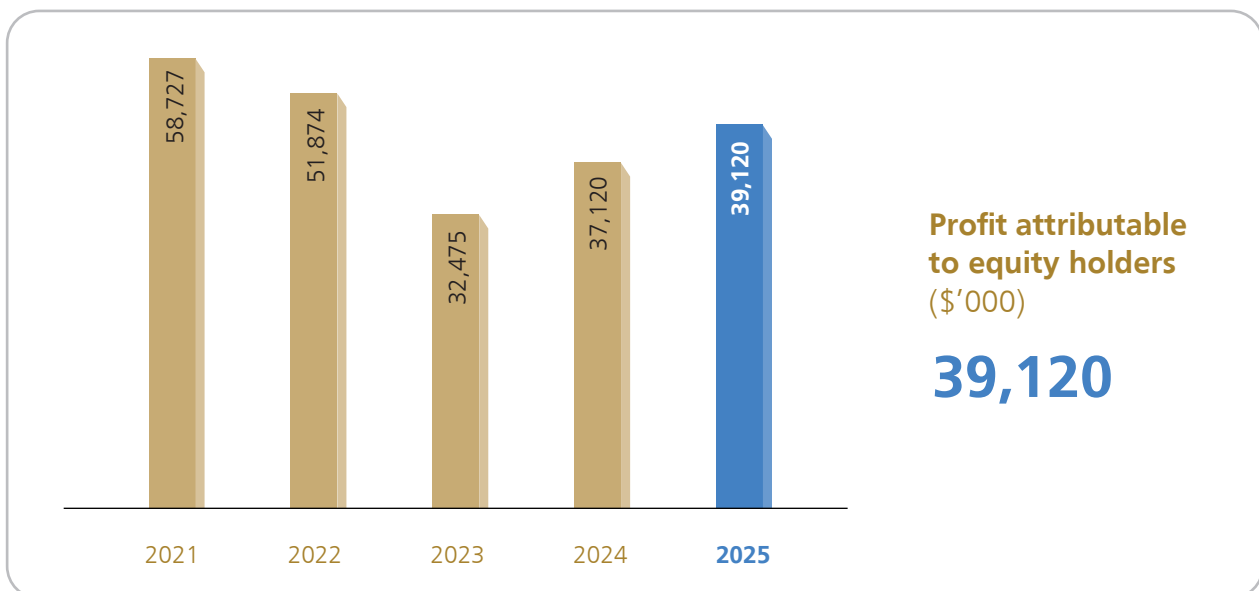
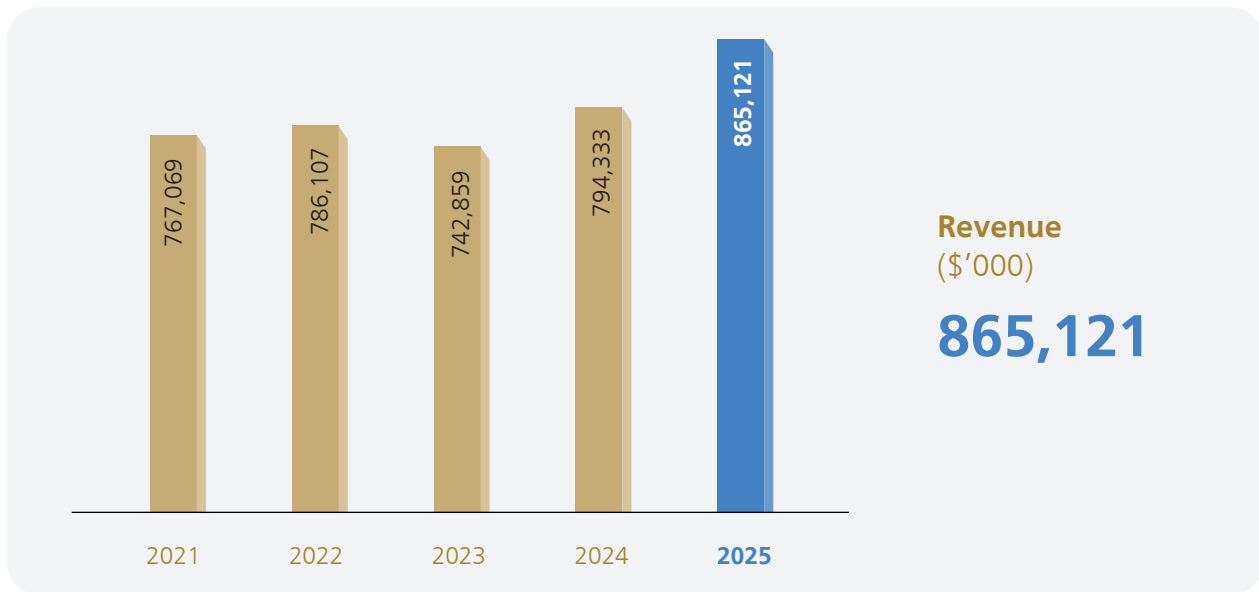
Appreciation

On behalf of the Board, I would like to express my sincere appreciation to our management team and employees for their dedication, resilience and contributions throughout the year.

We also extend our gratitude to our valued customers, shareholders, business partners and suppliers for their continued trust and support. Together, we will continue working towards creating sustainable value and long-term growth for all stakeholders.

Dato' Seri Gooi Soon Chai
Non-Executive, Non-Independent Chairman

FINANCIAL SUMMARY



FINANCIAL SUMMARY (CONT'D)

FINANCIAL YEAR	2021	2022	2023	2024	2025
Operating Results	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	767,069	786,107	742,859	794,333	865,121
Operating profit ⁽¹⁾	71,924	66,643	46,338	51,519	53,418
Profit attributable to equity holders	58,727	51,874	32,475	37,120	39,120
Financial Position	\$'000	\$'000	\$'000	\$'000	\$'000
Total assets	688,145	725,208	735,286	735,144	740,238
Total liabilities	309,116	328,789	330,008	297,636	261,382
Shareholders' equity	376,162	391,888	401,246	433,964	475,290
Key Ratios					
Net profit on turnover (%)	7.7	6.6	4.4	4.7	4.5
Return on average equity (%)	16.5	13.5	8.2	8.9	8.6
Net cash to equity (%)	25.4	14.8	12.6	16.7	29.4
Earnings per share - basic (cents)	13.8	12.2	7.6	8.7	9.2
- diluted (cents)	13.7	12.1	7.6	8.7	9.2
Net assets value per share (cents)	88.1	91.8	94.0	101.6	111.3
Dividend per share (cents)	4.13	3.64	2.28	2.61	2.75
Share Price and Market Capitalisation	Cents	Cents	Cents	Cents	Cents
Highest	249.0	197.0	137.0	174.0	170.0
Lowest	120.0	77.5	80.0	109.0	85.0
Average	182.5	127.0	103.7	138.9	128.5
	\$'000	\$'000	\$'000	\$'000	\$'000
Average market capitalisation	779,321	542,322	442,825	593,229	548,811
Average shareholders' equity	355,059	384,025	396,567	417,605	454,627
Market value differential ⁽²⁾	424,262	158,297	46,258	175,624	94,184

⁽¹⁾ Operating profit represents profit before interest, share of results of an associate (net of tax), tax and exceptional items

⁽²⁾ This represents the difference between the average market capitalisation and average shareholders' equity for the year

FINANCIAL HIGHLIGHTS

	2024	2025	CHANGE
1. Operating Results	\$'000	\$'000	%
Revenue	794,333	865,121	8.9
Profit attributable to equity holders	37,120	39,120	5.4
Net profit on turnover (%)	4.7	4.5	(4.3)
2. Divisional Performance	\$'000	\$'000	%
Mechatronics - Revenue	706,088	778,401	10.2
- Operating profit ⁽¹⁾	47,067	48,473	3.0
APS - Revenue	85,675	83,121	(3.0)
- Operating profit ⁽¹⁾	114	(1,107)	N.M.
3. Solvency Profile	\$'000	\$'000	%
Cash and cash equivalents	159,199	161,875	1.7
Borrowings	86,605	22,253	(74.3)
Net cash	72,594	139,622	92.3
Interest cover ratio ⁽²⁾	7.7	10.2	32.5
4. Shareholders' Value			
Shareholders' equity (\$'000)	433,964	475,290	9.5
Earnings per share - basic (cents)	8.7	9.2	5.7
- diluted (cents)	8.7	9.2	5.7
Return on average equity (%)	8.9	8.6	(3.4)
Net asset value per share (cents)	101.6	111.3	9.5
Dividend payout ratio (%)	30.0	30.0	N.M.

⁽¹⁾ Operating profit represents profit before interest, share of results of an associate (net of tax), tax and exceptional items

⁽²⁾ Interest cover ratio = Profit before interest on borrowings, share of results of an associate (net of tax), tax and exceptional items/interest on borrowings

N.M. Not meaningful

FINANCIAL CALENDAR

FINANCIAL YEAR	31 December 2025	31 December 2026
Announcement of Results		
First half results announcement	14 August 2025	August 2026
Second half results announcement	27 February 2026	February 2027
Delivery of Annual Report	7 April 2026	April 2027
Annual General Meeting	24 April 2026	April 2027

FINANCIAL AND BUSINESS REVIEW

FINANCIAL REVIEW

For the 12 months ended 31 December 2025 ("FY2025"), the Group posted a 8.9% increase in revenue to S\$865.1 million, lifted mainly by its Mechatronics Division.

Gross profit in FY2025 increased 6.9% to S\$123.4 million. Gross profit margin was relatively stable at 14.3% in FY2025 compared to 14.5% in FY2024.

Other income, net of other operating expenses, rose 16.1% to S\$5.2 million in FY2025 from S\$4.5 million in FY2024. This was due mainly to higher scrap sales and reduced net foreign exchange loss, offset partially by lower project income.

Selling and distribution expenses increased 11.3% to S\$12.8 million in FY2025, owing mainly to higher manpower and transportation costs. Administrative and general expenses were also up 9.7% to S\$62.3 million in FY2025 due mainly to an increase in staff-related and software expenses. Finance costs in FY2025 declined to S\$5.4 million from S\$6.9 million in FY2024 in line with lower borrowings during the year under review.

As a result of the above, the Group reported net profit attributable to equity holders of S\$39.1 million in FY2025, up 5.4% from S\$37.1 million in FY2024.

As at 31 December 2025, the Group had shareholders' equity of S\$475.3 million, equivalent to a net asset value of S\$1.11 per share based on the total number of issued shares of 427.1 million shares.



Revenue

S\$865.1 million



Gross profit

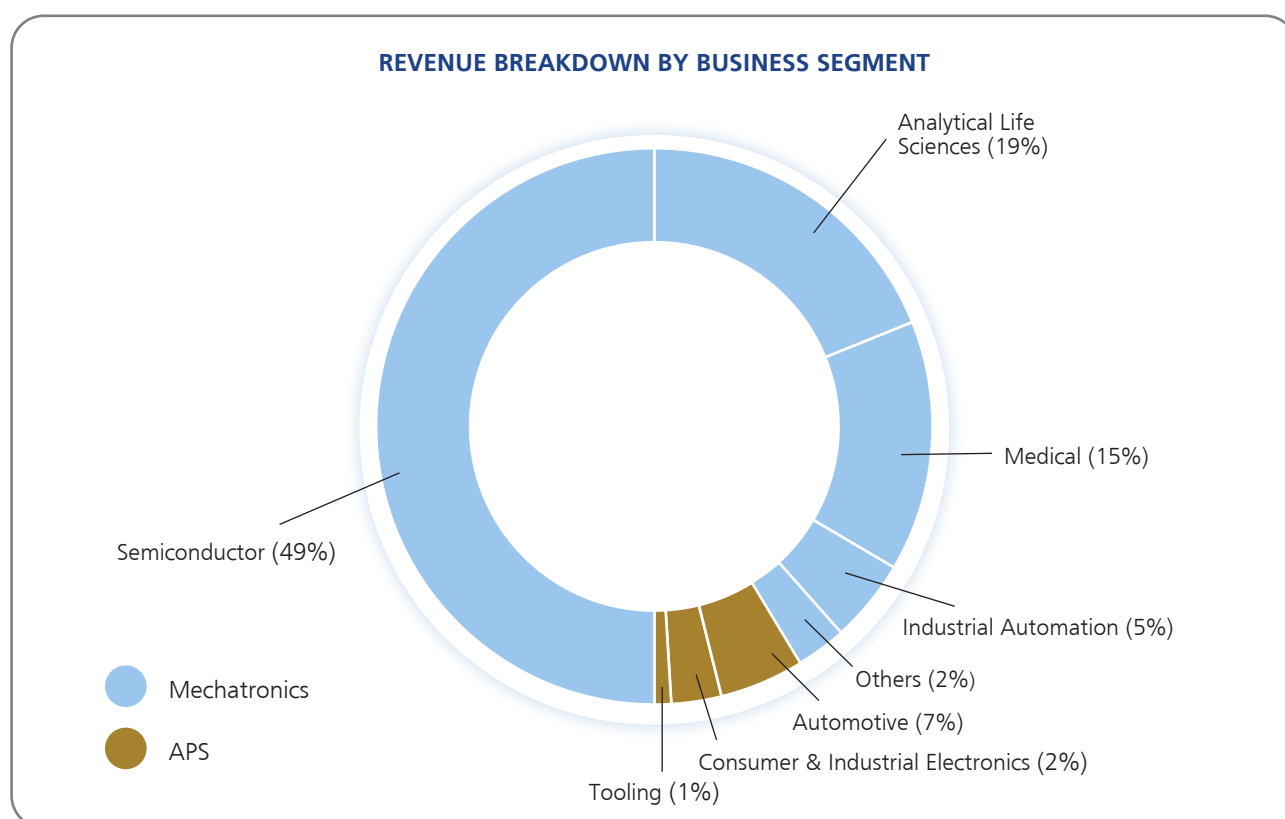
S\$123.4 million



Profit before income tax

S\$49.4 million

FINANCIAL AND BUSINESS REVIEW (CONT'D)



Total assets as at 31 December 2025 stood at S\$740.2 million compared to S\$735.1 million as at 31 December 2024.

Property, plant and equipment as at 31 December 2025 declined to S\$117.0 million from S\$120.0 million as at 31 December 2024. During FY2025, the Group incurred capital expenditures of S\$18.3 million. Depreciation of property, plant and equipment amounted to S\$22.5 million for FY2025. As at 31 December 2025, the Group's right-of-use assets increased to S\$68.9 million from S\$47.3 million as at 31 December 2024, attributed mainly to new leases for its facilities in the USA and Singapore.

The reduction of inventories to S\$198.5 million as at 31 December 2025 from S\$226.5 million as at 31 December 2024 reflected improved working capital management and temporarily lower customer requirements at the Group's operations in Europe.

Trade receivables as at 31 December 2025 increased to S\$138.9 million from S\$137.8 million as at 31 December 2024 in tandem with higher revenue in FY2025. Cash and cash equivalents rose to S\$161.9 million as at 31 December 2025 from S\$159.2 million as at 31 December 2024.

Total liabilities as at 31 December 2025 decreased to S\$261.4 million from S\$297.6 million as at 31 December 2024.

The Group's lease liabilities increased to S\$67.8 million as at 31 December 2025 from S\$46.9 million as at 31 December 2024 in tandem with higher right-of-use assets. Total borrowings decreased to S\$22.3 million as at 31 December 2025 from S\$86.6 million as at 31 December 2024. As a result, the Group had net cash of S\$139.6 million as at 31 December 2025. The total debt-to-equity ratio was around 4.7% at the end of FY2025.

During FY2025, the Group generated net cash of S\$166.7 million from operating activities. Net cash used in investing activities amounted to S\$16.5 million in FY2025, attributable mainly to capital expenditure. Net cash used in financing activities amounted to S\$105.8 million in FY2025 due primarily to net repayment of borrowings, payment of dividends to shareholders and repayment of lease liabilities. As a result, the Group recorded a net increase in cash and cash equivalents of S\$44.4 million during FY2025.

FINANCIAL AND BUSINESS REVIEW (CONT'D)

Segment Review

MECHATRONICS DIVISION

The Mechatronics Division delivered 10.2% growth in revenue to S\$778.4 million in FY2025. Higher revenue contributions from the semiconductor, medical and industrial automation segments blunted the impact of lower revenue from the analytical life sciences segment.

In FY2025, the semiconductor segment's revenue expanded 16.7% to S\$426.6 million. This was boosted by the rebound in sales at the Group's operations in Asia ("Mechatronics Asia"), in tandem with the recovery of the semiconductor equipment sector. This more than compensated for the normalisation of orders from a major semiconductor customer in Europe towards the end of FY2025, which followed a period of robust growth that bucked the downtrend during the recent industry slowdown. We believe the order flow will gradually resume in the latter half of 2026.

The medical segment grew at a steady pace of 5.2% to S\$129.5 million in FY2025. This was attained on the back of increased customer orders in Asia while sales in Europe remained stable. Industrial automation segment's revenue in FY2025 leaped 48.6% to S\$43.1 million, led mainly by increased orders from a key customer in data storage solutions. Nonetheless, this segment's revenue is typically lumpy as it is dependent on the customer's capital expenditure on assembly lines for upgrades or capacity addition.

Revenue derived from the analytical life sciences business narrowed 8.1% to S\$166.6 million in FY2025, owing mainly to lower customer orders in Europe amid reduced research funding in the USA and trade challenges that led to subdued end-user demand.

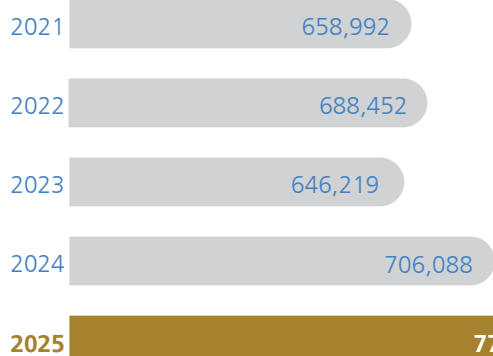
In FY2025, the semiconductor segment contributed to 49.3% of the Group's total revenue. Analytical life sciences and medical accounted for around 19.3% and 15.0% respectively, while industrial automation segment made up 5.0% of revenue.

The Mechatronics Division's operating profit in FY2025 increased to S\$48.5 million from S\$47.1 million in FY2024.

MECHATRONICS DIVISION'S PERFORMANCE (FY2021 - FY2025)

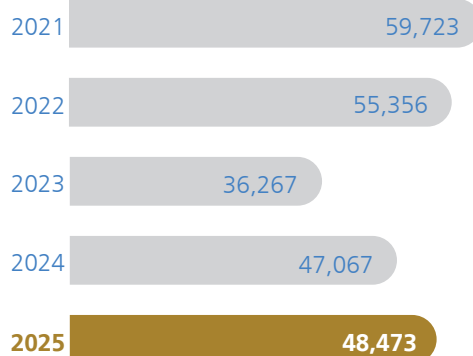
Revenue (\$'000)

778,401



Operating Profit (\$'000)

48,473



FINANCIAL AND BUSINESS REVIEW (CONT'D)

APS DIVISION *(formerly known as IMS Division)*

The APS Division’s revenue eased marginally by 3.0% to S\$83.1 million in FY2025. This was due mainly to a 3.0% decline in revenue of the automotive segment to S\$60.3 million. The automotive segment accounted for around 7.0% of the Group’s revenue in FY2025. The consumer and industrial electronics segment also recorded a 3.3% decline in revenue to S\$17.4 million and contributed 2.0% to the Group’s revenue in FY2025. The APS Division reported an operating loss of S\$1.1 million in FY2025 as compared to an operating profit of S\$0.1 million in FY2024.

BUSINESS REVIEW

MECHATRONICS DIVISION

The Mechatronics Division achieved broad-based revenue growth across its core business segments in FY2025, with the exception of its analytical life sciences segment. Sales generated from the semiconductor segment rose the fastest, while the medical business continued to expand at a steady pace.

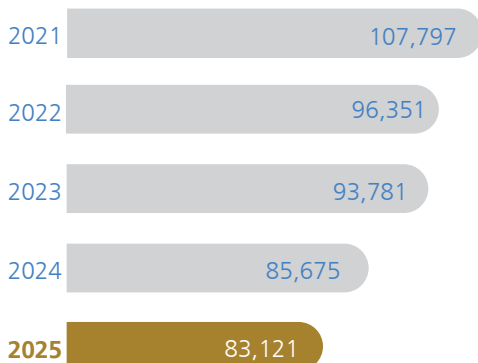
Working in partnership with our major OEM customers, Frencken is actively involved in programs and products that enable or are driven by artificial intelligence (AI) technologies. From semiconductor equipment to medical technologies, these sectors are experiencing the next wave of innovation with increasing adoption of AI by businesses and consumers to enhance efficiency, advance data analysis, innovate new solutions and improve decision-making.

Frencken produces critical, complex and high-precision components, modules and assemblies for market-leading OEMs across a broad spectrum of chip manufacturing processes including lithography, deposition, etching, implantation, bonding and testing. Our Mechatronics operations in Europe (“Mechatronics Europe”) serves a significant OEM in wafer fabrication equipment while Mechatronics Asia serves both front-end wafer fabrication tool makers and back-end assembly & test equipment companies.

APS DIVISION’S PERFORMANCE (FY2021 - FY2025)

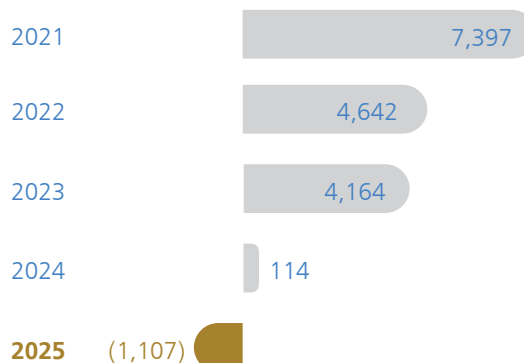
Revenue (\$'000)

83,121



Operating Profit/(Loss) (\$'000)

(1,107)



FINANCIAL AND BUSINESS REVIEW (CONT'D)

MECHATRONICS DIVISION (CONT'D)

Amid rising AI applications and ongoing infrastructure build-out, Mechatronics Asia benefited from a resurgence in demand from certain semiconductor customers as they began rebuilding inventories. As such, Mechatronics Asia saw increased production run-rates during FY2025 to fulfil customer orders for existing and new products. To build future pipeline, the team is actively engaged with key customers on multiple First Articles and new projects.

Thanks to the close collaboration between our teams in Europe and Asia, Mechatronics Asia completed its maiden complex prototype for our key European semiconductor customer last year. This is the first design-to-prototype program that we have executed for this customer at our site in Asia instead of Europe. The project demonstrates the ability of Frencken to leverage its worldwide reach and advanced competencies across our global operations.

Mechatronics Europe also secured a new motor program from this customer and will be carrying out production at our operating site in the USA. This program is planned to enter volume manufacturing stage from 2027.

The medical business segment delivered stable growth in FY2025. This was buoyed primarily by higher sales of existing products related to cardiovascular x-ray systems for a leading OEM in the global healthcare technology industry. Frencken also supported the development of a new version of the customer's digital and computational pathology scanner which has been launched on the market. Besides product upgrades for next generation of cardiovascular imaging system, the Group continues to work on production transfers of certain product lines to our operations in Asia for local markets. Leveraging our track record, we plan to explore opportunities with other prospective customers from the healthcare equipment sector in Asia.

Industrial automation segment also notched up better sales in FY2025 in tandem with higher capital expenditure of a key customer in data storage solutions. This was driven mainly by the customer's need to expand capacity and upgrade existing production lines to address demand from global data centres. We anticipate that the customer's focus this year may be placed on upgrading of assembly lines.

Our aerospace business, albeit still small, continued to gain traction last year. We have successfully elevated our standing to a Tier-1 supplier to OEMs. Leveraging on this achievement, the Group intends to incubate this business by making deeper inroads with key customers in aerospace engineering industry.

Amid the trade and state policy shifts, the Group's analytical life sciences business in Europe hit a bump last year. End-market conditions were softer as trade challenges exerted pressure on a key customer's demand in China while a reduction in government funding for research in the USA crimped spending on its products.

Although market softness may persist in the short-term, we believe that the situation in Europe will stabilise this year. Our teams are also supporting our key customer in Europe to transfer certain product lines to the Group's sites in Asia. With a focus on mass spectrometry products, Mechatronics Asia is looking to sharpen its competitiveness by driving cost-effective and performance enhancement solutions to expand wallet share with key analytical life sciences customers.

We remain committed to delivering operational excellence, best-in-class quality and efficient delivery lead time to our customers. Our Mechatronics Europe and Asia teams continue to receive recognition from multiple customers across the semiconductor and analytical life sciences industries. The supplier awards conferred by these major customers in FY2025 are testament to our superior capabilities, reliable quality and exemplary service standards.

FINANCIAL AND BUSINESS REVIEW (CONT'D)

MECHATRONICS DIVISION (CONT'D)

Operational Plans

During FY2025, the Mechatronics Division embarked on initiatives to expand capacity and reinforce its presence in the USA and Singapore.

The new USA facility, which manufactures varied solutions including linear motors, was inaugurated last year. With a floor area about three times larger than the former site, the new facility will expand our capacity and ability to undertake higher business volume with existing customers, as well as pursue new opportunities. This expansion also encompasses an increase in size of cleanrooms and capacity of cleaning lines.

In Singapore, the Group is in the process of constructing a new facility to consolidate our local operations at a single location. Entailing an estimated development cost of around S\$63 million, this new facility will be around 1.4 times the size of Mechatronics Asia's current operations in Singapore.

With an aim to drive higher operational efficiencies, enlarge production capacity and enhance manufacturing competencies, we plan to triple the capacity for cleanroom assembly and invest in state-of-the-art technologies and equipment. These upgrades will better position our Singapore operations to scale its business programs with customers, handle more high-IP and complex projects, and fulfill the demand for ultra-high precision and ultra-clean assemblies from the wafer fabrication equipment and analytical life sciences sectors.

Construction of the new building in Singapore is currently underway, with completion expected to take place in the first quarter of 2027. Production activities are slated to begin in the second half of 2027.

To cater to the increased demand from certain semiconductor customers in Asia, we are converting existing storage space at our factories in Malaysia into production use to enlarge our manufacturing capacity. The Group will be leasing another industrial building in close proximity for warehousing.

Over in Europe, the team is utilising this slower business period to realign capacity and resources, extend capabilities and intensify business development efforts in existing and new markets. We believe this will help to place Mechatronics Europe in a prime position to ride on business recovery, while seeking opportunities to broaden its future growth engines.

To drive the next-generation of manufacturing across our global sites, the Group continues to develop our core competencies by adopting digitalisation and cutting-edge technologies to deliver engineering, operational and supply chain excellence. These initiatives underpin our strategic thrusts to stack value and raise wallet share with market and technology leaders.



FINANCIAL AND BUSINESS REVIEW (CONT'D)

APS DIVISION

The APS Division's key automotive segment experienced lower sales in FY2025 as soft end-user market conditions led to slower demand for certain product lines.

On a positive note, our automotive business continues to make remarkable progress for its radar antenna segment. The Group's radar antennas are manufactured using plastic-metallisation process based on our eco-PVD (Physical Vapour Deposition) technology. Leveraging our proven capabilities, Frencken forged a partnership with Sweden-based Gapwaves to support them with high-volume production and assembly services for radar antennas. This collaboration has culminated in the launch of a new generation of radar sensors for a premium European automaker in FY2025.

Radar sensors are essential to ADAS (Advanced Driver Assistance Systems) in vehicles to facilitate safer and smarter commuting. ADAS will continue to evolve as automakers increasingly integrate AI technologies and next-generation connectivity into vehicle systems to drive the growth of connected cars market.

We believe the anticipated growth of the ADAS market will augur well for our radar antenna business. Indeed, we are supporting Tier-1 automotive suppliers with their plans to ramp up production volume of radar antennas over the coming two to three years.

Our APS Division is also in active discussions with potential customers from various geographical regions on radar antenna programs. To address the market's requirements, we may explore expanding our PVD capabilities to another site in Asia besides our current production facility in Chuzhou, China.

Last year, we also celebrated the successful completion of premium automotive binnacle displays and car clocks for a prominent Italian luxury performance sports car brand. We are proud to be involved in these top-of-the-line modules for a revolutionary model which is the brand's first fully electric supercar.

As part of our transformation strategy for the APS Division, we plan to climb the value chain by strengthening our competencies and market reputation to be synonymous with advanced plastics solutions for the automotive industry and beyond.

To penetrate new markets, Frencken has partnered SENTImotion and Envalior to develop a new gearbox concept for robot arms based on advanced engineering plastics. This new generation of gearbox which boasts superior cost and weight advantages, is marketed under "SMF Drives" brand to the service robots and humanoids sectors. While still in its infancy stage, the introduction of SMF Drives has so far met with favourable responses from the market. We will continue to work on acquiring prospective customers in various markets.

In FY2025, our subsidiaries in China received the "High Technology, Precision and Professional Industry" awards which underscore the APS Division's commitment to technological excellence.

FRENCKEN STRATEGIC ORGANISATIONAL ALIGNMENT PLAN

As part of our long-term roadmap to build an efficient structure that will support scalable and sustainable growth, the Group has embarked on a strategic organisational alignment initiative.

Designed to enhance operational efficiency and effectiveness, this initiative will see centralisation of horizontal functions to minimise duplicity, raise productivity and improve strategic alignment across the organisation. We plan to kickstart the first stage of this multi-phase program in FY2026 with the implementation of a systems upgrade and integration. We believe the program is an essential step forward to enable the Group to build on momentum and engines for sustainable and profitable growth.

PROFILE OF BOARD OF DIRECTORS

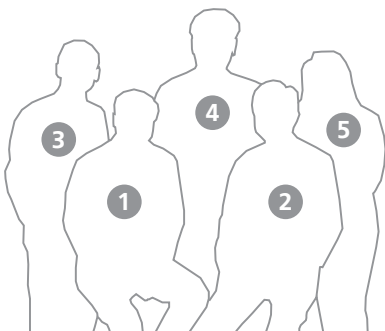


Seated: (from left to right)

- 1 Dennis Au
- 2 Dato' Seri Gooi Soon Chai

Standing: (from left to right)

- 3 Melvin Chan Wai Leong
- 4 Foo Seang Choong
- 5 Dato' Noorashidah Binti Ahmad



PROFILE OF BOARD OF DIRECTORS (CONT'D)

DATO' SERI GOOI SOON CHAI

Chairman & Non-Executive Non-Independent Director

Dato' Seri Gooi Soon Chai is our Chairman and Non-Executive Non-Independent Director. He was appointed as our director on 10 February 2015 and as the Group's Chairman on 10 August 2016. He is also a member of our Remuneration and Nominating Committees

With over 40 years of distinguished leadership experience, Dato' Seri Gooi is a seasoned technology industry leader who has held multiple global leadership roles across Hewlett-Packard, Agilent Technologies, and Keysight Technologies. He brings extensive expertise across the semiconductor, life sciences, and electronics sectors and has led complex, large-scale business transformations spanning semiconductor, automotive, and industrial electronics portfolios. His leadership is characterized by disciplined strategy execution, portfolio optimisation, and go-to-market realignment to drive sustainable growth and margin expansion.

A visionary yet pragmatic leader, Dato' Seri Gooi has demonstrated a strong track record in incubating new business platforms, identifying emerging technology inflection points and translating innovation into scalable, profitable growth. In recognition of his leadership and business acumen, in 2023 Dato' Seri Gooi was awarded Outstanding Industry Captain of the Year by the Institute of Engineering and Technology and named Executive of the Year in Technology by the Malaysian Management Excellence Award.

Prior to his retirement from executive management, he served as President of Order Fulfilment and Design Software Solutions at Keysight Technologies, where he led global operations and expanded the Design Engineering Software business. Dato' Seri Gooi continues to provide strategic leadership as Chairman of the Board of Frencken Group Limited, contributing deep operational expertise and strategic insight to support the Group's long-term value creation and global competitive positioning.

Dato' Seri Gooi holds a Bachelor of Science degree with first class honours in electrical and electronics engineering from the University of London, and a Master of Science degree in computing science from the Imperial College of Science and Technology, London.

DENNIS AU

President & Executive Director

Dennis Au was appointed as President of our Group on 5 May 2015 and as our Executive Director on 28 April 2016. He is responsible for charting the Group's strategic direction, setting the organisation's goals, overseeing its global operations and driving its performance.

Mr Au also plays a pivotal role in the development of the Group's Mechatronics, APS and materials business divisions. He steers the divisions' strategies as well as oversees business development and expansion plans, to harness the Group's competencies and strengthen its foundation for continued success.

Mr Au has over 30 years of experience in the high technology industry for aerospace & defense, automotive, communications and semiconductor markets. He was previously Vice President and General Manager of Keysight Technologies for Korea and the South Asia Pacific region. Prior to that, Mr Au was Vice President and General Manager with Agilent Technologies and was also formerly Regional Manager of Hewlett Packard's Hi-Volume Manufacturing Test Solutions for Asia Pacific.

Mr Au holds a Bachelor of Engineering (Electronic, Electrical and Systems) from the National University of Malaysia.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

MELVIN CHAN WAI LEONG

Lead Independent Non-Executive Director

Melvin Chan Wai Leong is our Lead Independent Non-Executive Director. He was appointed as our Director on 27 April 2017. He is also the Chairman of our Audit Committee and a member of our Nominating Committee.

Mr Chan has more than 25 years of operational and business experience in the semiconductor and electronics manufacturing industries, as well as extensive working experience in the Asia Pacific region, Australia, New Zealand, China and India. Mr Chan is currently the Managing Director of Synersys Capital, a firm providing business consultancy and advisory services. Prior to him assuming the advisory role, Mr Chan was the Director and Chief Executive Officer of Ellipsiz Ltd, a SGX Mainboard-listed company. Mr Chan started his career as an engineer at Hewlett-Packard and moved on to hold various senior management positions at Electronic Resources Limited (ERL), Ingram Micro, iNETest Resources and Ellipsiz Ltd.

Mr Chan holds a Bachelor's degree in Electrical & Electronics Engineering and a Master of Business Administration degree from the National University of Singapore.

FOO SEANG CHOONG

Independent Non-Executive Director

Foo Seang Choong was appointed to the Board on 31 December 2021, as an Independent Non-Executive Director. He currently serves as the Chairperson of the Remuneration Committee and is a member of the Audit Committee.

With over 35 years of experience in finance, business strategy, and organisational transformation, Mr. Foo has built a distinguished career in senior leadership roles within multinational, public listed technology companies. He has consistently driven strategic initiatives and operational efficiencies, delivering significant business growth and transformation.

Mr. Foo brings extensive global expertise, having managed financial operations and led high-impact initiatives across the Americas, Europe, and Asia. He was previously the Vice President of Finance and Corporate Controller at Kulicke & Soffa Industries, where he managed financial operations and governance to support the company's growth.

In addition, Mr. Foo's professional experience included senior roles such as Senior Director of Finance at Oracle Asia Pacific and Executive Director of Finance for Asia Pacific and Japan at Dell. In these capacities, he led strategic business transformations, enhanced risk management frameworks, and optimised organisations across complex and competitive markets.

A Fellow of the Institute of Public Accountants and an Accredited Director (SID), Mr. Foo brings professional expertise and leadership in driving finance, strategy, and transformation in the global technology business.

DATO' NOORASHIDAH BINTI AHMAD

Independent Non-Executive Director

Dato' Shidah Ahmad is our Independent Non-Executive Director. She was appointed as our Director on 1 March 2024 and is the Chairman of the Nominating Committee and a member of our Audit and Remuneration Committees.

Dato' Shidah has over 30 years of experience holding key global positions in the Semiconductor, Electronic Instrumentation, and Information Technology industries, in Hewlett-Packard, Agilent Technologies, as well as Keysight Technologies. She is a seasoned leader in the manufacturing of highly sophisticated and complex products and solutions. She has successfully transformed manufacturing and supply chain operations to achieve operational excellence, which has been lauded as best in class in the industry.

Dato' Shidah currently holds the position of Vice President and General Manager of global manufacturing and supply chain operations - accountable for factories around the world including wafer fabs, test and assembly, and the end-to-end supply chain functions.

Dato' Shidah is also a passionate champion of community outreach programs – with a special interest in STEM education and women development. She currently holds the position of Director and Patron of Women-Focused Programs.

Dato' Shidah holds a Bachelor's degree in Science with a double-major in Computer Science and Mathematics, and an MBA from Ohio University, USA.

PROFILE OF KEY MANAGEMENT



BRIAN TAN CHUEN YEANG
Chief Financial Officer

Brian Tan Chuen Yeang was appointed as Chief Financial Officer on 31 December 2021. He is responsible for leading our Group's finance agenda and management through corporate finance, treasury, financial reporting, audit and tax compliance, and risk management.

Mr Tan's career covers over 20 years of increasingly senior roles in energy logistics, oil and gas, telecommunications, and manufacturing. His career experience included strategic, commercial, and leading roles in financial management, fundraising, restructuring and investments, driving transformation and performance. Before joining the Group, Mr Tan was CFO for Malaysia and Singapore with Knauf-USG Boral, a leading German company in building materials. He has worked with Usaha Tegas, a Malaysian private investment company, NBK Group, a conglomerate in Qatar, and spent the earlier part of his career of more than 12 years with Bumi Armada and Petronas Group in various roles and corporate finance responsibilities.

Mr Tan holds an MBA from Manchester Business School and a Bachelor of Business in Accountancy from RMIT University. He is a fellow of CPA Australia and has a corporate finance qualification from ICAEW.



THEO VAN DE POL
Vice President, Human Resource

Theo van de Pol is the Group's Vice President of Human Resources. He is responsible for leading the Group's human resource strategy and partnering with our senior management to drive programs that foster talent development and keep pace with sustainable growth.

Mr. Van de Pol was appointed to his current position in February 2025. He joined our Group in July 2023 as Human Resources Director of Frencken Mechatronics and was responsible for the human resource functions of our Europe and US operations. With over 25 years of experience in human resource management, Mr. Van de Pol has worked with companies across multiple industries and countries around the world. These include manufacturing, technical services, marine and oil & gas corporations in The Netherlands, Malaysia, UAE and Singapore. He has built an outstanding career track record, having served in senior positions at Stork, Wartsila, Wood Group & AET.

Mr. Van de Pol holds a Bachelor of Human Resources from Radboud University Nijmegen in The Netherlands.

CORPORATE INFORMATION

Company Registration No. : 199905084D

BOARD OF DIRECTORS

Dato' Seri Gooi Soon Chai

(Non-Executive Non-Independent Chairman)

Dennis Au

(President, Executive Director)

Melvin Chan Wai Leong

(Lead Independent Director)

Foo Seang Choong

(Independent Director)

Dato' Noorashidah Binti Ahmad

(Independent Director)

AUDIT COMMITTEE

Melvin Chan Wai Leong (Chairman)
Foo Seang Choong
Dato' Noorashidah Binti Ahmad

REMUNERATION COMMITTEE

Foo Seang Choong (Chairman)
Dato' Seri Gooi Soon Chai
Dato' Noorashidah Binti Ahmad

NOMINATING COMMITTEE

Dato' Noorashidah Binti Ahmad (Chairman)
Dato' Seri Gooi Soon Chai
Melvin Chan Wai Leong

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2, #33-00
Singapore 068809
Partner-in-charge: Chua How Kiat
Year of appointment: Financial year ended
31 December 2022

REGISTERED OFFICE

9 Raffles Place
#26-01 Republic Plaza
Singapore 048619
Tel: +65 6236 3333

CORPORATE OFFICE

Suite 2.1, Level 2, Wisma Great Eastern
No. 25 Lebuhraya Light
10200 Penang, Malaysia
Tel: +60 (04) 371 7000

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
9 Raffles Place
#26-01 Republic Plaza
Singapore 048619

PRINCIPAL BANKERS

Coöperatieve Rabobank Eindhoven - Veldhoven
DBS Bank Ltd
AmBank (M) Berhad
United Overseas Bank (Malaysia) Bhd

INVESTOR RELATIONS

Lisa Heng
Email: lisa.heng@frenckengroup.com

COMPANY SECRETARY

Peck Jen Jen, ACIS

WEBSITE

www.frenckengroup.com

SUSTAINABILITY STATEMENT OF OUR PRESIDENT AND EXECUTIVE DIRECTOR

FY2025

is significant for ESG in Frencken, as we navigated ESG performance milestones, amidst macroeconomic volatility.



We continue to embody the “Comply or Explain” principle in our sustainability reporting, demonstrating our commitment to adhere to globally recognized reporting standards, provide transparent disclosures and a structured roadmap towards credible ESG reporting.

Across all our operations, Environmental, Social, and Governance (ESG) best practices are backed by digital data transparency and accountability. We responsibly manage the business, driven by the principle of ‘Ethical, Sustainable, Profitable Growth,’ the foundation for our ESG performance — Frencken Sustain Life (FSL).

We exercised prudence in setting ambitious targets. With shareholder value in mind, we continued to uphold compliance and consistently implement ESG practices across our operations, while actively seeking opportunities for improvement on our sustainability journey. Frencken’s Decarbonization plan aims to maintain stable operations with minimum impact to the environment. Carbon neutral goals are set as per SBTi (“Science Based Targets initiative”) guidelines.

Cognizant of the intricacies and regulations around Scope 3, we acknowledge internal impact is far lower than externalities. Therefore, high impact risks in Scope 3 from suppliers is consistently managed and reported. We avoid all forms of greenwashing in reporting. *We are partnering with most important suppliers to implement practical carbon-reduction actions in their operations so that the emissions linked to what we buy from them (Scope 3) are reduced*. We continue to work with our key supply chain vendors on insetting strategies to further reduce our Scope 3 emissions.

Responding to increasing supply chain due diligence expectations, we have deployed digital traceability tools to support robust CBAM and EUDR reporting in alignment with our global customers’ mandates. Customer audits and reviews continue to provide valuable insights into strengthening our resilience capabilities, and we actively welcome such engagements as part of our continuous improvement approach.

FY2025 enabled progress beyond compliance, by adhering to requirements of SGX regarding climate scenario analysis and double materiality assessment via IFRS S1 and S2 reporting.

Our commitment towards ESG stewardship is progressive. Investors are kept informed through various channels regarding our Frencken Decarbonization Plan and milestones. We are cognizant about the risks and challenges ahead, ambitions of our customers are opportunities we convert into advantages through disciplined execution, trust-based leadership, and investments that are aligned to Frencken’s resilience.

Those who act decisively today will help shape the next decade to their advantage.

Thank you for your continued support and partnership as we progress together toward a carbon-neutral future.

Sustainability is a shared commitment—being sustainable, together

**President
Dennis Au**



SUSTAINABILITY REPORT

OUR SUSTAINABILITY APPROACH FY2025

About This Report

Frencken Group Limited's ("Frencken", "we", "our", "the Group", "the organisation") sustainability journey, Environmental, Social and Governance ("ESG") performance are communicated through this Sustainability Report which is currently in its fourth year. This report provides an overview of our milestones in ESG* performance throughout the reporting period (1 January 2025 to 31 December 2025), unless stated otherwise.

The Report complies with the SGX-ST Listing Rules 711A and 711B and Practice Note 7.6 Sustainability Reporting Guide. The Report has not been externally assured. We relied on our internal verification mechanisms to validate the accuracy of our reporting. We plan to seek external assurance in FY2027.

FY2025, ESG Performance disclosures encompass ESG datasets cover 8 Mechatronics sites, 9 Advanced Plastics Solutions (APS) sites and 1 corporate entity known as Frencken International Sdn. Bhd. (FISB) including our Materials segment subsidiary, Penchem Technologies Sdn. Bhd. (PTSB).

Segment/ Region	Mechatronics	Advanced Plastics Solutions
EU/US	<ul style="list-style-type: none"> Frencken Europe B.V. Eindhoven, The Netherlands (FEBV) Frencken Mechatronics B.V. Eindhoven, The Netherlands (FMT) Frencken Machining B.V. Eindhoven, The Netherlands (FM) Frencken America Inc., Spokane, USA (FAM) 	<ul style="list-style-type: none"> NTZ Nederland B.V. Rotterdam, The Netherlands (NTZ) Juken Swiss Technology AG, Grenchen, Switzerland (JST)
Asia	<ul style="list-style-type: none"> ETLA Limited, Singapore (ETLA SG) ETLA Technology (Wuxi) Co., Ltd., Wuxi, People's Republic of China (ETLA WX) Frencken Mechatronics (M) Sdn. Bhd., Bangi, Malaysia (FMMSB) Avimac Pte. Ltd., Singapore (AVM SG) 	<ul style="list-style-type: none"> Juken Technology Engineering Sdn. Bhd., Johor, Malaysia (JTJ) Juken (Thailand) Co., Ltd., Bangkok, Thailand (JTH) Juken (Zhuhai) Co., Ltd., Zhuhai, People's Republic of China (JZH) Frencken (Chuzhou) Co., Ltd., Chuzhou, People's Republic of China (FCZ) Micro-Air (Tianjin) Technology Co., Ltd., Tianjin, People's Republic of China (JMAT) Juken (Zhuhai) Co., Ltd., Jinding Branch, People's Republic of China (JJD) Juken Uniproducts Pvt. Ltd., Noida, India (JUI)

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH FY2025 (CONT'D)

Our Methodology

As per the listing requirements of Singapore Stock Exchange (SGX), sustainability reporting standards - Global Reporting Initiative (GRI) and the SGX-ST "Core ESG Metrics" is used as guidance to prepare Frencken Group's FY2025 Sustainability Report.

SGX-ST prescribes listed companies to report on company level policies, practices, performance and targets related to material ESG factors according to the Listing Rule 711B on a 'comply or explain' basis. SGX-ST mandates companies with a global footprint to comply with relevant international sustainability reporting principles and corporate governance rules of "comply-or-explain" about ESG performance management.

Other relevant international sustainability reporting framework, standards and guidelines are followed in Frencken Group's FY2025 Sustainability Report such as the European Sustainability Reporting Standards and the International Sustainability Standards Board (ISSB) guidelines.

FY2025 is the fourth report, in which full disclosure of sustainability framework, ESG targets, decarbonization roadmap and climate impact is included for all operating sites. Frencken Group's full spectrum of sustainability performance monitoring was launched in FY2022.

Frencken Group's Sustainability reporting approach is consistently aligned to the principles in ESG performance disclosures as per Listing Rule 711B (1) (aa). A SGX listed company is required to disclose information on climate-related risks and opportunities, as per IFRS S1 and S2 guidance in addition to Scope 3 GHG emissions disclosure in paragraph 4.23 of the listing rule.

On the 25 August 2025, the Accounting and Corporate Regulatory Authority (ACRA) and Singapore Exchange Regulation (SGX RegCo) have extended the timelines for implementing climate reporting (including external assurance) requirements.

A SGX listed company will be required to report ONLY Scope 1 and 2 greenhouse gas (GHG) emissions from the financial year (FY) commencing on or after 1 January 2025 and Scope 3 GHG emissions from FY2026 onwards.

We understood SGX RegCo's climate reporting announcement. We have established and are maintaining transparent greenhouse gas (GHG) inventory since FY2023. In FY2025, we provide full and transparency of GHG inventory data. Similar to FY2024 report.



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH FY2025 (CONT'D)

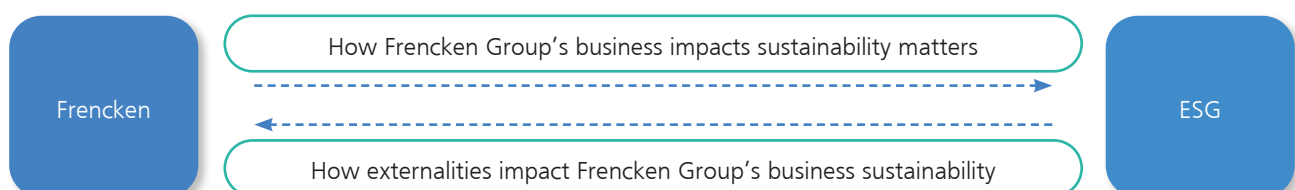
Our Methodology (Cont'd)

FSL (ESG) Aligned with ESRS and SGX Core Metrics	FSL (ESG)	ESRS	SGX
Environment	<ol style="list-style-type: none"> 1. Energy 2. Water 3. Emissions 4. Waste 5. Responsible sourcing 	<ol style="list-style-type: none"> 1. Climate Change 2. Water & marine ecosystem 3. Resource use & circularity 4. Pollution prevention 5. Biodiversity 	<ol style="list-style-type: none"> 1. Energy consumption & intensity 2. Water consumption & intensity 3. Emission 4. Waste
Social	<ol style="list-style-type: none"> 1. Employment & Labour 2. Training 3. Health & Safety 4. Gender Diversity Equality & Inclusion 5. IT Security 	<ol style="list-style-type: none"> 1. Own workforce 2. Workers in the value chain 3. Affected communities 4. Consumers & end users 	<ol style="list-style-type: none"> 1. Employment: <ul style="list-style-type: none"> - Current workforce by gender and age - New hires & turnover by gender 2. Training: <ul style="list-style-type: none"> - Average training hours per employee by gender 3. Occupational safety and health: <ul style="list-style-type: none"> - Reportable loss-days due: - Injuries/illness
Governance	<ol style="list-style-type: none"> 1. Senior Management 2. Anti-Corruption 3. Anti-Competition 4. Procurement & Responsible Supply Chain 	<ol style="list-style-type: none"> 1. Governance, risk management & internal control 2. Business conduct 	<ol style="list-style-type: none"> 1. Board composition: <ul style="list-style-type: none"> - Independent board members (%) - Female board members (%) 2. Management diversity: <ul style="list-style-type: none"> - Women in Management roles (%) 3. Ethical behaviour: <ul style="list-style-type: none"> - Anti-corruption 4. Certificates for the business 5. Company report aligned with international ESG framework- GRI, TCFD, IFRS, SDGs 6. Limited Assurance (as per timeline prescribed by SGX)

Materiality Analysis

In alignment with SGX’s Core ESG Metrics, Frencken Group’s ESG framework was established.

Based on updates from regulators, global customers and investor communities as well as engagements with third party supply chain stakeholders such as financial and non-financial auditors in addition to representatives of trade associations, FSL Governance Leaders and FSL Working Committee ensured significant ESG matters have been addressed, concerning ESG and the company and its interoperability.



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH FY2025 (CONT'D)

Materiality Analysis (Cont'd)

Frencken Group continues to monitor cost of compliance over ESG matters. ESG cost over 10% comes under scrutiny by our Sustainability Governance leaders. We are maintaining 0.5% ESG cost for FY2025 and FY2024.

Frencken Group, as part of our Sustainability engagement have charted the impact to finance in the segments Mechatronics and Advanced Plastics Solutions as well as with the subsidiary. We found these aspects are core to our business focus as well as having financial impact.

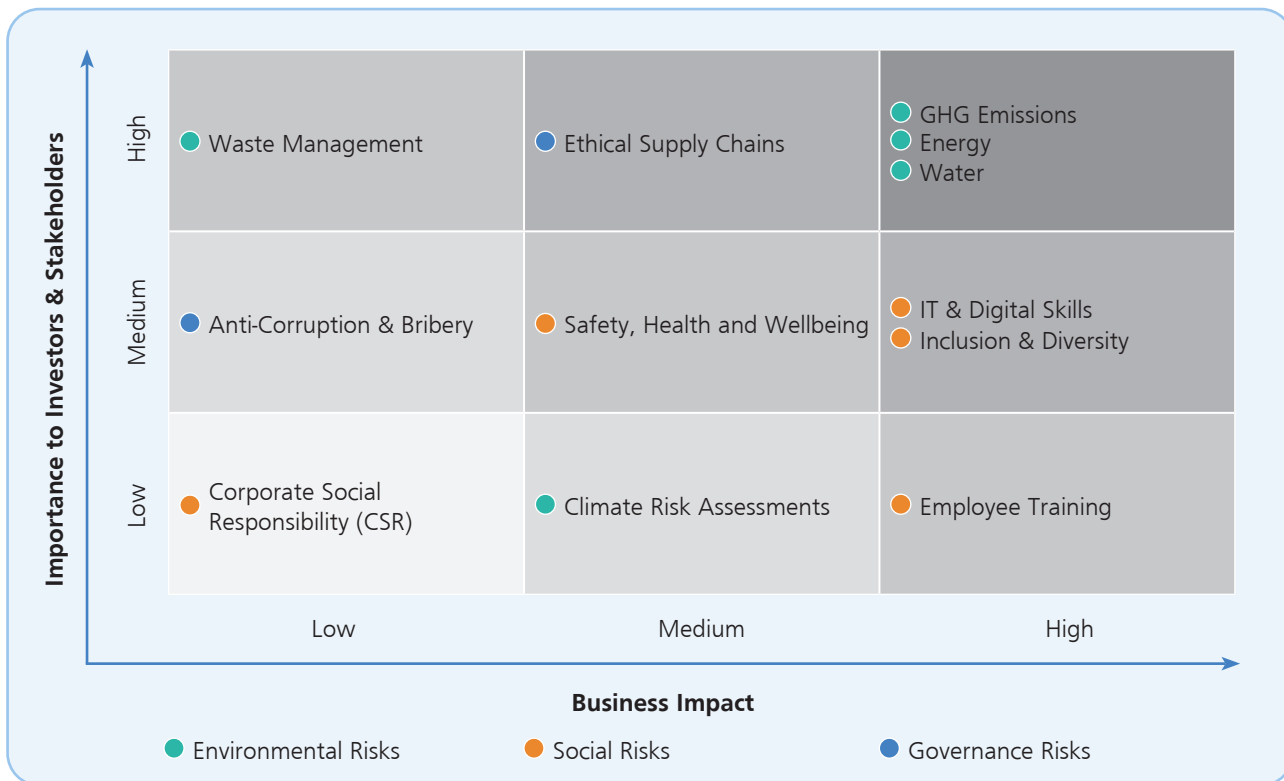
Double materiality is a sustainability reporting framework mandated under the EU Corporate Sustainability Reporting Directive. We are supply chain partners to global brands based in the EU.

Frencken as a listed entity on SGX with operating site in the EU does not fall under the scope of CSRD reporting requirements.

Nevertheless, we are aware of the merits in double materiality assessments, as we have better visibility over sustainability issues (ESG) that affect our financial performance (outside-in) and how operations impact the environment and society (inside-out). This impact materiality and financial materiality give a comprehensive view of risks and opportunities in our business. It helps us chart how environmental and social issues affect the company's financial health, cash flow, and development. Double materiality aids in stable planning and operational costing as a resilient business.



Our Materiality Matrix



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH FY2025 (CONT'D)

Stakeholder Engagement Benefits


Stakeholders	Engagement Benefits
Regulators & Investors	Complying with listing ruling and maintain ethical business practices
Customers & Industry Stalwarts	Strengthening partnerships with key global market leaders
Supply chain partners	Maintaining effective network for materials and services
Employees	Building resilience and progressive innovation

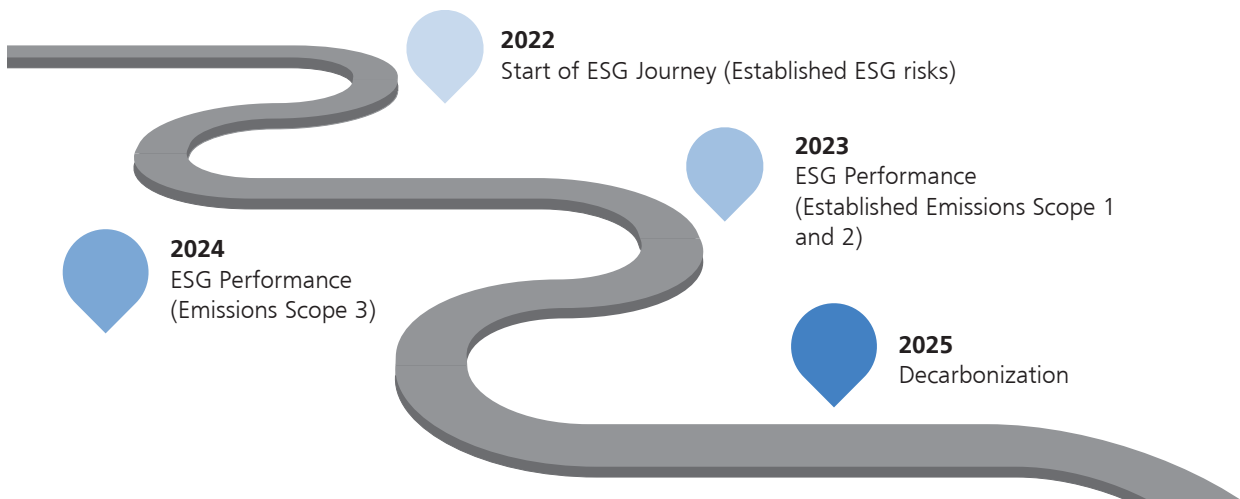
Economic efficiency

Cost-saving (value for money), time-saving, broader economic benefits (policy coherence, synergies across projects)

Acceptability and Sustainability

Effective implementation; proper enforcement of regulation; political acceptability, ownership of decision and outcomes

 is a comprehensive ESG strategy, framework and performance indicator.



ESG Performance Framework of FY2025

Environmental	Social	Governance
<ul style="list-style-type: none"> Energy & Water Energy & Emissions 	<ul style="list-style-type: none"> Employment & GDEI Safety, Health & Training IT Security 	<ul style="list-style-type: none"> Responsible Supply Chain Anti Bribery Corruption

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH FY2025 (CONT'D)

Corporate Governance

According to Rule 710A(1) of the SGX Listing Rules (Mainboard), issuers must maintain a board diversity policy. Provision 2(d) specifies that this policy must address gender, skills, experience, and any other relevant diversity aspects.

20% of Board has female representation with Nomination Committee Chairwoman. Directors are highly experienced, renowned for their integrity in domain expertise in Innovation, Science Computing, Electronics and Electrical Engineering, Accounting, and Finance. Their wide range of capabilities and intelligence spans across various domains including regional and global roles in high and advanced technology, supply chain manufacturing and hyper scale supply chain management.

The nature of Frencken Group's business segment competencies in semiconductor, medical devices, industrial automation, automotive, and analytical life sciences industries. Leadership is represented predominantly male with niche blend of market and manufacturing intelligence.

In accordance with SGX recommendations, our board members actively participated in board-related trainings organized by Singapore Institute of Directors (SID).

Board Committee	Director (since)	Domain Expertise	Domain Knowledge
Chairman	Non-Executive and Non-Independent (2015)	Global Technology, Supply Chain and IT	Science Computing
President	Executive Director (2016)	Business Development and Expansions	Engineering (E&E)
Nomination Committee Chair	Independent & Non- Executive (2024)	Supply Chain & Computer Science	Supply Chain Manufacturing
Audit Committee Chair	Lead Independent Director and Non-Executive (2017)	Technology Industry	Engineering (E&E)
Remuneration Committee Chair	Independent & Non-Executive (2021)	Strategy and Finance	Accounting and Finance

Note: The above is information of the Board Committee in FY2025

Frencken Group has equal representation of Operations and Management talent with a balance in gender diversity and equality. 100% of all Frencken Group employees undergo Frencken Group's Standards of Business Conduct online training and assessment, including Directors.

FSL Governance Structure

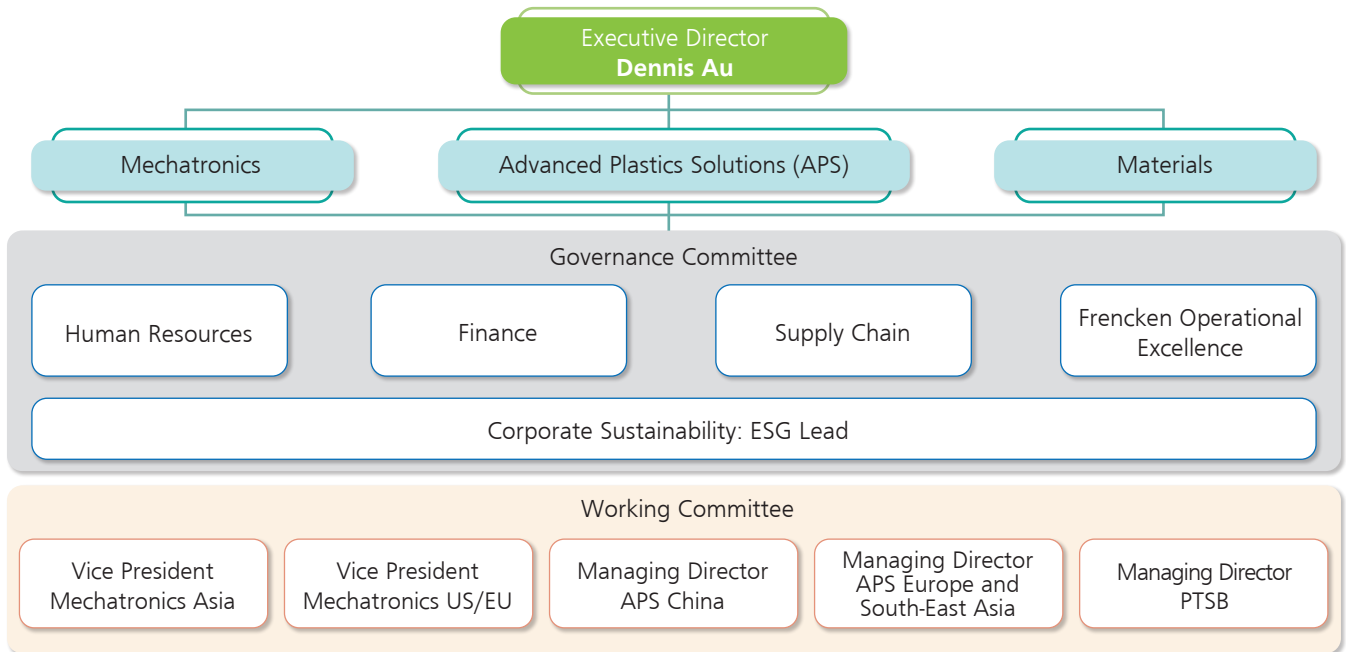
Frencken Group's ESG performance management is closely aligned with the Listing Manual issued by the Singapore Exchange Securities Trading Limited (SGX-ST). With full support from Frencken's Board of Directors, sustainability objectives are communicated and implemented by accountabilities in the Sustainability Governance Committee and Sustainability Working Committee.

Sustainability Governance Leaders oversee the review and approval of FSL performance information reported in this Sustainability Report, which accompanies the Annual Report 2025.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH FY2025 (CONT'D)

FSL Governance Structure (Cont'd)



Climate Risk Management

In FY2025, we established understanding of comprehensive climate risks based on the Task Force on Climate-related Financial Disclosures (TCFD) guidelines.

Based on this assessment, we have identified chronic physical climate factors having likelihood impact on our operating locations. Justified climate risk adaptations have been implemented to mitigate climate-related risk in our business operations.

Chronic climate conditions	Impact	Likelihood of risk	Justification
Water stress	Cost of additional water supply	Low	Operating within designated industrial zones governed by the state government and local zone authorities, with mandated agreement for water and energy supply to factories without disruption. In case of any disruption emergency assistance to resume business as usual will be provided.
Heat stress	Production staff comfort	Low	During high production demand employees are provided conveniences for adequate breaks and rehydration.
Heavy precipitation	Logistics delays	Medium	Supply chain logistics is managed digitally to alert and mobilize additional transportation partners whenever necessary.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH FY2025 (CONT'D)

Climate Risk Management (Cont'd)

All our production facilities are located in designated industrial zones allocated by the local authority with environment impact analysis conducted pre-development phase.

Frencken Group's production facilities maintain three different versions of risk register to minimize risks and optimize emerging opportunities.

Management systems – ISO 9001, 14001, 45001, 13485, 27001 risk logs and surveillance audits.

Global customers have also ordained regular benchmarking exercise on our performance. Audit framework varies from Supplier Assessment Questionnaire (SAQ) online, Working Condition Assessment (WCA), Responsible Business Alliance (RBA) assessment and audit.

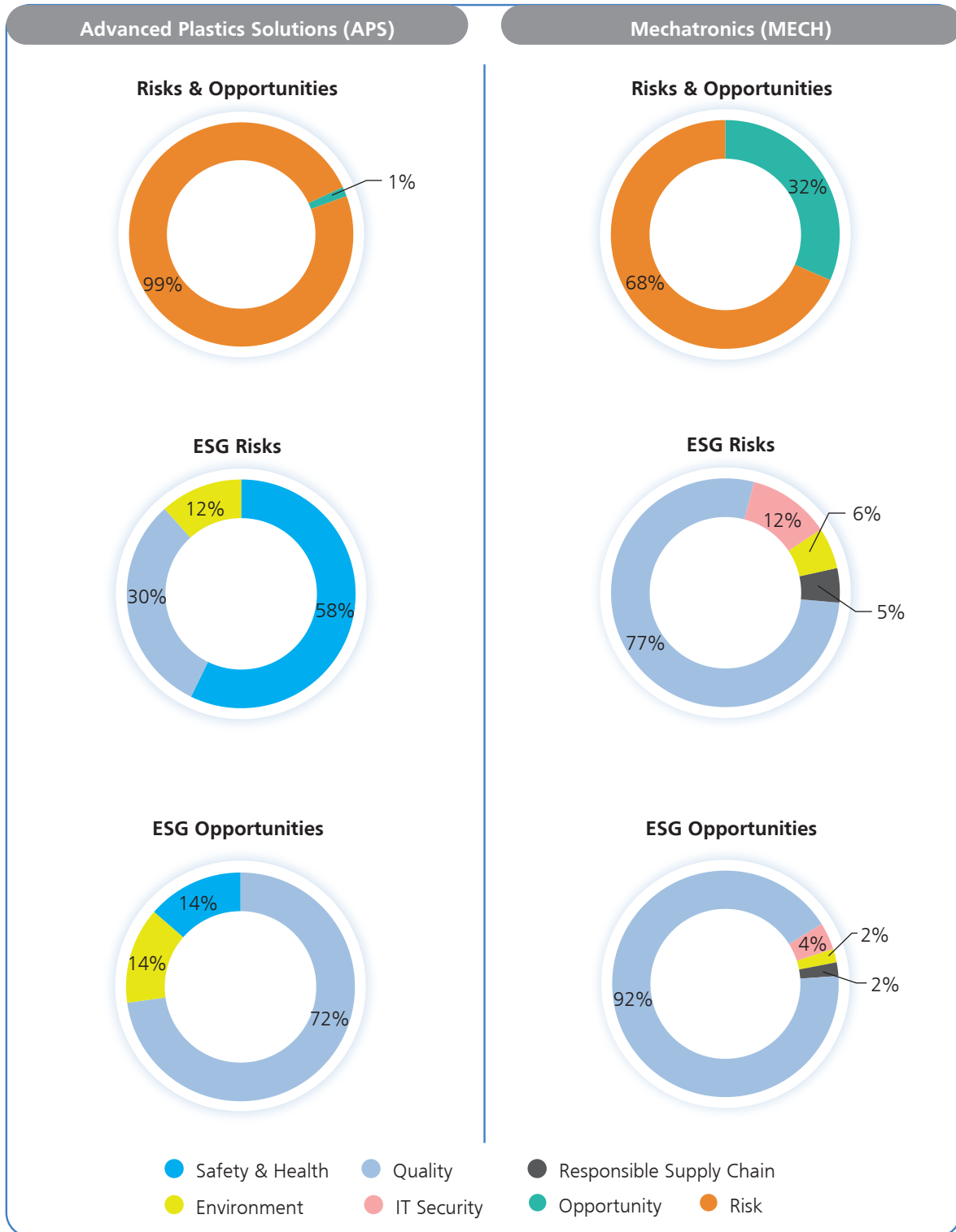
Frencken Group's Operational Excellence strategy leverages on technology, such as real-time reporting tools and unified platforms, to provide visibility and transparency for quick response to emerging risks and to maintain operational resilience.



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH FY2025 (CONT'D)

ESG Risk Management



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH FY2025 (CONT'D)

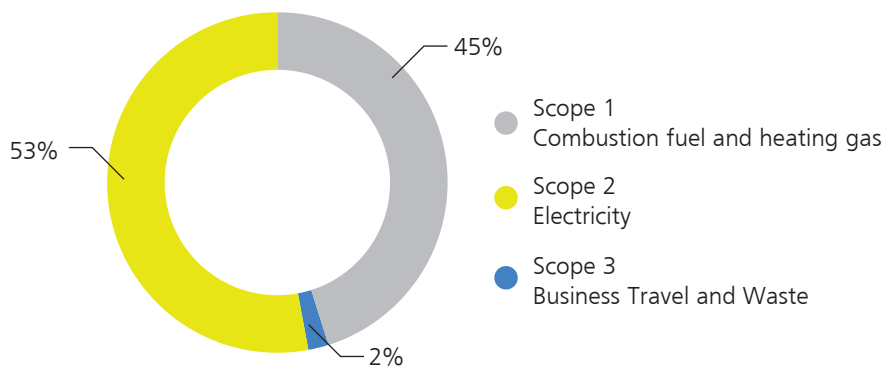
Our ESG (FSL) Performance

In FY2025, Frencken Group launched transformative plans for innovation and automation. FSL Performance is maintained via 4 reporting tools- namely FSL Performance by operating sites (including Quality, Safety and Health), Compliance material traceability (CMRT, EMRT, AMRT, Rare Earth Minerals, EUDR, PFAS, CBAM), Integrated Risk & Opportunity, and RBA monitoring tool.

Internally, General Managers engage relevant Head of Departments on decisions, while external stakeholders are kept up to date via these monitoring tools, which aid in responding to customers' requests for information, third party supply chain audits and regular management systems certification.

In FY2025, we maintain greenhouse gas inventory in tandem with our Decarbonization commitment. We have kept carbon emissions intensity below 1 basis point, corresponding with emissions ambitions of our customers.

Emissions by Scope 2025



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our ESG (FSL) Performance (Cont'd)

MECHATRONICS

Frencken's Carbon Inventory	FY2023	FY2024	FY2025
Scope 1 (in tonnes of CO2 eq)	10,085	22,906	27,031
Scope 2 (in tonnes of CO2 eq)	25,959	26,163	31,671
Scope 3 Waste (in tonnes of CO2 eq)	233	248	266
Scope 3 Business travel (in tonnes of CO2 eq)	N.A.	N.A.	135
Scope 3 Supply chain (in tonnes of CO2 eq)	9,922	N.A.	N.A.
Total Emissions (in tonnes of CO2 eq)	46,199	49,317	59,103
Revenue (in SGD '000)	742,859	794,333	865,100
Emissions Intensity	0.006	0.006	0.006

Year/ Entity	2023		2024		2025	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
FEBV	454	0	485	0	478	0
FAM	16	122	40	115	137	292
ETLA SG	69	2,398	75	2,774	78	3,106
AVM SG	21	655	49	651	26	0
FMMSB	1,640	5,639	3,574	7,283	6,328	11,127
ETLA WX	6,464	2,204	16,981	2,703	19,852	2,847

APS

Year/ Entity	2023		2024		2025	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
JTH	57	1,172	58	1,268	60	1,139
JUI	16	1,418	20	1,785	32	1,725
JTJ	56	2,487	82	2,065	3	4,762
JZH	17	4,172	17	3,726	18	3,733
FCZ	0	814	0	864	0	1,259
JJD	0	96	0	152	0	534
JMAT	9	1,121	0	1,100	0	1,050
NTZ	0	N.A.	N.A.	N.A.	15	0

Note:

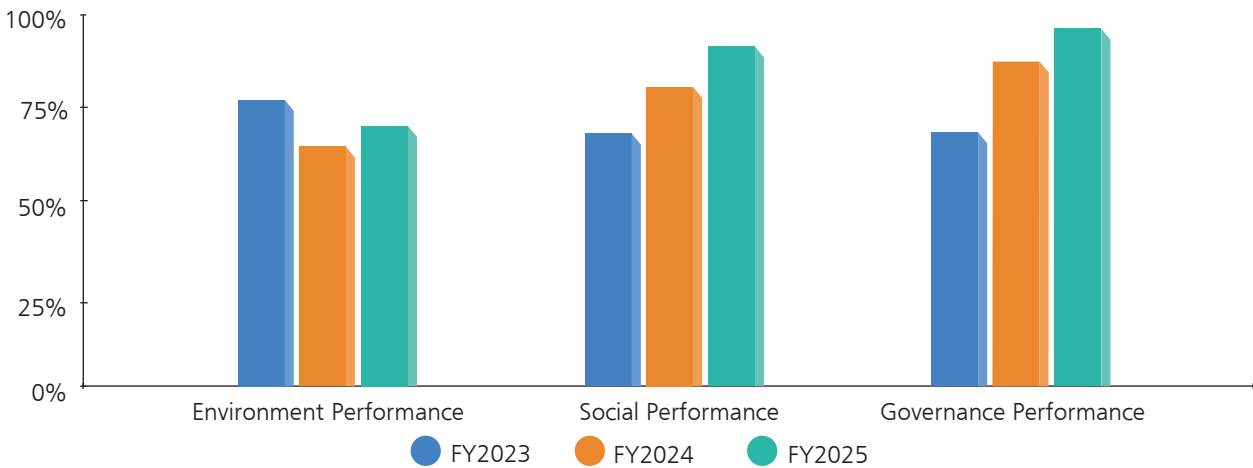
- FY2025 emissions rose by 20%. Intensity unchanged, indicating stable and resilient supply chain.
- Scope 1 emissions consist of combustion fuel and heating gases only.
- Scope 1 nitrogen gas use caused a jump of 18% from FY2024. There are no substitutes for this gas. The processes which use this gas cannot be avoided.
- Scope 1 emissions from cooling gasses were omitted. Cooling gasses attributed less than 1% of emissions.
- Scope 2 emissions represented 53% of total carbon inventory.
- SGX announced in Aug 2025, that Scope 3 GHG emissions reporting remains voluntary until further notice. External limited assurance for Scope 1 and 2 GHG emissions is deferred.
- Scope 3 emissions was attributed by Waste and Business Travel inventory.
- Scope 3 waste recycling rate was 78%, representing 11,092 tonnes of CO2 avoided. Only 266 tonnes of waste was disposed to landfill. Zero waste to landfill is being considered.
- Scope 3 business travel emissions is attributed by 45% of long haul flights.
- Scope 3 upstream supplier emissions will be reported in FY2026 using an activity-based approach. Supplier engagement follows a two-year cycle, reflecting the typical implementation period for transition plans, in line with SGX guidelines.
- FY2025 Scope 1 GWP factors are as per GHG Protocol AR6 issued in August 2025.
- APS sites are diesel intensive production. Mechatronics sites are Diesel, gasoline, nitrogen and natural gas intensive production.
- NTZ, JJD and FCZ are Scope 2 intensive operations. NTZ and FCZ have access to renewables.
- PTSB Scope 1 is 4 tonnes, Scope 2 is 97 tonnes in FY2025.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our ESG (FSL) Performance (Cont'd)

FSL Performance Indicator	FY2023(%)	FY2024(%)	FY2025(%)
Environment	76	67	72
Social	71	78	91
Governance	71	82	95



From the diagram above, Frencken Group’s ESG performance includes all its actively running operations. Significantly, stable improvements consistent with production ramp up scenarios on the ground.

FY2025 results reflect on the improvements we have made in ESG performance year-on-year for material items listed below.

Environmental	Social	Governance
<ul style="list-style-type: none"> • Energy consumption (KwH) Renewable energy • Water consumption (Litres) • Waste: <ul style="list-style-type: none"> • Hazardous (tonnes) • Non-hazardous (tonnes) • Waste recycling • Emission Scope 1 (tonnes) • Emission Scope 2 (tonnes) • Emission Scope 3 Waste (tonnes) • Scope 3 Business Travel (tonnes) 	<ul style="list-style-type: none"> • Employee Turnover • Employee Training • Employee Safety 	<ul style="list-style-type: none"> • Local Procurement • Supplier Program • Anti-Corruption

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Frencken's FSL Performance (Cont'd)

Our ESG Performance Overview FY2025

DIVISION Category	APS								MECH ASIA				MECH EU & US		OTHER
	JZH	FCZ	JJD	JMAT	JTH	JUI	JTJ	NTZ	ETLA SG	AVM SG	FMMSB	ETLA WX	FEBV	FAM	PENCHEM
Environment															
Direct Material in Value	Positive	Improvement	Positive	Positive	Positive	Positive	Positive	In Progress	Improvement	In Progress	Improvement	Improvement	Improvement	In Progress	Improvement
Hazardous Waste (Tonnes)	Improvement	Improvement	Improvement	Improvement	Positive	Improvement	Improvement	In Progress	Improvement	Improvement	Improvement	Positive	Positive	Positive	Improvement
Non-hazardous Waste (Tonnes)	Improvement	Improvement	Improvement	Positive	Positive	Improvement	Improvement	In Progress	Improvement	Improvement	Improvement	Positive	Positive	Positive	Improvement
Recycle Waste (Tonnes)	Positive	Positive	Not applicable	Improvement	Positive	Positive	Positive	In Progress	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Positive
Scope 1 Total Emission (Tonnes)	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement
Scope 2 Total Emission (Tonnes)	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement
Scope 2 Electricity (KwH)	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	In Progress	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement
Renewable Energy (KwH)	In Progress	Positive	In Progress	In Progress	Positive	In Progress	In Progress	Positive	In Progress	Positive	In Progress	In Progress	Positive	In Progress	In Progress
Water Consumption (Liter)	Positive	Improvement	Not applicable	Improvement	Positive	Positive	Positive	Positive	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Positive
Social															
Employee Training (Hours)	Positive	Positive	Positive	Positive	Positive	Positive	Improvement	Improvement	Positive	Positive	Positive	Improvement	In Progress	In Progress	Positive
Employee Retention	Positive	Positive	Improvement	Positive	Improvement	Positive	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement
Employee Safety	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Improvement	Improvement	Improvement	Positive
Governance															
Local Supplier	Positive	Improvement	Positive	Positive	Positive	Positive	Positive	In Progress	Improvement	Positive	Positive	Positive	Improvement	Improvement	Improvement
ABC Completion (%)	Positive	In Progress	Positive	Positive	Positive	Positive	Positive	In Progress	Improvement	In Progress	Positive	Positive	Improvement	In Progress	Positive

* FEBV consists of 3 Europe operating units which are FEBV, FMT and FM.
 ** Economic/Economy and Governance is used interchangeably.

FSL Environment

As manufacturing supply chain partners of our global customers, meeting their demand is our priority. This increases direct materials sourcing, consumption of natural resources, generation of waste, and the generation of emissions. We rely on supply chain partners to support our decarbonization efforts.

In FY2025, ESG Performance Environment was recorded at 72% as compared to 67% the previous year. An upward movement in ESG Environment Performance is reflective of additional monitoring improvements in renewables and recycling rates.

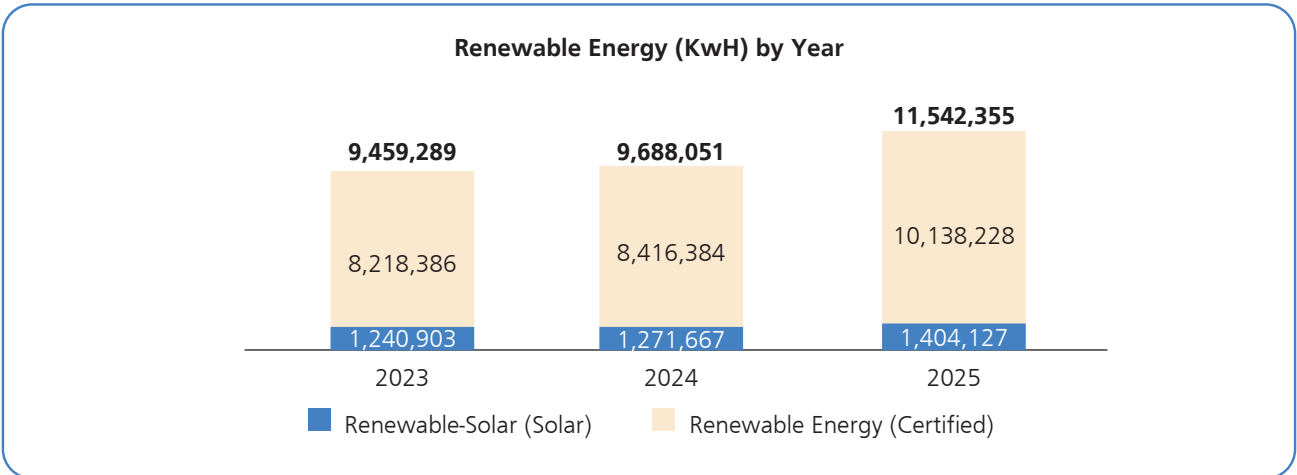
Working Committee at sites have focused efforts to increase renewable energy adoption. In Europe and Singapore renewable certificate scheme is offered by open market vendors. Grid power producers in Malaysia and China, offer off-site solar programs for corporates.

SUSTAINABILITY REPORT (CONT'D)

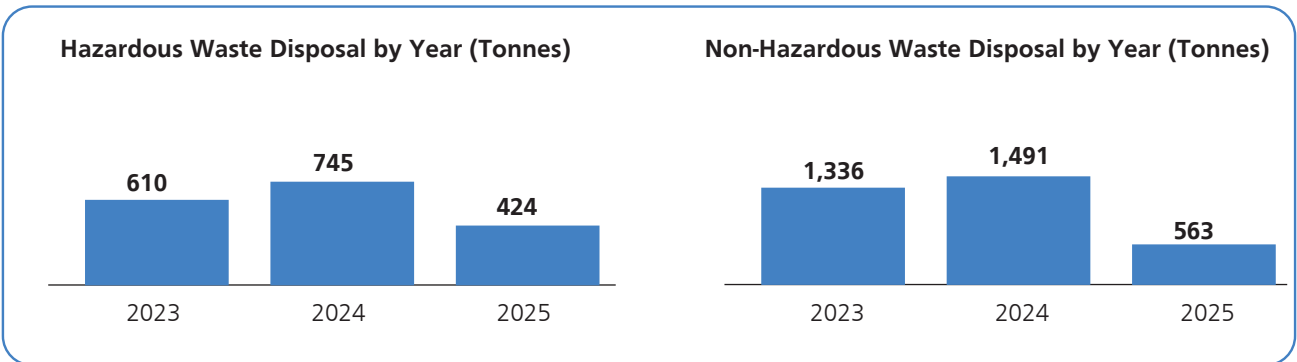
OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Environment (Cont'd)

In FY2025, FSL saw an increase of 10% in solar adoption and 20% of certified renewables were obtained, as part of its decarbonization efforts for Scope 2 emissions.



Total tonnes of waste generated have reduced. Recycling rates have increased. At present all sites maintain recycling rates between 60% to 80%.



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Environment (Cont'd)

FY2025 emissions Scope 1 (from facility-based fuel combustion in company vehicles, forklifts, and gases utilized in heating processes). In each business segment, the intensity of emissions differs between fuel and gas. APS is fuel intensive, while Mechatronics is gas intensive. Decarbonizing, Scope 1 is tough due to low supply in low carbon substitutes.



■ Combustion Fuel ■ Combustion/Heating Gasses

Scope 3 (from hazardous and non hazardous waste as well as air travel emissions). This was the new addition to FY2025 Environment disclosure.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Environment (Cont'd)

DIVISION Category	APS								MECH ASIA				MECH EU & US		OTHER
	JZH	FCZ	JJD	JMAT	JTH	JUI	JTJ	NTZ	ETLA SG	AVM SG	FMMSB	ETLA WX	FEBV	FAM	PENCHEM
Environment															
Direct Material in Value	Positive	Improvement	Positive	Positive	Positive	Positive	Positive	In Progress	Improvement	In Progress	Improvement	Improvement	Positive	In Progress	Improvement
Hazardous Waste (Tonnes)	Improvement	Improvement	Improvement	Improvement	Positive	Improvement	Improvement	In Progress	Improvement	Improvement	Improvement	Positive	Positive	Positive	Improvement
Non-hazardous Waste (Tonnes)	Improvement	Improvement	Improvement	Positive	Improvement	Improvement	Improvement	In Progress	Improvement	Improvement	Improvement	Positive	Positive	Positive	Improvement
Recycle Waste (Tonnes)	Positive	Positive	Not applicable	Improvement	Positive	Positive	Positive	In Progress	Positive	Positive	Positive	Improvement	Improvement	Not applicable	Positive
Scope 1 Total Emission (Tonnes)	Improvement	Positive	Positive	Positive	Improvement	Improvement	Improvement	Improvement	Positive	Positive	Positive	Positive	Positive	Improvement	Improvement
Scope 2 Total Emission (Tonnes)	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Positive	Positive	Positive	Positive	Positive	Improvement	Improvement
Scope 2 Electricity (KwH)	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Improvement	Not applicable	Improvement	Not applicable	Improvement	Improvement	Improvement	Improvement	Positive
Renewable Energy (KwH)	In Progress	Positive	In Progress	In Progress	Positive	In Progress	In Progress	Positive	Positive	In Progress	In Progress	In Progress	Positive	In Progress	In Progress
Water Consumption (Liter)	Positive	Improvement	Not applicable	Improvement	Positive	Positive	Positive	Positive	Improvement	Improvement	Improvement	Improvement	Improvement	Positive	Positive



FSL Social

Employee Turnover, Training and Safety

In FY2025, ESG Performance Social was maintained at 91%. A downward movement in turnover and safety loss days is considered positive Social ESG performance. An upward movement in training hours is considered positive Social ESG performance.

Such improvements are underscored by the ongoing HR digital transformation and improved coverage in employee inclusions for competency training and well-being management.

Working Committee leaders monitor ESG performance to ensure positive performance at each operating location.

Where applicable, employee engagements have improved camaraderie and collaboration across segment Mechatronics and APS as well as PTSB.

Workday systems have enabled social data integration.

Training is an on-going progressive plan to raise competencies. Average training of 20 hours per employee annually is a recommended best practice. At present all sites maintain training hours between 20 to 40 hours annually. In FY2025, mandatory safety training programs have been introduced, by 3 times over, compared to FY2024.

Loss days are recommended to be kept below vigilance threshold. This means any type of injuries should not take the employee away on medical leave for more than 4 days. The 5th day is considered first loss day.

Workday system is a tracking tool to monitor loss days for further prevention plan to be activated. Safety, health and wellbeing of employees is of utmost priority in Frencken Group. Employees' insurance coverage and digitalized claims was introduced in FY2025.

FY2025 geopolitical and tariff turmoil, enabled Frencken to strengthen talent pool by high competences for meeting production demand. This year our talent pool remains below 3000 full-time employees.

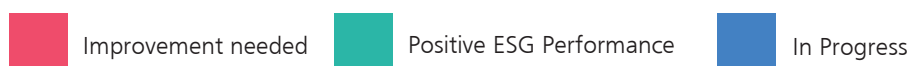
Human capital is pivotal for a stronger foundation, thus our stable retention rates of diverse talent pool.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Social (Cont'd)

DIVISION Category	APS								MECH ASIA				MECH EU & US		OTHER
	JZH	FCZ	JJD	JMAT	JTH	JUI	JTJ	NTZ	ETLA SG	AVM SG	FMMSB	ETLA WX	FEBV	FAM	PENCHEM
Social															
Employee Training (Hours)	Positive	Positive	Positive	Positive	Positive	Positive	Improvement	Improvement	Positive	Positive	Positive	Improvement	In Progress	In Progress	Positive
Employee Retention	Positive	Positive	Improvement	Positive	Improvement	Positive	Positive	Improvement	Improvement	Improvement	Improvement	Positive	Improvement	Improvement	Improvement
Employee Safety	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Improvement	Positive	Improvement	Positive



Training & Development

The Mechatronics team in Malaysia is proud to celebrate employees who have been recognized through the Frencken Top Learners Awards. This initiative launched at FMMSB in Bangi honours employees who have shown exceptional commitment to continuous learning and self-development by achieving high e-learning hours on our eLearning platform. Our Mechatronics employees took up the challenge in the 2nd half of 2025 to learn and self-develop in their own time during their lunch breaks and at home.

In today’s fast-evolving business and technology landscape, learning and development are essential. The Top Learners Awards highlight employees who dedicate time and effort to enhance their skills, broaden their knowledge, and apply what they learn to improve their work and contribute positively to the organization.

Gender Diversity and Equality (GDEI Performance)

In FY2025 our balance in diversity and equality continues to strengthen health and performance of the organization.

Gender Diversity and Equality performance index (GDEI) is aimed to demonstrate value of vast competencies among equals.

FY2025 GDEI performance is tracked by demography- gender (G), age (D), and average basic salary (E).

We are largely diverse in our talent strength across geographical locations. In view of recent trade uncertainties, we had strengthened production and management workforce to tackle any supply chain crisis.

Frencken Group’s talent by number of roles in Profit and Loss departments (P&L functions) as well as number of roles in Science, Technology, Engineering and Mathematics (STEM functions) is monitored in FY2025.

Across Frencken’s core business segments Mechatronics, APS, PTSB and FISB, we maintain a gender balance of 70:30 in FY2025, as compared to FY2024 of 69:31 (Male: Female)

SUSTAINABILITY REPORT (CONT'D)

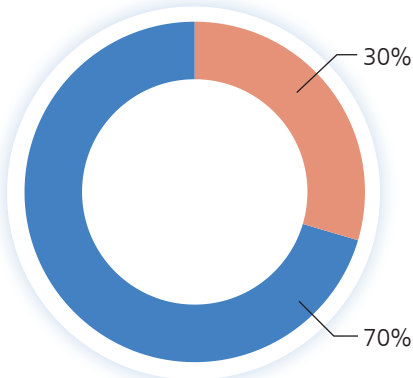
OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Social (Cont'd)

Gender Diversity and Equality (GDEI Performance) (Cont'd)

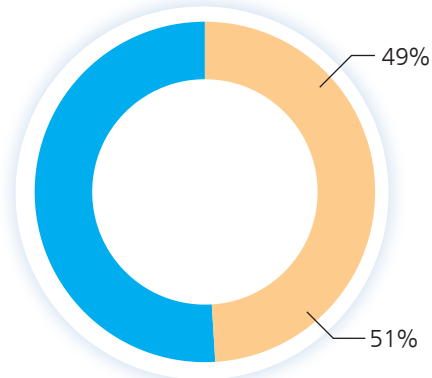
Total Employees by Indirect and Direct Revenue (P&L) Department

Total Employee by Gender



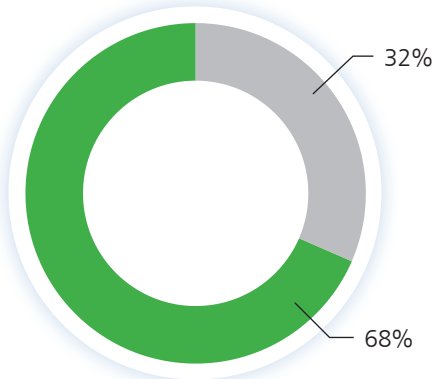
- Male
- Female

Total Employee by Management



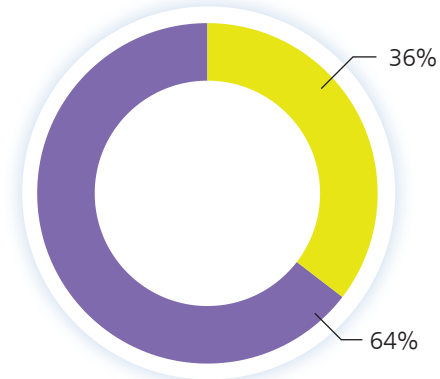
- Management
- Operation

Total Employee by STEM and Non-STEM Department



- STEM Department
- Non-STEM Department

Total Employee by Indirect and Direct Revenue (P&L) Department



- Direct Revenue Department
- Indirect Revenue Department

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Social (Cont'd)

Management Systems Compliance (Quality, Environment, Safety and Health)

FY2025 Frencken Group maintains compliance traceability monitoring in operations via digital dashboard tool called Quality, Environment Safety and Health (QESH).

DIVISION Category	APS								MECH ASIA				MECH EU & US		OTHER
	JZH	FCZ	JJD	JMAT	JTH	JUI	JTJ	NTZ	ETLA SG	AVM SG	FMMSB	ETLA WX	FEBV	FAM	PENCHEM
Quality															
Validity of IATF16949	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Compliant
Validity of ISO9001	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Validity of ISO45001	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Validity of 14001	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	Compliant
Validity of Other Certification (AS9100D/Green Industry/ISO13485/TISAX)	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Integrated Risk Assessment	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	Compliant
RBA/Ecovadis/CDP Rating/SAQ/M2030	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Environment															
ROHS/REACH	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
PFAS	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress
CMRT (Conlict Mineral Reporting)	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Safety & Health															
Promotion of employees' health	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	Compliant
Training (Q.E.S.H) - Competency Certificate	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	Compliant



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Social (Cont'd)

Data Privacy and IT Security

In FY2025, Frencken Group continued to work with its operating sites to maintain and reinforce cyber resilience. As part of our Enterprise Risk Management best practices we have upgraded the cybersecurity capabilities through the deployment of centralized, real-time security monitoring across critical infrastructure and digital assets.

It now enables early detection and rapid containment of cyber threats. The cybersecurity analytics provide detailed information regarding entity wide security and identity threats.

In FY2025, we raised investments in protection of critical assets. As part of our information security Business Continuity Plan.

We implemented comprehensive data backup and recovery solutions to meet the recovery SLAs of our customers.

This strengthened disaster recovery readiness. To maintain operational stability, we have tackled patch management across enterprise endpoint with regular compliance reporting. With the objective of lowering long-term global operational risks and improving security oversight, our domain consolidation occurred throughout Q2 and Q3 of FY2025.

We added stronger access controls as part of information security access management and governance best practice. Network security was strengthened aligning with Zero-Trust control measures. Authenticated access and backup regional firewalls reduced unauthorized access risks. Internal defense for networks were configured in line with zero-trust security principles.

FY2025 saw more digital collaboration with our global customers. Those engagements resulted in strengthened digital landscape of Frencken Group as global supply chain partner.

Few of our global customers have privileged encrypted access to support scaled growth in capital equipment design and innovation. In FY2026, we are progressing towards ISO/IEC 27001 and TISAX certification in alignment with our global partners.

FSL Governance

ESG Performance Governance was recorded at 95%, compared to 82% in the previous year. Any upward movement in local supplier, locally hired senior management is considered positive ESG Performance Governance.

Anti-Bribery and Corruption policy engagements, assessment, and public declarations are our commitment to ethical business conduct.

DIVISION	APS								MECH ASIA				MECH EU & US		OTHER
	JZH	FCZ	JID	JMAT	JTH	JUI	JTJ	NTZ	ETLA SG	AVM SG	FMMSB	ETLA WX	FEBV	FAM	PENCHEM
Governance															
Local Supplier	Positive	Improvement	Positive	Positive	Positive	Positive	Positive	In Progress	Improvement	Positive	Positive	Positive	Improvement	Improvement	Improvement
ABC Completion (%)	Positive	In Progress	Positive	Positive	Positive	Positive	Positive	In Progress	Positive	In Progress	Positive	Positive	Positive	In Progress	Positive

Improvement needed

Positive ESG Performance

In Progress

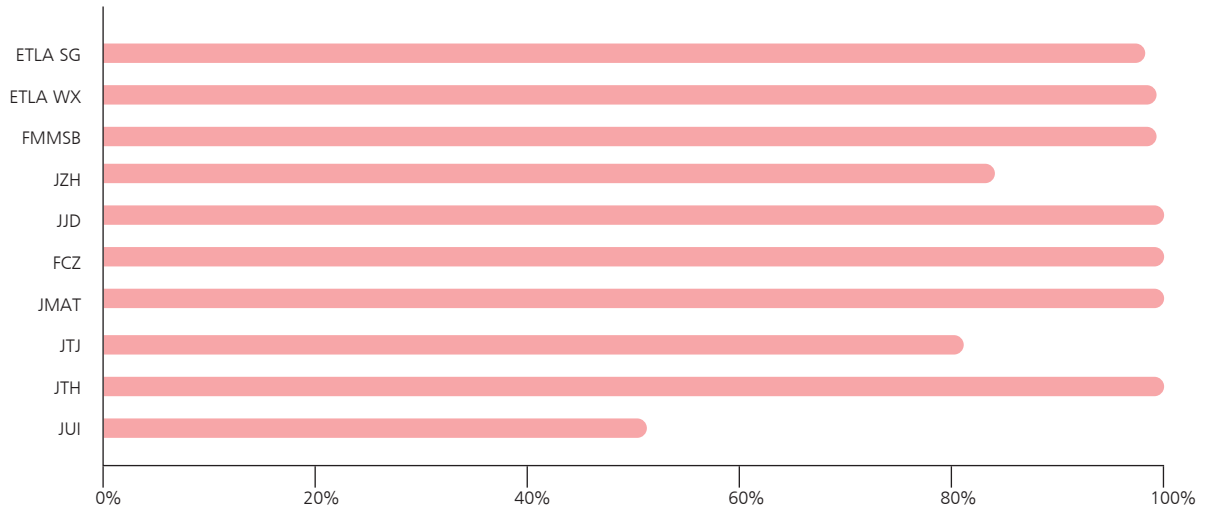
Not applicable

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Governance (Cont'd)

Employees who completed the online assessment in FY2025



Responsible Supply Chain

In FY2025, ESG-related supply chain work was mainly focused on building the foundation for supplier performance and sustainability integration.

A few key milestones were implementation of the supplier performance monitoring for quality and logistics across key sites, establishing consistent baseline visibility. We now have automated supplier performance dashboards, replacing manual reporting and enabling structured, scalable tracking.

From FY2026, the dashboard architecture enables integration of supplier sustainability performance to be monitored.

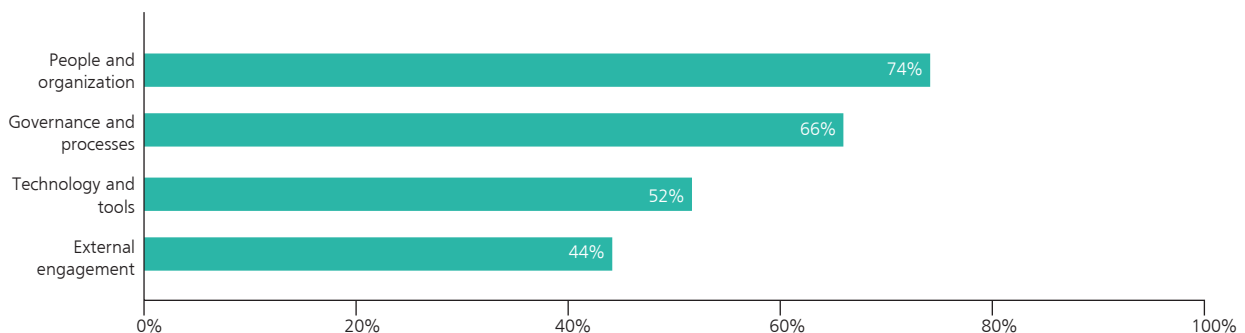
In FY2025, we continued to monitor supplier performance in aspects of quality, logistics, cost and compliance. These governance and escalation mechanisms will help to review supplier performance and minimize any risks at operational and management levels.

In FY2026, we will continue the 2 year cyclical engagement with our suppliers for establishing our Scope 3 state. With developments in energy and renewables, we anticipate suppliers would have on boarded those schemes thus reducing overall emissions in their operations.

This is aligned with our Responsible Supply Chain (RSC) policy recommendations to our supply chain partners.

Internally, we planned and strategically delivered supply chain best practices implementations in this order people development, governance, technology and tools, as well as supplier engagements.

Overall, FY2025 can be positioned as a foundation year, setting up systems, governance, and processes to enable broader supplier sustainability monitoring and engagement from FY2026 onwards.



Frencken Supply Chain is focused on maintaining resilience and competitiveness in supply base. We have integrated a centralized category management, expanded dual sourcing and foster ESG-aligned supplier development.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)




FSL Governance (Cont'd)

Responsible Supply Chain (Cont'd)

Our global customers boost our accelerated digital supply chain transformation programs such as next-generation SCM systems and scaled RPA/AI for automation, integration, and proactive risk management.

People and Organization	Governance and Processes	Technology and Tools	External Engagement
<ol style="list-style-type: none"> Internal training and upskilling Creating dedicated roles and strengthening internal teams Improving cross-departmental collaboration 	<ol style="list-style-type: none"> Embedding sustainability throughout the supplier lifecycle Impact measurement (KPIs etc.) Centralizing or aligning internal processes 	<ol style="list-style-type: none"> Supply chain sustainability software (e.g. risk assessments) Procurement systems with ESG capabilities Technologies enhancing traceability & transparency System interoperability and ESG data integration 	<ol style="list-style-type: none"> Supplier co-innovation (e.g. joint pilot projects, R&D) Supplier training and capacity building Industry partnerships or multi-stakeholder initiatives

Supply Chain Benchmarks FY2025

Supply Chain Benchmarks			
Risk rating (%)	>80% (Low risk)	45%-80% (Medium risk)	> 65% (Low Risk)

- Responsible Business Alliance (RBA) revised its Code of Conduct Assessment to Version 8.0 on 1 January 2024. Scores above 80% is Low Risk.
- Minimum score of 45, represents 'good' performance in the EcoVadis Methodology as per 15 October 2024 guidance.
- CDP scores FEBV C JZH B

Another key achievement for Frencken, is that it has been recognised by Applied Materials, Inc. with the Best in Class Performance Supplier Award for 2025.



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our TCFD Reporting

Frencken has taken a proactive approach in ensuring our operations and management align with TCFD Recommendations since the launch of our sustainability journey. We acknowledge climate risks causes financial impact- to financial performance and financial position statements

The objective of the Task Force’s Recommendations is for companies to evaluate and disclose, material climate related risks and opportunities that are most pertinent to core business.

Climate risks consists of risks related to the transition to a low-carbon economy and those risks related to the physical impacts of climate change.

Further sub-categories of transition and physical risks which impacts our core business was examined. As risks were assessed, climate-related opportunities emerged, categorized as below.

Physical Climate Risk	Climate Transition Risk
<ul style="list-style-type: none"> Acute Chronic 	<ul style="list-style-type: none"> Policy and Legal Technology Market Reputation
Climate Related Opportunities	
<ul style="list-style-type: none"> access to new markets resource efficiency and cost savings adoption of low-emission energy sources development of new products and services strengthen resilience along the supply chain 	



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our TCFD Reporting (Cont'd)

ESG and Emissions Related Financial Impact	
Financial Performance	Financial Position
<p>Revenue</p> <ul style="list-style-type: none"> a) Physical and Transition Risk affect product demand and pricing. b) Potential opportunities to collaborate with supply chain partners who are aligned with ESG requirements open up new market access 	<p>Assets and Liabilities</p> <ul style="list-style-type: none"> a) Climate risk impacts valuation of assets and raises potential for new technology adoption. b) Decisions made on new investments, process replanning, new material inputs, write-downs, or impairment has to correspond with appropriate increase in new business.
<p>Expenditure</p> <ul style="list-style-type: none"> a) Lower-cost suppliers may be more resilient to changes and agile to address ESG requirements quickly. b) Agility and adaptation, to short and medium- term changes paves the way to attract investment potential in both opex and capex. c) Transparency of ESG plan provides greater access to capital markets or improved financing terms. 	<p>Capital and Financing</p> <ul style="list-style-type: none"> a) Climate-related risks and opportunities may change the profile of an organization's debt and equity structure. b) Decisions made to on change in capital and reserves from operating losses or asset write downs should be appropriately evaluated and with validated emissions related impairment. c) Decisions made to raise new equity to meet investment needs should be appropriately considered for long term value creation to the core business.

Types of Transition Risks	Climate Related Risks	Financial Impact	Impact to Frencken
Policy and Legal	<ul style="list-style-type: none"> • Increased pricing of GHG emissions • Enhanced emissions-reporting obligations • Mandates on and regulation of existing products and services 	<ul style="list-style-type: none"> • Increased operating costs (e.g., higher compliance costs) 	High
Technology	<ul style="list-style-type: none"> • Substitution of existing products and services with lower emissions options • Costs to transition to lower emissions technology 	<ul style="list-style-type: none"> • Capital investments in technology development • Costs to adopt/deploy new practices and processes 	High
Market	<ul style="list-style-type: none"> • Customers' compliance • Increased cost of raw materials 	<ul style="list-style-type: none"> • Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment) • Abrupt and unexpected shifts in energy costs • Unexpected change in revenues margins 	High
Reputation	<ul style="list-style-type: none"> • Stigmatization of sector • Increased stakeholder concern- suppliers/ investors 	<ul style="list-style-type: none"> • Reduced revenue margins due to unaccounted cost of compliance and audits 	High

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our TCFD Reporting (Cont'd)

Types of Physical Risks	Climate Related Risks	Financial Impact	Impact to Frencken
Chronic	<ul style="list-style-type: none"> Changes in extreme weather patterns Rising mean temperatures Rising sea level 	<ul style="list-style-type: none"> Information not available 	<ul style="list-style-type: none"> Information not available
Acute	<ul style="list-style-type: none"> Severe weather events- floods/storms/ winds 	<ul style="list-style-type: none"> Reduced revenues from decreased production capacity (e.g., transport difficulties, supply chain interruptions) Reduced revenues and higher costs from negative impacts on workforce (e.g., health, safety, absenteeism) Write-offs due to assets (e.g., damage to property and assets in "high-risk" locations) Increased operating costs. Increased capital costs Reduced revenues from lower sales/output Increased insurance premiums 	<ul style="list-style-type: none"> Low risk due to "low-climate risk" locations

Types of Climate Related Opportunities	Financial Impact	Impact to Frencken
Resource Efficiency	<ul style="list-style-type: none"> Increased recycling rates Move to more efficient buildings 	<ul style="list-style-type: none"> Reduced operating costs <p>Medium</p>
Energy Efficiency	<ul style="list-style-type: none"> Use of lower-emission sources Tap into supportive policy incentives Use of new lighting 	<ul style="list-style-type: none"> Reduced GHG exposure Investors prefer lower emission operations <p>Medium</p>
Product and Services	<ul style="list-style-type: none"> Product emissions compliance Potential collaboration with customers through R&D and innovation 	<ul style="list-style-type: none"> Potential increase in revenue due to agile operations (i.e transfer products to lower risk locations) Potential in competitive position as lower emissions operations <p>Medium</p>
Market	<ul style="list-style-type: none"> Access to new global customers 	<ul style="list-style-type: none"> Potential increase in revenues through access to new and emerging markets – Europe, US <p>High</p>
Resilience	<ul style="list-style-type: none"> Participate in global customer audits and leverage on transition plans. 	<ul style="list-style-type: none"> Potential increase in market valuation due to resilience and reliability of supply chain Potential increase in revenue <p>High</p>

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our TCFD Reporting (Cont'd)

Frencken is cognizant of the latest risk and opportunities assessment prescribed under IFRS S1 (ESG Risk) and S2 (Climate Risk)

	IFRS S1: General Sustainability Disclosures	IFRS S2: Climate-Related Disclosures
Objective	Information about significant sustainability-related risks and opportunities . Disclosures should be useful to the primary users of general purpose financial reporting in making decisions related to providing resources to the entity.	Information about climate-related risks and opportunities . Disclosures should assist users in understanding the use of resources and evaluating strategies, business model, and operational adaptation abilities.
Key Disclosure Topics	Governance – Processes, controls, and procedures to monitor and manage sustainability-related risks and opportunities.	Governance – Processes, controls, and procedures to monitor and manage climate-related risks and opportunities.
	Strategy – Approach for addressing sustainability-related risks and opportunities that could affect business model and strategy over the short, medium, and long term.	Strategy – Approach for addressing climate-related risks and opportunities that could affect business model and strategy over the short, medium, and long term.
	Risk management – Processes to identify, assess, and manage sustainability-related risks.	Risk management – Processes to identify, assess, and manage climate-related risks.
	Metrics and targets – information used to assess, manage, and monitor performance of sustainability-related risks and opportunities.	Metrics and targets – Cross-industry metrics, industry-based metrics, and other metrics used to measure progress toward targets .

Type	Climate-Related Opportunities	Frencken’s Response
Governance	<ul style="list-style-type: none"> a. Describe the board’s oversight of climate-related risks and opportunities. b. Describe management’s role in assessing and managing climate-related risks and opportunities. 	<ul style="list-style-type: none"> • Board interacts with key internal and external stakeholders on ESG Performance on a quarterly basis. • CEO and Sustainability Governance Leaders determine, ESG reviews and guide if there are major actions on major actions, such as significant capital expenditures, across the Group. • Sustainability Working Committee and ESG Lead monitors ESG strategy and implementations at site level. • Site level General Managers are accountable for operation level ESG performance and targets.
Strategy	<ul style="list-style-type: none"> a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term. b. Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning. c. Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. 	<ul style="list-style-type: none"> • ESG Performance and targets are determined to reduce ESG risks. • Annually material financial impact related to ESG matters on the financial position statement is assessed to identify risks and opportunities could have a material financial performance impact on the business. • Our ESG performance includes direct materials, energy, emissions, water, employment, turnover, equality and diversity, safety health, training, IT privacy, anti-bribery, market presence, responsible supply chain practices that are interdependent, and help to create value over time for Frencken’s financials • We seek to collaborate with government stakeholders for biofuel and renewable subsidies. • Board is kept up to date on emerging ESG issues that may have potential impact on our financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities).

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our TCFD Reporting (Cont'd)

Type	Climate-Related Opportunities	Frencken's Response
Risk Management	<ul style="list-style-type: none"> a. Describe the organisation's processes for identifying and assessing climate-related risks. b. Describe the organisation's processes for managing climate-related risks. c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. 	<ul style="list-style-type: none"> • Sustainability Working Committee at operating sites updated the climate-related risk and opportunities assessment in FY2025 • We have a risk hazard and opportunities dashboard to trace risk minimization plans within short, medium and long term. • Sustainability Governance Leaders monitor ESG risks matters with ESG Lead on quarterly basis.
Metrics and Targets	<ul style="list-style-type: none"> a. Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c. Describe the targets used by the organisation to manage climate-related risks of the business. 	<ul style="list-style-type: none"> • In FY2025 we continue to track changes in use of resources – electricity and water, maintaining reduction trajectory which also applies to Emissions Scope 1, 2 and 3 (Waste and Business Travel).

INTERNAL AUDIT REVIEW OF ESG CONTROLS

SGX Listing Rule 719 mandates companies to establish adequate and effective internal controls and risk management systems. Frencken has launched an internal review procedure to complement our existing internal audit process.

The internal audit function primarily monitors compliance with policies, processes, and internal controls to ensure the accuracy, consistency, and comparability of reported data with internal department functions.

Internal audit ensures internal controls regarding ESG performance reporting.

This internal review procedure conducted by Internal Audit serves as an additional measure under Governance, ensuring the provision of adequate and effective controls and risk management.

Frencken adheres to this internal review procedure to ensure management and the board are responsible for the company's sustainability reporting.

As a Group, Frencken will continue providing internal assurance for our ESG Performance while monitoring developments in competent external audit assurance, including the latest International Standard on Sustainability Assurance (ISSA) 5000.

During our ESG Observations internal review in FY2024, ten low-risk findings were observed across seven operating sites. By December 2024, site Management had swiftly closed 60% of these findings. The remaining findings are categorized as open items, subject to Group-level engagement and technology integration planned in FY2024 and FY2025.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

INTERNAL AUDIT REVIEW OF ESG CONTROLS (Cont'd)

Business Segment-Sites	Key Findings	Management Action	External Impediments
<ul style="list-style-type: none"> • Mechatronics Asia (1) • Mechatronics EU/US (2) • APS Asia (3) • APS EU (1) 	<ul style="list-style-type: none"> • To include supplier ESG risk to align with Responsible Supply Chain Policy. • To integrate systems and technology to tag materials for compliance declaration. • Waste related impact. 	<ul style="list-style-type: none"> • Engage with Frencken Group for launch of Supplier ESG risk survey in FY2024. • Engage with Frencken Group on digital tool for materials traceability. • Engage with licensed waste vendors. 	<ul style="list-style-type: none"> • Waste vendor is not mandated by the local authority to measure and support with company's Scope 3 emission numbers.

In FY2025, ESG audits were scheduled by business segments APS SEA and China as well as Mechatronics Asia. In FY2026 we will extend full ESG audit scopes to other sites within the segment on a 2 year cycle.

FSL Performance: UN SDGs

Frencken Group encourages each operating location to engage local communities for value creation.

FY2025 Corporate Community engagement investments were SGD 874,475 (FY2024 : SGD 525,000).

Corporate social budgets are determined by local operating sites according to the needs on the ground. General Managers who are rooted to operation and management on the ground are cognizant of priorities and costs.

Annually employee and community activities are aimed at developing wellbeing of employees and raising trust in the organization's resilience in contributing to people and planet.

These activities align impact towards the United Nations Sustainability Development Goals. These demonstrate commitment of Human Resource leaders in ensuring efforts result in group level impact.

All CSR investments are aimed at the 7 UNSDGs as below.



CSR Activities	CSR Investments		
	FY2023 (SGD)	FY2024 (SGD)	FY2025 (SGD)
Employee Engagement	75,316	205,090	371,799
Community Services	53,519	88,957	187,085
Training Teambuilding	48,558	223,014	290,448
Workers' Health	18,946	7,902	25,142

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

GRI Standards	Disclosures	Page Number(s) and/or Remark(s)
102-1	Name of the organization	Annual Report page 2
102-2	Activities, brands, products, and services	Annual Report page 3 - 9
102-3	Location of headquarters	Annual Report page 27
102-4	Location of operations	Annual Report page 2
102-5	Ownership and legal form	Annual Report page 3 - 9
102-6	Markets served	Annual Report page 6 - 7
102-7	Scale of the organization	Annual Report page 6 - 7
102-8	Information on employees and other workers	Annual Report page 45 - 49
102-9	Supply chain	Annual Report page 49 - 50
102-10	Significant changes to the organisation and its supply chain	N/A
102-11	Precautionary Principle or Approach	Annual Report page 30 - 31
102-12	External initiatives	Annual Report page 57
102-13	Membership of associations	N/A
102-14	Statement from senior decision-maker	Annual Report page 10 - 13
102-15	Key impacts, risks, and opportunities	Annual Report page 35,54,76
102-16	Values, principles, standards, and norms of behavior	Annual Report page 54
102-17	Mechanisms for advice and concerns about ethics	Annual Report page 49
102-18	Governance structure	Annual Report page 34
102-19	Delegating authority	Annual Report page 34
102-20	Executive-level responsibility for economic, environmental, and social topics	Annual Report page 34
102-21	social topics	Annual Report page 34
102-22	Consulting stakeholders on economic, environmental, and social topics	Annual Report page 34
102-23	Composition of the highest governance body and its committees	Annual Report page 24 - 26
102-24	Chair of the highest governance body	Annual Report page 10
102-25	Nominating and selecting the highest governance body	Annual Report page 35,66
102-26	Conflicts of interest	Annual Report page 68
102-27	Role of highest governance body in setting purpose, values, and strategy	Annual Report page 4 - 9
102-28	Evaluating the highest governance body's performance	Annual Report page 4 - 9
102-29	Identifying and managing economic, environmental, and social impacts	Annual Report page 37
102-30	Effectiveness of risk management processes	Annual Report page 35, 54, 76
102-31	Review of economic, environmental, and social topics	Annual Report page 31 - 32
102-32	Highest governance body's role in sustainability reporting	Annual Report page 28, 34
102-33	Communicating critical concerns	Annual Report page 31 - 33
102-34	Nature and total number of critical concerns	Annual Report page 31

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

GRI Standards	Disclosures	Page Number(s) and/or Remark(s)
102-35	Remuneration policies	Annual Report page 75
102-36	Process for determining remuneration	Annual Report page 75
102-37	Stakeholders' involvement in remuneration	Annual Report page 75
102-38	Annual total compensation ratio	Annual Report page 75
102-39	Percentage increase in annual total compensation ratio	Annual Report page 75
102-40	List of stakeholder groups	Annual Report page 33, 81
102-41	Collective bargaining agreements	N/A
102-42	Identifying and selecting stakeholders	Annual Report page 33, 81
102-43	Approach to stakeholder engagement	Annual Report page 33, 81
102-44	Key topics and concerns raised	Annual Report page 33
102-45	Entities included in the consolidated financial statements	Annual Report page 2, 96 - 176
102-46	Defining report content and topic boundaries	Annual Report page 2, 29
102-47	List of material topics	Annual Report page 31
102-48	Restatements of information	N/A
102-49	Changes in reporting	N/A
102-50	Reporting period	Annual Report page 83
102-51	Date of most recent report	Annual Report page 15
102-52	Reporting cycle	Annual Report page 15
102-53	Contact point for questions regarding the report	Annual Report page 27
102-54	Claims of reporting in accordance with the GRI Standards	Annual Report page 29
102-55	GRI content index	Annual Report page 57 - 58
102-56	External assurance	N/A
103-1	Explanation of the material topic and its boundary	Annual Report page 31
103-2	The management approach and its components	Annual Report page 30
103-3	Evaluation of the management approach	Annual Report page 30
201	Economic Performance	Annual Report page 13 - 22
202	Market Presence	Annual Report page 2 - 7
204	Procurement Practices	Annual Report page 49
205	Anti-Bribery & Corruption	Annual Report page 48
301	Materials	Annual Report page 41
306	Waste	Annual Report page 41
307	Environmental Compliance	Annual Report page 41
401 & 402	Employment & Labour Management	Annual Report page 44
403	Occupational Health & Safety	Annual Report page 44
404	Training & Education	Annual Report page 44
419	Socioeconomic Compliance	Annual Report page 44

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "Board") and Management of Frencken Group Limited (the "Company" and together with its subsidiaries, the "Group") are committed to maintain high standards of corporate governance in order to protect and enhance the interest of shareholders value. It strongly supports the principles of transparency, accountability and integrity as set out in the Code of Corporate Governance 2018 (the "Code").

The Board and Management have taken steps to align the governance framework with the recommendations of the Code, where applicable, and where there are deviations from the Code, appropriate explanations are provided.

This report discusses the Company's corporate governance framework and practices in place for the financial year ended 31 December 2025.

BOARD MATTERS

THE BOARD'S CONDUCT OF 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*

Principal Duties of the Board

The Directors are fiduciaries who act objectively in the best interests of the Group and are responsible for overall management of the Group. The Board establishes the corporate strategies of the Group, including putting in place a code of conduct and ethics, setting the appropriate tone-from-the-top and desired organisational culture, and ensuring proper accountability within the Group. The Board is responsible for the overall corporate governance of the Group.

The principal functions of the Board, in addition to carrying out its statutory responsibilities, inter alia, are as follows:

- (a) overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions, corporate strategy and objectives as well as business plans, taking into consideration sustainability issues;
- (b) overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation, including ensuring that the required financial and human resources are available for the Group to meet its objectives;
- (c) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- (d) reviewing management and financial performance of the Group;
- (e) identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- (f) setting the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- (g) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulations;
- (h) to approve the release of the Group's financial results, annual reports and announcement to the shareholders; and
- (i) to assume the responsibilities for corporate governance.

Each Director is required to promptly disclose any actual, potential and perceived conflict of interest, in relation to a transaction or proposed transaction with the Group as soon as practicable after the relevant facts have come to his/her knowledge. Directors who face conflicts of interest must recuse themselves from discussions and decisions involving the issues of conflict.

Director Development and Training

The Directors understand the Company's business and their directorship duties, including their respective roles as Executive, Non-Executive and Independent Directors. The Company provides opportunities for Directors to continually develop and enhance their skills and knowledge, including participation in seminars and training programmes to keep pace with regulatory developments and changes to accounting standards that have a material bearing on the Company. These initiatives enable Directors to discharge their duties with due care and diligence.

All newly appointed Directors are provided with appropriate training and briefings by Management on the Group's history, business operations, corporate governance practices and relevant statutory and regulatory compliance matters as well as site visits to major plants to familiarise themselves with the Group's operations. Any newly appointed Director without prior experience as a director of a listed company is also required to undergo training in the roles and responsibilities of a listed company director.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

THE BOARD'S CONDUCT OF AFFAIRS (CONT'D)

Principle 1 (cont'd)

Matters Requiring Board Approval

Although the day-to-day management of the Company is delegated to the Executive Director(s), Board approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's results and announcement to shareholders, declaration of dividends and interested person transactions.

Board Processes

To assist in the execution of its responsibilities, the Board has established an Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). All these three (3) committees are chaired by an Independent Director and consist mainly of Non-Executive Directors, the majority of whom are independent of Management. These committees operate under clearly defined terms of references and operating procedures, which are reviewed regularly. The effectiveness of each committee is also continually assessed by the Board. Please refer to Principles 4, 6 and 10 in this Corporate Governance Report for further information on the activities of AC, NC and RC respectively.

The full Board meets on a quarterly basis and convene more frequently when necessary to address any specific significant matters. In between scheduled Board meetings, important matters requiring the Board's approval are circulated and passed by written means.

The Company's Constitution allows Directors to participate in meetings by means via conference telephone, video conferencing, audio visual or other similar communication equipment, provided that all participants are able to hear one another, without the need for Director to be physically present at the same location.

The number of Board and Board Committee meetings held during the financial year ended 31 December 2025 and the attendance of each Director, where relevant, are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings	4	4	1	1
Dato' Seri Gooi Soon Chai	4	N/A	1	1
Mohamad Anwar Au (also known as Dennis Au)	4	N/A	N/A	N/A
Melvin Chan Wai Leong	4	4	1	N/A
Foo Seang Choong	4	4	N/A	1
Dato' Noorashidah Binti Ahmad	4	4	1	1

Complete, Adequate and Timely Information

The Board and Management are provided with opportunities to engage in open and constructive discussions on the Group's quarterly performance and strategic direction, as well as on an ongoing basis to support informed decision making. All Board members receive relevant, complete, adequate and timely information prior to Board meetings. Management also consults with Board members regularly whenever necessary and appropriate.

Directors may challenge Management's assumptions and provide guidance in the best interests of the Company. Directors may, at any time, request further explanations, briefings or informal discussions on any aspect of the Group's operations or business matters from Management.

Separate and Independent Access

The Directors have separate and independent access to senior Management and the Company Secretary at all times. Management ensures that matters requiring the Board's attention are addressed in a timely manner, and the Board is kept informed of all material events and transactions as they arise.

In fulfilling its responsibilities, the Board may, whether collectively or individually, instruct the Company to engage professional advisers to provide independent professional advice, with all related expenses borne by the Company.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

THE BOARD'S CONDUCT OF AFFAIRS (CONT'D)

Principle 1 (cont'd)

Company Secretary

The Company Secretary or representative from the Company Secretary's office, administers, attends and prepares minutes of all Board and Board Committee meetings. The Company Secretary assists the Chairman in ensuring that the Board procedures are properly followed and regularly reviewed, which helps the effective functioning of the Board. The Company Secretary also ensures compliance with the Company's Constitution and all relevant rules and regulatory requirements applicable to the Company.

The appointment and replacement of the Company Secretary are 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.

The Board have diversity in category of directorship which comprises five (5) Directors of whom one (1) is Executive Director, one (1) is Non-Executive Non-Independent Director and three (3) are Independent Directors. The Directors of the Company as at the date of this statement are:

Dato' Seri Gooi Soon Chai	(Non-Executive Non-Independent Chairman)
Dennis Au	(Executive Director)
Melvin Chan Wai Leong	(Lead Independent Director)
Foo Seang Choong	(Independent Director)
Dato' Noorashidah Binti Ahmad	(Independent Director)

The Directors receive regular updates from the Company's advisers on relevant changes in laws and regulations including the Code and development in financial reporting standards.

All Board committees are established with clearly defined Terms of Reference to assist the Board in discharging their respective functions and responsibilities. These Terms of Reference are provided to each newly appointed Director.

The profiles of the Directors are set out on pages 23 to 25 of this Annual Report.

The Independent Directors constitute at least one-third (1/3) of the Board. The independence of each Director is assessed annually by the NC, which adopts the definition of independence as prescribed in the Code. As the Chairman is not an Independent Director, the NC is reviewing the composition of the Board to ensure that the Independent Directors continue to form majority, in line with the requirements of the Code. Currently, Independent Directors form a majority of the Board, and Non-Executive Directors also comprise a majority of its composition.

Mr Melvin Chan Wai Leong, the Lead Independent Director who was first appointed on 27 April 2017, will attain nine (9) years of service on 27 April 2026. He will continue to be regarded as independent until the conclusion of the forthcoming Annual General Meeting ("AGM"). To facilitate Board renewal, he will not be seeking re-election at the Company's upcoming AGM.

The Company will make an announcement to Singapore Exchange Securities Trading Limited ("SGX ST") in due course on the appointment of a new Independent Director to succeed Mr Melvin Chan Wai Leong.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMPOSITION AND GUIDANCE (CONT'D)

Principle 2 (cont'd)

Policy on the independence of Independent Board and its Directors

The Company is committed to maintaining a strong independent element on the Board and has adopted a formal policy and process to ensure that the requisite level of independent representation is achieved and sustained for sound and effective governance. As prescribed under the policy, the process:

- Establish 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 conduct, character and judgement and whether there are any business or other relationships that could materially affect or interfere with the exercise of objective, unfettered or independent judgement by the Independent Director or the Independent Director's ability to fulfill their mandate and duties. The Board's rigorous review of the process is an important element in this process. The key features of the process are briefly set out below.

Annually, the NC requires each Independent Director to complete, confirm and sign a Confirmation of Independence, the content and form of which has been approved. Each declaration is reviewed by the other NC members based on the standards of independence set out in the Code. This declaration forms the basis of the assessment, and all relevant facts and circumstances are taken into consideration. Generally (but without limiting the scope of the factors which may be taken into account), in accordance with the Code, independence is, prima facie established if the criteria set out below are met.

Independent Directors are required to update the Board promptly on any new information relating to interests or relationships that may be relevant to their independence. The Board will re-assess independence whenever such new information is disclosed or come to light, in addition to its annual review.

Following this process, the NC will report its findings to the Board, highlighting in particular any failure to meet the prescribed criteria or any other relevant circumstances and will make the appropriate recommendations. However, the Board retains the duty and prerogative to determine the sufficiency of a Director's independence and the overall composition of the Board. In accordance with the Code, where a Director does not meet any of the stipulated criteria but the Board nevertheless determines that the Director remains independent, the Board will provide appropriate justification.

Policy on Board Diversity

With the introduction of Rule 710(A) of the Listing Rules effective from 1 January 2022, the Board has maintained a Board diversity policy that addresses skills and experience, gender, independence and age. The Company subscribes to improving the diversity demographic of the Board composition and believes that such diversity is necessary to ensure that Board is able to perform their obligations effectively in today's competitive business landscape.

Targets to achieve diversity on the board and its accompanying plans and timeline for achieving the targets.

- **Skills and Experience**

To uphold a team of experts in the relevant industry, domain and fields on the Board.

The Board members of the Company collectively possess diverse expertise across various fields, bringing together a vast knowledge and experiences in areas such as digital technology space, manufacturing, and finance just to name a few. These experiences from individuals on the Board provide a significant advantage in running a globally integrated technology solutions company.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMPOSITION AND GUIDANCE (CONT'D)

Principle 2 (cont'd)

Policy on Board Diversity (Cont'd)

- **Skills and Experience (Cont'd)**

In addition, the Executive Director brings deep industry knowledge while the Non-Executive Directors, who are professionals and experts in their respective fields, offer a broader perspective on the Group's activities. They contribute valuable insights, provide independent judgement during Board deliberations and play a key role in reviewing corporate strategies, business operations and practices, as well as monitoring Management's performance in achieving agreed goals and objectives.

The Company remains committed to maintaining a Board comprising individuals with valuable expertise and industry insights to support effective and robust decision-making process.

The relevant skill sets required including emerging competencies such as sustainability will continue to be reviewed and determined annually as part of the Board appointment and re-appointment process.

- **Gender**

To achieve at least 20% of women representation on the Board by Year 2025.

The Board recognises that women bring diverse perspectives and voices to the table, enriching discussion and decision-making. This can improve the quality of dialogues and strengthen the Board's ability to evaluate matters from several angles.

As disclosed in the Company's Annual Report for FY2022, the Board set a target to achieve at least 20% of women representation on the Board by 2025. This objective has since been met with the appointment of Dato' Noorashidah Binti Ahmad as an Independent Director on 1 March 2024.

Consistent with its approach toward age diversity, the Company adopts a gender-neutral approach and carefully evaluates whether the skills, background and experiences of the candidates are appropriate for the Board and the Company's development.

To support this, the Company will continue to enhance its candidate search process to ensure inclusivity, including engaging specialised executive search firms, increasing the pool of candidates through personal network and expanding searches across diverse professional backgrounds.

- **Independence**

To maintain at least three (3) Independent Directors and comprise majority of the entire Board.

An Independent Director is one who is independent in conduct, character and judgement, and has no relationships which may interfere with his/her business judgment to make decisions in the best interests of the Company.

Rule 210(5)(c) of the Listing Rules requires Independent Directors to make up at least one-third (1/3) of the Board. However, in the case of the Board Chairman being non-independent, the Independent Directors shall make up at least a majority of the Board.

The emphasis on independence stems from concerns over the Board's ineffective and biased oversight of the independent audit process, the Directors' excessive deference to senior Management, the Directors' affiliated companies' individual business relationships with the Group, the Directors' other financial, familial, or professional relationships with the Group that may compromise their objectivity and vigilance, and the interconnected directorships, amongst others.

Currently, the Board comprises five (5) Directors, consisting of one (1) Non-Executive and Non-Independent Chairman, one (1) President and Executive Director, two (2) Independent and Non-Executive Director, and one (1) Lead Independent and Non-Executive Director. This composition will remain as an ongoing target.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMPOSITION AND GUIDANCE (CONT'D)

Principle 2 (cont'd)

Policy on Board Diversity (Cont'd)

- **Age**

To include key personnel from diverse age groups during key decision-making where appropriate.

The Board acknowledges that age is an important aspect of diversity as it allows for different viewpoints on issues and concerns that are important to all age groups. While veteran directors may contribute a wealth of experience to the boardroom, younger directors may be more in tune with the requirements of a rapidly changing environment.

The Board has a progressive view based on the wider global integration and will look towards the inclusion of young directors in order to provide greater representation of all stakeholder groups (including consumer and employee) on the Board. The Company will take on an age-neutral stance, i.e. Board members' selection is determined based on relevant skills requirements (e.g. technology advancement) and not deemed skills and experiences based on age.

Taking into account the scope and nature of the Group's businesses and operations, the requirements of the business and the need to avoid undue disruptions from changes to the Board composition and Board Committees, the Board considers the current Board size is appropriate for the facilitation of decision-making. The Board believes that its current Board size and composition serve the Group effectively without being unwieldy. It provides sufficient diversity without interfering with efficient discussion and decision-making. The Company has majority Independent Directors on its Board which allows diversity of viewpoints that are independent of the Management to prevail. However, the Board will continue to review the size of the Board on an ongoing basis.

The Directors come from diverse background and collectively bring a wide range of experiences such as accounting and finance, industry knowledge, customer-based knowledge, strategic planning, business and management experience with age groups spanning a range of approximately five (5) years. In particular, the Executive Director possesses strong industry knowledge while the Non-Executive Directors, who are professionals and experts in their own fields, can take a broader view of the Group's activities, contribute valuable experiences and provide independent judgement during Board deliberations. The Non-Executive Directors are involved in reviewing the corporate strategies, business operations and practices of the Group, as well as reviewing and monitoring the performance of Management in achieving agreed goals and objectives. The NC reviews the Board's composition annually to ensure sufficient diversity in terms of composition, age, balance of knowledge, skills, experience, and independence. The Board concurs with the NC's view that the Board has the appropriate diversity of expertise to lead and govern the Group effectively, avoid herd thinking and foster constructive debate.

Where necessary the Non-Executive Directors may meet without the presence of the Management of the Company.

None of the Directors have served on the Board for a period exceeding nine (9) years from the date of their appointment except for Mr Melvin Chan Wai Leong, the Lead Independent Director who will attain nine (9) years of service on 27 April 2026, as explained under Principle 2 above.

CHAIRMAN 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.*

The Chairman and President (equivalent to the position of Chief Executive Officer) are separate and unrelated individuals. There is a clear division of responsibilities between the Chairman and President, which ensures appropriate balance of power and authority, preventing any single individual from holding an undue concentration of decision making power.

The Board subscribes to the principles set in the Code on the separation of roles of the Chairman and the President.

The Chairman bears responsibility for the conduct of the Board and is also a member of the RC and NC. The President bears executive responsibility for the Company's business.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CONT'D)

Principle 3 (Cont'd)

The Chairman is responsible to, among others:

- (a) lead the Board to ensure its effectiveness on all aspects of its role;
- (b) promote a culture of openness and debate at the Board;
- (c) ensure effective communication with shareholders;
- (d) encourage constructive relations within the Board and between the Board and Management;
- (e) facilitate the effective contribution of Non-Executive Directors in particular; and
- (f) promote high standards of corporate governance.

The Chairman also ensures that the Board meetings are held when necessary and sets the board meeting agenda in consultation with the President. The Chairman reviews the board papers together with the President, prior to presenting them to the Board. The Chairman and the President ensure that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group.

The current Lead Independent Director, Mr Melvin Chan Wai Leong, is available to address shareholders' concerns should they have concerns for which contact through the Chairman is inappropriate or inadequate.

Where necessary the Independent Directors shall meet without presence of the other Directors and the Lead Independent Director shall provide feedback to the Chairman after such meetings.

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.

All NC members are Non-Executive, majority of whom are independent of Management. The NC comprises the following members:

Dato' Noorashidah Binti Ahmad	(Chairman & Independent Director)
Melvin Chan Wai Leong	(Lead Independent Director)
Dato' Seri Gooi Soon Chai	(Non-Executive Non-Independent Chairman)

The Chairman of the NC is not, and is not directly associated with, any substantial shareholder.

The NC is responsible for the following:

- (a) to make recommendations to the Board on all board appointments, including re-nominations, having regard, to the director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;
- (b) to determine annually, and as and when circumstances required, whether or not a Director is independent, having regard to the circumstances set forth in Provision 2.1 of the Code, and making the appropriate disclosures;
- (c) to decide whether or not a Director who has multiple board representations on various companies, is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards;
- (d) to decide how and by whom the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value;
- (e) the review of board succession plans for directors, the President and key Management to ensure the progressive and orderly renewal of the Board and key Management; and
- (f) to review and recommend the training and professional development programmes for the Board.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)

Principle 4 (Cont'd)

None of the Directors are appointed for any fixed term. In accordance with the Company's Constitution, one-third (1/3) of the Directors are required to retire at each AGM, and all Directors are required to retire from office at least once every three (3) years. Such Directors will be eligible for re-election at the AGM at which they retire. In addition, a Director appointed by the Board during the financial year is required to retire and submit himself/herself for re-appointment at the next AGM following his/her appointment.

The NC has recommended and the Board has accepted the nomination of Dato' Seri Gooi Soon Chai and Dennis Au, as the Directors retiring and seeking re-election at the forthcoming AGM of the Company to be convened on 24 April 2026 (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Name of Director	Dato' Seri Gooi Soon Chai	Mr Dennis Au
Date of appointment	10 February 2015	28 April 2016
Date of last re-appointment	25 April 2024	25 April 2024
Age	64	61
Country of principal residence	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Dato' Seri Gooi Soon Chai for re-appointment as Non-Executive Non-Independent Director of the Company. The Board has reviewed and concluded that Dato' Seri Gooi Soon Chai possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Dennis Au for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr Dennis Au possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Mr Dennis Au will be responsible for charting the Group's strategic direction, setting the organisation's goals, overseeing its global operations and driving its performance.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman, Non-Executive Non-Independent Director and a member of the Nominating and Remuneration Committees	President, Executive Director
Professional qualifications	Bachelor of Science degree with first class honors in electrical and electronics engineering from University of London and a Master of Science degree in computing science from Imperial College of Science and Technology, London	Bachelor of Engineering (Electronic, Electrical and Systems) from the National University of Malaysia

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)

Principle 4 (Cont'd)

Name of Director	Dato' Seri Gooi Soon Chai	Mr Dennis Au
Working experience and occupation(s) during the past 10 years	<p>With over 40 years of distinguished leadership experience, Dato' Seri Gooi is a seasoned technology industry leader who has held multiple global leadership roles across Hewlett-Packard, Agilent Technologies, and Keysight Technologies. He brings extensive expertise across the semiconductor, life sciences, and electronics sectors and has led complex, large-scale business transformations spanning semiconductor, automotive, and industrial electronics portfolios. His leadership is characterized by disciplined strategy execution, portfolio optimisation, and go-to-market realignment to drive sustainable growth and margin expansion.</p> <p>Prior to his retirement from executive management, he served as President of Order Fulfilment and Design Software Solutions at Keysight Technologies, where he led global operations and expanded the Design Engineering Software business.</p>	Mr Dennis Au has over 30 years of experience in the high technology industry for aerospace & defense, automotive, communications and semiconductor markets. He was previously Vice President and General Manager of Keysight Technologies for Korea and the South Asia Pacific region. Prior to that, Mr Dennis Au was Vice President and General Manager with Agilent Technologies and was also formerly Regional Manager of Hewlett-Packard's Hi-Volume Manufacturing Test Solutions for Asia Pacific.
Shareholding interest in the listed issuer and its subsidiaries	8,017,023 ordinary shares (Direct interest) 93,673,068 ordinary shares (Deemed interest)	4,787,000 ordinary shares (Direct interest)
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	<p>1. Precico Holding Sdn. Bhd. ("PHSB")</p> <ul style="list-style-type: none"> • Dato' Seri Gooi is a director of PHSB • Dato' Seri Gooi is the brother of Mr Gooi Soon Lee, a director of PHSB • Dato' Seri Gooi is the nephew-in-law of Mr Tan Beng Teik, a director of PHSB <p>2. Sinn Hin Company Sdn. Bhd. ("SHCSB")</p> <ul style="list-style-type: none"> • Dato' Seri Gooi is a director of SHCSB • Dato' Seri Gooi is the brother of Mr Gooi Soon Lee and Mr Gooi Soon Kheng who are directors of SHCSB 	Nil
Conflict of Interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP(CONT'D)

Principle 4 (Cont'd)

Name of Director	Dato' Seri Gooi Soon Chai	Mr Dennis Au
<p>Other Principal Commitments *(including Directorships#)</p> <p>* The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.</p> <p># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</p>	<p>Nil</p>	<p>Nil</p>
<p>Past Directorship (for the last 5 years)</p>	<p>Malaysia Investment Development Board Sim Hin Realty Sdn Bhd Micro Compact (M) Sdn Bhd Pensyn Sdn Bhd</p>	<p>Nil</p>
<p>Present Directorship</p>	<p>Frencken Group Limited Metro Land Sdn. Bhd. Sinn Hin Company Sdn Bhd Cayman Resources Sdn. Bhd. Precico Holdings Sdn. Bhd. Prime Logic (M) Sdn. Bhd. Penchem Technologies Sdn. Bhd. Penchem Industries Sdn. Bhd. ViTrox Corporation Berhad</p>	<p>Frencken Group Limited Frencken International Sdn Bhd Precico Sdn Berhad Juken Technology Limited Juken Swiss Technology AG Frencken (ChuZhou) Co., Ltd. NTZ Netherland B.V. Frencken Europe B.V. Juken Uniproducs Pvt. Limited ETLA Limited Frencken Mechatronics (M) Sdn Bhd Avimac Pte. Ltd. Penchem Industries Sdn. Bhd. Penchem Technologies Sdn. Bhd.</p>

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)

Principle 4 (Cont'd)

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

Name of Director	Dato' Seri Gooi Soon Chai	Mr Dennis Au
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
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
c) Whether there is any unsatisfied judgment against him?	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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)

Principle 4 (Cont'd)

Name of Director	Dato' Seri Gooi Soon Chai	Mr Dennis Au
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
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
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
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
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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)**Principle 4 (Cont'd)**

Name of Director	Dato' Seri Gooi Soon Chai	Mr Dennis Au
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>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</p> <p>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</p> <p>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?</p>	No	No
<p>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?</p>	No	No

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)

Principle 4 (Cont'd)

Disclosure applicable to the appointment of Director only		
Name of Director	Dato' Seri Gooi Soon Chai	Mr Dennis Au
Any prior experience as a director of a listed company?	N/A	N/A
If yes, please provide details of prior experience.		
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		

Each member of the NC shall abstain from voting on any resolutions, making any recommendation and participating in respect of matters in which he has interest.

The date of initial appointment and last re-election of the Directors are set-out below:

Directors	Date of initial appointment	Date of last re-election
Dato' Seri Gooi Soon Chai	10 February 2015	25 April 2024
Dennis Au	28 April 2016	25 April 2024
Melvin Chan Wai Leong	27 April 2017	25 April 2025
Foo Seang Choong	31 December 2021	25 April 2025
Dato' Noorashidah Binti Ahmad	1 March 2024	25 April 2024

Please refer to Profile of Board of Directors' section of this Annual Report for the profile of each Director's academic and professional qualifications.

The NC conducts an annual review of the Directors' time and commitments and notwithstanding that some Directors hold multiple board representations, is satisfied that each Director continues to devote sufficient time and attention to the affairs of the Company.

Accordingly, the NC sees no compelling reason to impose a cap on the number of board representations that each Director may hold as the Directors have demonstrated their ability to adequately discharge their duties to the Company.

Currently, the Company does not have any alternate directors.

The NC held one (1) meeting during the year under review.

In identifying potential new Directors, the NC will determine the competencies required for the Board to fulfil its responsibilities. The NC may engage recruitment consultants or other independent experts to research and assess candidates for Board's appointment.

Recommendations for new Board members are submitted to the Board for its consideration and approval.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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*

The NC reviews the Board's size to ensure it remains appropriate for effective decision-making, taking into consideration the nature and scope of the Company's operations. The Directors contribute the relevant experience and knowledge and provide guidance through the various Board Committee as well as to the Management of the Group.

The NC also undertakes an annual review and evaluation of the performance of the Board as a whole and its Board Committees, recognising the complementary and collective nature of Directors' contributions. Objective performance criteria have been established, covering areas such as Board composition and structure, conducts of meetings, corporate strategy and planning, risk management and internal controls, performance monitoring, remuneration matters, financial reporting and shareholders communication.

The Board reviews the NC's assessment and where necessary, implements measures to enhance effectiveness. Following the most recent review, the Board is satisfied that it and its Board Committees continue to operate effectively.

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 his or her own remuneration.*

All RC members are Non-Executive, the majority of whom are independent of Management. The RC comprises the following members:

Foo Seang Choong	(Chairman & Independent Director)
Dato' Seri Gooi Soon Chai	(Non-Executive Non-Independent Chairman)
Dato' Noorashidah Binti Ahmad	(Independent Director)

The RC is responsible for the following:

- (a) to review and recommend to the Board a framework of remuneration and guidelines for the Directors and key management personnel;
- (b) to review and make recommendations to the Board on specific remuneration packages for each Director as well as for the key management personnel and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, share options, share awards and benefits-in-kind;
- (c) in the case of service contracts, to consider what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and
- (d) to manage the Employee Share Option Scheme 2008, Employee Share Option Scheme 2020 and Employee Share Award Scheme 2020 and administered by the Employee Share Option and Award Scheme Committee comprising of the following members:

Dennis Au	(President and Executive Director)
Brian Tan Chuen Yeang	(Chief Financial Officer)

The duration of the Employee Share Option Scheme 2008 was 10 years commencing on 18 April 2008 and accordingly, it had expired on 17 April 2018. The share options previously granted will remain valid until the expiry, cancellation or exercise of the share options.

Employee Share Option Scheme 2020 and Employee Share Award Scheme 2020 for executive directors and employees of the Group were approved by members of the Company at an Extraordinary General Meeting on 29 June 2020.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (CONT'D)

Principle 6 (Cont'd)

During the financial year, there were no options granted under the Employee Share Option Scheme 2020 and no awards granted under the Employee Share Award Scheme 2020.

Where necessary, the RC will seek expert advice on the remuneration of Directors and key management personnel and will ensure that any relationship between the appointed consultant and any Director or the Company does not affect the independence and objectivity of the remuneration consultant. The RC did not engage any external remuneration consultants in FY2025.

The RC reviews all aspects of remuneration including the service contracts of the Executive Directors to ensure that the terms of such contracts, including any termination clauses, are fair and reasonable.

No Directors participate in decisions regarding their own remunerations.

The RC held one (1) meeting during the year under review.

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.

The remuneration packages for Executive Directors and the remuneration framework for key management personnel are structured to link rewards both corporate and individual performance, and are benchmarked against industry standards. In reviewing remuneration packages, the RC also considers prevailing pay and employment conditions within the industry, remuneration practices of comparable companies, the broad guidelines recommended by the Singapore Institute of Directors and the long-term interests of the Group. The review covers all components of remuneration including salaries, fees, allowances, bonuses, share options, share awards and benefits-in-kind. Recommendations from the RC are made in consultation with the Chairman of the Board and submitted to the full Board for endorsement.

The remuneration of Non-Executive Directors is also reviewed to ensure that it is commensurate with the contributions and responsibilities, taking into consideration factors such as effort, time commitment and duties performed. The Company is of the view that the current remuneration for Non-Executive Directors is appropriate and does not compromise their independence.

The quantum of Directors' fees for each financial year will be submitted to shareholders for approval at the AGM.

The Company currently does not have contractual provisions that allow it to reclaim incentive from Executive Directors or key management personnel in exceptional cases of wrongdoings.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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.*

A breakdown of the level and mix of each Director's remuneration payable for financial year 2025 is set out below:

Name of Director	Total Remuneration \$	Salary %	Bonus %	Fringe Benefits %	Directors Fees %	Total %
\$1,500,001 to \$1,750,000						
Dennis Au	1,641,437	40	39	13	8*	100
Below \$250,000						
Dato' Seri Gooi Soon Chai	109,000	-	-	8	92	100
Melvin Chan Wai Leong	104,000	-	-	9	91	100
Foo Seang Choong	89,000	-	-	10	90	100
Dato' Noorashidah Binti Ahmad	99,000	-	-	9	91	100

* Director fee received from a subsidiary within the Group.

Remuneration of the top six (6) key management personnel are as follows:

Name of Key Management Personnel	Salary %	Bonus %	Fringe Benefits %	Total %
\$750,001 to \$1,000,000				
Wang Liang Horng	42	30	28	100
Rutger van Galen	54	19	27	100
\$500,001 to \$750,000				
Ron Borger	56	19	25	100
\$250,000 to \$500,000				
Brian Tan Chuen Yeang	31	38	31	100
Theo van de Pol	73	14	13	100
Teh Kok Keng	71	18	11	100

The aggregate remuneration paid or accrued to the top six (6) key management personnel of the Company (who are not directors or the Chief Executive Officer) for financial year 2025 is \$3,299,389.

The Company has disclosed the remuneration of the key management personnel in bands as the Board is of the view that full disclosure of individual remuneration in dollar terms is not in the best interests of the Company due to the sensitive and confidential nature of such information and the potential competitive pressures arising from such disclosure.

For financial year 2025, neither the Company nor its subsidiary companies had any employees who are substantial shareholders or immediate family members of a Director, the Chief Executive Officer or a substantial shareholder of the Company, whose remuneration exceeded \$100,000.

Information on the Company's Employee Share Option Scheme 2008, Employee Share Option Scheme 2020 and Employee Share Award Scheme 2020 such as size of grants, exercise price of options that were granted as well as outstanding and vesting period of option are set out on pages 84 to 87 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Company regularly reviews and enhances its business and operational activities to identify areas of significant business risks and to implement appropriate measures to control and mitigate such risks. It also reviews all significant control policies and procedures and highlights material matters to the AC and Board.

The Board oversees Management in the areas of risk management and internal controls. In fulfilling this responsibility, the Board regularly reviews the Company's business and operational activities to identify key risks areas and ensures that appropriate measures are in place to control and mitigate these risks.

The Board has received assurance from:

- (a) the President and Chief Financial Officer as well as the internal auditors that the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2025 give true and fair view of the Group's operations and finances; and
- (b) the President and the key management personnel regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The AC and Board are in the opinion that the Group's internal controls, maintained by the Company's Management throughout the financial year and up to the date of this report, provide reasonable, but not absolute, assurance against material financial misstatements or losses. These controls include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks.

The Board notes that all internal control systems contain inherent limitations and no system can provide absolute assurance against the occurrence of material errors, lapses in judgement, human error, fraud or other irregularities.

Based on reports submitted by the external and internal auditors, and taking into account the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems maintained by the Management throughout the financial year and up to date of the Annual Report for the financial year ended 31 December 2025, the Board, with the concurrence of the AC and the assurance of the Management (including the President, Chief Financial Officer and the internal auditors) is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

In line with Rule 1207(19) of the Listing Manual on Dealing in Securities, the Company has adopted an internal code on dealings in securities which is applicable to the Company, all Directors and employees of the Group and its subsidiaries with regards to dealing in the Company's securities. The Company, all Directors and employees of the Group should not deal in Company's securities on short-term considerations or when they are in possession of unpublished price sensitive information. They are also not allowed to deal in the Company's securities during the period commencing two (2) weeks before the announcement of the Company's quarterly business update and one (1) month before the announcement of the Company's half year and full year financial statements, ending on the date of the announcement of such business update and financial results. The Directors and employees are also required to adhere to the provisions of the Companies Act, and any other relevant regulations with regard to their securities transactions. The Company has complied with Rule 1207(19) of the Listing Manual.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

AUDIT COMMITTEE

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

The role of the AC is to assist the Board in discharging its responsibilities to safeguard the Group's assets, maintain adequate accounting records and develop and uphold effective systems of internal controls with the objective to ensure that Management has established and maintained an effective control environment across the Group.

All AC members are Independent Non-Executive Directors. The AC comprises the following members:

Melvin Chan Wai Leong	(Chairman and Lead Independent Director)
Foo Seang Choong	(Independent Director)
Dato' Noorashidah Binti Ahmad	(Independent Director)

The AC members possess extensive experience and expertise in the fields of accounting, audit, financial management and business. The Board is satisfied that the AC members are appropriately qualified to discharge their responsibilities effectively.

None of the AC members is a former partner or director of the Company's existing auditing firm or auditing corporation: (a) within the two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The AC meets at least quarterly to discuss and review the following where applicable:

- (a) review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function;
- (b) review with the external auditors the audit plan, their evaluation of the system of internal controls relevant to the audit, their audit report, their management letter and our management's response;
- (c) review with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems including financial, operational and compliance controls and risk management;
- (d) review the quarterly business update, half yearly and annual financial statements before submission to the Board for approval, focusing in particular, on significant financial reporting issues and judgements so as to ensure the integrity of the consolidated financial statements of the Group and any formal announcements relating to the Company's financial performance, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (e) review the internal controls and procedures and ensure co-ordination between the external auditors and management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management);
- (f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response;
- (g) review the adequacy and effectiveness of the Group's internal financial controls, operational and compliance controls and risk management policies and systems;
- (h) review the assurance from the President and the Chief Financial Officer on the financial records and financial statements;
- (i) review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (j) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

CORPORATE GOVERNANCE STATEMENT (CONT'D)

AUDIT COMMITTEE (CONT'D)

Principle 10 (Cont'd)

- (k) review and recommend to the Board transactions falling within the scope of Chapter 9 of the Listing Manual;
- (l) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (m) generally undertake such other functions and duties as may be required by statute of the Listing Manual, and by such amendments made thereto from time to time. In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, the Directors shall abstain from voting in any contracts or arrangements or proposed contracts or arrangements in which they have personal material interests.

The AC has the authority to conduct or authorise investigations into any matters within its scope of responsibility and is empowered to obtain independent professional advice where necessary in discharge of its duties. All related expenses are borne by the Company.

The AC members keep abreast of developments in accounting standards and matters that have a direct impact on financial statements through advice, updates and briefings provided by the external auditors at quarterly AC meetings.

The AC has full access to documents, information and the co-operation of Management. It also has full discretion to invite any Director or Executive Officer to attend its meetings and is provided with adequate resources to enable it to carry out functions. The AC is satisfied that the internal auditors are adequately resourced.

The Board is of the view that the existing system of internal controls system is adequate and acknowledges its responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's business and assets. Management monitors the effectiveness of the Group's financial control systems and procedures.

The Group's internal audit function is carried out in-house by qualified and experienced internal audit staff, with the internal auditor's primary reporting line is to the Chairman of the AC. The AC confirms that the internal audit function is independent as it reports directly to the Chairman of the AC who is an Independent Director. The AC also determines the appointment, termination and remuneration of the head of the internal audit.

The Group co-operates fully with the internal auditor by providing access to documents, records, properties and personnel. The AC conducts an annual review of the adequacy and effectiveness of the internal audit function and its standing within the Company to ensure it continues to operate effectively and objectively. The AC is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function. With the concurrence of the AC, the Company is satisfied that the Group's internal controls framework and procedures remains adequate and effective.

During the year, the internal auditor carried out two (2) cycles of internal audit for the Mechatronics Division in Asia and three (3) cycles of internal audit for the APS Division in Asia. The findings were presented to the AC.

With the assistance of the internal and external auditors, our management has identified the main business processes and the associated financial and operational risks and have adopted recommendations made to address these risks. Based on the review by the AC, the Board is satisfied that the internal controls and risks management process of the Group are adequate to safeguard shareholders' interest and the Group's assets.

The Company confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the Listing Rules.

For details of fees in respect of audit and non-audit services, are set out under Note 7 to the financial statements.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

AUDIT COMMITTEE (CONT'D)

Principle 10 (Cont'd)

The AC has reviewed the range and value of non-audit services provided by the external auditors and is satisfied that the nature and extent of such services did not prejudice the independence and objectivity of the external auditors. The AC had also assessed the quality of work performed by the external auditors based on ACRA's Audit Quality Indicators Disclosure Framework.

After taking into consideration the above factors, the AC has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM.

During the financial year under review, the AC met with the internal auditor and external auditors a total of four (4) times, including one (1) session held without the presence of Management.

Whistleblowing Policy

The Group is committed to high standards of corporate governance, encompassing ethical, moral and legal conduct of its business. An important aspect towards this commitment is establishment of mechanisms that promote accountability and transparency that will enable individuals to raise concerns about perceived wrongdoings in a responsible and effective manner.

As part of its corporate governance framework, the Group has adopted a whistleblowing policy that provides a confidential avenue for employees to report concerns with the assurance that the whistleblowers will be protected from reprisals, victimisation, harassment or disciplinary proceedings.

The whistleblowing policy reinforces the importance the Group places on honesty and integrity in employee conduct. The policy is intended to support individuals who believe they have identified malpractice or impropriety. It is not intended to challenge financial or business decisions made by the Group, nor should it be used to raise personal grievances or to maliciously target superiors or colleagues for personal gain.

The whistleblowing policy applies to all employees of the Group as well as suppliers, customers, outsourced partners, agents and consultants who engage with the Group.

The Group has an independent function to review and investigate whistleblowing reports made in good faith. A dedicated email channel (audit.chair@frenckengroup.com) is available and communicated internally and available on the Company's website. The channel of communicating the whistleblowing event is separated from the management of the Group to ensure there are independent and internal checks. All whistleblowing communications will be directed confidentially to the Chairman of the AC, who is an Independent Director and not involved in the management of the Group. The Group assures whistleblowers that their anonymity will be maintained unless disclosure is required by law or expressly permitted by them. No retaliation will be tolerated against any individual who makes a report on good faith.

All concerns raised will be independently assessed by the Chairman of the AC. The Group internal audit will be assigned to investigate the matters reported. The AC will closely oversee and monitor the progress of the investigation, review the findings of the internal auditors and ensure appropriate follow-up actions are taken to address and resolve the concerns raised.

During the financial year 2025 and until the date of this Annual Report, there were four (4) reports received through the whistleblowing mechanism. All reports were investigated and have been addressed by the Company.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SHAREHOLDERS 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.*

Shareholders are given the opportunity to participate effectively in and vote at general meetings of the Company. They are also informed of the relevant rules and procedures governing such meetings.

Resolutions proposed at general meetings are presented as separate and distinct items, consistent with the Code's recommendation to avoid 'bundling' of resolutions unless they are interdependent and form one significant proposal.

To encourage wider shareholder participation, the Company endeavours to hold its AGMs at central and easily accessible locations in Singapore.

At the Company's AGMs, shareholders are provided with the opportunity to express their views and raise questions to the Directors and Management regarding the Company. All Directors will generally be present at AGMs and other general meetings to assist the Board in addressing shareholders' questions. The external auditors are also invited to attend the AGM to assist the Directors in responding to questions relating to the audit as well as the preparation and content of the auditor's report.

The number of general meetings held during the financial year ended 31 December 2025 and the attendance of each Director is as follows:

	General Meeting
Number of meetings	1
Dato' Seri Gooi Soon Chai	1
Dennis Au	1
Melvin Chan Wai Leong	1
Foo Seang Choong	1
Dato' Noorashidah Binti Ahmad	1

Shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at the general meetings. There is no provision in the Company's Constitution that limits the number of proxies for relevant intermediary which includes holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

All resolutions are voted on by way of poll conducted in the presence of independent scrutineers. Detailed poll results, including the number of votes cast for and against each resolution and the corresponding percentages are published instantaneously at the general meeting.

The Company does not implement absentia voting methods such as voting by mail, facsimile or email until authentication of shareholders identity information and other related security issues are satisfactorily resolved.

Minutes of general meetings are published on the Company's corporate website as soon as practicable. These minutes record all substantial and relevant comments or queries raised by shareholders in relation to the meeting agenda, as well as the responses provided by the Board and Management.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS (CONT'D)

Principle 11 (Cont'd)

Dividend Policy

While the Company has not formally instituted a dividend policy, it has established a good track record of paying annual dividends to shareholders. In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, inter alia, the Group's financial position, retained earnings, results of operation and cash flow, the Group's expected working capital requirements and capital expenditure, the future expansion, investment plans and other funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

The Board strives to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend payout.

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.*

The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the Listing Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- Company's corporate website
- SGXNET announcements including half yearly and full year results announcements, quarterly business update and news releases
- Annual Reports or circulars that are prepared and issued to all shareholders

The Company has a dedicated investor relations team which focuses on facilitating communications with shareholders and analysts on a regular basis and attending to their queries or concerns. The Company also enhances its communications with analysts and investors by organising regular briefings, one-on-one meetings and conference calls to keep the market apprised of the Group's corporate developments and financial performance.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13 *The Board adopts an inclusive and balanced approach towards the needs and interests of key stakeholders by also taking into account the interests of the Company.*

Engagement with stakeholders involves establishing good lines of communication channels, reinforced by strong working relationships between Management and the Company's various stakeholder groups. Such engagement provides stakeholders with avenues for proactive communication and a platform to work towards alignment of interests.

The Company maintains a corporate website at www.frenckengroup.com, which serves as key communication and engagement platform for stakeholders. The website provides comprehensive information about the Group, including financial statements, corporate announcements and annual reports. In addition, the following information is also available on the Company's website:

- (a) Board of Directors and their profiles;
- (b) Key Management and their profiles;
- (c) Business Overview;
- (d) Vision, Mission & Strategy;
- (e) Group Operating Structure;
- (f) Whistleblowing Policy;
- (g) Stock Information; and
- (h) Investor Relations Contact

CORPORATE GOVERNANCE STATEMENT (CONT'D)

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the President, any Director or controlling shareholder subsisting at the end of financial year ended 31 December 2025.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There were no interested person transactions between the Company or its subsidiaries and any of its interested persons subsisting at the end of the financial year ended 31 December 2025.

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
NIL	NIL	NIL	NIL

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Frencken Group Limited (the "Company") and its subsidiaries (the "Group") and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2025.

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 96 to 176 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 31 December 2025, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Dato' Seri Gooi Soon Chai
 Mohamad Anwar Au (also known as Dennis Au)
 Melvin Chan Wai Leong
 Foo Seang Choong
 Dato' Noorashidah Binti Ahmad

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the share options and share awards mentioned in paragraph 4 of the Directors' Statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act 1967 except as follows:

Name of directors and Company in which interests are held	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At beginning of year or date of appointment, if later	At end of year	At 21.1.2026	At beginning of year or date of appointment, if later	At end of year	At 21.1.2026
<u>Frencken Group Limited</u>						
(Ordinary shares)						
Dato' Seri Gooi Soon Chai	7,417,023	8,017,023	8,017,023	93,613,068	93,703,068	93,683,068
Dennis Au	4,010,000	4,110,000	4,787,000	-	-	-
Melvin Chan Wai Leong	-	-	-	439,500	439,500	439,500
Foo Seang Choong	-	-	-	15,400	15,400	15,400
Dato' Noorashidah Binti Ahmad	421,700	421,700	421,700	-	-	-

DIRECTORS' STATEMENT (CONT'D)

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

According to the register of directors' shareholdings, certain director of the Company holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Frencken Group Limited ("Frencken") Employee Share Option Scheme 2008 and Employee Share Option Scheme 2020 as set out below and in paragraph 4 of the Directors' Statement.

	Number of unissued ordinary shares under option		
	At beginning of year	At end of year	At 21.1.2026
<u>Dennis Au</u>			
- 2017 Options	677,000	677,000	-
- 2022 Options	180,000	180,000	180,000
- 2024 Options	300,000	300,000	300,000

By virtue of Section 7 of the Companies Act 1967, only the above directors are deemed to have an interest in all the related corporations of the Company.

4 SHARE OPTIONS AND SHARE AWARDS

- (i) Frencken Employee Share Option Scheme 2008 ("ESOS 2008") and Frencken Employee Share Option Scheme 2020 ("ESOS 2020") for executive directors and employees of the Group ("Group Employees") were approved by members of the Company at an Extraordinary General Meeting on 18 April 2008 and 29 June 2020 respectively.
- (ii) Frencken Employee Share Award Scheme 2020 ("ESAS 2020") for executive directors and Group Employees was approved by members of the Company at an Extraordinary General Meeting on 29 June 2020.

(ESOS 2008, ESOS 2020 and ESAS 2020 are hereinafter collectively referred to as the "Schemes")

The Schemes are managed by the Remuneration Committee and administered by the Employee Share Option and Award Scheme Committee (the "Committee") comprising of the following members:

Dennis Au	(President and Executive Director)
Brian Tan Chuen Yeang	(Chief Financial Officer)

The Schemes are to provide opportunities for deserving Group Employees to participate in the equity of the Company so as to motivate them to greater dedication and higher standards of performance, and to give recognition to past contribution and services. It is important to acknowledge and secure future contribution by the Group Employees, which is essential to the well-being and prosperity of the Group. The Company, by adopting the Schemes, will give participants a real and meaningful stake in the Company through the exercise of the options or the grant of the awards.

While the Schemes aim to incentivise and retain employees, ESOS 2008 and ESOS 2020 do not achieve this in the same way the ESAS 2020 does. The Company further believes that the ESAS 2020 will be more effective and rewarding than pure cash bonuses as a motivational incentive in the Group Employees' bid to achieve pre-determined goals of the Company. Unlike options granted under the ESOS 2008 and ESOS 2020, the ESAS 2020 contemplates the award of fully-paid shares free of charge to participants after the conditions of the ESAS 2020 have been met. Accordingly, the ESAS 2020 allows the Company to target specific performance objectives and to provide an incentive for participants to achieve these superior targets, which ultimately, will create and enhance economic value for shareholders.

DIRECTORS' STATEMENT (CONT'D)

4 SHARE OPTIONS AND SHARE AWARDS (CONT'D)

ESOS 2008 and ESOS 2020 ("ESOS Schemes")

The ESOS 2008 and ESOS 2020 became operative upon the Company granting options to subscribe for 8,960,000 ordinary shares of the Company on 1 December 2008 ("2008 Options"). The Company also granted options to subscribe for 8,880,000, 9,050,000, 6,000,000, 3,000,000, 3,000,000, 470,000 and 5,482,000 ordinary shares of the Company on 1 December 2009 ("2009 Options"), 1 December 2010 ("2010 Options"), 7 October 2013 ("2013 Options"), 1 April 2016 ("2016 Options"), 6 December 2017 ("2017 Options"), 26 January 2022 ("2022 Options") and 6 March 2024 ("2024 Options") respectively. Particulars of the 2008 Options, 2009 Options, 2010 Options, 2013 Options, 2016 Options, 2017 Options, 2022 Options and 2024 Options were set out in the Directors' Statement for the financial year ended 31 December 2008, 31 December 2009, 31 December 2010, 31 December 2013, 31 December 2016, 31 December 2017, 31 December 2022 and 31 December 2024 respectively.

Options granted under the ESOS Schemes

Details of the ESOS 2008 and ESOS 2020 granted to executive directors of the Company are as follows:

Name of director	Number of unissued ordinary shares of the Company under option			
	Granted in financial year ended 31.12.2025	Aggregate granted since commencement of scheme to 31.12.2025	Aggregate exercised since commencement of scheme to 31.12.2025	Aggregate outstanding as at 31.12.2025
Dennis Au	-	4,180,000	3,023,000	1,157,000

Eligibility

Confirmed Group Employees (including Executive Directors) who have attained the age of twenty-one (21) years on or prior to the relevant date of grant and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the date of grant, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine, shall be eligible to participate in the ESOS Schemes at the absolute discretion of the Committee. Controlling shareholders and their associates (as defined in Listing Manual of the Singapore Exchange Securities Trading Limited) are not entitled to participate in the ESOS Schemes.

Size

The aggregate number of new shares in respect of which options may be granted on any date under the ESOS Schemes, when added to all shares, options or awards granted under any other share option scheme, share award scheme or other share-based incentive schemes of the Company, including but not limited to the ESOS 2020, shall not exceed fifteen per cent. (15%) of the number of issued shares of the Company on the day immediately preceding the relevant date of grant (or such other limit as the SGX-ST may determine from time to time). Any shares which are held as treasury shares will be disregarded for the purpose of computing the fifteen per cent. (15%) limit. Notwithstanding the Company being able to deliver treasury shares to holders of options in lieu of new shares, the aggregate number of treasury shares shall not at any time exceed ten per cent. (10%) of the total number of issued shares.

DIRECTORS' STATEMENT (CONT'D)

4 SHARE OPTIONS AND SHARE AWARDS (CONT'D)

ESOS 2008 and ESOS 2020 ("ESOS Schemes") (cont'd)

Duration

The ESOS 2020 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date the ESOS 2020 is adopted.

The ESOS 2008 had expired on 17 April 2018. The share options previously granted will remain valid until the expiry, cancellation or exercise of the share options.

Exercise price and option period

The Committee may grant options with or without a discounted exercise price. In the event that options are granted at a discount, the discount shall not exceed twenty per cent. (20%) of the market price.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), by a participant after the first anniversary of the date of grant of that option provided always that such options granted with the exercise price set at market price shall be exercised before the 10th anniversary of the relevant date of grant, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

Options granted with the exercise price set at a discount to market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), by a participant after the second anniversary from the date of grant of that option provided always that the options shall be exercised before the 10th anniversary of the relevant date of grant, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

Except for Dennis Au, the Executive Director of the Company and Sebastiaan Johannes van Sprang, a former director of the Company, no participant under the ESOS Schemes has received 5% or more of the total number of shares under option available under the ESOS Schemes.

Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the ESOS 2008 and ESOS 2020 outstanding at the end of the financial year was as follows:

	Number of unissued ordinary shares under option at 31.12.2025	Exercise price	Exercise period
2017 Options	677,000	\$0.432	06.12.2019 to 05.12.2027
2022 Options	440,000	\$1.370	26.01.2024 to 25.01.2032
2024 Options	4,962,000	\$1.300	06.03.2026 to 05.03.2034
	<u>6,079,000</u>		

DIRECTORS' STATEMENT (CONT'D)

4 SHARE OPTIONS AND SHARE AWARDS (CONT'D)

ESAS 2020

Eligibility

Confirmed Group Employees (including Executive Directors) who have attained the age of twenty-one (21) years on or prior to the relevant date of grant and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the date of grant, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine, shall be eligible to participate in the ESAS 2020 at the absolute discretion of the Committee. Controlling shareholders and their associates (as defined in Listing Manual of the Singapore Exchange Securities Trading Limited) are not entitled to participate in the ESAS 2020.

Size

The aggregate number of shares available under the ESAS 2020, when added to all shares, options or awards granted under any other share option scheme, share award scheme or other share-based incentive schemes of the Company, including but not limited to the ESOS 2020, shall not exceed fifteen per cent. (15%) of the number of issued shares of the Company on the day immediately preceding the relevant date of grant (or such other limit as the SGX-ST may determine from time to time). Any shares which are held as treasury shares will be disregarded for the purpose of computing the fifteen per cent. (15%) limit. Notwithstanding the Company being able to deliver treasury shares to holders of awards in lieu of new shares, the aggregate number of treasury shares shall not at any time exceed ten per cent. (10%) of the total number of issued shares.

Duration

The ESAS 2020 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date the ESAS 2020 is adopted.

During the financial year, there was no grant of awards under the ESAS 2020.

5 AUDIT COMMITTEE

The role of the Audit Committee ("AC") is to assist the Board in discharging its responsibilities to safeguard the Group's assets, maintain adequate accounting records and develop and uphold effective systems of internal controls with the objective to ensure that Management has established and maintained an effective control environment across the Group.

All AC members are Independent Non-Executive Directors. The AC comprises the following members:

Melvin Chan Wai Leong	(Chairman and Lead Independent Director)
Foo Seang Choong	(Independent Director)
Dato' Noorashidah Binti Ahmad	(Independent Director)

The AC members possess extensive experience and expertise in the fields of accounting, audit, financial management and business. The Board is satisfied that the AC members are appropriately qualified to discharge their responsibilities effectively.

None of the AC members is a former partner or director of the Company's existing auditing firm or auditing corporation: (a) within the two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

DIRECTORS' STATEMENT (CONT'D)

5 AUDIT COMMITTEE (CONT'D)

The AC meets at least quarterly to discuss and review the following where applicable:

- (a) review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function;
- (b) review with the external auditors the audit plan, their evaluation of the system of internal controls relevant to the audit, their audit report, their management letter and our management's response;
- (c) review with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems including financial, operational and compliance controls and risk management;
- (d) review the quarterly business update, half yearly and annual financial statements before submission to the Board for approval, focusing in particular, on significant financial reporting issues and judgements so as to ensure the integrity of the consolidated financial statements of the Group and any formal announcements relating to the Company's financial performance, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (e) review the internal controls and procedures and ensure co-ordination between the external auditors and management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management);
- (f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response;
- (g) review the adequacy and effectiveness of the Group's internal financial controls, operational and compliance controls and risk management policies and systems;
- (h) review the assurance from the President and the Chief Financial Officer on the financial records and financial statements;
- (i) review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (j) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- (k) review and recommend to the Board transactions falling within the scope of Chapter 9 of the Listing Manual;
- (l) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (m) generally undertake such other functions and duties as may be required by statute of the Listing Manual, and by such amendments made thereto from time to time. In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, the Directors shall abstain from voting in any contracts or arrangements or proposed contracts or arrangements in which they have personal material interests.

The AC has the authority to conduct or authorise investigations into any matters within its scope of responsibility and is empowered to obtain independent professional advice where necessary in discharge of its duties. All related expenses are borne by the Company.

The AC members keep abreast of developments in accounting standards and matters that have a direct impact on financial statements through advice, updates and briefings provided by the external auditors at quarterly AC meetings.

DIRECTORS' STATEMENT (CONT'D)

5 AUDIT COMMITTEE (CONT'D)

The AC has full access to documents, information and the co-operation of Management. It also has full discretion to invite any Director or Executive Officer to attend its meetings and is provided with adequate resources to enable it to carry out its functions. The AC is satisfied that the internal auditors are adequately resourced.

The Board is of the view that the existing system of internal controls system is adequate and acknowledges its responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's business and assets. Management monitors the effectiveness of the Group's financial control systems and procedures.

The Group's internal audit function is carried out in-house by qualified and experienced internal audit staff, with the internal auditor's primary reporting line is to the Chairman of the AC. The AC confirms that the internal audit function is independent as it reports directly to the Chairman of the AC who is an Independent Director. The AC also determines the appointment, termination and remuneration of the head of the internal audit.

The Group co-operates fully with the internal auditor by providing access to documents, records, properties and personnel. The AC conducts an annual reviews of the adequacy and effectiveness of the internal audit function and its standing within the Company to ensure it continues to operate effectively and objectively. The AC is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function. With the concurrence of the AC, the Company is satisfied that the Group's internal controls framework and procedures remains adequate and effective.

During the year, the internal auditor carried out two (2) cycles of internal audit for the Mechatronics Division in Asia and three (3) cycles of internal audit for the APS Division in Asia. The findings were presented to the AC.

With the assistance of the internal and external auditors, our management has identified the main business processes and the associated financial and operational risks, and have adopted recommendations made to address these risks. Based on the review by the AC, the Board is satisfied that the internal controls and risks management process of the Group are adequate to safeguard shareholders' interest and the Group's assets.

The Company confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the Listing Rules.

For details of fees in respect of audit and non-audit services, are set out under Note 7 to the financial statements.

The AC has reviewed the range and value of non-audit services provided by the external auditors and is satisfied that the nature and extent of such services did not prejudice the independence and objectivity of the external auditors. The AC had also assessed the quality of the work performed by the external auditors based on ACRA's Audit Quality Indicators Disclosure Framework.

After taking into consideration the above factors, the AC has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting.

During the financial year under review, the AC met with the internal auditor and external auditors a total of four (4) times, including one (1) session held without the presence of Management.

DIRECTORS' STATEMENT (CONT'D)

5 AUDIT COMMITTEE (CONT'D)

Whistleblowing Policy

The Group is committed to high standards of corporate governance, encompassing ethical, moral and legal conduct of its business. An important aspect towards this commitment is establishment of mechanisms that promote accountability and transparency that will enable individuals to raise concerns about perceived wrongdoings in a responsible and effective manner.

As part of its corporate governance framework, the Group has adopted a whistleblowing policy that provides a confidential avenue for employees to report concerns with the assurance that the whistleblowers will be protected from reprisals, victimisation, harassment or disciplinary proceedings.

The whistleblowing policy reinforces the importance the Group places on honesty and integrity in employee conduct. The policy is intended to support individuals who believe they have identified malpractice or impropriety. It is not intended to challenge financial or business decisions made by the Group nor should it be used to raise personal grievances or to maliciously target superiors or colleagues for personal gain.

The whistleblowing policy applies to all employees of the Group as well as suppliers, customers, outsourced partners, agents and consultants who engage with the Group.

The Group has an independent function to review and investigate whistleblowing reports made in good faith. A dedicated email channel (audit.chair@frenckengroup.com) is available and communicated internally and available on the Company's website. The channel of communicating the whistleblowing event is separated from the management of the Group to ensure there are independent and internal checks. All whistleblowing communications will be directed confidentially to the Chairman of the AC, who is an Independent Director and not involved in the management of the Group. The Group assures whistleblowers that their anonymity will be maintained unless disclosure is required by law or expressly permitted by them. No retaliation will be tolerated against any individual who makes a report on good faith.

All concerns raised will be independently assessed by the Chairman of the AC. The Group internal audit will be assigned to investigate the matters reported. The AC will closely oversee and monitor the progress of the investigation, review the findings of the internal auditors and ensure appropriate follow-up actions are taken to address and resolve the concerns raised.

During the financial year 2025 and until the date of this Statement, there were four (4) reports received through the whistleblowing mechanism. All reports were investigated and have been addressed by the Company.

DIRECTORS' STATEMENT (CONT'D)

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept reappointment.

ON BEHALF OF THE DIRECTORS

.....
Dato' Seri Gooi Soon Chai

.....
Dennis Au

16 March 2026

INDEPENDENT AUDITOR'S REPORT

To The Members Of Frencken Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Frencken Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 96 to 176.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company 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 *Auditor's 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"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also 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 year. 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.

Key audit matters	How the matter was addressed in the audit
<p><u>Impairment assessment of goodwill</u></p> <p>As at 31 December 2025, the carrying amount of the Group's goodwill arising from its previous acquisition of subsidiaries amounted to \$20,658,000 (Note 18), which represents 2.80% of the Group's total assets.</p> <p>The impairment assessment is a key audit matter due to the estimation, assumptions and judgement involved in computing the recoverable amount of each cash generating units ("CGU"). The recoverable amounts of CGUs to which goodwill are allocated to have been determined based on value-in-use calculations which requires significant management's assumption about future market conditions, revenue growth rates and discount rates.</p>	<p>Our audit procedures focused on evaluating and challenging the reasonableness of the key assumptions used by management in conducting the impairment review of the goodwill. These procedures include:</p> <ul style="list-style-type: none"> a) Obtained an understanding of the design and tested the implementation of the Group's relevant key controls related to assessment of recoverable amounts for goodwill; b) Assessed the reasonableness of the estimated cash flows by taking into account the relevant CGU's expected future operating performance (including revenue growth rates and profit margins), as well as historical actual performance, accuracy of management forecast in prior years and the industry outlook;

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To The Members Of Frencken Group Limited

Key Audit Matters (cont'd)

Key audit matters	How the matter was addressed in the audit
<p>Based on management's assessment, no impairment loss of goodwill was recognised during the year.</p> <p>The accounting policies, key assumptions and sensitivities to the impairment of goodwill are disclosed in Notes 2(f)(i), 3(b)(i) and 18 to the financial statements.</p>	<p>c) Engaged our internal valuation specialists to review the appropriateness of the discount rates used by management in the value-in-use calculations and review the impairment assessment model; and</p> <p>d) Evaluated management's sensitivity analysis around the key assumptions above to ascertain the impact of reasonably possible changes on the value-in-use calculation from the cashflow forecast and determine whether the Group's assessment is reasonable.</p> <p>Based on our procedures, we noted management's estimates and key assumptions used in the impairment assessment of goodwill to be within a reasonable range of our expectations.</p> <p>We have also assessed the adequacy of the disclosures relating to the key assumptions and sensitivities and found the disclosures in the financial statements to be appropriate.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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, 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.

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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To The Members Of Frencken Group Limited

Auditor's 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 auditor's 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:

- a) 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 control.
- b) Obtain an understanding of internal control 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 control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) 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.
- f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 control 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 AUDITOR'S REPORT (CONT'D)

To The Members Of Frencken Group Limited

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations 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 auditor's report is Mr Chua How Kiat.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

16 March 2026

CONSOLIDATED INCOME STATEMENT

For The Financial Year Ended 31 December 2025

	Note	2025 \$'000	2024 \$'000
Revenue	5	865,121	794,333
Cost of sales		<u>(741,771)</u>	<u>(678,995)</u>
Gross profit		123,350	115,338
Other income	6	9,069	7,964
Selling and distribution expenses		(12,849)	(11,541)
Administrative and general expenses		(62,297)	(56,768)
Other operating expenses		(3,855)	(3,474)
Finance income		1,288	1,379
Finance costs	8	(5,351)	(6,852)
Share of results of an associate, net of tax		<u>23</u>	<u>(2)</u>
Profit before income tax		49,378	46,044
Income tax expense	9	<u>(10,079)</u>	<u>(9,415)</u>
Profit for the year	7	<u>39,299</u>	<u>36,629</u>
Profit attributable to:			
Equity holders of the Company		39,120	37,120
Non-controlling interests		<u>179</u>	<u>(491)</u>
		<u>39,299</u>	<u>36,629</u>
Earnings per share			
Attributable to equity holders of the Company (cents per share)	10		
Basic		<u>9.16</u>	<u>8.69</u>
Diluted		<u>9.15</u>	<u>8.68</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2025

	Note	2025 \$'000	2024 \$'000
Profit for the year		39,299	36,629
Other comprehensive income (loss)			
<i>Item that will not be reclassified subsequently to income statement:</i>			
Remeasurement of defined benefit obligation	28	90	(204)
<i>Item that may be reclassified subsequently to income statement:</i>			
Currency translation differences arising from consolidation		<u>11,147</u>	<u>3,606</u>
Other comprehensive income for the year		<u>11,237</u>	<u>3,402</u>
Total comprehensive income for the year		<u>50,536</u>	<u>40,031</u>
Total comprehensive income attributable to:			
Equity holders of the Company		50,514	40,519
Non-controlling interests		<u>22</u>	<u>(488)</u>
		<u>50,536</u>	<u>40,031</u>

BALANCE SHEETS

As at 31 December 2025

	Note	The Group		The Company	
		2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	117,036	119,997	-	-
Right-of-use assets	13	68,902	47,312	-	-
Investment properties	14	1,349	1,312	-	-
Investment in subsidiaries	15	-	-	136,877	135,044
Investment in an associate	16	43	18	-	-
Financial asset at fair value through other comprehensive income	17	1,995	1,995	1,995	1,995
Goodwill and other intangible assets	18	24,252	22,017	-	-
Deferred income tax assets	29	1,654	1,485	-	-
Other receivables, deposits and prepayments	21	667	1,181	-	-
Total non-current assets		215,898	195,317	138,872	137,039
Current assets					
Inventories	19	198,549	226,465	-	-
Trade receivables	20	138,931	137,774	-	-
Dividends receivables from subsidiaries		-	-	11,863	12,936
Other receivables, deposits and prepayments	21	21,965	13,401	66	47
Tax recoverable		3,020	2,988	-	-
Cash and cash equivalents	22	161,875	159,199	37,728	17,131
Total current assets		524,340	539,827	49,657	30,114
Total assets		740,238	735,144	188,529	167,153

BALANCE SHEETS (CONT'D)

As at 31 December 2025

	Note	The Group		The Company	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
LIABILITIES					
Current liabilities					
Trade payables	23	101,944	94,503	-	-
Payable to a subsidiary		-	-	75	104
Other payables, accruals and provisions	24	56,997	55,944	957	893
Deferred income	25	11	11	-	-
Borrowings	26	21,668	86,458	-	-
Lease liabilities	27	8,980	8,399	-	-
Income tax payable		5,706	5,647	-	-
Total current liabilities		195,306	250,962	1,032	997
Non-current liabilities					
Other payables, accruals and provisions	24	-	65	-	-
Deferred income	25	45	53	-	-
Borrowings	26	585	147	-	-
Lease liabilities	27	58,789	38,549	-	-
Retirement benefit obligations	28	282	580	-	-
Deferred income tax liabilities	29	6,375	7,280	-	-
Total non-current liabilities		66,076	46,674	-	-
Total liabilities		261,382	297,636	1,032	997
NET ASSETS		478,856	437,508	187,497	166,156
EQUITY					
Share capital	30	104,500	104,500	104,500	104,500
Foreign currency translation reserve		(9,731)	(21,215)	-	-
Merger reserve		2,345	2,345	-	-
Capital reserve		2,015	2,015	2,596	2,596
Statutory reserve fund	31	8,682	7,581	-	-
Share option reserve		4,360	2,401	4,360	2,401
Fair value reserve		(4,405)	(4,405)	(4,405)	(4,405)
Other reserve		449	539	-	-
Retained profits		367,075	340,203	80,446	61,064
Equity attributable to equity holders of the Company		475,290	433,964	187,497	166,156
Non-controlling interests		3,566	3,544	-	-
Total equity		478,856	437,508	187,497	166,156

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2025

	Share Note capital	Foreign currency translation reserve	Merger reserve	Capital reserve	Statutory reserve fund	Share option reserve	Fair value reserve	Other reserve	Retained profits	Equity attributable to equity holders of the Company	Non- controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group												
Balance at 1 January 2025	104,500	(21,215)	2,345	2,015	7,581	2,401	(4,405)	539	340,203	433,964	3,544	437,508
Profit for the year	-	-	-	-	-	-	-	-	39,120	39,120	179	39,299
<i>Other comprehensive income (loss):</i>												
Remeasurement of defined benefit obligation	28	-	-	-	-	-	-	90	-	90	-	90
Currency translation differences arising from consolidation		-	11,484	-	-	-	-	(180)	-	11,304	(157)	11,147
Total comprehensive income (loss) for the year		-	11,484	-	-	-	-	(90)	39,120	50,514	22	50,536
<i>Transactions with owners, recognised directly in equity:</i>												
Transfer to statutory reserve fund	31	-	-	-	1,101	-	-	-	(1,101)	-	-	-
Employees share option scheme:												
- Value of employee services		-	-	-	-	1,959	-	-	-	1,959	-	1,959
Dividends relating to 2024 paid	11	-	-	-	-	-	-	-	(11,147)	(11,147)	-	(11,147)
Total		-	-	-	1,101	1,959	-	-	(12,248)	(9,188)	-	(9,188)
Balance at 31 December 2025	104,500	(9,731)	2,345	2,015	8,682	4,360	(4,405)	449	367,075	475,290	3,566	478,856

STATEMENT OF CHANGES IN EQUITY (CONT'D)

For The Financial Year Ended 31 December 2025

	Note	Share capital	Foreign currency translation reserve	Merger reserve	Capital reserve	Statutory reserve fund	Share option reserve	Fair value reserve	Other reserve	Retained profits	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group													
Balance at 1 January 2024		104,444	(24,712)	2,345	1,981	6,936	555	(4,405)	637	313,465	401,246	4,032	405,278
Profit for the year		-	-	-	-	-	-	-	-	37,120	37,120	(491)	36,629
<i>Other comprehensive income (loss):</i>													
Remeasurement of defined benefit obligation	28	-	-	-	-	-	-	-	(204)	-	(204)	-	(204)
Currency translation differences arising from consolidation		-	3,497	-	-	-	-	-	106	-	3,603	3	3,606
Total comprehensive income (loss) for the year		-	3,497	-	-	-	-	-	(98)	37,120	40,519	(488)	40,031
<i>Transactions with owners, recognised directly in equity:</i>													
Transfer to statutory reserve fund	31	-	-	-	-	645	-	-	-	(645)	-	-	-
Employees share option scheme:													
- Issue of share capital	30	56	-	-	34	-	(34)	-	-	-	56	-	56
- Value of employee services		-	-	-	-	-	1,880	-	-	-	1,880	-	1,880
Dividends relating to 2023 paid	11	-	-	-	-	-	-	-	-	(9,737)	(9,737)	-	(9,737)
Total		56	-	-	34	645	1,846	-	-	(10,382)	(7,801)	-	(7,801)
Balance at 31 December 2024		104,500	(21,215)	2,345	2,015	7,581	2,401	(4,405)	539	340,203	433,964	3,544	437,508

STATEMENT OF CHANGES IN EQUITY (CONT'D)

For The Financial Year Ended 31 December 2025

	Note	Share capital \$'000	Capital reserve \$'000	Share option reserve \$'000	Fair value reserve \$'000	Retained profits \$'000	Total \$'000
<u>The Company</u>							
Balance at 1 January 2025		104,500	2,596	2,401	(4,405)	61,064	166,156
Profit for the year, representing total comprehensive income for the year		-	-	-	-	30,529	30,529
<i>Transactions with owners, recognised directly in equity</i>							
Employees share option scheme:							
- Value of employee services		-	-	1,959	-	-	1,959
Dividends relating to 2024 paid	11	-	-	-	-	(11,147)	(11,147)
Total		-	-	1,959	-	(11,147)	(9,188)
Balance at 31 December 2025		104,500	2,596	4,360	(4,405)	80,446	187,497

STATEMENT OF CHANGES IN EQUITY (CONT'D)

For The Financial Year Ended 31 December 2025

	Note	Share capital \$'000	Capital reserve \$'000	Share option reserve \$'000	Fair value reserve \$'000	Retained profits \$'000	Total \$'000
<u>The Company</u>							
Balance at 1 January 2024		104,444	2,562	555	(4,405)	58,449	161,605
Profit for the year, representing total comprehensive income for the year		-	-	-	-	12,352	12,352
<i>Transactions with owners, recognised directly in equity</i>							
Employees share option scheme:							
- Issue of share capital	30	56	34	(34)	-	-	56
- Value of employee services		-	-	1,880	-	-	1,880
Dividends relating to 2023 paid	11	-	-	-	-	(9,737)	(9,737)
Total		56	34	1,846	-	(9,737)	(7,801)
Balance at 31 December 2024		104,500	2,596	2,401	(4,405)	61,064	166,156

CONSOLIDATED CASH FLOW STATEMENT

For The Financial Year Ended 31 December 2025

	Note	2025 \$'000	2024 \$'000
Cash Flows From Operating Activities			
Profit for the year		39,299	36,629
Adjustments for:			
Income tax expense		10,079	9,415
Share of results of an associate, net of tax		(23)	2
Exchange differences		(1,198)	1,615
Employee share option expense	7	1,959	1,880
Depreciation of property, plant and equipment	12	22,459	23,054
Depreciation of right-of-use assets	13	8,331	7,536
Depreciation of investment properties	14	20	19
(Gain)/Loss on lease modification, net		(55)	42
Gain on disposal of property, plant and equipment, net		(294)	(67)
Property, plant and equipment written off	12	30	29
Finance income		(1,288)	(1,379)
Finance costs	8	5,351	6,852
Amortisation of deferred income	25	(11)	(10)
Amortisation of intangible assets	18	662	257
Operating cash flow before working capital changes		85,321	85,874
Changes in operating assets and liabilities:			
Inventories		38,574	(25,800)
Receivables		(5,475)	28,747
Payables		64,765	26,586
Cash flows generated from operations		183,185	115,407
Tax paid		(11,145)	(8,125)
Finance costs paid		(5,351)	(6,691)
Net cash generated from operating activities		166,689	100,591

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

For The Financial Year Ended 31 December 2025

	Note	2025 \$'000	2024 \$'000
Cash Flows From Investing Activities			
Finance income received		1,288	1,379
Additions of intangible assets	18	(1,751)	-
Purchase of property, plant and equipment	22	(17,897)	(13,101)
Proceeds from disposal of property, plant and equipment		1,327	129
Repayment of loan from a third party		495	476
Net cash used in investing activities		<u>(16,538)</u>	<u>(11,117)</u>
Cash Flows From Financing Activities			
Proceeds from issuance of share capital		-	56
Repayment of lease liabilities		(9,000)	(8,622)
Repayment of supplier finance arrangement		(69,188)	(41,729)
Repayment of short-term bank borrowings		(50,659)	(52,867)
Proceeds from short-term bank borrowings		34,126	45,316
Proceeds from term loans		1,373	557
Repayment of term loans		(1,271)	(1,120)
Dividends paid to shareholders		(11,147)	(9,737)
Withdrawal of fixed deposits pledged as securities		-	36
Net cash used in financing activities		<u>(105,766)</u>	<u>(68,110)</u>
Net increase in cash and cash equivalents		44,385	21,364
Cash and cash equivalents at the beginning of the financial year		116,426	91,195
Effect of exchange rate changes on cash and cash equivalents		382	3,867
Cash and cash equivalents at the end of the financial year	22	<u>161,193</u>	<u>116,426</u>

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2025

1 GENERAL

Frencken Group Limited (the "Company") is incorporated in Singapore with its principal place of business at Suite 2.1, Level 2, Wisma Great Eastern, No. 25 Lebuhr Light, 10200, Penang, Malaysia and registered office at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore Dollars. All financial information presented in Singapore Dollar ("S\$") has been rounded to the nearest thousand (S\$'000), unless otherwise stated.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 15.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended 31 December 2025 were authorised for issue by the Board of Directors on 16 March 2026.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value-in-use in SFRS(I) 1-36 *Impairment of Assets*.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Adoption of new and revised standards

In the current year, the Group and the Company have applied all the new and revised SFRS(I)s that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(c) Group accounting

Subsidiaries

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Please refer to Note 2(d) for the Company's accounting policy on investments in subsidiaries.

(ii) Merger reserve

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued, cash and cash equivalents and others as consideration for the acquisition.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(c) Group accounting (cont'd)

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investment in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Equity method of accounting

Under the equity method, an investment in an associate is recognised initially in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income for the associate. When the Group's share of losses of an associate exceeds the Group's interest in the associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(d) Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less accumulated impairment losses (Note 2(f)(ii)) in the Company's balance sheet.

(e) Intangible assets

(i) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

(ii) Other intangible assets

Other intangible assets acquired separately are measured initially at cost. The cost of other intangible assets such as deferred development costs, patents, intellectual properties and software development costs acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, other intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any. Internally generated other intangible assets, excluding capitalised deferred development costs, are not capitalised and expenditure is reflected in income statement in the year in which the expenditure is incurred.

The useful lives of other intangible assets are assessed as finite.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(e) Intangible assets (cont'd)

(ii) Other intangible assets (cont'd)

Other intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the other intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on other intangible assets with finite useful lives is recognised in income statement in the expense category consistent with the function of the other intangible assets.

(a) Deferred development costs

Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Amortisation of the deferred development costs begin when development is complete and the asset is available to use. Deferred development costs have a finite useful life and are amortised over the period of expected units of production or based on the estimated useful lives of the related projects.

(b) Software development costs

Software development costs incurred during the development phase are capitalised as intangible assets when the Group is able to demonstrate the technical feasibility of completing the software, its intention and ability to complete and use the software, the probability that the software will generate future economic benefits, the availability of adequate resources to complete the development, and the ability to measure reliably the expenditure attributable to the software during its development.

Capitalised software development costs are amortised on a straight-line basis over their estimated useful lives once the software is available for use.

(f) Impairment of non-financial assets

(i) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Impairment of non-financial assets (cont'd)

- (ii) Property, plant and equipment, right-of-use assets, investment properties, investments in subsidiaries and associates and intangible assets (excluding goodwill).

Property, plant and equipment, right-of-use assets, investment properties, investments in subsidiaries and associates, and intangible assets (excluding goodwill) are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely dependent on those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement.

(g) Currency translation

- (i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

- (ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency translation reserve differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

- (iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (b) Income and expenses are translated at average exchange rate (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions);

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(g) Currency translation (cont'd)

- (iii) Translation of Group entities' financial statements (cont'd)
 - (c) All resulting exchange differences are taken to the foreign currency translation reserve within other comprehensive income. This is a non-distributable reserve. Movements in this reserve account are set out in consolidated statement of changes in equity; and
 - (d) On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to income statement. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to income statement.

(h) Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of goods and moulds
- Installation services
- Rental income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

- (i) Sale of goods and moulds
 - 1) Revenue from the sale of goods is recognised when control of the goods are transferred to the customer and all criteria for acceptance have been satisfied. A receivable is recognised by the Group when the control of the goods are transferred to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.
 - 2) Revenue from the sale of moulds, which comprise the rendering of services of the design and fabrication of moulds, is recognised over time based on the percentage of completion method. Percentage of completion is measured by reference to the completion of certain pre-determined milestone as certified by engineers.
- (ii) Installation services

Revenue from installation services is recognised when the services are completed and satisfactory received by customer. The customer will perform a series of test on the installed equipment to assess whether the installation is properly carried out. This usually includes equipment functional test and production yield test.
- (iii) Rental income

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

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(i) Property, plant and equipment

(i) Measurement

All property, plant and equipment other than freehold land are stated at historical cost less accumulated depreciation and accumulated impairment losses. Freehold land is stated at historical cost less accumulated impairment losses.

(ii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2(x) on borrowing costs).

(iii) Depreciation

Freehold land and capital work-in-progress are not depreciated. Buildings are depreciated on a straight-line basis. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts based on the following annual rates:

Leasehold buildings	1% to 5%
Plant, machinery, equipment, piping and electrical installation	5% to 20%
Moulds and toolings	10% to 33%
Office equipment, furniture and fittings and renovation	8% to 100%
Motor vehicles	17% to 30%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

(iv) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised as expenses during the financial year in which they are incurred.

(v) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(j) Investment properties

Investment properties are property held for long-term rental yields and/or capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of investment properties includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over the estimated useful lives of 75 years for leasehold buildings and 5 years for building improvements and furniture and fittings.

The residual values and useful lives of investment properties are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in income statement when the changes arise.

An investment property should be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal should be calculated as the difference between the net disposal proceeds and the carrying amount of the asset and should be recognised as income or expense in the income statement.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid funds which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash and bank balances and fixed deposits are carried at cost.

For the purposes of the cash flow statement, cash and cash equivalents are shown net of outstanding bank overdrafts and deposits pledged as securities.

(m) Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(m) Leases (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate that is applied to the banking facilities of the Group specific to the lessee.

Lease payments included in the measurement of the Group's lease liabilities comprise mainly of fixed lease payments over the lease terms.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(f)(ii) – Impairment of non-financial assets policy.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

(n) Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values and measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with SFRS(I) 9.
- The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with SFRS(I) 15.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(o) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Interest expense calculated using the effective interest method is recognised over the term of the borrowings.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

(p) Taxes

Current income tax for current and prior periods is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit nor loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in the income statement for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(p) Taxes (cont'd)

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- (i) when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) receivables and payables that are stated with the amount of sales tax included.

(q) Employee compensation

Employee benefits are recognised as an expense in the income statement unless the cost qualifies to be capitalised as an asset.

- (i) Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to income statement. Past service cost is recognised in income statement in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in income statement in the line item administration and general expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(q) Employee compensation (cont'd)

(ii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. The movements in the share option reserve account are set out in the consolidated statement of changes in equity.

Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve is credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(s) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in consolidated income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the balance sheet and transferred to consolidated income statement on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in consolidated income statement in the period in which they become receivable.

(t) Dividends to Company's shareholders

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(u) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are deducted against the share capital account.

(v) Financial assets

(i) Classification and measurement

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Finance income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Finance income is recognised in consolidated income statement under "Finance income" line item.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(v) Financial assets (cont'd)

(i) Classification and measurement (cont'd)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in income statement to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in income statement includes any dividends or interest earned on the financial asset and is included in the "other income" or "other operating expenses" line item. Fair value is determined in the manner described in Note 34(e).

(ii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the closing rate as at each reporting date. Specifically, for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in income statement in the "other income" or "other operating expenses" line items.

(iii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(v) Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date except for assets for which the simplified approach was used.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in income statement.

(w) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument.

Equity instruments

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

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(w) Financial liabilities and equity instruments (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income" or "other operating expense" line item in income statement for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in income statement for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in income statement.

(x) Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method except for those costs that are directly attributable to the construction or the production of the qualifying assets.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policy, management is of the view that there are no critical judgements involved that have a significant effect on the accounts recognised in the financial statements, apart from those involving estimations (see below).

(b) Critical accounting estimates and assumptions

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(f)(i). The recoverable amounts of CGUs to which goodwill are allocated to have been determined based on value-in-use calculations which requires significant management's assumption about future market conditions, revenue growth rates and discount rates (Note 18(a)).

As disclosed in Note 18, the carrying amount of goodwill as at 31 December 2025, amounted to \$20,658,000 (2024 : \$20,348,000), which includes goodwill allocated to the Singapore's Mechatronics CGU of \$8,392,000 (2024 : \$8,392,000). The Group considers the recoverable amount of goodwill allocated to this CGU to be largely sensitive to future market conditions and the forecasted revenue growth rate. These have been considered and assessed based on management's expectations of the industries and country in which the CGU operates in. Whilst the Group is able to manage most of the budgeted cost, the revenue projects are inherently uncertain due to the nature of industry and competitive market conditions.

The sensitivity analysis in respect of the recoverable amount of goodwill allocated to the Singapore's Mechatronics CGU is presented in Note 18(a).

(ii) Impairment of property, plant and equipment

Property, plant and equipment are assessed for impairment whenever there is an indication that it may be impaired. Estimation of recoverable amount using the present value of the future cash flows expected from the assets, the growth rates and discount rates are required for the impairment assessment.

Certain property, plant and equipment in China and Malaysia displayed indicators of impairment. As such, management has assessed the recoverable amount of these property, plant and equipment. Based on the review, no impairment is necessary on these property, plant and equipment.

The carrying amount of the Group's property, plant and equipment as at 31 December 2025 was \$117,036,000 (2024 : \$119,997,000).

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

4 RELATED PARTY TRANSACTIONS

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if the person: (i) has control or joint control over the Company; (ii) has significant influence over the Company; or (iii) is a member of the key management personnel of the Group or Company or of the parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions apply: (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) one entity is an associate of the other entity (or an associate of a member of the Group of which the other entity is a member); (iii) the entity provides post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company; (iv) the entity is controlled or jointly controlled by a person identified in (a); (v) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

Other than those disclosed elsewhere in the financial statements, the following related party transactions took place during the financial year:

- (a) Transactions with subsidiaries

	The Company	
	2025	2024
	\$'000	\$'000
Management fee charged to subsidiaries	541	504
Management fee charged by a subsidiary	(312)	(303)
Expenses paid on behalf by a subsidiary	(10)	(21)
Expenses paid on behalf for a subsidiary	-	16

- (b) Key management personnel compensation

The key management personnel compensation includes fees, salary, bonuses and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group, and where the Group did not incur any costs, the value of the benefits.

The key management personnel compensation is as follows:

	The Group	
	2025	2024
	\$'000	\$'000
Salaries, wages and other short-term employee benefits	4,597	3,859
Post-employment benefits - defined contribution plan	159	106
Employee share option expense	586	551

Total compensation to directors of the Company included in above amounted to \$2,042,000 (2024 : \$1,711,000).

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

5 REVENUE

The Group derives its revenue from contracts with the customers for the transfer of goods and services at a point in time and over time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 *Operating Segments* (Note 32).

A disaggregation of the Group's revenue for the year by timing of revenue recognition is as follows:

	The Group	
	2025	2024
	\$'000	\$'000
At a point in time:		
Sale of goods	860,303	789,193
Installation services	1,510	1,446
Rental income	139	155
	<u>861,952</u>	<u>790,794</u>
Over time:		
Sale of moulds	3,169	3,539
	<u>865,121</u>	<u>794,333</u>

6 OTHER INCOME

	The Group	
	2025	2024
	\$'000	\$'000
Gain on disposal of property, plant and equipment	335	103
Government grants	1,473	1,401
Foreign exchange gain	3,125	1,533
Amortisation of deferred income (Note 25)	11	10
Scrap sales	2,151	1,990
Others	1,974	2,927
	<u>9,069</u>	<u>7,964</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

7 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Note	The Group	
		2025 \$'000	2024 \$'000
Audit fees paid and payable to:			
- auditors of the Company		(301)	(300)
- other auditors*		(684)	(786)
Non-audit fees paid and payable to other auditors*		(49)	(76)
Amortisation of intangible assets	18	(662)	(257)
Depreciation of property, plant and equipment	12	(22,459)	(23,054)
Depreciation of right-of-use assets	13	(8,331)	(7,536)
Depreciation of investment properties	14	(20)	(19)
Purchase of raw materials, finished goods, toolings and consumables		(484,440)	(489,564)
Changes in inventories of raw materials, work-in-progress and finished goods		(37,827)	25,153
Transportation		(4,605)	(4,338)
Repairs and maintenance		(13,308)	(11,737)
Utilities		(11,154)	(11,691)
Insurance		(1,485)	(1,531)
Short-term lease expense		<u>(3,449)</u>	<u>(3,455)</u>
Employee compensations:			
- Salaries, wages and other short-term employee benefits		(191,564)	(178,951)
- Employer's contribution to defined contributions plans		(15,818)	(13,562)
- Employee share option expense		<u>(1,959)</u>	<u>(1,880)</u>
		<u>(209,341)</u>	<u>(194,393)</u>

*Includes other auditors and member firms of Deloitte outside Singapore.

8 FINANCE COSTS

	The Group	
	2025 \$'000	2024 \$'000
Finance costs on:		
- lease liabilities	(2,022)	(1,527)
- bank borrowings	<u>(3,329)</u>	<u>(5,325)</u>
	<u>(5,351)</u>	<u>(6,852)</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

9 INCOME TAX EXPENSE

	The Group	
	2025	2024
	\$'000	\$'000
Income tax expense attributable to profit is made up of:		
Current income tax:		
- Singapore	(2,036)	(225)
- Foreign	(8,413)	(9,357)
Deferred income tax (Note 29)	994	(743)
	(9,455)	(10,325)
(Under)/Over recognition in respect of previous financial years:		
- Current income tax	(32)	1,533
- Deferred income tax (Note 29)	71	(295)
	39	1,238
Withholding tax	(663)	(328)
	<u>(10,079)</u>	<u>(9,415)</u>

The income tax expense on profit before income tax differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group	
	2025	2024
	\$'000	\$'000
Profit before income tax	<u>49,378</u>	<u>46,044</u>
Tax calculated at Singapore income tax rate of 17% (2024 : 17%)	(8,394)	(7,827)
Effects of:		
- Different income tax rates in other countries	(2,515)	(3,321)
- Expenses not deductible for tax purposes	(855)	(490)
- Income not subject to taxation	708	737
- Effects of changes in other deductible temporary differences	(222)	(26)
- Deferred tax assets not recognised	(380)	(384)
- Tax incentives in other countries	2,027	1,288
- Withholding tax	(663)	(328)
- Others	176	(302)
(Under)/Over recognition in respect of previous financial years:		
- Current income tax	(32)	1,533
- Deferred income tax	71	(295)
	<u>(10,079)</u>	<u>(9,415)</u>

In March 2022, the Organization for Economic Cooperation and Development ("OECD") released technical guidance on its 15% global minimum tax agreed as the second 'pillar' of a project to address the tax challenges arising from digitalisation of the economy. This guidance elaborates on the application and operation of the Global Anti-Base Erosion Model Rules agreed and released in December 2021 which lay out a co-ordinated system to ensure that Multinational Enterprises (MNEs) with revenues above EUR750 million pay tax of at least 15% on the income arising in each of the jurisdictions in which they operate.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

9 INCOME TAX EXPENSE (CONT'D)

As at 31 December 2024, Singapore has enacted the Multinational Enterprise (Minimum Tax) Act 2024 and published the related subsidiary legislations to implement the Global Anti-Base Erosion Model Rules (Pillar Two) relating to top-up tax under the Income Inclusion Rule (IIR) and the Domestic Top-up Tax (DTT), both which will take effect from 1 January 2025.

The Group has applied the temporary exception from the accounting requirements for deferred taxes arising from Pillar Two model rules. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group has performed an assessment of the potential top-up tax impact from the enacted legislations. As of 31 December 2025 and 31 December 2024, the Group revenue does not exceed EUR750 million. Accordingly, top-up taxes, if any, is not expected to have a significant impact to the Group.

10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	The Group	
	2025	2024
	\$'000	\$'000
Profit attributable to equity holders of the Company	39,120	37,120
	Number of	Number of
	shares	shares
Weighted average number of ordinary shares outstanding for basic earnings per share	427,090,409	427,067,458
	Cents	Cents
Basic earnings per share	9.16	8.69

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of potential dilutive ordinary shares which is share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the profit attributable to equity holders of the Company.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

10 EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share (cont'd)

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	The Group	
	2025	2024
	\$'000	\$'000
Profit attributable to equity holders of the Company	39,120	37,120
	Number of	Number of
	shares	Shares
Weighted average number of ordinary shares outstanding for basic earnings per share	427,090,409	427,067,458
Adjustment for share options	449,440	472,447
	427,539,849	427,539,905
	Cents	Cents
Diluted earnings per share	9.15	8.68

11 DIVIDENDS

	The Company	
	2025	2024
	\$'000	\$'000
<i>Ordinary dividends paid</i>		
First and final tax exempt (one-tier) dividends paid in respect of the previous financial year of 2.61 cents (2023 : 2.28 cents) per share	11,147	9,737

At the forthcoming Annual General Meeting to be held on 24 April 2026, a first and final tax exempt (one-tier) dividends of 2.75 cents per share in respect of the financial year ended 31 December 2025 amounting to \$11,745,000 will be proposed for the shareholders' approval.

The financial statements do not reflect this dividends, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2026.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

12 PROPERTY, PLANT AND EQUIPMENT

2025	Freehold land and buildings \$'000	Leasehold buildings \$'000	Plant, machinery, equipment, piping and electrical installation \$'000	Moulds and toolings \$'000	Office equipment, furniture and fittings and renovation \$'000	Motor vehicles \$'000	Construction- in-progress \$'000	Total \$'000
<u>The Group</u>								
Cost:								
At beginning of the financial year	29,888	15,066	236,235	22,076	58,012	1,861	5,094	368,232
Currency translation differences	1,705	148	6,020	834	1,028	30	(275)	9,490
Additions	246	95	10,021	582	5,388	85	1,926	18,343
Disposals	-	-	(5,870)	(203)	(12)	(105)	-	(6,190)
Written off	-	-	(127)	-	(589)	-	-	(716)
Transfer to intangible assets (Note 18)	-	-	-	-	(726)	-	-	(726)
Reclassification	-	-	651	(1)	(526)	-	(124)	-
At end of the financial year	31,839	15,309	246,930	23,288	62,575	1,871	6,621	388,433
Accumulated depreciation:								
At beginning of the financial year	16,117	3,456	161,049	19,872	43,551	1,442	-	245,487
Currency translation differences	1,034	14	3,955	533	994	27	-	6,557
Charge for the financial year	1,107	531	15,516	885	4,274	146	-	22,459
Disposals	-	-	(4,920)	(106)	(29)	(101)	-	(5,156)
Written off	-	-	(101)	-	(585)	-	-	(686)
Reclassification	-	-	601	(1)	(600)	-	-	-
At end of the financial year	18,258	4,001	176,100	21,183	47,605	1,514	-	268,661
Accumulated impairment loss:								
At beginning of the financial year	-	-	2,748	-	-	-	-	2,748
Currency translation differences	-	-	(11)	-	-	-	-	(11)
Disposals	-	-	(1)	-	-	-	-	(1)
At end of the financial year	-	-	2,736	-	-	-	-	2,736
Carrying amount:								
At 31 December 2025	13,581	11,308	68,094	2,105	14,970	357	6,621	117,036

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2024	Freehold land and buildings \$'000	Leasehold buildings \$'000	Plant, machinery, equipment, piping and electrical installation \$'000	Moulds and toolings \$'000	Office equipment, furniture and fittings and renovation \$'000	Motor vehicles \$'000	Construction-in-progress \$'000	Total \$'000
<u>The Group</u>								
Cost:								
At beginning of the financial year	30,329	14,676	225,060	21,977	55,446	1,879	7,902	357,269
Currency translation differences	(456)	378	536	285	619	42	121	1,525
Additions	15	-	6,236	279	3,797	50	3,536	13,913
Disposals	-	-	(1,248)	(96)	(41)	(86)	-	(1,471)
Written off	-	-	(557)	(387)	(386)	(24)	(9)	(1,363)
Transfer to intangible assets (Note 18)	-	-	-	-	(1,641)	-	-	(1,641)
Reclassification	-	12	6,208	18	218	-	(6,456)	-
At end of the financial year	29,888	15,066	236,235	22,076	58,012	1,861	5,094	368,232
Accumulated depreciation:								
At beginning of the financial year	15,273	2,866	146,580	19,418	39,186	1,374	-	224,697
Currency translation differences	(321)	55	574	277	381	34	-	1,000
Charge for the financial year	1,165	535	15,601	791	4,819	143	-	23,054
Disposals	-	-	(1,190)	(93)	(41)	(85)	-	(1,409)
Written off	-	-	(551)	(378)	(381)	(24)	-	(1,334)
Transfer to intangible assets (Note 18)	-	-	-	-	(521)	-	-	(521)
Reclassification	-	-	35	(143)	108	-	-	-
At end of the financial year	16,117	3,456	161,049	19,872	43,551	1,442	-	245,487
Accumulated impairment loss:								
At beginning of the financial year	-	-	2,756	-	-	-	-	2,756
Currency translation differences	-	-	(8)	-	-	-	-	(8)
At end of the financial year	-	-	2,748	-	-	-	-	2,748
Carrying amount:								
At 31 December 2024	13,771	11,610	72,438	2,204	14,461	419	5,094	119,997

The carrying amounts of machineries, motor vehicles and other fixed assets held under finance leases are \$2,351,000 (2024 : \$3,242,000).

Bank borrowings are secured on certain freehold land and buildings, leasehold building, machineries and other fixed assets of the Group with carrying amounts of \$8,486,000 (2024 : \$8,720,000), \$809,000 (2024 : \$794,000), \$30,434,000 (2024 : \$28,852,000) and \$1,642,000 (2024 : \$3,809,000) respectively (Note 26).

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

13 RIGHT-OF-USE ASSETS

The Group leases several assets including land, buildings, motor vehicles and other equipment. The lease terms of the assets are as follows:

Land and buildings	33 years to 99 years
Other assets	3 years to 7 years

2025	Land \$'000	Buildings \$'000	Motor vehicles \$'000	Other equipment \$'000	Total \$'000
<u>The Group</u>					
Cost:					
At beginning of the financial year	3,624	75,937	2,030	736	82,327
Additions	15,520	12,526	203	12	28,261
Termination	-	(4,573)	(577)	-	(5,150)
Exchange difference	93	2,032	124	14	2,263
Modification	-	(1,824)	(50)	(228)	(2,102)
At end of the financial year	19,237	84,098	1,730	534	105,599
Accumulated depreciation:					
At beginning of the financial year	425	33,133	973	484	35,015
Charge for the year	2,322	5,596	336	77	8,331
Termination	-	(4,375)	(492)	-	(4,867)
Exchange difference	14	244	59	3	320
Modification	-	(1,824)	(50)	(228)	(2,102)
At end of the financial year	2,761	32,774	826	336	36,697
Carrying amount:					
At 31 December 2025	16,476	51,324	904	198	68,902

2024

The Group

Cost:					
At beginning of the financial year	3,484	71,473	1,080	528	76,565
Additions	-	5,259	1,003	194	6,456
Termination	-	(1)	-	-	(1)
Exchange difference	140	(687)	(53)	14	(586)
Modification	-	(107)	-	-	(107)
At end of the financial year	3,624	75,937	2,030	736	82,327

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

13 RIGHT-OF-USE ASSETS (CONT'D)

2024	Land \$'000	Buildings \$'000	Motor vehicles \$'000	Other equipment \$'000	Total \$'000
Accumulated depreciation:					
At beginning of the financial year	347	25,787	710	388	27,232
Charge for the year	61	7,088	288	99	7,536
Exchange difference	17	323	(25)	(3)	312
Modification	-	(65)	-	-	(65)
At end of the financial year	425	33,133	973	484	35,015
Carrying amount:					
At 31 December 2024	3,199	42,804	1,057	252	47,312

Bank borrowing are secured on certain land of the Group with carrying amounts of \$774,000 (2024 : \$759,000) (Note 26).

14 INVESTMENT PROPERTIES

	The Group	
	2025 \$'000	2024 \$'000
Cost:		
At beginning of the financial year	1,465	1,576
Currency translation differences	64	83
Written off	-	(194)
At end of the financial year	1,529	1,465
Accumulated depreciation:		
At beginning of the financial year	153	317
Charge for the financial year	20	19
Currency translation differences	7	11
Written off	-	(194)
At end of the financial year	180	153
Carrying amount at end of the financial year	1,349	1,312

The Group has adopted the cost model under SFRS(I) 1-40 *Investment Property* for its investment properties.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

14 INVESTMENT PROPERTIES (CONT'D)

Details of the Group's investment properties and information about the fair value hierarchy as of 31 December 2025 and 31 December 2024 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<u>At 31 December 2025</u>				
Leasehold buildings	-	-	3,425	3,425
<u>At 31 December 2024</u>				
Leasehold buildings	-	-	2,873	2,873

There were no transfers between the respective levels during the financial year.

The fair value of the Group's investment properties has been arrived at based on an indicative market value by reference to market evidence of transaction prices for similar properties.

The following amounts are recognised in income statement:

	The Group	
	2025	2024
	\$'000	\$'000
Rental income	(139)	(155)
Direct operating expenses arising from:		
- Investment properties that generate rental income	91	27

As at 31 December 2025, the details of the investment properties are as follows:

<u>Location</u>	<u>Tenure</u>	<u>Existing use</u>
Block F89 (80 units) Taman Pelangi, Seberang Perai Tengah, Prai held under Strata Titles Nos. Pajakan Negeri 2377/M2/1/81 to 96, 2377/M2/2/97 to 112, 2377/M2/3/113 to 128, 2377/M2/4/129 to 144, 2377/M2/5/145 to 160 erected on part of Lot No. 5788, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang, Malaysia	99 years lease expiring 22.04.2092	Rented
Block F104 (40 units) Taman Pelangi, Seberang Perai Tengah, Prai held under Strata Titles Nos. Pajakan Negeri 2374/M4/1/181 to 188, 2374/M4/2/189 to 196, 2374/M4/3/197 to 204, 2374/M4/4/205 to 212, 2374/M4/5/213 to 220 erected on part of Lot No. 5794, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang, Malaysia	99 years lease expiring 22.04.2092	Rented

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES

	The Company	
	2025	2024
	\$'000	\$'000
Equity investment	129,774	129,774
Equity contributions to subsidiaries	7,103	5,270
	<u>136,877</u>	<u>135,044</u>

The Company's equity contributions to subsidiaries during the financial year are in respect of its share options granted to the eligible employees (including executive directors) of the Group and credited to share option reserve.

The details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ place of business	Effective equity interest held by the Group				Principal activities
		Company		Subsidiary		
		2025	2024	2025	2024	
		%	%	%	%	
Frencken International Sdn. Bhd. ⁽²⁾	Malaysia	100	100	-	-	Investment holding, providing of management services including sales & marketing and sourcing.
Frencken Europe B.V. ⁽⁷⁾	The Netherlands	100	100	-	-	Investment holding, management, sales and business development.
ETLA Limited ⁽¹⁾	Singapore	100	100	-	-	Provision of value engineering, prototyping, program management, supply chain management, precision machining components and sheet metal parts manufacturing, modular and equipment system assembly, integration, testing and commissioning.
Juken Technology Limited ⁽¹⁾	Singapore	100	100	-	-	Investment holding.
Avimac Pte. Ltd. ⁽¹⁾	Singapore	-	-	100	100	Provide precision machining and engineering services, with a primary focus on aerospace, semiconductors and oil & gas industry.
Frencken Mechatronics B.V. ⁽⁷⁾⁽¹⁶⁾	The Netherlands	-	-	100	100	Assembly, testing and engineering of mechatronic modules and equipment.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ place of business	Effective equity interest held by the Group				Principal activities
		Company		Subsidiary		
		2025	2024	2025	2024	
		%	%	%	%	
Frencken Technical Projects Assembly B.V. ⁽⁷⁾⁽¹⁶⁾	The Netherlands	-	-	-	100	Provision of services to Group companies.
Machinefabriek Gebrs. Frencken B.V. ⁽⁷⁾⁽¹⁷⁾	The Netherlands	-	-	100	100	Manufacturing and assembly of precision mechanical parts, sheet metal and prototyping.
Optiwa B.V. ⁽⁷⁾⁽¹⁷⁾	The Netherlands	-	-	100	100	Manufacturing and/or assembly of precision mechanical parts, modules, sheet metal and prototyping.
Frencken Machining B.V. ⁽⁷⁾⁽¹⁷⁾	The Netherlands	-	-	100	-	Manufacturing and/or assembly of precision mechanical parts, modules, sheet metal and prototyping.
Frencken Engineering B.V. ⁽⁷⁾⁽¹⁶⁾	The Netherlands	-	-	-	100	Research, development and engineering.
Frencken Logistics & Assembly B.V. ⁽⁷⁾⁽¹⁶⁾	The Netherlands	-	-	-	100	Provision of services to Group companies.
Frencken Investments B.V. ⁽⁷⁾	The Netherlands	-	-	100	100	Property holding company.
NTZ Nederland B.V. ⁽⁸⁾	The Netherlands	-	-	100	100	Design, engineering, manufacturing and sales of filters.
Frencken America Inc. ⁽¹⁴⁾	USA	-	-	100	100	Designs, engineers and manufactures mechatronic modules, products and systems.
Frencken Mechatronics (M) Sdn. Bhd. ⁽²⁾	Malaysia	-	-	100	100	Manufacturing of precision machining components and sheet metal parts and assembly of modular and equipment.
Precico Sdn. Berhad ⁽²⁾	Malaysia	-	-	100	100	Investment property holding company.
Juken Technology Engineering Sdn. Bhd. ⁽²⁾	Malaysia	-	-	100	100	Manufacture of mould and die, plastic products and component sub-assembly.
Penchem Technologies Sdn. Bhd. ⁽¹³⁾	Malaysia	50.94	50.94	-	-	Producing high performance adhesive products and thermal management products.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ place of business	Effective equity interest held by the Group				Principal activities
		Company		Subsidiary		
		2025	2024	2025	2024	
		%	%	%	%	
Penchem Industries Sdn. Bhd. ⁽¹³⁾	Malaysia	-	-	50.94	50.94	Producing, testing and trading performance adhesives, thermal management products and all other type of chemicals for commercial and industrial use.
ETLA Technology (Wuxi) Co., Ltd ⁽³⁾	People's Republic of China	-	-	100	100	Manufacturing of precision machining components and sheet metal parts and assembly of modular and equipment.
Micro-Air (Tianjin) Technology Co., Ltd ⁽¹²⁾	People's Republic of China	-	-	60	60	Vacuum coating, thermal treatment and other related services for plastic component.
Juken (Zhuhai) Co., Ltd ⁽⁴⁾	People's Republic of China	-	-	100	100	Injection mould making and injection moulding.
Frencken (Chuzhou) Co., Ltd ⁽⁵⁾	People's Republic of China	-	-	100	100	Manufacture of mould and die, plastic products and component sub-assembly.
Juken (H.K.) Co., Limited ⁽⁹⁾	Hong Kong	-	-	100	100	Sales office.
Juken (Thailand) Co., Ltd ⁽¹⁰⁾	Thailand	-	-	100	100	Manufacture and distribution of plastic products.
Juken Uniproducts Pvt. Limited ⁽¹¹⁾	India	-	-	55	55	Manufacture and distribution of plastic components.
PT Juken Technology Indonesia ⁽¹⁵⁾	Indonesia	-	-	100	100	Dormant.
Juken Swiss Technology AG ⁽⁶⁾	Switzerland	-	-	100	100	Design and sales of micro-mechanical product components for automotive industry.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

- (1) Audited by Deloitte & Touche LLP, Singapore.
- (2) Audited by Deloitte & Touche, Malaysia.
- (3) Audited by Deloitte Touche Tohmatsu CPA LLP, People's Republic of China for consolidation purpose, and by Jiangsu Gongqin Certified Public Accountants Co., Ltd, People's Republic of China for statutory purpose.
- (4) Audited by Deloitte Touche Tohmatsu CPA LLP, People's Republic of China for consolidation purposes and by BDO China Dahua CPAs, People's Republic of China for statutory purpose.
- (5) Audited by BDO China Dahua CPAs, People's Republic of China for statutory purpose.
- (6) Audited by Deloitte AG, Switzerland for statutory purpose.
- (7) Audited by Deloitte Accountants B.V., The Netherlands, Eindhoven for statutory purpose.
- (8) Audited by Q-Concepts Accountancy B.V., The Netherlands for statutory purpose.
- (9) Audited by W.M. Sum & Co., Hong Kong for statutory purpose.
- (10) Audited by Ernst & Young, Thailand for statutory purpose.
- (11) Audited by Dimpal Kumar Munjal & Associates, India for statutory purpose.
- (12) Audited by Tianjin Guangxin Certified Public Accountant Co., Ltd, People's Republic of China for statutory purpose.
- (13) Audited by T.H. Yew & Co. PLT, Malaysia for statutory purpose.
- (14) Audited by Deloitte Accountants B.V., The Netherlands, Eindhoven for consolidation purpose.
- (15) This subsidiary is insignificant and unaudited.
- (16) On 1 January 2025, Frencken Engineering B.V., Frencken Technical Projects Assembly B.V. and Frencken Logistics & Assembly B.V. were legally merged into Frencken Mechatronics B.V.. Thereafter, Frencken Engineering B.V., Frencken Technical Projects Assembly B.V. and Frencken Logistics & Assembly B.V. ceased to exist.
- (17) Frencken Beheer B.V. was incorporated on 29 August 2025. Subsequently on 1 Jan 2026, Machinefabriek Gebrs. Frencken B.V. and Optiwa B.V. were legally merged into Frencken Beheer B.V.. Following the merger, Machinefabriek Gebrs. Frencken B.V. and Optiwa B.V. ceased to exist, and Frencken Beheer B.V. subsequently changed its legal name to Frencken Machining B.V..

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activities	Place of incorporation and operation	Number of wholly owned subsidiaries	
		2025	2024
Investment holding			
Investment holding, providing of management services including sales & marketing and sourcing.	Malaysia	1	1
Mechatronics			
Investment holding, management, sales and business development.	The Netherlands	1	1
Manufacturing and assembly of precision mechanical parts, sheet metal and prototyping.	The Netherlands	3	2
Provision of value engineering, prototyping, program machining components and sheet metal parts manufacturing, modular and equipment system assembly, integration, testing and commissioning.	Singapore	1	1
Provide precision machining and engineering services, with a primary focus on aerospace, semiconductors and oil & gas industry.	Singapore	1	1
Manufacturing of precision machining components, sheet metal and assembly modular and equipment.	Malaysia	1	1
Manufacturing of precision machining components, sheet metal and assembly of modular and equipment.	People's Republic of China	1	1
Designs, engineers and manufactures mechatronic modules, products and systems.	USA	1	1
Assembly, testing and engineering of mechatronic modules and equipment.	The Netherlands	1	1
Provision of services to Group companies.	The Netherlands	-	2
Research, development and engineering.	The Netherlands	-	1
Property holding.	The Netherlands	1	1

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

Principal activities	Place of incorporation and operation	Number of wholly owned subsidiaries	
		2025	2024
APS			
Investment holding.	Singapore	1	1
Design, engineering, manufacturing and sales of filters.	The Netherlands	1	1
Manufacture of mould and die, plastic products and component sub-assembly.	Malaysia	1	1
Injection mould making and injection moulding.	People's Republic of China	1	1
Manufacture of mould and die, plastic products and component sub-assembly.	People's Republic of China	1	1
Manufacture and distribution of plastic products.	Thailand	1	1
Design and trading of micro-mechanical product components for automotive industry.	Switzerland	1	1
Sales office.	Hong Kong	1	1
Dormant.	Indonesia	1	1
Others			
Investment property holding.	Malaysia	1	1
		<u>22</u>	<u>24</u>

Principal activities	Place of incorporation and operation	Number of non-wholly owned subsidiaries	
		2025	2024
APS			
Vacuum coating, thermal treatment and other related services for plastic component.	People's Republic of China	1	1
Manufacture and distribution of plastic components.	India	1	1
Others			
Producing high performance adhesive products and thermal management products.	Malaysia	1	1
Producing, testing and trading performance adhesives, thermal management products and all other type of chemicals for commercial and industrial use.	Malaysia	1	1
		<u>4</u>	<u>4</u>

No disclosure was made for non-wholly owned subsidiaries that have material non-controlling interests in the financial year ended 31 December 2025 and 2024 as the non-controlling interests are not material to the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

16 INVESTMENT IN AN ASSOCIATE

	The Group	
	2025 \$'000	2024 \$'000
Cost of investment in associates	16	14
Share of post-acquisition profit, net dividends received	27	4
	43	18

The details of the associated company is as follows:

Name of associate	Country of incorporation/ place of business	Effective equity interest		Principal activities
		2025 %	2024 %	
<u>Held by Penchem Technologies Sdn. Bhd.</u>				
12Make Sdn. Bhd.	Malaysia	33	33	Providing engineering services, designing, manufacturing, distributing, selling and providing 3D printing products and services

17 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	Group and Company	
	2025 \$'000	2024 \$'000
Unquoted equity security designated at FVTOCI	1,995	1,995

The investment in unquoted equity represent investment in a company that is engaged in the investment of healthcare companies. The recoverability of this investment is uncertain and dependent on the outcome of these activities, which cannot presently be determined. This investment in equity instruments are held for medium to long-term strategic purposes. Accordingly, management has elected to designate this investment in equity instruments as FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in income statement would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

18 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill \$'000	Deferred development costs \$'000	Patents \$'000	Intellectual properties \$'000	Software development costs \$'000	Total \$'000
2025						
<u>The Group</u>						
Cost:						
At beginning of the financial year	22,384	17,977	2,408	5,961	401	49,131
Addition	-	119	-	-	1,632	1,751
Written off	-	(440)	-	-	-	(440)
Transfer from property, plant and equipment (Note 12)	-	-	-	-	726	726
Currency translation differences	448	859	46	1	125	1,479
At end of the financial year	22,832	18,515	2,454	5,962	2,884	52,647
Accumulated amortisation:						
At beginning of the financial year	-	6,172	2,366	5,961	86	14,585
Written off	-	(440)	-	-	-	(440)
Currency translation differences	-	307	44	1	12	364
Amortisation charge	-	464	20	-	178	662
At end of the financial year	-	6,503	2,430	5,962	276	15,171
Accumulated impairment:						
At beginning of the financial year	2,036	10,493	-	-	-	12,529
Currency translation differences	138	557	-	-	-	695
At end of the financial year	2,174	11,050	-	-	-	13,224
Carrying amount:						
At 31 December 2025	20,658	962	24	-	2,608	24,252

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

18 GOODWILL AND OTHER INTANGIBLE ASSETS (CONT'D)

	Goodwill \$'000	Deferred development costs \$'000	Patents \$'000	Intellectual properties \$'000	Software development costs \$'000	Total \$'000
2024						
<u>The Group</u>						
Cost:						
At beginning of the financial year	22,592	17,225	2,433	5,961	-	48,211
Transfer from property, plant and equipment (Note 12)	-	1,230	-	-	411	1,641
Currency translation differences	(208)	(478)	(25)	-	(10)	(721)
At end of the financial year	22,384	17,977	2,408	5,961	401	49,131
Accumulated amortisation:						
At beginning of the financial year	-	5,677	2,373	5,961	-	14,011
Transfer from property, plant and equipment (Note 12)	-	433	-	-	88	521
Currency translation differences	-	(178)	(24)	-	(2)	(204)
Amortisation charge	-	240	17	-	-	257
At end of the financial year	-	6,172	2,366	5,961	86	14,585
Accumulated impairment:						
At beginning of the financial year	2,100	10,752	-	-	-	12,852
Currency translation differences	(64)	(259)	-	-	-	(323)
At end of the financial year	2,036	10,493	-	-	-	12,529
Carrying amount:						
At 31 December 2024	20,348	1,312	42	-	315	22,017

(a) Goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to countries of operation and business segments.

The summary of the goodwill allocation is presented below:

	The Group	
	2025 \$'000	2024 \$'000
<u>Mechatronics:</u>		
America	2,242	2,100
The Netherlands	7,327	7,159
Singapore	8,392	8,392
	17,961	17,651
<u>Others:</u>		
Malaysia	2,697	2,697
	20,658	20,348

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

18 GOODWILL AND OTHER INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (cont'd)

The recoverable amounts of the CGUs to which goodwill is allocated are determined based on value-in-use calculations which use cash flow projections based on financial budgets approved by management covering a five-year period.

The key assumptions used by management in setting the financial budgets for the initial five-year period includes forecast average gross margin, forecast average revenue growth rate, and discount rate. Management determined the forecast average gross margin and forecast average revenue growth rate based on historical actual performance and its expectations of future changes in the market and general industry outlook. The discount rates used reflect specific risks relating to the relevant segments.

Cash flows beyond that five-year period have been extrapolated using steady growth rates that do not exceed the average growth rates for the relevant markets. The steady growth rates are estimated by management based on past performance of the CGUs and their expectations of market development.

Key assumptions used for value-in-use calculations:

	2025			2024		
	Gross margin ⁽¹⁾ %	Revenue growth rate ⁽¹⁾ %	Discount rate ⁽²⁾ %	Gross margin ⁽¹⁾ %	Revenue growth rate ⁽¹⁾ %	Discount rate ⁽²⁾ %
<u>Mechatronics:</u>						
America and The Netherlands	13.9 to 15.5	6.4 to 21.1	12.0 to 17.8	11.9 to 17.2	3.8 to 11.1	11.2 to 15.1
Singapore	11.0	6.8	7.1	14.3	18.0	10.2
<u>Others:</u>						
Malaysia	39.7	22.3	14.4	43.7	26.4	14.2

(1) Forecasted average gross margin and revenue growth rate.

(2) Discount rate applied to the pre-tax cash flow projections.

The process of evaluating goodwill impairment involves management judgement and prudent estimates of various factors including future cash flows as well as the forecast average revenue growth rate, discount rate and forecast average gross margin. The results can be highly sensitive to the assumptions used. Key assumptions used to determine the recoverable amounts of the CGU, including forecast average revenue growth rate, forecast average gross margin and discount rate, are tested for sensitivity by applying a reasonable possible change to those assumptions.

Sensitivity analysis

Management has conducted an analysis of the sensitivity of key assumptions used to determine the recoverable amount for each of the Group's CGUs to which goodwill is allocated.

Economic uncertainty continues to exist in the market. Recovery in the industry that the Singapore CGU serve had not been as positive as expected. It is possible that further underperformance may occur in 2026 if prevailing trends continue.

The Singapore CGU represent 40.6% (2024 : 41.2%) of the goodwill recognised on the balance sheet. For the impairment test performed as at 31 December 2025, management has identified total forecasted revenue as a key assumption, given that the recoverable amount is particularly sensitive to variations in forecasted revenue. A decrease in total forecasted revenue over the five-year projected free cash flow period to 69.3% of forecast would result in the recoverable amounts of the CGU being equal to the carrying amount.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

18 GOODWILL AND OTHER INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (cont'd)

Sensitivity analysis

If total forecasted revenue of the Singapore CGU over the five-year projected free cash flow period were reduced to 90% of the forecast, and uncontracted revenue from one major customer were excluded from terminal free cash flow due to uncertainty over the continuation of the business relationship, the recoverable amount would decrease from \$35,673,000 to \$9,702,000. This reduction would give rise to a potential impairment charge of \$812,000, compared with a carrying value of \$10,514,000.

No sensitivity analysis was disclosed for the remaining CGUs as the Group believes that any reasonable possible change in the key assumptions is unlikely to result in any material impairment to the CGUs.

(b) Deferred development costs

Deferred development costs relate to the cost capitalised by its subsidiaries for developing certain products. Amortisation of the deferred development costs begins when the development is completed and are amortised on the expected units of production basis or over the estimated useful life of 5 to 10 years (2024 : 5 to 10 years).

(c) Patents

Patents relate to certain design and specification of stepper motors, filter devices for micro filtration of oil and automation of material handling to laser welding machine for gearbox filters in cars.

Patents are amortised over their estimated useful life of 5 years.

(d) Intellectual properties

Intellectual properties mainly pertain to the intellectual property related to the current miniature stepper motor product offerings and the intellectual property related miniature stepper motor products under in-process research and development. These intellectual properties have finite useful lives, and are amortised on a straight-line basis over their estimated useful lives of 5 years and on the expected units sold respectively. Intellectual properties has been fully amortised.

(e) Software development costs

Software development costs refer to the costs capitalised for the implementation of the enterprise resource planning system and are amortised over their estimated useful life of 5 to 10 years (2024 : 5 years).

The amortisation expense has been included in the line item "cost of sales" in consolidated income statement.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

19 INVENTORIES

	The Group	
	2025	2024
	\$'000	\$'000
Raw materials	83,084	101,376
Work-in-progress	61,300	66,130
Finished goods	54,165	58,959
	<u>198,549</u>	<u>226,465</u>

The cost of inventories recognised as an expense and included in "cost of sales" amounts to \$522,267,000 (2024 : \$464,411,000).

As at 31 December 2025, the inventories are stated after allowance for inventory obsolescence of \$14,524,000 (2024 : \$16,360,000).

Inventories of \$101,479,000 (2024 : \$135,198,000) have been pledged as security for certain bank overdrafts of the Group (Note 26).

20 TRADE RECEIVABLES

	The Group	
	2025	2024
	\$'000	\$'000
Trade receivables	139,669	138,543
Loss allowance	(738)	(769)
	<u>138,931</u>	<u>137,774</u>

Trade receivables of \$35,905,000 (2024 : \$58,886,000) have been pledged as security for certain banking facilities of the Group (Note 26).

As at 31 December 2025, approximately 31% (2024 : 37%) of the trade receivables balance of the Group relates to 4 (2024 : 4) major customers that are involved in a different spectrum of industries and possess a variety of end markets to which they sell. Management has in place specific procedures to ensure that the related credit risks are closely monitored. Due to these factors, management believes that no additional credit risk beyond the amount of allowance for impairment made is inherent in the Group's trade receivables.

Trade receivables are non-interest bearing and are generally on 14 to 120 days (2024 : 14 to 120 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

20 TRADE RECEIVABLES (CONT'D)

The Group applies the simplified approach in SFRS(I) 9 to measure the loss allowance at an amount equal to lifetime ECL for trade receivables. The loss allowance is estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial position, adjusted for factors that are specific to the customers, general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the financial year.

In calculating the expected credit loss rates, the Group considers historical loss rate for each category of customers and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Management has considered, among other factors (including forward-looking information), the Group's historical loss pattern over the last three financial years, historical payment trends of customers and time value of money. Management concluded that the expected credit losses for financial asset is immaterial, with the exception of certain trade receivables where credit loss allowances amounting to approximately \$59,000 (2024 : \$325,000) have been recognised based on the expected amount and timing of settlement.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

<u>The Group</u>	Lifetime ECL - credit - impaired \$'000
Balance as at 1 January 2024	450
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	325
Currency translation difference	(6)
Balance as at 31 December 2024	769
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	59
Currency translation difference	(90)
Balance as at 31 December 2025	738

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

21 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Other receivables	10,322	4,577	57	39
Deposits	2,187	2,251	-	-
Prepayments	9,483	7,426	9	8
Staff loans and advances	640	328	-	-
	<u>22,632</u>	<u>14,582</u>	<u>66</u>	<u>47</u>
Analysed as:				
- Current	21,965	13,401	66	47
- Non-current	667	1,181	-	-
	<u>22,632</u>	<u>14,582</u>	<u>66</u>	<u>47</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

21 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

Other receivables are considered to have low risk of default as they are not due for payment at the end of the reporting period and there has been no significant increase in credit risk since initial recognition, as the Group has not identified any indications of adverse changes in business, financial or economic conditions that are expected to cause a significant change in the counterparty's ability to meet its repayment obligations. The loss allowance is measured at an amount equal to 12-month ECL and is determined to be immaterial.

Other receivables include an amount of \$1,180,000 (2024 : \$1,675,000) in respect of a loan to a third party. This amount is repayable over a period of 5 years and bear interest at rate of 3.82% per annum. An amount of \$667,000 (2024 : \$1,181,000) has been included under non-current asset as repayment is not expected to be received within the next 12 months.

There has been no change in the estimation techniques or significant assumptions made during the financial year.

22 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Short-term funds placed with Malaysian financial institutions	44,096	61,182	-	-
Fixed deposits	37,704	18,424	37,300	16,800
Cash and bank balances	80,075	79,593	428	331
	<u>161,875</u>	<u>159,199</u>	<u>37,728</u>	<u>17,131</u>
Less: Bank overdrafts (Note 26)	(528)	(42,609)	-	-
Less: Deposits pledged as securities	(154)	(164)	-	-
Cash and cash equivalents in the statement of cash flows	<u>161,193</u>	<u>116,426</u>	<u>37,728</u>	<u>17,131</u>

Fixed deposits of the Group amounting to \$154,000 (2024 : \$164,000) are pledged as guarantees to certain government authorities.

These fixed deposits can be withdrawn before due date if required without having to incur significant costs, and therefore, the carrying amounts approximate their fair values.

The withdrawal/maturity period and effective interest rates of short-term funds placed with Malaysian financial institutions and fixed deposits are as follows:

	The Group		The Company	
	2025	2024	2025	2024
Short-term funds placed with Malaysian financial institutions:				
Effective interest rate (% per annum)	3.15 to 3.48	3.20 to 3.61	-	-
Withdrawal notice (days)	1	1	-	-
Fixed deposits:				
Effective interest rate (% per annum)	0.25 to 7.00	0 to 4.55	1.10 to 1.20	3.00 to 3.80
Maturity period (months)	1 to 4	1 to 3	3 to 4	1 to 3

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$18,343,000 (2024 : \$13,913,000) (Note 12) of which \$565,000 (2024 : \$ 931,000) was included in other payables at balance sheet date. Cash payments of \$17,897,000 (2024 : \$13,101,000) includes an amount of \$119,000 (2024 : \$119,000) for payment from other payables to purchase property, plant and equipment incurred in previous financial year.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

23 TRADE PAYABLES

The carrying amounts of trade payables approximated their fair values at balance sheet date as these amounts are payable within the next 12 months.

24 OTHER PAYABLES, ACCRUALS AND PROVISIONS

	The Group		The Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Other payables	7,806	9,708	111	159
Other operating accruals	48,826	45,871	481	369
Provisions	365	365	365	365
	<u>56,997</u>	<u>55,944</u>	<u>957</u>	<u>893</u>
Add: Other payables (non-current)	-	65	-	-
	<u>56,997</u>	<u>56,009</u>	<u>957</u>	<u>893</u>

Movements in provisions are as follow:

	Group and Company Provision for directors' fee	
	2025 \$'000	2024 \$'000
Balance at beginning of financial year	365	365
Provision made	365	365
Provision utilised	<u>(365)</u>	<u>(365)</u>
Balance at end of financial year	<u>365</u>	<u>365</u>

Other payables included an amount of \$63,000 (2024 : \$127,000) in respect of interest free credit granted by supplier. This amount is repayable over a period of 5 years. In 2024, an amount of \$65,000 was been included under non-current liabilities as repayment was not expected to be paid within the next 12 months.

25 DEFERRED INCOME

Deferred income relates to government grants received for the acquisition of machinery to enhance productivity and cost effectiveness. The income will be recognised in the income statement on a straight-line basis over the useful life of the asset. There are no unfulfilled conditions or other contingencies attaching to this grant.

	The Group	
	2025 \$'000	2024 \$'000
Balance at beginning of financial year	64	71
Less : Amortisation of deferred income (Note 6)	(11)	(10)
Currency translation differences	<u>3</u>	<u>3</u>
	56	64
Less : Non-current portion	<u>(45)</u>	<u>(53)</u>
	<u>11</u>	<u>11</u>
Analyses as:		
- Current	11	11
- Non-current	<u>45</u>	<u>53</u>
	<u>56</u>	<u>64</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

26 BORROWINGS

	The Group	
	2025 \$'000	2024 \$'000
Current		
Short-term bank borrowings ⁽¹⁾ :		
- Bank overdrafts	528	42,609
- Trade financing ⁽²⁾	20,664	32,108
- Revolving credits	-	10,933
Term loans ⁽³⁾	476	808
	21,668	86,458
Non-current		
Term loans ⁽³⁾	585	147

⁽¹⁾ Short-term bank borrowings:

In 2024, bank overdraft of \$41,885,000 was secured by mortgage over properties (Note 12), pledged on machineries, other fixed assets and inventories (Note 19) and certain trade receivables (Note 20) of certain subsidiaries of the Group in The Netherlands.

Bank overdrafts of the Group are repayable on demand and form an integral part of the Group's cash management. They are denominated in SGD and MYR (2024 : EUR, SGD and MYR) and bear interest at rates ranging from 2.00% to 7.82% (2024 : 2.00% to 7.89%) per annum.

Trade financing of the Group includes \$309,000 (2024 : \$353,000) which is pledged on the trade receivables (Note 20) of certain subsidiaries in the People's Republic of China.

Trade financing are denominated in USD, EUR, SGD, MYR and RMB (2024 : USD, EUR, SGD, MYR and RMB), due within 2 to 4 months (2024 : 1 to 6 months) and bear interest at rates ranging from 2.40% to 5.91% (2024 : 2.50% to 6.90%) per annum.

In 2024, revolving credits of \$10,933,000 were unsecured and denominated in SGD and USD, due within 3 months and bore interest at rates ranging of 4.92% to 6.74% per annum.

⁽²⁾ Trade financing:

Trade financing of the Group includes \$14,428,000 (2024 : \$20,347,000) under supplier financing arrangements.

In order to enjoy extended payment terms, the Group has entered into supplier finance arrangements with the banks that the banks pay the amounts owe by the Group to its suppliers on the invoice due date. The Group then repays the banks the full invoice amount on an agreed payment date later than the date required by the invoice. As the arrangements involve the use of financing provided by the banks, the Group considers amount payable to the banks should be presented as part of borrowings.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

26 BORROWINGS (CONT'D)

	The Group	
	2025	2024
	\$'000	\$'000
<u>Carrying amount of the financial liabilities that are subject to supplier finance arrangements</u>		
Presented as part of "Borrowings", including:		
Borrowings for which suppliers have already received payment from the finance provider	14,428	20,347

	The Group	
	2025	2024
	Days	Days
<u>Range of payment due dates</u>		
Liabilities that are part of supplier finance arrangements	81 - 125	81 - 123
Comparable trade payables that are not part of supplier finance arrangements	30 - 90	30 - 90

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. There were no material non-cash changes in these liabilities.

The Group does not face a significant liquidity risk as a result of its supplier finance arrangements given the limited amount of liabilities subject to supplier finance arrangements and the company's access to other sources of finance on similar terms.

³⁾ Term loans:

\$142,000 (2024 : \$167,000) of the Group's term loan are denominated in MYR (2024 : MYR) and bear interest at rate of 4.21% (2024 : 4.46%) per annum. The term loans are repayable over a period of 10 years (2024 : 10 years) and are secured by mortgage over a property (Note 12) and a land (Note 13) of a subsidiary in Malaysia.

In 2024, \$465,000 of the Group's term loans were denominated in RMB as at the end of the financial year and bore interest at 5.37% per annum. The term loans were repayable over 3 years, and were secured by mortgage over a machinery (Note 12) of a subsidiary in People's Republic of China.

The carrying amounts of current portion of borrowings of the Group approximated their fair values at balance sheet date. The carrying amount of non-current portion of borrowings of the Group approximated their fair values as there are no significant differences between the historical interest rates at the points when the liabilities were undertaken and the current prevailing market interest rates.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

26 BORROWINGS (CONT'D)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's Consolidated Cash Flow Statement as cash flows from financing activities.

	At beginning of the financial year	Financing cash flows*	Non-cash movement				At end of the financial year
			Addition of lease liabilities	Termination of lease liabilities	Foreign exchange movement	Others ⁽¹⁾	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group							
2025							
Short-term bank borrowings	43,041	(85,721)	-	-	183	63,161	20,664
Term loans	955	102	-	-	4	-	1,061
Lease liabilities	46,948	(9,000)	28,261	(283)	1,843	-	67,769
	90,944	(94,619)	28,261	(283)	2,030	63,161	89,494

	At beginning of the financial year	Financing cash flows*	Non-cash movement				At end of the financial year
			Addition of lease liabilities	Termination of lease liabilities	Foreign exchange movement	Others ⁽¹⁾	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group							
2024							
Short-term bank borrowings	39,304	(49,280)	-	-	474	52,543	43,041
Term loans	1,507	(563)	-	-	11	-	955
Lease liabilities	49,979	(8,622)	6,456	(1)	(864)	-	46,948
	90,790	(58,465)	6,456	(1)	(379)	52,543	90,944

* The cash flows make up the net amount of proceeds from borrowings, repayments of borrowings, term loans and the repayment of lease liabilities in the Group's Consolidated Cash Flow Statement.

⁽¹⁾ Other changes include non-cash movements such as reclassification of trade payables to borrowings under a supplier finance arrangement.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

27 LEASE LIABILITIES

	The Group	
	2025	2024
	\$'000	\$'000
Less than 1 year	10,190	9,154
Between 1 and 2 years	14,762	13,970
Between 2 and 5 years	6,470	5,500
After 5 years	49,397	19,961
	<u>80,819</u>	<u>48,585</u>
Less: Unearned interest	(13,050)	(1,637)
	<u>67,769</u>	<u>46,948</u>
Analyses as:		
- Current	8,980	8,399
- Non-current	58,789	38,549
	<u>67,769</u>	<u>46,948</u>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

28 RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group contributes at rates stipulated by each country's local legislation into separate entities and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

Retirement benefit plan

The Group operates a funded defined retirement benefit plan for qualifying employees of its subsidiary in Switzerland. Under the plan, the employees are entitled to retirement benefits on attainment of a retirement age of 64 to 65. No other post-retirement benefits are provided.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

28 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The plan in Switzerland typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	There is no investment risk related to the pension plan assets. The collective pension plan has been concluded with BVG-Sammelstiftung Swiss Life which bear all the risks (invalidity, death and pension) as well as for the investment activity.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 December 2025 by Libera AG, a pension fund specialist in Switzerland. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. This method is based on the amount of working years at the date of the actuarial valuation and considers the future by including:

- a discount rate;
- the salary development and leaving probability up to the beginning of the benefit payment; and
- possible inflation adjustments for the years after the first payment for recurring benefits.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2025	2024
Discount rate	1.20%	1.00%
Expected benefit increase	0.00%	0.00%
Inflation	1.00%	1.00%
Disability decrement	85% LPP/BVG 2020	85% LPP/BVG 2020
Mortality decrement	LPP/BVG 2020 GT ⁽¹⁾	LPP/BVG 2020 GT ⁽¹⁾
Turnover rates	LPP/BVG 2020	LPP/BVG 2020
Salary increase	1.00% flat	1.00% flat
Retirement	100% at regular retirement age	100% at regular retirement age
Long-term interest on retirement accounts	1.25%	1.25%

⁽¹⁾ LPP/BVG 2020 GT are a set of tables based on the observation of 15 large Swiss pension schemes between 2015 and 2019. The tables include rates of mortality, turnover, disability and etc.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

28 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The amount recognised in the balance sheet in respect of the Group's defined benefit retirement benefit plan is as follows:

	The Group	
	2025	2024
	\$'000	\$'000
Present value of funded obligations	1,767	2,639
Fair value of plan assets	(1,485)	(2,059)
Net liability recognised in the balance sheet	<u>282</u>	<u>580</u>

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

	The Group	
	2025	2024
	\$'000	\$'000
Service cost:		
- Current service cost	131	171
Interest income	(13)	(32)
Interest cost	17	38
Net gain on settlement/curtailment	(252)	-
Components of defined benefit costs recognised in income statement	<u>(117)</u>	<u>177</u>
Remeasurement on the net defined benefit liability:		
Actuarial (gain)/loss on defined benefit obligation	(51)	131
(Gain)/Loss on plan assets excluding interest income	(39)	73
Components of defined benefit costs recognised in other comprehensive income	<u>(90)</u>	<u>204</u>
Total	<u>(207)</u>	<u>381</u>

The charge for the year is included in the administrative and general expenses in income statement.

Changes in the present value of the defined benefit obligation are as follows:

	The Group	
	2025	2024
	\$'000	\$'000
Balance at beginning of financial year	2,639	2,587
Remeasurement gains: Actuarial gains and losses:		
- Actuarial (gain)/loss on defined benefit obligation	(51)	131
Gain on settlement/curtailment	(1,159)	-
Current service cost	131	171
Interest cost	17	38
Contribution by plan participants	126	174
Exchange differences	175	(107)
Benefits paid	(111)	(355)
Balance at end of financial year	<u>1,767</u>	<u>2,639</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

28 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Changes in the fair value of plan assets are as follows:

	The Group	
	2025 \$'000	2024 \$'000
Balance at beginning of financial year	2,059	2,157
Remeasurement loss:		
- Gain/(Loss) on plan assets exclude interest income	39	(73)
Loss on settlement/curtailment	(907)	-
Interest income	13	32
Contributions by employer	126	212
Contributions by plan participants	126	174
Exchange difference	140	(88)
Benefits paid	(111)	(355)
Balance at end of financial year	1,485	2,059

The actual gain on plan assets amounts to \$52,000 (2024 : loss of \$41,000).

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the financial year, while holding all other assumptions constant.

- If the discount rate increases (decreases) by 0.25%, the defined benefit obligation would decrease by \$65,000 (increase by \$70,000).
- If the expected salary growth increases (decreases) by 0.25%, the defined benefit obligation would increase by \$13,000 (decrease by \$13,000).
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by \$18,000 (decrease by \$18,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Group to manage its risks from prior years.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

28 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The Group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. The benefits of the pension scheme are funded by employer and employee as a fixed percentage of the insured salaries. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base.

The average duration of the benefit obligation at 31 December 2025 is 14.8 years (2024 : 15.5 years).

The Group expects to contribute approximately \$131,000 (2024 : \$207,000) to its defined benefit plan in the subsequent financial year.

29 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	The Group	
	2025	2024
	\$'000	\$'000
Deferred income tax assets	(1,654)	(1,485)
Deferred income tax liabilities	6,375	7,280
	<u>4,721</u>	<u>5,795</u>

The movements on the deferred income tax account are as follows:

	The Group	
	2025	2024
	\$'000	\$'000
Balance at beginning of financial year	5,795	3,038
Currency translation differences	57	104
Utilisation	(66)	(13)
One-off tax accelerated depreciation scheme ⁽¹⁾	-	1,628
(Credited)/Charged to income statement (Note 9):		
- Current year	(994)	743
- Under recognition in previous financial year	(71)	295
	<u>(1,065)</u>	<u>1,038</u>
Balance at end of financial year	<u>4,721</u>	<u>5,795</u>

⁽¹⁾ An accelerated depreciation scheme which allowed the Group to claim up to 50% of the qualifying assets was implemented in The Netherlands. This accelerated tax depreciation scheme has resulted in the recognition of temporary differences between the tax bases and their carrying amounts in the current financial year.

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

29 DEFERRED INCOME TAX (CONT'D)

The Group

Deferred income tax liabilities

	2025			2024		
	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
Balance at beginning of financial year	4,865	2,415	7,280	2,452	1,949	4,401
Currency translation differences	174	(69)	105	91	(1)	90
Utilisation	-	(66)	(66)	-	(13)	(13)
One-off tax accelerated depreciation scheme	-	-	-	1,731	-	1,731
(Credited)/ Charged to income statement	(448)	(496)	(944)	591	480	1,071
Balance at end of financial year	4,591	1,784	6,375	4,865	2,415	7,280

Deferred income tax assets

	Unutilised tax losses \$'000	Accruals \$'000	Reinvestment allowance \$'000	Total \$'000
2025				
Balance at beginning of financial year	(266)	(524)	(695)	(1,485)
Currency translation differences	-	2	(50)	(48)
Charged/(Credited) to income statement	-	(31)	(90)	(121)
Balance at end of financial year	(266)	(553)	(835)	(1,654)
2024				
Balance at beginning of financial year	(266)	(484)	(613)	(1,363)
Currency translation differences	-	(7)	21	14
One-off tax accelerated depreciation scheme	-	-	(103)	(103)
Credited to income statement	-	(33)	-	(33)
Balance at end of financial year	(266)	(524)	(695)	(1,485)

Deferred income tax assets are recognised for unutilised tax losses, accruals and unutilised reinvestment allowances carried forward to the extent that realisation of the related income tax benefits through future taxable profits is probable.

The estimated amount of unutilised tax losses and unutilised capital allowances, pending agreement with the relevant tax authorities in the countries in which the Group operates, for which the related income tax effects have not been accounted for are as follows:

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

29 DEFERRED INCOME TAX (CONT'D)

	The Group	
	2025 \$'000	2024 \$'000
Unutilised tax losses	1,178	1,129
Unutilised capital allowances	50	296

The above unutilised tax losses and unutilised capital allowances have no expiry dates. No deferred tax asset has been recognised in respect of the amounts above due to the unpredictability of future profit streams.

At the end of the reporting period, the aggregate amount of temporary differences associated with unremitted earnings of subsidiaries for which deferred tax liabilities have not been recognised is \$14,545,000 (2024 : \$13,322,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

30 SHARE CAPITAL AND SHARE-BASED PAYMENTS

	Issued share capital	
	Number of ordinary shares	\$'000
<u>Group and Company</u>		
<u>2025</u>		
Beginning and end of the financial year	427,090,409	104,500
<u>2024</u>		
Beginning of the financial year	427,025,409	104,444
Exercise of share options	65,000	56
End of the financial year	427,090,409	104,500

The Company has one class of ordinary shares which carries no right to fixed income.

All issued shares are fully paid. There is no par value for these ordinary shares and there is no authorised share capital.

The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

30 SHARE CAPITAL AND SHARE-BASED PAYMENTS (CONT'D)

(a) Share capital

The Company issued ordinary shares pursuant to the Company's employee share option scheme at the respective exercise price as shown below. In 2024, the cost of issuing new ordinary shares amounted to \$56,000. The newly issued shares rank *pari passu* in all respects with the existing ordinary shares.

	Issued in financial year 2024	Exercise price	Exercise period
2024			
2017 Options	35,000	\$0.432	06.12.2019 to 05.12.2027
2022 Options	30,000	\$1.370	26.01.2024 to 25.01.2032
	65,000		

The total consideration for the issue of new ordinary shares is as follow:

	Group and Company	
	2025	2024
	\$'000	\$'000
Exercise price paid by employees	-	56
Value of employee services	-	34
Total net consideration	-	90

Accordingly, a gain on issuance of new ordinary shares of \$Nil (2024 : \$34,000) is recognised in the capital reserve.

(b) Share options

Share options were granted to executive directors and Group employees who have been in the employment of the Group for a period of at least twelve (12) months under the Frencken Employee Share Option Scheme 2008 (the "ESOS 2008") and the Frencken Employee Share Option Scheme 2020 (the "ESOS 2020"), which became operative on 1 December 2008 and 26 January 2022 respectively.

The duration of the ESOS 2008 was 10 years commencing on 18 April 2008 and accordingly, the ESOS 2008 had expired on 17 April 2018. The share options previously granted will remain valid until the expiry, cancellation or exercise of the share options.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares on the Singapore Exchange for three (3) and five (5) market days immediately preceding the date of the grant for ESOS 2008 and ESOS 2020 respectively. The vesting of the options is conditional on the executive director or employee of the Group completing another two (2) years of service to the Group from the date of grant of options.

Once the options have vested, they are exercisable for a contractual option term of eight (8) years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other Company. The Group has no legal or constructive obligation to repurchase or settle the options in cash. If the options remained unexercised after the contractual option term from the date of grant, the options will be forfeited. Options are forfeited if the employee leaves the Group before the options vest.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

30 SHARE CAPITAL AND SHARE-BASED PAYMENTS (CONT'D)

(b) Share options (cont'd)

The ESOS 2008 and ESOS 2020 became operative upon the Company granting options to subscribe for 8,960,000 ordinary shares of the Company on 1 December 2008 ("2008 Options"). The Company also granted options to subscribe for 8,880,000, 9,050,000, 6,000,000, 3,000,000, 3,000,000, 470,000 and 5,482,000 ordinary shares of the Company on 1 December 2009 ("2009 Options"), 1 December 2010 ("2010 Options"), 7 October 2013 ("2013 Options"), 1 April 2016 ("2016 Options"), 6 December 2017 ("2017 Options"), 26 January 2022 ("2022 Options") and 6 March 2024 ("2024 Options") respectively. Particulars of the 2008 Options, 2009 Options, 2010 Options, 2013 Options, 2016 Options, 2017 Options and 2022 Options were set out in the Directors' Statement for the financial year ended 31 December 2008, 31 December 2009, 31 December 2010, 31 December 2013, 31 December 2016, 31 December 2017, 31 December 2022 and 31 December 2024 respectively.

Information in respect of share option granted under the ESOS 2008 and ESOS 2020 are as follows:

	Number of ordinary shares under option						
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year	Exercise price	Exercise period
Group and Company							
<u>2025</u>							
2017 Options	677,000	-	-	-	677,000	\$0.432	06.12.2019 to 05.12.2027
2022 Options	440,000	-	-	-	440,000	\$1.370	26.01.2024 to 25.01.2032
2024 Options	5,322,000	-	(360,000)	-	4,962,000	\$1.300	06.03.2026 to 05.03.2034
	<u>6,439,000</u>	<u>-</u>	<u>(360,000)</u>	<u>-</u>	<u>6,079,000</u>		
<u>2024</u>							
2017 Options	712,000	-	-	(35,000)	677,000	\$0.432	06.12.2019 to 05.12.2027
2022 Options	470,000	-	-	(30,000)	440,000	\$1.370	26.01.2024 to 25.01.2032
2024 Options	-	5,482,000	(160,000)	-	5,322,000	\$1.300	06.03.2026 to 05.03.2034
	<u>1,182,000</u>	<u>5,482,000</u>	<u>(160,000)</u>	<u>(65,000)</u>	<u>6,439,000</u>		

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

31 STATUTORY RESERVE FUND

Statutory reserve fund arises from the following:

- (a) Foreign Enterprise Law in the People's Republic of China ("PRC") requires the subsidiaries incorporated in PRC to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividends distribution to shareholders.
- (b) A subsidiary in Switzerland is required to place 5% of the annual net profits in a legal reserve before dividends may be distributed until the reserve reaches 20% of paid-in capital. Thereafter, 10% of any distributed amount that exceeds 5% of paid-in capital also must be placed in the reserve fund. These amounts must be appropriated until the reserve equals 50% of authorised and issued capital.

32 SEGMENT INFORMATION

- (a) Business segments

Information reported to the key management personnel of the Group for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the operations, the information is further analysed based on the different classes of customers. Management has chosen to organise the Group around differences in products and services.

The Group has two principal business segments under SFRS(I) 8, as described below, which are the Group's strategic business units. The two strategic business units are organised and managed separately because they require differing technological skill sets and marketing strategies. They are as follows:

- Mechatronics - specialising in the design and manufacture of complex electro-mechanical assemblies and automation systems for original equipment manufacturers.
- Advanced Plastics Solutions ("APS") (formerly known as Integrated Manufacturing Services ("IMS")) - specialising in a one-stop integrated solution to manufacture plastic components (including design and fabrication of mould) for assembly into modules and finished products. It also designs and manufactures high quality oil filters.

The Investment Holding & Management Services segment is not a business segment but essentially are investment holding companies and providing management services to companies within the Group.

The Others segment comprises:

- an investment in property holding company; and
- companies in the business of producing, testing and trading of high performance adhesive products and thermal management products.

Inter-segment transactions are determined on terms agreed between the parties. Segment assets consist of non-current and current assets while segment liabilities comprise non-current and current liabilities. Capital expenditure comprises additions to property, plant and equipment.

The accounting policies of the reportable segments are materially similar as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment with allocation of various costs, income and share of results of associated companies. This is the measure reported to the key management personnel of the Group for the purposes of resource allocation and assessment of segment performance.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

32 SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

	Mechatronics		APS		Investment Holding & Management Services		Others		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	778,401	706,088	83,121	85,675	-	-	3,599	2,570	-	-	865,121	794,333
Inter-segment sales	-	-	-	-	14,974	11,530	-	-	(14,974)	(11,530)	-	-
	<u>778,401</u>	<u>706,088</u>	<u>83,121</u>	<u>85,675</u>	<u>14,974</u>	<u>11,530</u>	<u>3,599</u>	<u>2,570</u>	<u>(14,974)</u>	<u>(11,530)</u>	<u>865,121</u>	<u>794,333</u>
Segment results	48,473	47,067	(1,107)	114	5,620	4,220	432	118	-	-	53,418	51,519
Finance income	448	350	84	109	713	875	43	45	-	-	1,288	1,379
Finance costs	(4,956)	(6,304)	(382)	(529)	(3)	(5)	(10)	(14)	-	-	(5,351)	(6,852)
Share of results of an associate, net of tax	-	-	-	-	-	-	23	(2)	-	-	23	(2)
Profit/(loss) before income tax	43,965	41,113	(1,405)	(306)	6,330	5,090	488	147	-	-	49,378	46,044
Income tax expense	(9,406)	(9,076)	(443)	(219)	(129)	(101)	(101)	(19)	-	-	(10,079)	(9,415)
Total profit	<u>34,559</u>	<u>32,037</u>	<u>(1,848)</u>	<u>(525)</u>	<u>6,201</u>	<u>4,989</u>	<u>387</u>	<u>128</u>	<u>-</u>	<u>-</u>	<u>39,299</u>	<u>36,629</u>

	Mechatronics		APS		Investment Holding & Management Services		Others		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	539,846	540,970	98,136	100,095	91,309	84,255	10,947	9,824	-	-	740,238	735,144
Segment liabilities	233,859	268,862	22,536	24,562	3,584	3,279	1,403	933	-	-	261,382	297,636
Other segment information:												
Capital expenditure	13,467	11,820	4,707	1,303	32	763	137	27	-	-	18,343	13,913
Addition of intangible assets	-	-	119	-	1,632	-	-	-	-	-	1,751	-
Depreciation and amortisation	24,611	23,731	6,399	6,790	232	126	230	219	-	-	31,472	30,866
Amortisation of deferred income	-	-	-	-	-	-	11	10	-	-	11	10
Other non-cash expenses other than depreciation and amortisation	1,284	1,309	146	167	559	475	-	-	-	-	1,989	1,951

For the purposes of monitoring segment performance and allocating resources between segments, the key management personnel of the Group monitor the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments. Goodwill has been allocated to reportable segments as described in Note 18.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

32 SEGMENT INFORMATION (CONT'D)

(b) Geographical segments

The Group operates in four principal geographical areas - The Netherlands, People's Republic of China, Malaysia and Singapore (country of domicile).

Revenue is attributed to geographical areas based on the location of the customers. Non-current assets (excluding deferred tax assets, financial asset at fair value through other comprehensive income and investment in an associate) are based on the location of those assets:

	Revenue from external customers		Non-current assets	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
<u>Based on location of customer</u>				
The Netherlands	296,458	295,363	76,903	77,879
People's Republic of China	79,836	56,463	30,544	29,943
Malaysia	56,843	46,272	39,351	37,801
Singapore	101,539	74,008	44,079	34,978
Czech Republic	66,057	84,379	-	-
Hungary	18,374	7,891	-	-
America	108,970	93,442	17,821	7,229
Germany	49,819	52,743	-	-
Switzerland	319	98	531	748
Thailand	41,292	34,034	1,357	999
India	8,677	6,779	1,620	2,241
Indonesia	6,585	6,777	-	-
United Kingdom	3,446	2,967	-	-
Mexico	5,831	7,130	-	-
Italy	6,002	6,765	-	-
Slovakia	4,147	517	-	-
Others	10,926	18,705	-	1
	<u>865,121</u>	<u>794,333</u>	<u>212,206</u>	<u>191,819</u>

(c) Information about major customers

Included in revenue arising from Mechatronics division of \$778,401,000 (2024 : \$706,088,000) are revenue of approximately \$412,656,000 (2024 : \$417,573,000) which arose from sales to the Group's 3 (2024 : 3) largest customers.

33 CAPITAL COMMITMENTS

	The Group	
	2025	2024
	\$'000	\$'000
Commitments in respect of contracts placed for the constructions/purchased of property, plant and equipment but not provided for	<u>60,114</u>	<u>490</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Significant risks and events, supported by financial reports are highlighted through the monthly and quarterly management reporting structure to the executive committee and audit committee respectively, who in turn advises the board of directors. The board reviews and approves policies for managing each of these risks.

There have been no change to the Group's exposure to these financial risks or the manner in which it manages and measure the risk except as disclosed below.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes. The Group's and the Company's financial risks are summarised as follows:

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia and Europe with dominant operations in Singapore, People's Republic of China, Malaysia, and The Netherlands. Entities in the Group transact in various foreign currencies and therefore, are exposed to movements in foreign currencies rates.

Foreign currencies exchange risk arises when the entities in the Group enter into transactions that are in a currency that is other than the functional currency such as Singapore Dollar ("SGD"), United States Dollar ("USD"), Euro ("EUR"), Malaysian Ringgit ("MYR"), Renminbi ("RMB") and Thai Baht ("THB").

The Group's exposures to foreign currencies are primarily managed by natural hedges of matching financial assets and financial liabilities denominated in foreign currencies.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD \$'000	USD \$'000	EUR \$'000	MYR \$'000	RMB \$'000	THB \$'000	Others \$'000	Total \$'000
At 31 December 2025								
Financial assets								
Cash and cash equivalents	65,169	13,661	10,539	51,537	18,914	1,175	880	161,875
Trade and other receivables	4,777	64,264	48,211	8,363	19,724	1,628	5,113	152,080
	<u>69,946</u>	<u>77,925</u>	<u>58,750</u>	<u>59,900</u>	<u>38,638</u>	<u>2,803</u>	<u>5,993</u>	<u>313,955</u>
Financial liabilities								
Borrowings	(1,233)	(13,198)	-	(5,051)	(2,771)	-	-	(22,253)
Lease liabilities	(22,784)	(8,504)	(29,843)	(2,158)	(4,049)	(7)	(424)	(67,769)
Other financial liabilities	(20,210)	(22,478)	(63,047)	(19,644)	(29,774)	(1,357)	(2,431)	(158,941)
	<u>(44,227)</u>	<u>(44,180)</u>	<u>(92,890)</u>	<u>(26,853)</u>	<u>(36,594)</u>	<u>(1,364)</u>	<u>(2,855)</u>	<u>(248,963)</u>
Net financial assets/(liabilities)	<u>25,719</u>	<u>33,745</u>	<u>(34,140)</u>	<u>33,047</u>	<u>2,044</u>	<u>1,439</u>	<u>3,138</u>	<u>64,992</u>
Less: Net financial assets/(liabilities) denominated in the respective entities functional currencies	(23,729)	6,690	48,009	(33,056)	(2,027)	(1,439)	(3,119)	
Currency exposure	<u>1,990</u>	<u>40,435</u>	<u>13,869</u>	<u>(9)</u>	<u>17</u>	<u>-</u>	<u>19</u>	

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

	SGD \$'000	USD \$'000	EUR \$'000	MYR \$'000	RMB \$'000	THB \$'000	Others \$'000	Total \$'000
At 31 December 2024								
Financial assets								
Cash and cash equivalents	30,214	21,261	9,437	71,727	24,475	1,639	446	159,199
Trade and other receivables	6,220	53,170	60,583	5,675	16,204	1,242	1,836	144,930
	<u>36,434</u>	<u>74,431</u>	<u>70,020</u>	<u>77,402</u>	<u>40,679</u>	<u>2,881</u>	<u>2,282</u>	<u>304,129</u>
Financial liabilities								
Borrowings	(8,785)	(32,328)	(37,131)	(5,310)	(3,051)	-	-	(86,605)
Lease liabilities	(10,819)	(334)	(28,835)	(3,120)	(3,236)	-	(604)	(46,948)
Other financial liabilities	(17,150)	(25,947)	(75,060)	(11,604)	(18,575)	(1,356)	(820)	(150,512)
	<u>(36,754)</u>	<u>(58,609)</u>	<u>(141,026)</u>	<u>(20,034)</u>	<u>(24,862)</u>	<u>(1,356)</u>	<u>(1,424)</u>	<u>(284,065)</u>
Net financial assets/ (liabilities)	<u>(320)</u>	<u>15,822</u>	<u>(71,006)</u>	<u>57,368</u>	<u>15,817</u>	<u>1,525</u>	<u>858</u>	<u>20,064</u>
Less: Net financial assets/(liabilities) denominated in the respective entities functional currencies	2,245	6,696	79,332	(57,368)	(15,758)	(1,525)	(860)	
Currency exposure	<u>1,925</u>	<u>22,518</u>	<u>8,326</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>(2)</u>	

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

With all other variables including tax rate being held constant, the effects arising from the major net currency exposure position will be as follows:

	2025			2024		
	Increase/(Decrease)			Increase/(Decrease)		
	Currency movement	Profit after income tax \$'000	Other component of equity \$'000	Currency movement	Profit after income tax \$'000	Other component of equity \$'000
<u>The Group</u>						
USD against MYR	1%			2%		
- strengthened		79	79		35	35
- weakened		(79)	(79)		(35)	(35)
EUR against MYR				1%		
- strengthened	2%	16	16		8	8
- weakened		(16)	(16)		(8)	(8)
SGD against MYR				1%		
- strengthened	2%	30	30		15	15
- weakened		(30)	(30)		(15)	(15)
EUR against SGD				2%		
- strengthened	1%	66	66		92	92
- weakened		(66)	(66)		(92)	(92)
USD against SGD				1%		
- strengthened	2%	206	206		110	110
- weakened		(206)	(206)		(110)	(110)
EUR against CHF				1%		
- strengthened	1%	5	5		10	10
- weakened		(5)	(5)		(10)	(10)
USD against RMB				1%		
- strengthened	1%	132	132		66	66
- weakened		(132)	(132)		(66)	(66)

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD \$'000	EUR \$'000	MYR \$'000	Total \$'000
<u>At 31 December 2025</u>				
Financial assets				
Cash and cash equivalents	37,728	-	-	37,728
Other receivables	57	-	-	57
Dividends receivables	7,710	4,153	-	11,863
	<u>45,495</u>	<u>4,153</u>	<u>-</u>	<u>49,648</u>
Financial liabilities				
Other financial liabilities	<u>(1,013)</u>	<u>(19)</u>	<u>-</u>	<u>(1,032)</u>
Net financial assets	<u>44,482</u>	<u>4,134</u>	<u>-</u>	<u>48,616</u>
Less: Net financial assets denominated in the Company's functional currency	<u>(44,482)</u>	<u>-</u>	<u>-</u>	
Currency exposure	<u>-</u>	<u>4,134</u>	<u>-</u>	
<u>At 31 December 2024</u>				
Financial assets				
Cash and cash equivalents	17,131	-	-	17,131
Other receivables	39	-	-	39
Dividends receivables	3,417	7,483	2,036	12,936
	<u>20,587</u>	<u>7,483</u>	<u>2,036</u>	<u>30,106</u>
Financial liabilities				
Other financial liabilities	<u>(996)</u>	<u>(1)</u>	<u>-</u>	<u>(997)</u>
Net financial assets	<u>19,591</u>	<u>7,482</u>	<u>2,036</u>	<u>29,109</u>
Less: Net financial assets denominated in the Company's functional currency	<u>(19,591)</u>	<u>-</u>	<u>-</u>	
Currency exposure	<u>-</u>	<u>7,482</u>	<u>2,036</u>	

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

With all other variables including tax rate being held constant, the effects arising from the major net currency exposure position will be as follows:

	2025			2024		
	Increase/(Decrease)			Increase/(Decrease)		
	Currency movement	Profit after income tax \$'000	Other component of equity \$'000	Currency movement	Profit after income tax \$'000	Other component of equity \$'000
<u>The Company</u>						
EUR against SGD	1%			2%		
- strengthened		34	34		124	124
- weakened		(34)	(34)		(124)	(124)
MYR against SGD	-			1%		
- strengthened		-	-		17	17
- weakened		-	-		(17)	(17)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to changes in interest rates related primarily to its placement in fixed deposits, short-term funds, and bank borrowings. At balance sheet date, approximately 4.77% (2024 : 1.10%) of the Group's borrowings are at fixed rates of interest.

The Group's and the Company's deposits at fixed rates are denominated primarily in SGD.

The Group's borrowings (as disclosed in Note 26) at variable rates on which effective hedges have not been entered into are denominated mainly in MYR, SGD, EUR, RMB and USD. If interest rate increases/decreases by 0.5% with all other variables including tax rate being held constant, the Group's net profit will be lower/higher by \$106,000 (2024 : \$428,000) as a result of higher/lower interest expense on these borrowings.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

(i) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's and the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is represented by the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

To minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, and transacting with entities that are rated the equivalent of investment grade, as a mean of mitigating the risk of financial loss from defaults. Trade receivables' payment profile and credit exposure are monitored on an ongoing basis through Group's management reporting procedures.

Financial assets, which potentially subject the Group to concentration of credit risk, consist principally of trade and other receivables, deposits, financial asset at fair value through other comprehensive income and cash and cash equivalents. The Group's short-term funds, deposits and bank balance are placed with high creditworthiness financial institutions. The management does not expect any losses arising from non-performances by these counterparties.

The Group's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default.	Trade receivables: Lifetime ECL - not credit-impaired Other financial assets: 12-month ECL
Doubtful	Amount is past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

(ii) Credit risk management

The Group's trade receivables comprise of mainly 4 debtors (2024 : 4 debtors) that individually represented 5% to 12% (2024 : 4% to 17%) of trade receivables.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	The Company	
	2025	2024
	\$'000	\$'000
Guarantees for banking facilities granted to subsidiaries:		
- unsecured	6,635	11,365

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group	
	2025	2024
	\$'000	\$'000
<u>By geographical areas</u>		
America	10,858	21,256
Malaysia	24,256	15,308
Singapore	22,808	13,800
The Netherlands	18,935	28,817
People's Republic of China	24,189	18,526
Czech Republic	11,926	15,707
Other countries	25,959	24,360
	<u>138,931</u>	<u>137,774</u>
<u>By business segments</u>		
Mechatronics		
Semiconductors	58,368	58,872
Medical	12,318	7,320
Analytical Life Sciences	33,671	38,357
Industrial Automation	8,938	8,105
Others	2,726	2,178
	<u>116,021</u>	<u>114,832</u>
APS		
Automotive	19,917	16,576
Consumer and Industrial Electronics	631	3,178
Tooling	608	463
Others	1,282	2,445
	<u>22,438</u>	<u>22,662</u>
Others	<u>472</u>	<u>280</u>
Total	<u>138,931</u>	<u>137,774</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows from operating activities to finance their activities and minimises liquidity risk by keeping committed credit lines available.

Non-derivative financial liabilities

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>The Group</u>							
At 31 December 2025							
Non-interest bearing	-	(158,576)	-	-	-	-	(158,576)
Lease liabilities (fixed rate)	2.61%	(10,190)	(14,762)	(6,470)	(49,397)	13,050	(67,769)
Variable interest rate instruments	4.10%	(22,061)	-	-	-	869	(21,192)
Fixed interest rate instruments	3.58%	(608)	(57)	(434)	-	38	(1,061)
		<u>(191,435)</u>	<u>(14,819)</u>	<u>(6,904)</u>	<u>(49,397)</u>	<u>13,957</u>	<u>(248,598)</u>
At 31 December 2024							
Non-interest bearing	-	(150,082)	(65)	-	-	-	(150,147)
Lease liabilities (fixed rate)	2.41%	(9,153)	(13,971)	(5,500)	(19,961)	1,637	(46,948)
Variable interest rate instruments	4.81%	(89,767)	-	-	-	4,118	(85,649)
Fixed interest rate instruments	5.11%	(1,004)	-	-	-	48	(956)
		<u>(250,006)</u>	<u>(14,036)</u>	<u>(5,500)</u>	<u>(19,961)</u>	<u>5,803</u>	<u>(283,700)</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Adjustment \$'000	Total \$'000
<u>The Company</u>						
At 31 December 2025						
Non-interest bearing	-	(667)	-	-	-	(667)
At 31 December 2024						
Non-interest bearing	-	(632)	-	-	-	(632)

Non-derivative financial assets

The table below analyses the maturity profile of the Group's financial assets based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>The Group</u>							
At 31 December 2025							
Non-interest bearing	-	230,973	-	-	1,995	-	232,968
Fixed interest rate instruments	2.41%	83,047	533	134	-	(732)	82,982
		<u>314,020</u>	<u>533</u>	<u>134</u>	<u>1,995</u>	<u>(732)</u>	<u>315,950</u>
At 31 December 2024							
Non-interest bearing	-	222,847	-	-	1,995	-	224,842
Fixed interest rate instruments	3.49%	80,986	514	667	-	(885)	81,282
		<u>303,833</u>	<u>514</u>	<u>667</u>	<u>1,995</u>	<u>(885)</u>	<u>306,124</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

The table below analyses the maturity profile of the Company's financial assets based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>The Company</u>							
At 31 December 2025							
Non-interest bearing	-	12,348	-	-	1,995	-	14,343
Fixed interest rate instruments	1.15%	37,729	-	-	-	(429)	37,300
		50,077	-	-	1,995	(429)	51,643
At 31 December 2024							
Non-interest bearing	-	13,306	-	-	1,995	-	15,301
Fixed interest rate instruments	3.40%	17,371	-	-	-	(571)	16,800
		30,677	-	-	1,995	(571)	32,101

(d) Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2024.

The capital structure of the Group consists of net debt and equity of the Group. Debt is defined by the Group as long-term and short-term borrowings and lease liabilities as disclosed in Notes 26 and 27 respectively. Net debt is defined as debt after deducting cash and cash equivalents. Equity includes share capital, reserves, retained profits and non-controlling interests.

The Group's objectives when managing capital are:

- (i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

If the need for financing arises, the Group will monitor and manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Certain subsidiaries of the Group are required by the relevant local regulations to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant local authorities.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Capital risk (cont'd)

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2025 and 2024.

(e) Fair value of financial assets and financial liabilities

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their respective fair values due to the relatively short-term maturity of these financial assets and financial liabilities and the interest rates approximating market rates.

Management considers the carrying amounts of non-current lease liabilities and bank borrowings to approximate their respective fair values due to the interest rates approximating market rates.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Group and Company		Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value
	2025 \$'000	2024 \$'000				
Financial assets at fair value through other comprehensive income – unquoted equity shares	1,995	1,995	Level 3	Cost approach	Net asset value of the entity	Favourable (adverse) change in net assets will increase (decrease) fair value

There was no transfer between the different levels of the fair value hierarchy during the financial years ended 31 December 2025 and 2024.

The Group and the Company have no plans to dispose of this investment in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(f) Financial instruments by category

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

	<u>Note</u>	The Group		The Company	
		2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
Financial asset at FVTOCI	17	1,995	1,995	1,995	1,995
Trade receivables	20	138,931	137,774	-	-
Dividends receivables from subsidiaries		-	-	11,863	12,936
Other receivables and deposits	21	13,149	7,156	57	39
Cash and cash equivalents	22	161,875	159,199	37,728	17,131
Financial assets at amortised cost		<u>313,955</u>	<u>304,129</u>	<u>49,648</u>	<u>30,106</u>
Trade payables	23	101,944	94,503	-	-
Payable to a subsidiary		-	-	75	104
Other payables and accruals	24	56,632	55,644	592	528
Borrowings	26	22,253	86,605	-	-
Lease liabilities	27	67,769	46,948	-	-
Financial liabilities at amortised cost		<u>248,598</u>	<u>283,700</u>	<u>667</u>	<u>632</u>

35 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the Group and Company has not applied the following new and revised SFRS(I)s standards, as issued by the IASB, that have been issued but are not yet effective:

Effective for annual periods beginning on or after 1 January 2026

- Amendments to SFRS(I) 9 and SFRS(I) 7: *Amendments to the Classification and Measurement of Financial Instruments*
- Annual Improvements to SFRS(I)s - Volume 11

Effective for annual periods beginning on or after 1 January 2027

- SFRS(I) 18: *Presentation and Disclosure in Financial Statements*

SFRS(I) 18 will replace SFRS(I) 1-1, carrying forward many of the requirements in SFRS(I) 1-1, unchanged and complementing them with new requirements. In addition, some SFRS(I) 1-1 paragraphs have been moved to SFRS(I) 8 and SFRS(I) 7. Furthermore, the IASB had made minor amendments to SFRS(I) 7 and SFRS(I) 33 *Earnings per Share*.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For The Financial Year Ended 31 December 2025

35 STANDARDS ISSUED BUT NOT EFFECTIVE (CONT'D)

SFRS(I) 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements; and
- Improve aggregation and disaggregation.

An entity is required to apply SFRS(I) 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to SFRS 7 and SFRS 33, as well as the revised SFRS(I) 8 and SFRS(I) 7, become effective when an entity applies SFRS(I) 18. SFRS(I) 18 requires restrospective application with specific transition provision.

The Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods. The Group is still in process of assessing the impact of the new standards, particularly in respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosure required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including the item currently labelled as "Others".

DETAILS OF PROPERTIES HELD BY THE GROUP

The properties owned by the Group are as follows:

	Location	Registered proprietor	Tenure	Gross land area	Net book value as at 31 Dec 2025 \$'000	Use of property	Encumbrances
1.	No. 14 to 16 Hurksestraat, Eindhoven, The Netherlands	Frencken Investments B.V.	Freehold	12,300 sq m	6,295	Production and office	Legal charge in favour of Coöperatieve Rabobank Eindhoven - Veldhoven
2.	Molenweg 3, Reuver, The Netherlands	Frencken Investments B.V.	Freehold	11,300 sq m	2,192	Production and office	Legal charge in favour of Coöperatieve Rabobank Eindhoven - Veldhoven
3.	Lot No. P.T. 24044, Mukim of Kajang, District of Hulu Langat, Selangor Darul Ehsan, Malaysia	Frencken Mechatronics (M) Sdn. Bhd.	99 years lease expiring 29.03.2091	4.45 acres or 18,019 sq m	5,468	Production and office	-
4.	16, Jalan Masyhur 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	4,303 sq m	1,069	Production and office	-
5.	Lot 10, Jalan BRP 9/1C, Bukit Rahman Putra Industrial Park, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	1,754 sq m	1,111	Production and office	-
6.	Lot 11, Jalan BRP 9/1C, Bukit Rahman Putra Industrial Park, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	1,754 sq m	1,144	Production and office	-

DETAILS OF PROPERTIES HELD BY THE GROUP (CONT'D)

	Location	Registered proprietor	Tenure	Gross land area	Net book value as at 31 Dec 2025 \$'000	Use of property	Encumbrances
7.	Lot 12, Jalan BRP 9/1C, Bukit Rahman Putra Industrial Park, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	1,754 sq m	1,138	Production and office	-
8.	2413, M004, Bangna-Trad Road (KM 34.5), T. Bangpleenoi, Amphur Bangbor, Somatprakam 10560, Thailand	Juken (Thailand) Co., Ltd	Freehold	9,600 sq m	632	Production and office	-
9.	2368 Qingliu East Road, Chuzhou City, Anhui Province, China	Frencken (Chuzhou) Co., Ltd	50 years lease expiring 04.08.2067	28,083 sq m	7,473	Production and office	-
10.	No. 1015, Jalan Perindustrian Bukit Minyak 7, Kawasan Perindustrian Bukit Minyak, Mukim 13, Seberang Perai Tengah, 14100 Bukit Mertajam, Pulau Pinang, Malaysia	Penchem Technologies Sdn. Bhd.	60 years lease expiring 14.08.2068	4,466 sq m	1,583	Production and office	Legal charge in favour of OCBC Al-Amin Bank Berhad

STATISTIC OF SHAREHOLDINGS

As at 10 March 2026

Share Capital

No. of Issued Shares	:	427,767,409
No. of Treasury Shares	:	Nil
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per share

DISTRIBUTION OF SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	171	4.30	5,720	0.00
100 - 1,000	438	11.02	284,594	0.07
1,001 - 10,000	2,374	59.71	11,979,447	2.80
10,001 - 1,000,000	963	24.22	45,144,331	10.55
1,000,001 and above	30	0.75	370,353,317	86.58
TOTAL	3,976	100.00	427,767,409	100.00

TWENTY (20) LARGEST SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

No.	Name of Shareholder	No. of Shares	%
1.	HSBC (Singapore) Nominees Pte Ltd	100,487,968	23.49
2.	Citibank Nominees Singapore Pte Ltd	54,574,831	12.76
3.	DBS Nominees Pte Ltd	42,050,623	9.83
4.	UOB Kay Hian Pte Ltd	32,435,806	7.58
5.	Maybank Securities Pte Ltd	19,989,188	4.67
6.	BPSS Nominees Singapore (Pte) Ltd	19,223,600	4.49
7.	Raffles Nominees (Pte) Limited	13,323,852	3.11
8.	DBSN Services Pte Ltd	10,887,085	2.55
9.	Phillip Securities Pte Ltd	8,514,956	1.99
10.	Gooi Soon Chai	7,917,023	1.85
11.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	7,753,797	1.81
12.	Low Hock Peng	6,222,794	1.45
13.	CGS International Securities Singapore Pte Ltd	5,936,840	1.39
14.	OCBC Securities Private Ltd	5,300,033	1.24
15.	Mohamad Anwar Au	4,787,000	1.12
16.	Low Te Jinn	4,080,000	0.95
17.	Goh Gaik Ewe	3,800,000	0.89
18.	iFast Financial Pte Ltd	3,580,933	0.84
19.	DB Nominees (Singapore) Pte Ltd	3,128,800	0.73
20.	Moomoo Financial Singapore Pte Ltd	2,516,373	0.59
		356,511,502	83.33

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information available to the Company as at 10 March 2026, approximately 69.63% of the Company's issued paid-up capital is held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

STATISTIC OF SHAREHOLDINGS (CONT'D)

As at 10 March 2026

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 10 MARCH 2026

Name of Substantial Shareholder	No. of shares in which shareholder has a direct interest		No. of shares in which shareholder is deemed to have an interest	
	No. of shares	%	No. of shares	%
Dato' Seri Gooi Soon Chai ^(a)	8,017,023	1.87	93,673,068	21.90
Vimala Sgulboonrasi ^(b)	1,180,000	0.28	21,306,000	4.98
Precico Holdings Sdn. Bhd. ^(c)	-	-	41,954,194	9.81
Sinn Hin Company Sdn. Bhd. ^(d)	-	-	89,664,021	20.96

Notes:

- (a) Dato' Seri Gooi Soon Chai is deemed to have an interest in the 4,009,047 shares held by his family, shares held by Prime Logic (M) Sdn. Bhd., Sinn Hin Company Sdn. Bhd., Precico Holdings Sdn. Bhd. and Cayman Resources Sdn. Bhd. by virtue of Section 4 of the Securities and Futures Act (Chapter 289) and Section 7 of the Companies Act 1967.
- (b) Vimala Sgulboonrasi is deemed to have an interest in the shares held by Maybank Investment Bank Berhad (for the account of Meng Tak Corporation Sdn. Bhd.) by virtue of Section 4 of the Securities and Futures Act (Chapter 289) and Section 7 of the Companies Act 1967. Vimala Sgulboonrasi also have deemed interest in the shares held through UOB Kay Hian Pte Ltd and UOB Kay Hian Securities (M) Sdn. Bhd. in the capital of the Company.
- (c) Precico Holdings Sdn. Bhd. is deemed to have an interest in the shares held through HSBC (Singapore) Nominees Pte Ltd in the capital of the Company.
- (d) Sinn Hin Company Sdn. Bhd.'s deemed interest arising from its 35.7%, 49.9% and 35.3% direct interest in Precico Holdings Sdn. Bhd., Prime Logic (M) Sdn. Bhd. and Cayman Resources Sdn. Bhd. respectively. Therefore, it is deemed to have an interest in which Precico Holdings Sdn. Bhd., Prime Logic (M) Sdn. Bhd. and Cayman Resources Sdn. Bhd. have an interest. Sinn Hin Company Sdn. Bhd. also have deemed interest in shares held through HSBC (Singapore) Nominees Pte Ltd in the capital of the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of the Company will be at **Pan Pacific Hotel, Ocean 3 (Level 2), 7 Raffles Boulevard, Marina Square, Singapore 039595** on **Friday, 24 April 2026** at **2.30 p.m.** to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended **(Resolution 1)** 31 December 2025 together with the Directors’ Statement and Independent Auditor’s Report thereon.
2. To declare a first and final tax exempt (one-tier) dividend of 2.75 cents per share for the financial **(Resolution 2)** year ended 31 December 2025.
3. To approve the payment of Directors’ fees of S\$365,000 for the financial year ended 31 December **(Resolution 3)** 2025.
4. To re-elect Dato’ Seri Gooi Soon Chai, retiring pursuant to Regulation 92 of the Company’s **(Resolution 4)** Constitution.
[See Explanatory Note 1]
5. To re-elect Mr Mohamad Anwar Au, retiring pursuant to Regulation 92 of the Company’s Constitution. **(Resolution 5)**
[See Explanatory Note 2]
6. To record the retirement of Mr Melvin Chan Wai Leong as an Independent Director of the Company.
[See Explanatory Note 3]
7. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the **(Resolution 6)** Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolution with or without modifications:

8. **Authority to allot and issue shares** **(Resolution 7)**
 - (a) That pursuant to Section 161 of the Companies Act 1967, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
 - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

SPECIAL BUSINESS (CONT'D)

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force, provided always that:

(i) 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 of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company. Unless prior shareholder approval is required under the Listing Rules, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

For the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

- a) new shares arising from the conversion or exercise of convertible securities;
 - b) new shares arising from exercising share options or vesting of share awards 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 Listing Manual of the Singapore Exchange Securities Trading Limited; and
 - c) any subsequent bonus issue, consolidation or subdivision of the Company's shares;
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note 4]

OTHER BUSINESS

9. To transact any other ordinary business which may be properly transacted at an AGM.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that subject to approval being obtained at the Annual General Meeting to be held on 24 April 2026:

1. A first and final tax exempt (one-tier) dividend of 2.75 cents per share for the financial year ended 31 December 2025 will be paid on 14 May 2026.
2. The Share Transfer Books and Register of Members of the Company will be closed on 5 May 2026 for preparation of dividend warrants. Duly completed and stamped transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619, up to 5.00 p.m. on 4 May 2026 will be registered to determine members' entitlements to the proposed dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 4 May 2026 will be entitled to the payment of the proposed dividend.

On behalf of the Board,

Dennis Au
Executive Director

7 April 2026

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes on business to be transacted:

1. There are no relationships (including immediate family relationships) between Dato' Seri Gooi Soon Chai and the other Directors of the Company. Please refer to pages 66 to 72 of the Corporate Governance Statement in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
2. There are no relationships (including immediate family relationships) between Mr Mohamad Anwar Au and the other Directors of the Company. Please refer to pages 66 to 72 of the Corporate Governance Statement in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
3. Mr Melvin Chan Wai Leong who will reach his nine-year tenure as an Independent Director of the Company will retire from the Board of Directors at the conclusion of the Company's AGM. Mr Melvin Chan Wai Leong, upon his retirement will relinquish his positions as Lead Independent Director, Chairman of the Audit Committee and member of Nominating Committee.
4. The ordinary resolution in item number 8 is to authorise the Directors of the Company from the date of the AGM until the next AGM to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

Important Notes:

1. The members of the Company (the "**Members**") are invited to attend physically at the AGM. There will be no option for the Members to participate virtually.
2. Printed copies of this Notice of AGM (the "**Notice of AGM**"), Annual Report and Proxy Form will not be sent to members. Instead, the Notice of AGM, Annual Report and Proxy Form will be sent to members by electronic means via publication on the Company's website at <https://frenckengroup.listedcompany.com/newsroom.html> and announcement at the SGX website at <https://www.sgx.com/securities/company-announcements>.
3. Members (including investors who hold shares through the Relevant Intermediaries, including Central Provident Fund ("CPF") Investment Scheme ("CPF Investors") and/or Supplementary Retirement Scheme ("SRS Investors")) may participate in the AGM by:
 - (a) attending the AGM in person;
 - (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
 - (c) voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies).

CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **2.30 p.m. on 14 April 2026**, being seven (7) working days prior to the date of the AGM.

To attend the AGM, please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

4. A Member, who is not a Relevant Intermediary, is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A Member, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a Member.

Where such Member appoints two (2) proxies, the proportion of his/her/its shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.

A Member, who is a Relevant Intermediary, is entitled to appoint more than two (2) 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 appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

“**Relevant Intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act 1967.

5. A Member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory.

If a Member wishes to appoint the Chairman of the AGM as proxy, such Member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction is given as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The instrument appointing a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be deposited in the following manner:
- (a) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
 - (b) if submitted electronically, via email to the Company's Share Registrar at sg.is.proxy@vistra.com, in either case, by no later than **2.30 p.m. on 21 April 2026**, being at least seventy-two (72) hours before the time appointed for holding the AGM. Members are strongly encouraged to submit the completed proxy forms electronically by email.

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

The Company shall be entitled to reject the instrument appointing the proxy(ies) if it 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 appointing the proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the proxy).

In addition, in the case of Shares entered in the Depository Register maintained by The Central Depository (Pte) Limited, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the Member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- Members may raise questions at the AGM and/or submit questions related to the Ordinary Resolutions to be tabled for approval at the AGM, in advance of the AGM. All questions, together with the members' full names, identification numbers, contact numbers and email addresses and manner in which they hold shares in the Company (e.g. via CDP, CPF or SRS), must be submitted no later than **2.30 p.m. on 14 April 2026** via email to the Company at corp@frenckengroup.com.

The Management and the Board of Directors of the Company will endeavour to address substantial and relevant questions (as may be determined by the Company in its sole discretion) received from members prior to the AGM by publishing the responses to those questions on the SGX website at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://frenckengroup.listedcompany.com/newsroom.html> at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms, i.e. by **17 April 2026**.

- The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGX website, and the minutes will include the responses to the questions which are addressed during the AGM, if any.
- Members are advised to regularly check the Company's website at <https://frenckengroup.listedcompany.com/newsroom.html>, and the SGX website at <https://www.sgx.com/securities/company-announcements> for the latest updates on the status of the AGM.

"Personal data" in this Notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes the Member's name and its proxy's and/or representative's name, address, email address and NRIC/Passport number. 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, a Member (i) consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of the proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for 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"**), (ii) 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 (iii) 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. The Member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared for the AGM. Accordingly, the personal data of a Member or its proxy and/or representative (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

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FRENCKEN GROUP LIMITED(Registration No. : 199905084D)
(Incorporated in the Republic of Singapore)**PROXY FORM****IMPORTANT**

1. The Annual General Meeting will be held physically at Pan Pacific Hotel, Ocean 3 (Level 2), 7 Raffles Boulevard, Marina Square, Singapore 039595. **Members have no option to participate virtually.**
2. For CPF Investors/SRS Investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid to use by CPF Investors/SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors/SRS Investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

*I/We _____ (Name) NRIC/Passport No./Company Registration No. _____ of _____ (Address)

being a member/members of FRENCKEN GROUP LIMITED (the "Company"), hereby appoint: -

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)	
			No. of shares	(%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)	
			No. of shares	(%)

or failing whom, the Chairman of the Annual General Meeting ("AGM") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM of the Company to be held at **Pan Pacific Hotel, Ocean 3 (Level 2), 7 Raffles Boulevard, Marina Square, Singapore 039595** on **Friday, 24 April 2026** at **2.30 p.m.** and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for, against or abstain the Resolutions proposed at the AGM as indicated hereunder.

No.	Resolutions	**For	**Against	**Abstain
Ordinary Business				
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2025 together with the Directors' Statement and Independent Auditor's Report thereon.			
2.	To declare a first and final tax exempt (one-tier) dividend of 2.75 cents per share for the financial year ended 31 December 2025.			
3.	To approve the payment of Directors' fees of S\$365,000 for the financial year ended 31 December 2025.			
4.	To re-elect Dato' Seri Gooi Soon Chai, retiring pursuant to Regulation 92 of the Company's Constitution.			
5.	To re-elect Mr Mohamad Anwar Au, retiring pursuant to Regulation 92 of the Company's Constitution.			
6.	To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
Special Business				
7.	To authorise directors to allot and issue shares pursuant to Section 161 of the Companies Act 1967.			

* Delete accordingly

** If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate with a "✓" in the box provided. Alternatively, please indicate the number of shares as appropriate. If no specific direction as to voting is given, the proxy/proxies (except where the Chairman of the AGM is appointed as my/our proxy) will vote or abstain from voting at his/her/their discretion on any matter arising at the AGM and at any adjournment thereof. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as my/our proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2026

Total Number of Shares Held	
CDP	
Register of Members	
Total	

Signature(s) of Member(s)/Common Seal _____

IMPORTANT. Please read notes overleaf



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited, you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) is entitled to attend and vote at the AGM or is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the proportion of his/her/its shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.
4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by it. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in this Proxy Form.
5. Subject to note 10, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
6. This Proxy Form is not valid for use by investors who hold shares through Central Provident Fund ("CPF") Investment Scheme ("CPF Investors") and/or Supplementary Retirement Scheme ("SRS Investors") and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS Investors: (a) 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 (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **2.30 p.m.** on **14 April 2026**, being at least seven working days prior to the date of the AGM.
7. The instrument appointing the proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be submitted either: -
 - (a) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
 - (b) if submitted electronically, via email to the Company's Share Registrar at sg.is.proxy@vistra.com.in either case, by **2.30 p.m.** on **21 April 2026**, being not less than seventy-two (72) hours before the time appointed for holding the Meeting (or any adjournment thereof) and in default the instrument of proxy shall not be treated as valid. Members are strongly encouraged to submit the completed proxy forms electronically by email.
A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

(1) Fold along this line

Affix
Postage
Stamp

The Company Secretary
FRENCKEN GROUP LIMITED
c/o Tricor Barbinder Share Registration Services
9 Raffles Place, #26-01 Republic Plaza,
Singapore 048619

(2) Fold along this line

8. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a Proxy Form 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 Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company shall be entitled to reject any Proxy Form lodged if such members are not shown to have Shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
10. A CPF Investor or SRS Investor may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their respective CPF Agent Banks or SRS Operators to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
* A Relevant Intermediary means:
 - (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy

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 AGM dated **7 April 2026**.



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