

**MICRO-MECHANICS (HOLDINGS) LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 199604632W)

Minutes of the Twenty-Sixth Annual General Meeting of the Company held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Friday, 14 October 2022 at 2.00 p.m.

**DIRECTORS PRESENT**

- Mr Christopher Reid Borch – Executive Director and Chief Executive Officer (“CEO”)
- Mr Low Ming Wah – Executive Director and Chief Operating Officer (“COO”)
- Mr Chow Kam Wing – Executive Director and Chief Financial Officer (“CFO”)
- Ms Lai Chin Yee – Independent Director
- Mr Kwan Yew Kwong Kenny – Independent Director

(Absent with apologies: Ms Sumitri Mirnalini Menon @ Rabia – Independent Non-Executive Chairman)

**OPENING & PRESENTATION**

Mr Christopher Reid Borch, an Executive Director and the CEO, informed the meeting that regrettably the Chairman, Ms Sumitri Menon could not attend the Annual General Meeting (“AGM”) as she has been unwell. With the Board’s approval, the CEO chaired the AGM instead. A quorum was present and Mr Borch as Chairman of the AGM, called the meeting to order and welcomed all present.

The directors then gave a brief introduction of themselves to the shareholders and this was followed by the presentation of the Group’s business updates. The CEO together with the COO and CFO delivered the presentation using slides which covered “Business and Industry” and “Financial Review”. It was noted that the presentation slides would be made available on SGXNET together with the announcement made by the Company after the AGM.

The CEO started with the first slide on “Corporate Overview”. The Company was founded in 1983 in Singapore and about 20 years later, it was listed on SGX Sesdaq (successor is Catalist) and subsequently transferred to the Mainboard of SGX. Next year is the Company’s 40<sup>th</sup> anniversary. The Company specializes in the design and manufacture of high precision tools and parts used in the semiconductor industry both in the front-end (wafer-fabrication) and back-end (assembly and test) processes. With a worldwide base of more than 600 customers, the Company serves them from five facilities in Asia (Singapore, Malaysia, China and Philippines) and USA. For the last point on the slide, the Company is recognized more than 30 times for its efforts to practise good corporate governance, transparency and investor relations.

The next 2 charts on “Semiconductor Industry Review” showed the historical data of global monthly chip sales (source: Semiconductor Industry Association) and WSTS semiconductor sales forecast (source: World Semiconductor Trade Statistics). The CEO pointed out that for the last 6 years from July 2016 to July 2022, the semiconductor industry more than doubled in size to around US\$600 billion a year. Thus, it is a large and rapidly growing industry. Having regard to the business trends, the semiconductor industry has been characterized by ups and downs but overall the trend has been upwards. The CEO added that a large and growing industry would present lots of opportunities to companies willing to make the investment and put in the hard work, listen to the customers and understand their needs.

The following slide showed another angle to the semiconductor industry, i.e., the equipment industry. The CEO said that a higher demand for the equipment meant an increase in the production of chips. Based on the charts, the equipment industry also doubled in size over the last few years, especially the wafer fabrication equipment which recorded billings of more than US\$100 billion a year. This spelt good news to the Company because with more equipment being channelled into new fabrication facilities, it would ultimately lead to the making of more chips.

On the Company's performance for FY2022, the COO was pleased to announce that the Company delivered a second consecutive year of record revenue (an increase of 11.8% to S\$82.5 million) and net profit (a growth of 9.7% to S\$19.8 million) while the gross profit margin remained strong and healthy at 53.4% (above 50% despite increase in cost for materials and manpower etc). With shareholders' approval of the final dividend and including the interim dividend of 6 cents per share, the total dividend would be 14 cents per share for the financial year.

The CEO said that despite the difficulties faced by the Company, primarily the unprecedented challenge of the pandemic and all the changes it brought, the Company had done a good job and achieved strong results. He also shared that some issues faced by the Company after the pandemic were even more challenging e.g. continuing supply-chain shortages, increase of inflationary pressures, labour constraints and political/regulatory disruptions. It has not been easy to recruit great people and keep them especially for very important jobs on the factory floor. Also, the recent announcement by US on some regulatory and policy matters would have a major impact on the dynamics of the semiconductor industry. The Company would have to monitor the situation and deal with any challenges ahead. The Company's strategy is to continue to focus on 5 key fundamentals as shown on the next slide entitled "Corporate Strategy".

The CEO briefly introduced the 5 key fundamentals, i.e., 5 building blocks to continuity and profitability. The first key fundamental is "Keeping An Unwavering Focus on Customers". The semiconductor industry is a fast moving industry where customers' needs and wants change rapidly. Thus, it is important to stay focus on the customers. In this respect, the COO explained some of the steps taken in the area of technical development. The Company has continued to put in lots of efforts to develop proprietary materials to suit the needs of customers operating under the stringent requirements of the semiconductor industry. One example is the elastomer that dissipates static electricity which, if left unchecked, could lead to damaged chips. Another initiative relates to the development of a cleaning process to prevent introducing organic or ionic contaminants on the surface of the chips, which are detrimental to the chip-manufacturing process.

On the topic regarding "Decentralised Structure" (also under the first key fundamental), the CEO opined that it has been one of the most important strategies over the years. Instead of working from one centralised location, the Company decided to set up 5 facilities in order to better service the customers, i.e., able to communicate with them more efficiently and respond to their needs quickly. This worked out to be an effective strategy e.g. earlier in the week, the CEO and COO made a trip to the Malaysia factory and visited some customers. Every customer had slightly different requirements and yet the Company was able to cater to their needs quickly. The customers were appreciative of the quick response given to them. Having a decentralised structure would continue to serve the Company well as the industry continues to grow and set up manufacturing facilities in more locations here in South East Asia, China and other places.

The second key fundamental is "Maintaining Healthy Gross Profit Margin". The CEO said that the Gross Profit Margin ("GPM"), like a "middle line", could be just as important as the bottom line commonly talked about by many people. The GPM not only gives an indication of the value a company brings to the customers (i.e. the selling price) but also shows how well the company utilises its resources to deliver that product or services. The CFO confirmed that the GPM was always above 50% per internal guidelines. The CEO added that industry benchmark for GPM could be around 40%, 45% or 50% and the Company had worked very hard to achieve a GPM of above 50%.

The third key fundamental is "Building A Lean, Efficient and Resilient Organisation". During FY2022, there was a new initiative, i.e., began replacing the Enterprise Resource Planning ("ERP") system with a more powerful cloud-based ERP. The CFO explained the importance of having the ERP system. The first ERP system was set up in 2008. The main reason is that the Company has adopted a decentralised structure to better service its customers. With such a structure, it is imperative to have a system that could enable easy access to company-wide data and the ERP system could collect and store all relevant data within a centralised database. Further, the ERP system was instrumental in enabling remote working which was crucial during Covid times 2 years ago.

The CEO then touched on the next key fundamental, i.e., “Building with People”. At the end of FY2022, the Company employed 524 great people spread around the world. They are all different in terms of, for example, background, education, nationality and upbringing. There is diversity and the Company has been working hard to cultivate inclusion among the people, somewhat akin to the relationship among board members. Disagreements among the executive directors happen from time to time with candid exchange of views but the intent has always been for the benefit of the Company. The executive directors have a healthy relationship regardless of some differences in their backgrounds. The CEO also took this opportunity to record his appreciation to an exceptional board including the independent directors who have been equally candid in their suggestions for the betterment of the Company. The aim is to bring this special culture and relationship through the Company at all levels.

The last key fundamental is “Driving Performance through Good Governance”. At this juncture, the CEO commended the CFO for being the driving force among the board members in helping the Company to reach the lofty levels of recognition in corporate governance. The CEO also thanked the investor relations team from Octant Consulting (IR advisers since IPO) for their hard work.

The CFO was pleased to announce that the Company was once again recognised for its efforts to practise good governance. In the SGTI's general category of companies, the Company was ranked 13<sup>th</sup> out of 489 companies on the Singapore Exchange. The other companies in the top 20 were mainly blue-chip companies with large market capitalisations. SGTI stands for the Singapore Governance and Transparency Index. The annual SGTI assessed companies on their corporate governance and the exercise was jointly conducted by NUS Business School's CGS, CPA Australia and the Singapore Institute of Directors. The SGTI gave an indication of the Company's standing in terms of good corporate governance and it also helped to identify areas of improvement. From the investors' point of view, SGTI probably serves as a good reference as it is important to invest in companies with good corporate governance.

To the Company, corporate governance is not only to comply with laws and regulations but also to focus on performance. In this respect, the Company is included in the Forbes Asia Best Under A Billion List and it is one of the 7 Singapore companies on the list. The CFO informed that the Company first received this honour in 2006. The Forbes Asia list recognises the 200 top-performing public companies (out of a pool of 20,000 listed firms) with less than US\$1 billion in yearly sales in the Asia-Pacific region. Forbes Asia selects these companies based on a composite score that takes into account factors such as debt, sales, earnings per share growth and average returns on equity.

The CEO stressed that the Company has always regarded good governance as a comprehensive methodology on how to think about the business, customers and other stakeholders and make the right decisions that benefit those combined stakeholders. In his view, good governance is much more than a compliance exercise.

The CFO then proceeded with the presentation on “Financial Review”. On the results for FY2022, the CFO explained why top management focused on 3 key ratios, i.e. gross profit margin of 53.4%, net profit margin of 24% and return on equity of 34%. Higher gross profit margin means customers are willing to pay a premium for goods and services while a healthy net profit margin means there is effective control over expenditure and working capital. Lastly, the return on equity ratio shows how efficient the Company utilises its capital expenditure and working capital to generate profit. The CFO was of the view that for FY2022, these 3 key ratios were good and healthy universally to compare with peers and even with other industries.

The CFO then moved on to his favourite slide, i.e., “Dividend Performance”. With shareholders' approval of the dividend, the Company declared a total dividend of 14 cents per share for FY2022. As shown on the chart, the Company's dividends have risen from less than 1 cent (declared a few months after IPO) to 14 cents per share. This dividend payout over the years has been very encouraging and it also shows the turnover of the cash flow. The dividends declared have always been in line with the profit and cash flow of the Company. Since 2019, the dividend payout ratio has been more than 100% of earnings which is higher than the minimum ratio of 40% per the dividend policy. The CFO shared that an exception was made during the financial crisis and the Company paid 513% of earnings for FY2009 (2 cents dividend out of half a million profit) as it might be helpful to shareholders.

For group revenue, besides the record 4Q2022 results of S\$22 million, the Company turned in record sales of almost S\$20 million for every quarter. In terms of geographical revenue for FY2022, there was no change in the top 3 markets, i.e., China, USA and Malaysia. These 3 locations together with Singapore contributed almost 80% of the revenue. The GPM remained above 50% despite rising cost pressures. The CFO also pointed out that the GPM fell from 57% in FY2018 to 53.7% in FY2019. He explained that the lower GPM in FY2019 was due to additional depreciation expenses for machines purchased in FY2018 (capex of 12 million). However, in subsequent years, the GPM improved due to better utilization of facility and machinery.

With better sales, net profit increased and it was more than S\$5 million for 4Q2022 as shown on the slide under "Profitability". The operating expenses on revenue was below 25% for the past 3 years. Despite increase of inflationary pressures, expenditure was well controlled. The return on equity reached a record high of 34% and it was primarily due to increase in efficiency with the input of capex.

The CFO made special reference to the slide on "Cash flow" and explained why the dividend payout ratio of 98% of earnings for FY2022 was workable and sustainable. The Company had cash net inflow of around S\$25 million for FY2022. After having considered net profit of S\$19 million, some non-cash items and S\$5 million on new equipment, the Company was definitely able to pay a total dividend of 14 cents for FY2022.

The last slide was the balance sheet. Trade receivables (outstanding more than 90 days) for FY2022 was 0.02%. The finance team had to make great efforts to trace accounts receivables as majority of the customers were small and medium-sized enterprises. Inventory was written off periodically based on company policy, i.e., inventory without any movement for more than 2 years would be written off.

The CEO thanked the COO and CFO for the presentation.

It was noted that the 1Q2023 results would be published on SGXNET around end of October 2022, similar to last year.

Q&A on the presentation slides:-

Question: A shareholder congratulated the Company for a good set of results. He had 2 questions. Firstly, he noted that the US business segment had unfortunately posted a loss for FY2022 after it broke even in FY2021. He requested the CEO to share an update of the business in US.

Reply: The CEO thanked the shareholder for the question. For the benefit of the shareholders present, he first provided some background information regarding the Company's facilities. The 4 factories set up in Asia focused on small precision tools used in the back-end of the assembly and test industry. It has been a wonderful business developed by the Company over the years. Besides being a high margin business, it has been challenging to run the business but it has become a great corner stone of the Company.

In an attempt to grow, the Company ventured into the other side of the industry, i.e., front-end of the wafer fabrication industry. It is a much larger market and it also has stringent requirements for critical parts and tools. The game plan is for the Company to be a significant contributor to both the back-end and front-end of the industry.

Accordingly, a small company in US was acquired and built into the Company's vision of how manufacturing should be done. lot of incredible things were done at the US factory and it started to see traction with customers in a couple of very critical areas. The US factory gained expertise and helped to make parts for gas assembly applications. More recently, it made some great strides in precision parts for robots needed to move wafers around the factory. It is very difficult to make these critical parts. The great team of about 60 people in the US factory have been working very hard to make it to be a meaningful contributor to the Company. The CEO thanked the shareholders for their patience.

Question: The same shareholder then referred to the new measures imposed by US which would have a major impact on the industry mentioned by the CEO earlier, i.e. US restricting technology exports to China, limiting the sale of semiconductors and chip-making equipment to Chinese customers etc. The shareholder asked if the management team could give their thoughts on how to deal with the issues that would affect the Company's business.

Reply: The CEO said that the Company would have to figure out what the US restrictions mean to the industry. The pandemic was a surprise but the Company managed it through. The Russia-Ukraine war sent shocks to the world with consequential inflation, energy challenges and the latest US announcement regarding restrictions on China was yet another surprise. Regardless of the challenges ahead, the CEO was of the view that the semiconductor industry would continue to be vital to the future. It would remain the technology building blocks for digital industries and thus, a lot of solutions to big challenges of energy, sustainability etc lie in the semiconductor industry. The Company would continue to be well positioned to support the industry. On US-China relationship, the Company would not try to take sides and rather, it would be on the side of customers, industry and how to advance technology for the benefit of mankind.

The CFO informed that since the sanctions on chips mainly applied to those chips with 16 nanometer and below (normally used in the military directly or indirectly), markets for other chip sizes would remain open to China. It would not be possible to decouple China immediately as it is a major supplier of goods in the world. Further, the sanctions would probably affect those entities that intend to expand their operations into China. Other entities with existing facilities in China, like the Company, would likely not be affected. Lastly, many of the Company's customers deal in consumer products.

The COO emphasized the importance of a decentralised structure. Having the Company's facilities over a few locations would continue to be beneficial to the Company. A lot of opportunities would still be available in China e.g. lots of factories there, a huge market and the Chinese have been developing their own products including chips. As many such products do not require 16 nanometer chips, like cars and handphones, manufacturing activities in China would still be bustling. The Company's Suzhou factory would be busy as well. Having a presence in China would definitely help the Company. Also, some foreign investors with activities in China, might be moving their orders out of China into Malaysia, Philippines and even Singapore. Again, the Company would benefit from this since it has factories in these locations. The Company has adopted a sound corporate strategy and it would just need to focus on its fundamentals, one of which is to provide value and good support to customers.

Question: Another shareholder had 2 questions. He wanted to know the most common response when customers asked about the Company's ability and areas of improvement. His second question related to the approach on hiring and retaining production shop floor people.

Reply: The CEO addressed the first question. Customers required more precision, repeatability in their processes and faster response and the Company's major value proposition offered to customers could meet their requirements. Should the components delivered to customers be flawed, it would have disastrous consequences in their manufacturing, i.e., tens of thousands of dollars of damage to their chips, if not more. Customers look for suppliers that understand and embrace that and build it into their processes. Part of the Company's mission statement is not just saying "perfect parts on time and every time" but it is based upon scalable, repeatability and cost efficient processes. Customers need quality assurance and control as their processes involve the moving of devices below 10 nano or 7 nano and every deviation matters. It is possible that only a handful of suppliers could meet the customer's stringent requirements and one of the Company's goals is to be one of those handful suppliers.

Reply: The COO added that for the back-end of the business operated via the 4 factories in Asia, the Company used to face some cycle time issues. So, about 5 or 6 years ago, a strategy was implemented, i.e., the practice known as “Zero-Two-Six”. “Zero” represents zero quality issues. “Two” represents a within two days response time to the customers on any enquiry or request for solution and the “Six” is to deliver the products within six days from order received. This is a very challenging goal for semiconductor back-end tooling. Nevertheless, the Company has been observing this practice and leading in that area. So far, most of the customers have not raised any issues on cycle time. At times, some customers requested for components urgently and for such special cases, the response time must be within 1 to 2 days. To support such customers, a structure was built in the facility to meet customers’ requirements.

The COO continued to address the second question. For manpower, it has been difficult to even attract job applicants and thus, to recruit the right people has been very challenging. The Company has been working closely with training centres and SG Enable (agency for semi-disabled persons) to recruit people and train them as well as Yellow Ribbon Singapore to train the inmates so as to hire them later. As an on-going process, the Company has been improving the manufacturing operations through automation to reduce manpower. In fact, with automation and lesser people in FY2022, the Company’s performance was better than FY2021.

Question: A shareholder complimented all the directors, in particular the executive directors, on their dedication and hard work in managing the Company for almost 40 years. The Company has definitely led the way for the SME market and to rank 13<sup>th</sup> on SGTI is impressive.

The segment on presentation by Management ended and the formal meeting in accordance with the Agenda began.

The Company had also received some questions from a few shareholders before the AGM this year and the responses to substantial and relevant questions were published on SGXNET and the Company’s website on 8 October 2022. The questions and responses are attached as “Appendix 1” to these minutes.

Before proceeding to the formal business of the AGM, the Chairman informed that as required under the Listing Rules, all resolutions put to the vote at this AGM would be voted on by way of a poll. He explained the polling procedures and also announced that TS Tay Public Accounting Corporation was appointed the scrutineers for the purpose of the poll.

The meeting then proceeded to discuss the formal business of the AGM. With permission from the shareholders, the Notice of AGM was taken as read.

## **ORDINARY BUSINESS**

### **1. Adoption of Directors’ Statement and Audited Financial Statements**

1.1 The following Ordinary Resolution No. 1 was duly proposed and seconded: -

“It was resolved that the Directors’ Statement and Audited Financial Statements for the financial year ended 30 June 2022 and the Auditors’ Report thereon be received and adopted.”

1.2 Q&A on Ordinary Resolution 1:

Question 1: A shareholder wanted to know if the Company has any exposure to the renewable energy sector and if so, what is the extent of the exposure. According to this shareholder, this sector is a high growth and very promising sector which uses a lot of 3<sup>rd</sup> generation semiconductor devices.

Reply: The CEO informed that indirectly, the Company would have exposure to the renewable energy sector as it supplied to a broad spectrum of chip makers. The COO added that customers would not disclose their customers' information to the Company. All chips whether used in e.g. renewable energy sector or automotive sector, they would be related to the front-end and back-end processes. As such, the Company would be involved somehow but it did not have the information requested by the shareholder.

Question 2: The same shareholder had another question. Should the Company be selected to support the 3<sup>rd</sup> generation semiconductor devices, would there be any extensive fortification to the Company's critical parts and semiconductor tools in order to support this new semiconductor devices.

Reply: The COO could only said that there were no problems regarding the Company's products. As mentioned earlier, the Company did not have any information on the usage of the chips made by customers.

Question 3: Another shareholder made reference to the chart on Global Monthly Chip Sales shown earlier and the CEO's remarks concerning the ups and downs in the semiconductor industry but overall, an upward trend. He still had concerns and requested the CEO to explain the ups and downs and how to mitigate this risk. He also mentioned the movements of "tech stock".

Reply: The CEO gave his views on the issue. The chip industry is very cyclical since new and faster applications are being developed quickly. However, it can also be seen as an opportunity because the industry is growing quickly. According to a famous investor, stocks are terrible short term investment but the best long term investment. For the Company's market capitalisation, it was S\$25 million during IPO and today, on a bad time in the cycle, it is over S\$400 million. It is good to have a long term focus on things. Investors and markets do not like a lot of uncertainty which is evident now. To the Company, there is great certainty as it knows what must be done for its customers and will continue to do so. The Company's main objective is to grow earnings which will eventually be reflected in value.

- 1.3 The Chairman called for a poll on the resolution. The shareholders were requested to exercise their votes on Ordinary Resolution No. 1 by completing the poll voting slips.

## **2. Declaration of Final and Special Dividends**

- 2.1 The following Ordinary Resolution No. 2 was duly proposed and seconded:-

"It was resolved that a final dividend of 6.0 cents per ordinary share tax exempt (one-tier) and a special dividend of 2.0 cents per ordinary share tax exempt (one-tier) for the financial year ended 30 June 2022 be paid on 18 November 2022 to members registered in the books of the Company on 7 November 2022."

- 2.2 The Chairman called for a poll on the resolution. The shareholders were requested to exercise their votes on Ordinary Resolution No. 2 by completing the poll voting slips.

## **3. Re-election of Director – Mr Low Ming Wah**

- 3.1 The following Ordinary Resolution No. 3 was duly proposed and seconded:-

"It was resolved that Mr Low Ming Wah retiring by rotation pursuant to Regulation 97 of the Company's Constitution, but being eligible and offering himself for re-election, be re-elected as director of the Company."

- 3.2 The Chairman called for a poll on the resolution. The shareholders were requested to exercise their votes on Ordinary Resolution No. 3 by completing the poll voting slips.

**4. Re-election of Director – Mr Kwan Yew Kwong Kenny**

4.1 The following Ordinary Resolution No. 4 was duly proposed and seconded:-

“It was resolved that Mr Kwan Yew Kwong Kenny retiring pursuant to Regulation 97 of the Company’s Constitution, but being eligible and offering himself for re-election, be re-elected as director of the Company.”

4.2 The Chairman called for a poll on the resolution. The shareholders were requested to exercise their votes on Ordinary Resolution No. 4 by completing the poll voting slips.

**5. Approval of Directors’ Fees**

5.1 The Chairman continued with the proceedings of the meeting. The following Ordinary Resolution No. 5 was duly proposed and seconded:-

“It was resolved that a sum of S\$435,000/- be approved for payment as directors’ fees for the financial year ended 30 June 2022.”

5.2 The Chairman called for a poll on the resolution. The shareholders were requested to exercise their votes on Ordinary Resolution No. 5 by completing the poll voting slips.

**6. Re-appointment of Auditors**

6.1 The following Ordinary Resolution No. 6 was duly proposed and seconded:-

“It was resolved that KPMG LLP be re-appointed Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the directors be authorised to fix their remuneration.”

6.2 Q&A on Ordinary Resolution 6:

Comment: A shareholder hoped that the auditors, KPMG would not increase audit fee.

6.3 The Chairman called for a poll on the resolution. The shareholders were requested to exercise their votes on Ordinary Resolution No. 6 by completing the poll voting slips.

**SPECIAL BUSINESS**

**7. Authority to allot and issue shares in the capital of the Company**

7.1 The following Ordinary Resolution No. 7 was duly proposed and seconded:-

“It was resolved that pursuant to Section 161 of the Companies Act 1967 (Act), the Constitution and the listing rules of the Singapore Exchange Securities Trading Limited (SGX-ST), authority be and is hereby given to the Directors of the Company to:-

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

(ii) make or grant offers, agreements, or options (collectively, Instruments) that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and



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

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares issued other than on a pro-rata basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below); and
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:-
  - (a) new Shares arising from the conversion or exercise of convertible securities or from the exercise of share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

7.2 The Chairman called for a poll on the resolution. The shareholders were requested to exercise their votes on Ordinary Resolution No. 7 by completing the poll voting slips. Thereafter, the scrutineers collected all the poll voting slips for counting.

**8. Results of the Poll**

8.1 About half an hour later, the scrutineers submitted their report to the Chairman. According to the scrutineers' report, the results of the poll are as follows:-

Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	For		Against		
		Number of shares	As a percentage of total number of votes for and against the resolution (%)	Number of shares	As a percentage of total number of votes for and against the resolution (%)	
<b>Ordinary Business</b>						
1.	Adoption of directors' statement and audited financial statements for the financial year ended 30 June 2022	84,760,505	84,760,505	100	-	0
2.	Payment of final and special dividends	84,760,505	84,760,505	100	-	0
3.	Re-election of Mr Low Ming Wah as director	77,634,504	76,556,804	98.61	1,077,700	1.39
4.	Re-election of Mr Kwan Yew Kwong Kenny as director	84,661,205	84,661,205	100	-	0
5.	Approval of directors' fees	84,641,205	84,641,205	100	-	0
6.	Re-appointment of KPMG LLP as auditors	84,661,205	84,661,205	100	-	0
<b>Special Business</b>						
7.	Authority to allot and issue new shares	84,647,105	84,632,105	99.98	15,000	0.02

8.2 Based on the above results of the poll, it was noted that the following resolutions were passed:-

- 8.2.1 Ordinary Resolution No. 1 carried unanimously.
- 8.2.2 Ordinary Resolution No. 2 carried unanimously.
- 8.2.3 Ordinary Resolution No. 3 carried by the requisite majority.
- 8.2.4 Ordinary Resolution No. 4 carried unanimously.
- 8.2.5 Ordinary Resolution No. 5 carried unanimously.
- 8.2.6 Ordinary Resolution No. 6 carried unanimously.
- 8.2.7 Ordinary Resolution No. 7 carried by the requisite majority.

There being no further business, the meeting ended at 4.00 p.m.

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CHRISTOPHER REID BORCH  
 CHAIRMAN OF THE MEETING



**MICRO-MECHANICS (HOLDINGS) LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199604632W)

**ANNOUNCEMENT**

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**ANNUAL GENERAL MEETING TO BE HELD ON 14 OCTOBER 2022  
– RESPONSES TO QUESTIONS FROM SHAREHOLDERS**

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The Board of Directors of Micro-Mechanics (Holdings) Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to thank shareholders for submitting their questions in advance of the Company’s Annual General Meeting (“AGM”) to be held on 14 October 2022.

For ease of reference, we have categorised and grouped together questions which are related to certain resolutions of the AGM, similar in nature, or pertaining to the same subject matter.

The Company’s responses to the questions that were raised by shareholders are set out in the following pages of this announcement.

By Order of the Board of Directors

Submitted by Chow Kam Wing,  
Company Secretary  
8 October 2022

## **ORDINARY RESOLUTION 1**

### **GENERAL BUSINESS**

- Q1. Could Micro-Mechanics provide us with an update on the latest technological development and focus, particularly as the semiconductor industry moves towards 7 nanometer and below device geometries? Are there many changes required for Micro-Mechanics critical parts and tools for the move to 5 nanometer as compared to the previous move from 10 nanometer to 7?**

As the semiconductor industry moves towards ever smaller device geometries, just a single defect could cause disastrous consequences in the ultra-complex manufacturing process of semiconductors. Our customers need the parts and tools that we make and supply to them to be flawless. As such, the Group is focused on the continual process of developing proprietary materials such as an elastomer that dissipates static electricity, and developing new cleaning methods that reduce the possibility of introducing organic or ionic contaminants during chip manufacturing. The Group also has ongoing initiatives aimed at improving the precision and repeatability of our core machining processes to ensure we keep pace with the industry's increasingly stringent requirements.

- Q2. For the previous major technological developments where Micro-Mechanics engineers in California completed the development of a critical part used in the wafer-fabrication process while our R&D team in Singapore produced several proprietary materials we believe are essential to the industry at 10 nanometer and below device geometries, have these devices become mainstream products for Micro-Mechanics? If so, what is the percentage share of such products that cater to devices at 10 nanometer and below?**

The critical part developed by our USA factory is being manufactured to specifications for a customer in the wafer-fabrication equipment industry. We manufacture a range of products for the customer and this critical part will become one of the key products for this customer.

For the Group's tooling business, demand for tools with more stringent properties such as dissipation of static electricity and reduction of contamination, is envisaged to move in tandem with the applications of chips that have device geometries below 10 nanometers. Due to competitive and commercial reasons however, the Group does not have a practice of disclosing specific sales breakdown by product categories.

### **OTHERS**

#### **ACCOLADES**

- Q3. Congratulations to Micro-Mechanics for winning Forbes Asia Best Under A Billion Award on 10 Aug 2022. Is this the first time Micro-Mechanics has won this award? What did Micro-Mechanics do differently this time which helped to gain such recognition?**

It is the second time that Micro-Mechanics has been included in the Forbes Asia Best Under A Billion List as the Group also received this recognition in 2006. The Forbes Asia Best Under A Billion List recognises the 200 top-performing public companies (out of a pool of 20,000 listed firms) with less than US\$1 billion in yearly sales in the Asia-Pacific region. Forbes Asia selects companies based on a composite score that takes into account factors such as debt, sales, earnings per share growth and average returns on equity. We believe this recognition reflects the Group's continual efforts to improve its operational and financial performance.

**About Micro-Mechanics**

Micro-Mechanics designs, manufactures and markets high precision tools and parts used in process-critical applications for the wafer-fabrication and assembly processes of the semiconductor industry.

The Group serves a worldwide base of customers from five manufacturing facilities located in Singapore, Malaysia, China, the Philippines and the USA. Micro-Mechanics' strategy is to relentlessly pursue product and operational improvements while providing fast, effective and local support to its customers worldwide.

In addition to designing and manufacturing a market-leading range of consumable tools and parts used in the assembly and testing of semiconductors, the Group also engages in the contract manufacturing of precision parts and tools used in process-critical applications for the semiconductor wafer-fabrication industry.

Since listing on the Singapore Exchange in June 2003, Micro-Mechanics has won over 30 awards in recognition of its high standards of corporate governance, quality of disclosure, transparency and investor relations.

For more information, please visit the Group's website at [www.micro-mechanics.com](http://www.micro-mechanics.com)

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