



**MICRO-MECHANICS®**

**FINANCIAL YEAR 2021**  
**ANNUAL REPORT**

# CORPORATE PROFILE

---

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

Beginning in 1983 with a small factory in Singapore, the Group has grown steadily to become a publicly-listed corporation with a global presence. Today, Micro-Mechanics serves a worldwide base of customers from five manufacturing facilities located in Singapore, Malaysia, China, the Philippines and the USA, and a direct sales presence in Europe.

The Group's 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 received over 30 awards in recognition of its high standards of corporate governance, quality of disclosure, transparency and investor relations.

## MISSION STATEMENT

---

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

## CONTENTS

---

<b>01</b>	Chairman's Statement
<b>02</b>	Executive Management Report
<b>05</b>	Awards and Accolades
<b>06</b>	Financial Highlights
<b>08</b>	Board of Directors
<b>09</b>	Executive Officers
<b>10</b>	Financial Contents
<b>11</b>	Corporate Information
<b>12</b>	Sustainability Report
<b>41</b>	Corporate Governance
<b>69</b>	Financial Report
<b>121</b>	Shareholders' Statistics
<b>123</b>	Notice of Twenty-Fifth Annual General Meeting
<b>128</b>	Additional Information for Directors Seeking Re-election Proxy Form

# CHAIRMAN'S STATEMENT

## Dear stakeholders,

On behalf of our Board of Directors, I am pleased to report that Micro-Mechanics delivered record revenue and profits for the financial year ended 30 June 2021 ("FY2021"). The Group's net profit rose 23.3% to S\$18.1 million on revenue growth of 14.8% to S\$73.7 million during FY2021.

I am also pleased to announce that the Group is proposing to raise our dividend payment for a third consecutive year. In keeping with our usual practice and policy that dividends should be broadly correlated to the Group's performance, we are proposing to pay a final dividend of 6 cents per share and a special dividend of 2 cents per share. Together with the interim dividend of 6 cents per share, this will raise the Group's total dividend payout to 14 cents per share for FY2021 compared to 12 cents per share for FY2020.

In addition to our long-held belief that it is important to share the Group's success with our shareholders, this decision to raise the total dividend payout again in FY2021 is also a signal that the Board remains confident in the Group's business, strategies and long-term prospects.

Including the proposed final and special dividends for FY2021, Micro-Mechanics would have distributed cumulative dividends of 99.9 cents per share since the Group's listing on the Singapore Exchange in 2003. This translates to a return of about 500% based on dividends alone for shareholders who bought Micro-Mechanics shares at our Initial Public Offering.

In tandem with our efforts to strengthen the Group's business and operations, we have always worked hard to also put good governance at the heart of everything we do. While keeping up with the best practices in compliance and reporting are important, we also see good governance as a methodology for driving performance by aligning the way our people at all levels – from the Board Room to the Shop Floor – make decisions and take actions to enhance and protect stakeholder value. When it comes to assessing good governance, we believe conformance and performance are inseparable.

Over the years, the Group has been able to attain a good ranking in the Singapore Governance and Transparency Index which is the leading index for assessing corporate

governance practices of companies listed on the Singapore Exchange. On 4 August 2021, the Group was once again recognised for our efforts to practice good governance with a ranking of 15<sup>th</sup> out of 519 companies on the Singapore Exchange. This is no mean feat for a company of our size as the top 20 in this ranking comprise mainly blue-chip companies with large market capitalisations.

Indeed, since becoming a publicly-listed company, Micro-Mechanics has been recognised more than 30 times for our good governance, transparency and investor relations. To us, good governance also means respecting the way investors make decisions as we strive to be transparent and provide accurate, complete and timely information.

In the following pages of this Annual Report, our Executive Management will provide a thorough review of the Group's financial and operational performance in FY2021, as well as discuss the key strategies we are executing for Micro-Mechanics to continue building value for all our stakeholders.

This prolonged COVID-19 pandemic has been a trying time for everyone. The Board is immensely proud of our people for the way they have so willingly and quickly adapted to the many changes that we needed to make and behaved in a responsible manner. We are especially appreciative of the care and consideration our people have shown for their colleagues by being so willing to do all the things that have helped to keep everyone healthy and safe.

In closing, I would like to express my heartfelt appreciation to my fellow directors for their vision, sound judgement and practical advice. And on behalf of the Board, I would like to thank all our customers, business partners and suppliers for their continued support and patronage of Micro-Mechanics.

We look forward to continue working together to build value for all our stakeholders.

**Sumitri Menon**  
**Independent Non-Executive Chairman**

# EXECUTIVE MANAGEMENT REPORT

---

## To all our stakeholders,

For the 12 months ended 30 June 2021 (“FY2021”), Micro-Mechanics achieved a record financial performance with both our revenue and profits showing double-digit gains. Despite facing many challenges, the Group benefited from the resilience of the global semiconductor industry which continued to show steady growth amid the economic headwinds induced by the COVID-19 pandemic.

For FY2021, the Group’s net profit improved 23.3% to S\$18.1 million on the back of 14.8% growth in revenue to S\$73.7 million. The Group also reported our highest-ever quarterly results during the three months ended 30 June 2021 (“4Q21”) with net profit rising 21.4% to S\$4.8 million on revenue growth of 16.9% to S\$19.1 million.

## Keeping Safe and Healthy during the Pandemic

Although the COVID-19 pandemic has brought about an unprecedented and challenging period for businesses around the world, we continued to work conscientiously to keep our people safe and ensure full compliance with the health orders and guidelines of the governments in jurisdictions where the Group has operations.

Indeed, we are very proud of our people for the way they have so willingly and quickly adapted to the many changes we needed to make and behaved in a caring and responsible manner. As a result of these efforts, we managed to keep all our plants running and focused on meeting the needs of our customers.

## Continuing Our Focus on the Key Fundamentals

Although dealing with the repercussions of a global pandemic is something new for the Group, we have always been mindful of the need to build an organisation that is strong and resilient. Whether it is the adverse impact of a market downturn, introduction of disruptive technology, geopolitical unrest or a host of other unforeseen events, we need to have goals, structures and processes in place that make it easier for the Group to adapt to changes in the operating environment and ensure business continuity. To this end, we intend to continue focusing on a handful of key areas.

## Maintaining a Healthy Gross Profit Margin

A key objective for Micro-Mechanics is to ensure a strong and unwavering focus on the value we bring to customers. This means working diligently to understand and meet our customers’ requirements and deliver on our mission of *Perfect Parts and Tools, On-Time, Every Time*. As a single defect can result in disastrous consequences in the precision manufacturing process of semiconductors, our customers need the parts and tools used in their critical processes to be flawless. To achieve this, our goal is to automate our operations around processes that are repeatable, scalable and cost-effective. During FY2021, we invested S\$6.8 million primarily for new machines to raise production capacity and enhance manufacturing capabilities of our factories in Singapore and the USA. For FY2022, we estimate a capital expenditure budget of about S\$6 million.

As a result of these efforts, the Group’s gross profit margin improved to 54.3% in FY2021 from 53.4% in FY2020. We will continue working to strengthen our gross profit margin as we believe it is a key measurement of both the value that customers place in our products, and our competitive strength in the marketplace.

## Becoming a Next Generation Supplier

According to a recent forecast from VLSI Research, global chip sales could double to nearly US\$1 trillion by 2030 from about US\$450 billion in 2020. Indeed, we believe the semiconductor industry is poised for a prolonged period of solid growth as chips become increasingly embedded in nearly every aspect of modern life, from today’s smart phones to tomorrow’s driverless cars. Hence, Micro-Mechanics’ continuing success will hinge on our ability to continue identifying opportunities and prioritising the initiatives and investments that enhance stakeholder value.

As the semiconductor industry develops new equipment and processes for manufacturing chips with device geometries below 10 nano-meters, our customers will increasingly require parts and tools manufactured using improved materials and processes that eliminate defects and variability. In the future, we think only a handful of suppliers may have the capability to meet these stringent requirements. Our goal is to become a leading *Next Generation Supplier* of parts and tools used in critical processes for semiconductor assembly and wafer-fabrication.

# EXECUTIVE MANAGEMENT REPORT

During FY2021, sales at our plant in the USA (“MMUS”) increased 21.1% to S\$16.5 million. Including depreciation and engineering expenses of S\$2.2 million and S\$2.5 million respectively, MMUS reported segment earnings of S\$1.2 million compared to a loss of about S\$0.1 million in FY2020. As we move into FY2022, our operations in the USA will continue working to gain traction and visibility with customers that are leaders in the semiconductor equipment industry.

At MMUS, our main focus is to manufacture parts used in critical wafer-fabrication processes. This business made up approximately 22% of Group revenue in FY2021. The remaining 78% of the Group’s revenue was derived from the manufacture of precision tools used in chip-assembly processes. Although there is limited market data from third-parties, we believe the total addressable market for parts and tools used in critical processes for chip-assembly and wafer-fabrication exceeds US\$500 million. This provides the Group with ample scope for future growth.

## Controlling Overhead Expenses

Maintaining a tight rein on expenses is also a key goal of the Group. This means investing in advanced technologies, working to enhance our facilities with an eye towards raising productivity, and continuing our relentless efforts to strengthen fundamental processes. As a result of these and other initiatives, the Group has performed well during the past few years. Although our total distribution, administrative and other expenses (including other income) increased 10.3% to S\$16.8 million in FY2021, these overhead expenses when measured as a percentage of sales, declined to 22.8% compared to 23.7% in FY2020 and 25.4% in FY2019. As we move forward, we intend to continue working to improve this powerful measure of how well our people and resources are used to support the Group’s core manufacturing activities.

## Driving Performance Through Good Governance

Since becoming a publicly listed company in 2003, we have worked hard to put good governance at the heart of everything we do. Although keeping up with the best practices in compliance and reporting are important, we like to see good governance as a methodology for driving performance by aligning the way our people at all levels – from the Board Room to the Shop Floor – make decisions and take actions to enhance and protect stakeholder

value. In other words, when it comes to assessing good governance, we believe conformance and performance are inseparable.

To this end, it was easy for our Board to agree unanimously about a year ago to continue with quarterly financial reporting after the SGX allowed companies to shift to half-yearly reporting. Given the fast-moving events following the COVID-19 outbreak last year, and not to mention rapidly changing markets, unpredictable advances in technology and uncertain geopolitics, we believe the Group has taken the right reporting approach even though it requires more work. Indeed, we have been recognised more than 30 times for our efforts to practice good governance, transparency and investor relations. This includes being ranked 15<sup>th</sup> out of 519 companies in the latest Singapore Governance and Transparency Index published on 4 August 2021.

Since our listing on the Singapore Exchange, we have always believed that our job is to focus on the fundamentals of earnings and other important results, and not to get overly concerned with daily share price movements or other short-term market fluctuations. At the end of FY2021, the Group’s market capitalization had risen to about S\$430 million compared to S\$25 million at our initial public offering. We intend to continue focusing on the fundamentals that we believe drive long-term and sustainable shareholder value.

Upon approval by shareholders at our next Annual General Meeting to be held on 29 October 2021, the Group will distribute a final dividend of 6 cents per share and a special dividend of 2 cents per share for FY2021. Together with the interim dividend of 6 cents per share paid in February 2021, this would raise the total dividends for FY2021 to 14 cents per share from 12 cents per share for FY2020. In addition to rewarding shareholders, our decision to raise the total dividend pay-out again in FY2021 is a signal that we remain confident in the long-term prospects of Micro-Mechanics.

Including these distributions in FY2021, the Group would have paid dividends amounting to 99.9 cents per share since becoming a listed company. This translates to a return of about 500% on dividends alone for shareholders who bought Micro-Mechanics shares at our Initial Public Offering.

# EXECUTIVE MANAGEMENT REPORT

---

## Growing Without Debt

We also believe that building a great manufacturing business without debt helps to foster a culture of resourcefulness, discipline and careful decision making. During FY2021, we generated S\$25.7 million in net cash from operating activities compared to S\$18.8 million in FY2020. After net investing activities of S\$6.7 million and distributing S\$18.1 million for dividends, the Group ended the year in a strong financial position with cash of S\$20.6 million (including S\$0.2 million held as security deposits) and no bank borrowings.

## Building With People

The Group employed 515 great people at the end of FY2021, which is an increase of 0.8% compared to 511 people at the end of FY2020. Although our annualised employee turnover rate of less than 10% is low in comparison to what we hear other companies are experiencing, we are always looking to see what more we can do to attract, retain and build a great team of people. In the long term, our ability to do this will be a major factor in the Group's long-term success.

We plan to do more to help our people build good skills and work habits. This also means working better to plan, establish clear priorities and control the scope of initiatives so that our people can accomplish these priorities successfully and on time. We will also continue to recognize and reward our people for their contributions to the Group.

## **Appreciation**

In closing, we would like to express our appreciation to our independent directors for their guidance and commitment to practicing good governance. We are also grateful to all our people for their vision, teamwork and hard work. We are especially appreciative of the care and consideration they have shown for their colleagues and others by being so willing to do all of the things to keep everyone healthy and safe. Indeed, it is during times such as these when our saying has never rung more true: People Make Everything Happen!

We look forward to continuing our work to build value for all the Group's stakeholders.

### **Christopher Reid Borch**

Chief Executive Officer

### **Low Ming Wah**

Chief Operating Officer

### **Chow Kam Wing**

Chief Financial Officer



# AWARDS AND ACCOLADES

Since becoming a public company in 2003, Micro-Mechanics has received consistent recognition for our sound corporate governance, transparency and investor relations practices.

The Group's Investor Relations policy is presented in the Corporate Governance section of this Annual Report.

The Group is also a winner of productivity awards which endorse our continuing efforts to improve efficiency and raise productivity of our operations.

## SINGAPORE CORPORATE AWARDS

2018	Best CEO Award
2017	Gold Award – Best Managed Board Gold Award – Best Investor Relations
2016	Silver Award – Best Managed Board
2015	Silver Award – Best Managed Board Silver Award – Best Investor Relations
2014	Silver Award – Best Investor Relations
2013	Silver Award – Best Investor Relations
2012	Gold Award – Best Managed Board Silver Award – Best Investor Relations
2011	Silver Award – Best Investor Relations
2010	Bronze Award – Best Investor Relations
2008	Chief Financial Officer of the Year (Sesdaq)

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

## THE EDGE SINGAPORE BILLION DOLLAR CLUB (CENTURION CATEGORY)

2020	Most Profitable Company (under sector category – Automobiles & Auto Parts; Industrial & Commercial Services; Industrial Conglomerates; Industrial Goods; Energy – Fossil Fuels; Utilities)
------	--



## INVESTORS' CHOICE AWARDS – SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

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

## ASIAMONEY CORPORATE GOVERNANCE POLL

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

## FORBES

2006	Asia 200 Best Under A Billion Companies
------	---

## PRODUCTIVITY AWARDS

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

# FINANCIAL HIGHLIGHTS

## INCOME STATEMENT SUMMARY

### Financial year-end 30 June

(S\$ million)	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue	57.2	65.1	60.3	64.2	<b>73.7</b>
Gross Profit	33.0	37.1	32.4	34.3	<b>40.0</b>
Profit Before Tax	18.5	21.9	17.1	19.1	<b>23.2</b>
Net Profit	14.8	17.1	12.9	14.7	<b>18.1</b>
EPS (cents)	10.6	12.3	9.31	10.54	<b>13.0</b>
Weighted average number of shares in issue	139,031,881	139,031,881	139,031,881	139,031,881	<b>139,031,881</b>

## BALANCE SHEET SUMMARY

(S\$ million)	As at 30 June 2020	As at 30 June 2021
Total Non-Current Assets	32.2	<b>33.0</b>
Total Current Assets	38.9	<b>39.4</b>
Total Non-Current Liabilities	3.2	<b>3.6</b>
Total Current Liabilities	10.0	<b>10.8</b>
Shareholders' Equity	58.0	<b>58.0</b>
<i>Cash and cash equivalents</i>	20.8	<b>20.6</b>
<i>Trade and other receivables (current)</i>	12.7	<b>13.6</b>
<i>Trade and other payables (current)</i>	7.1	<b>7.9</b>
<i>Short and long-term debt</i>	0.0	<b>0.0</b>
<i>NAV per share (cents)</i>	41.7	<b>41.7</b>

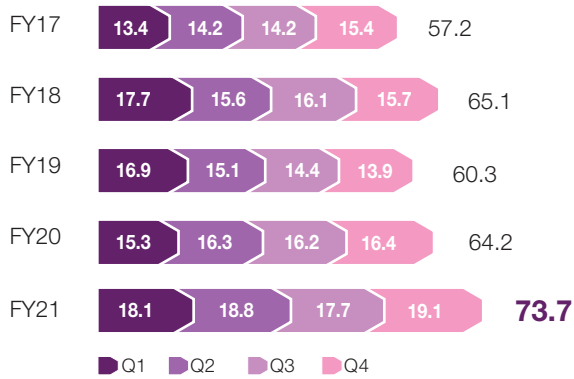
## KEY FINANCIAL RATIOS

	FY2020	FY2021
Gross Profit Margin	53.4%	<b>54.3%</b>
Net Profit Margin	22.8%	<b>24.5%</b>
Return on Equity	25.3%	<b>31.2%</b>
Dividend Per Share	12.0 cents	<b>14.0 cents</b>
Dividend Payout	113.9%	<b>107.8%</b>



# FINANCIAL HIGHLIGHTS

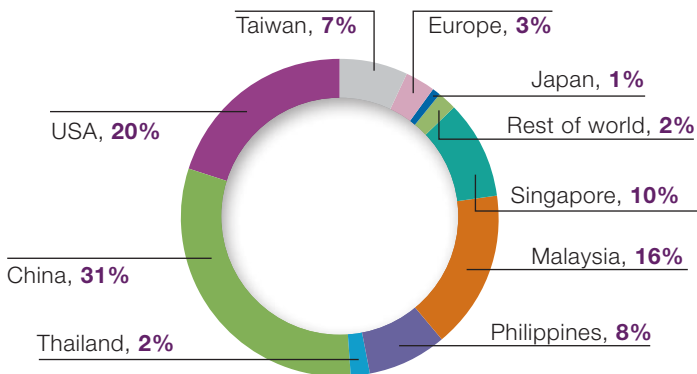
## GROUP REVENUE (S\$M)



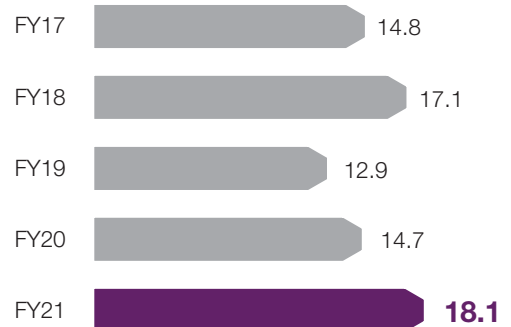
## GROUP GROSS PROFIT MARGIN (%)



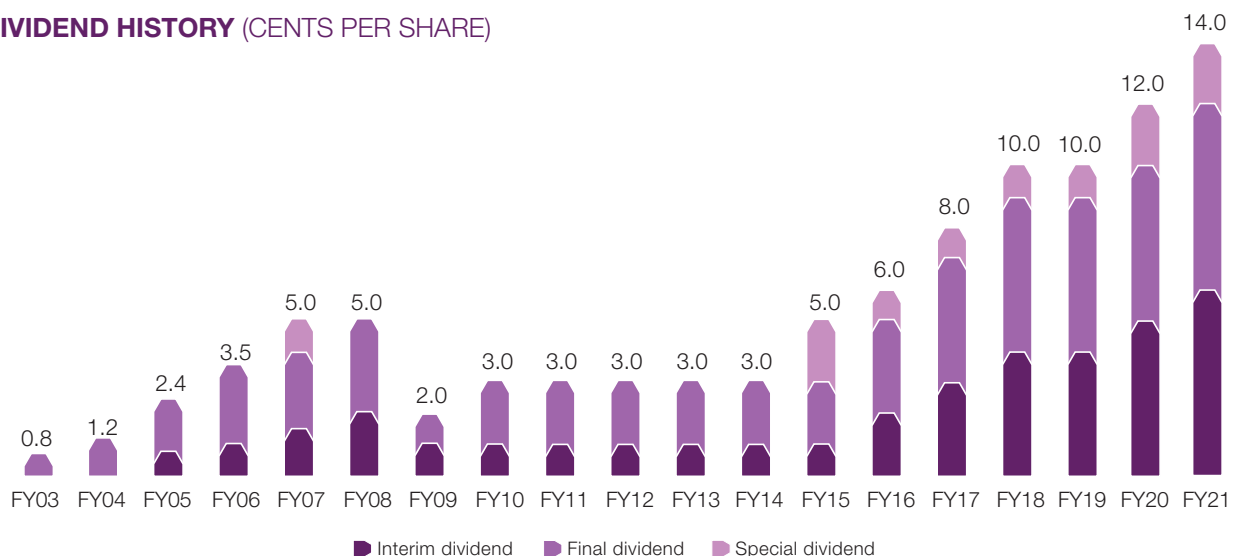
## REVENUE BREAKDOWN BY GEOGRAPHICAL MARKET (FY2021)



## GROUP NET PROFIT (S\$M)



## DIVIDEND HISTORY (CENTS PER SHARE)



# BOARD OF DIRECTORS

## Sumitri Mirnalini Menon @ Rabia

Independent Non-Executive Chairman



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

## Christopher Reid Borch

Founder & Chief Executive Officer



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

## Low Ming Wah

President & Chief Operating Officer



Mr. Low joined Micro-Mechanics in 1989 as the company's first engineer. During his career at Micro-Mechanics, Mr. Low has held key engineering, manufacturing and management positions. Prior to joining Micro-Mechanics, Mr. Low held engineering and design positions with General Electric and Siemens. Mr. Low received his Diploma in Mechanical Engineering from Singapore Polytechnic and an MBA from the University of Hull, UK. He has over 35 years of experience in the semiconductor and precision engineering industry.

Currently, Mr. Low is the Immediate Past Chairman of the Singapore Precision Engineering & Technology Association (SPETA). He is also the member of the SMEC main committee under Singapore Business Federation and a member of Singapore Institute of Directors. He served as the Chairman of SPETA (2017-2021), board member of Enterprise Singapore (2018-2020) and member of FEC Manufacturing Sub-committee under EDB (2017-2019).

In 2012, Mr. Low established a bursary fund with the Singapore Polytechnic Graduate Guild Endowment to support students in need of financial assistance. Mr. Low is also the Distinguished Patron for Loving Heart Multi-Service Centre that serves the residents and needy students. In 2015, Ming Wah established a Study Grant with the Singapore Institute of Technology to be given to deserving and financially disadvantaged full-time undergraduates of the institute. In 2017, Ming Wah established a scholarship with Singapore University of Technology and Design to promote meritocratic access to education and provide opportunities to students with demonstrated financial need.

## Chow Kam Wing

Chief Financial Officer & Company Secretary



Mr. Chow joined Micro-Mechanics in 1996 and played the key role for the Company's IPO on SGX in 2003 and business expansion and operations in the region. Prior to joining Micro-Mechanics, Mr. Chow has more than 15 years working experience in auditing and accounting in Hong Kong.

Currently, Mr Chow is Committee Member of CFO Committee of Australia CPA (Singapore). He served as Audit Committee Member of Singapore Chinese Orchestra (2013- 2017), Committee Member of the Corporate Governance Committee of Institute of Singapore Chartered Accountants (ISCA) (2014 -2020), Committee Member of CFO Committee of ISCA (2008- 2014) and Advisory Council Member of Singapore CFO Institute under Singapore Accountancy Commission (2015- 2017).

Mr. Chow is a fellow Member of CPA Australia and Member of Institute of Singapore Chartered Accountants and Hong Kong Institute of Certified Public Accountants. He received his MBA from the University of Wales, United Kingdom.

In February 2008, Mr. Chow was recognized as the Chief Financial Officer of the Year at the Singapore Corporate Awards.

## BOARD OF DIRECTORS

### Lai Chin Yee

Independent Director



Ms. Lai has over 30 years of experience in auditing, taxation, finance and accounting, and is currently the Finance Director of SGX-listed Qian Hu Corporation Limited. Ms. Lai was formerly an auditor with international accounting firms from 1987 to 2000.

Ms. Lai was appointed by the Ministry of Finance (MOF) as a member of the Tax Advisory Committee from 2004 to 2006. She served as a member of the CFO Committee of the Institute of Singapore Chartered Accountants (ISCA) from 2009 to 2012 and the Corporate Governance and Risk Management Committee from 2018 to June 2020.

Ms. Lai was elected as a council member of ISCA since 2018. She is currently a member of ISCA's Continuing Professional Education Committee and Membership Committee. In 2019, she was appointed by MOF as a Board member of Accounting and Corporate Regulatory Authority (ACRA). She is also an Independent Director of Singapore Paincentre Holdings Limited, a company listed on the Singapore Exchange.

Ms. Lai graduated with a Bachelor degree in Accountancy from the National University of Singapore. She is a Fellow Chartered Accountant of Singapore and a member of the Singapore Institute of Directors. In 2009, she was named the Chief Financial Officer of the Year at the Singapore Corporate Awards.

### Kenny Kwan

Independent Director



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

Mr. Kwan holds a Bachelor of Law (Honours) degree from the National University of Singapore and is a member of the Singapore Bar. He is also qualified to practice law in England and Wales and the State of New York in the United States of America.

## EXECUTIVE OFFICERS

### SINGAPORE

Micro-Mechanics Pte Ltd

Mr. Neo Say Chow (Manufacturing Manager)

### MALAYSIA

Micro-Mechanics Technology Sdn. Bhd.

Mr. Ng Chin Lim (General Manager)

### PEOPLE'S REPUBLIC OF CHINA

Micro-Mechanics Technology (Suzhou) Co. Ltd.

Mr. Shen Zi Quan (Deputy General Manager)

### THE PHILIPPINES

Micro-Mechanics Technology International, Inc.

Mr. Richie Manuel (Factory Manager)

### THE UNITED STATES

Micro-Mechanics, Inc.

Mr. Colin Wojno (Factory Manager)

# FINANCIAL CONTENTS

---

<b>11</b>	Corporate Information
<b>12</b>	Sustainability Report
<b>41</b>	Corporate Governance
<b>69</b>	Directors' Statement
<b>72</b>	Independent Auditors' Report
<b>77</b>	Consolidated Statements of Financial Position
<b>78</b>	Consolidated Statement of Comprehensive Income
<b>79</b>	Consolidated Statement of Changes in Equity
<b>81</b>	Consolidated Statement of Cash Flows
<b>82</b>	Notes to the Financial Statements
<b>121</b>	Shareholders' Statistics
<b>123</b>	Notice of Twenty-Fifth Annual General Meeting
<b>128</b>	Additional Information for Directors Seeking Re-election Proxy Form

# CORPORATE INFORMATION

## Board of Directors

### Sumitri Mirnalini Menon @ Rabia

*Independent Non-Executive Chairman*

First appointed: 16 May 2003  
(Email: smenon@micro-mechanics.com)  
(re-appointed on 29 October 2018)

### Christopher Reid Borch

*Executive Director*

First appointed: 25 June 1996  
(Email: cborch@micro-mechanics.com)  
(re-appointed on 30 October 2020)

### Low Ming Wah

*Executive Director*

First appointed: 25 June 1996  
(Email: mwlow@micro-mechanics.com)  
(re-appointed on 30 October 2019)

### Chow Kam Wing

*Executive Director*

First appointed 20 January 2003  
(Email: kamchow@micro-mechanics.com)  
(re-appointed on 29 October 2018)

### Lai Chin Yee

*Independent Director*

First appointed: 1 June 2014  
(Email: laicy@micro-mechanics.com)  
(re-appointed on 30 October 2020)

### Kenny Kwan Yew Kwong

*Independent Director*

First appointed: 14 June 2019  
(Email: kennykwan@micro-mechanics.com)  
(re-appointed on 30 October 2019)

## Audit Committee

Lai Chin Yee

*Chairman*

Sumitri Mirnalini Menon @ Rabia  
Kenny Kwan Yew Kwong

## Nominating Committee

Sumitri Mirnalini Menon @ Rabia

*Chairman*

Lai Chin Yee  
Kenny Kwan Yew Kwong

## Remuneration Committee

Kenny Kwan Yew Kwong

*Chairman*

Sumitri Mirnalini Menon @ Rabia  
Lai Chin Yee

## Risk Management Committee

Lai Chin Yee

*Chairman*

Sumitri Mirnalini Menon @ Rabia  
Low Ming Wah  
Chow Kam Wing  
Kenny Kwan Yew Kwong

## Company Secretary

Chow Kam Wing  
Chartered Accountant

## Registered Office

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

## Share Registrar & Share Transfer Office

M & C Services Private Limited  
112 Robinson Road  
#05-01  
Singapore 068902

## Auditors

KPMG LLP, Certified Public Accountant  
16 Raffles Quay  
#22-00 Hong Leong Building  
Singapore 048581  
Partner-in-charge: Yeo Lik Khim  
(appointed since Financial Year 2017)

## Internal Auditors

Nexia TS Risk Advisory Pte Ltd  
80 Robinson Road  
#25-00  
Singapore 068898

## Principal Banker

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

## Investor Relations Consultant

Octant Consulting  
7500A Beach Road  
#04-329 The Plaza  
Singapore 199591  
Tel: 65-6296-3583  
Email: herman@octant.com.sg/  
lisa@octant.com.sg

# SUSTAINABILITY REPORT

Year ended 30 June 2021

---

## ABOUT REPORT

Micro-Mechanics (Holdings) Ltd (“Micro-Mechanics”) is pleased to present our fourth sustainability report prepared in accordance to Singapore Exchange Securities Trading Limited’s (“SGX-ST”) Mainboard listing Rule 711(A), 711(B) and with reference to the guidelines of the Global Reporting Initiative (“GRI”) Standards – “Core” option. It covers the sustainability efforts of our core business activities as a manufacturer of high precision tools and parts, and is incorporated as part of our annual report for Financial Year 2021 (“FY2021”) covering the period from 1 July 2020 to 30 June 2021.

We have reviewed and adopted the GRI reporting framework for its detailed guidance in the disclosure of governance approaches, the environment, social and economic (“ESG”) performance that is of relevance to our business. Micro-Mechanics has not sought external independent assurance for the preparation of this report.

## Reporting Scope

Micro-Mechanics designs, manufactures and markets high precision parts and tools used in process-critical applications for the wafer-fabrication and assembly processes of the semiconductor industry. The Group operates from the manufacturing facilities in Singapore, Malaysia, China, the Philippines, USA and a direct sales presence in Europe. The Group’s strategy is to relentlessly pursue product and operational improvements while providing fast, effective local support in its key locations as well as to customers worldwide.

This report covers all our manufacturing facilities, namely, Singapore, Malaysia, China, the Philippines and the USA.

For more information with regards to this report or feedback on our sustainability practices, please email to [Investor@micro-mechanics.com](mailto:Investor@micro-mechanics.com)





# SUSTAINABILITY REPORT

Year ended 30 June 2021

---

## MESSAGE FROM THE BOARD

The Board of Directors (the "Board") is pleased to present our Sustainability Report FY2021. The Board believes that sustainability practices in our business help to identify improvements and opportunities within our organisation and this enhances our competitiveness in the industry.

As a leader in the provision of high precision parts and tools for global customers, Micro-Mechanics adapts to changing demands and practices to maintain our business edge in the market. Sustainability practices like resource consumption optimisation and a safer working environment will lead to bottom line savings and improved profitability for the organisation. We have a formalised sustainability approach and a governance team managing and identifying areas to pursue in our continuing sustainability efforts. Performance targets are set, measured and reviewed annually.

As the Board oversees the development of the strategic direction of Micro-Mechanics as a Group, it ensures that sustainability goals are integrated into all aspects of our business operations and strategy. We have in place a Risk Management Committee ("RMC") which steers the Group's sustainability efforts with the support of a Sustainability Steering Committee chaired by our COO and CFO to ensure objectives are met at the operational level.

Since the initiation of our sustainability journey, our approach to sustainable development is closely guided by stakeholders' concerns and sustainability. With leadership and oversight from the Board, we have mapped the material Environment, Social and Governance (ESG) factors in our sustainability approach.

The Board would like to thank our Sustainability Steering Committee, Sustainability Working Committee and all employees for their support in measuring, monitoring and managing our performance in these ESG factors. Our sustainability report is aligned with the Singapore Exchange (SGX); SGX-ST Listing Rules 711A and 711B and with reference to the internationally recognized Global Reporting Initiative (GRI) Standards.

During FY2021, the widening spread of the Covid-19 pandemic severely impacted the global economy in an unprecedented manner and gave new meaning to sustainability as some businesses struggle to cope with these challenges. With these challenges, we were unable to deliver on some targets laid out in our sustainability objectives, specifically those that involved physical interactions amongst our employees and the community.

Micro-Mechanics is fortunate that our operations were less affected by the restrictions imposed in the pandemic as we are considered an essential service provider to the global supply chain. We are glad to play our part in keeping the critical global business operations humming so that the world economy does not grind to a complete halt. To-date, we have been able to sustain our contributions reasonably well by operating our business in as safe and sustainable manner as we can.

We shall continue to learn from this pandemic and shall continue to explore new ideas for greater resilience and sustainability going forward.

Finally, we wish our stakeholders and partners resilience, safety and health amidst this pandemic.

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

# SUSTAINABILITY REPORT

Year ended 30 June 2021

---

## Impact of COVID-19 on the Group's Factories

### Suzhou

Towards the end of January 2020, our factory in Suzhou, China ("MMSU") was the first manufacturing facility in our Group to be affected by Covid-19. Notwithstanding its closure for several weeks in February 2020 in compliance with a directive by the local government, and certain regulations and other limitations during 2H20 that delayed the return of some of our staff to the factory, our team in Suzhou has done an incredible job in keeping MMSU operating safely and supporting our customers during FY2021.

*Update as at 30 June 2021*

- *Our Suzhou facility continues to operate smoothly with no confirmed COVID-19 cases.*
- *No shut down of manufacturing operation and no employee took medical leave or hospitalisation leave related to Covid19.*

### Malaysia and the USA

In March 2020, the Group announced that we would be complying with directives from the governments of Malaysia and the United States aimed at slowing the spread of Covid-19. While our plant in Penang ("MMP") and our factory in the USA ("MMUS") both operated for several months during 2H20 at reduced staffing levels, both plants manage to operate at a normal capacity in FY2021 except for two weeks in January 2021 when the government of Malaysia reimplemented a *Movement Control Order* ("MCO"). During this time only 30% of MMP's management personnel were permitted to work from the office. Owing to our decentralized and lean management approach, and an IT infrastructure that allows our people to work remotely, the MCO did not have a significant impact on MMP's operations.

*Update as at 30 June 2021*

- *Local Covid-19 cases in Malaysia surged thereafter and the government implemented Full Movement Control Order at end of May 2021 with restricting the work force on site to 60%.*
- *There were two employees infected through familial or social contacts and has since recovered.*
- *22 employees from Malaysia factory took a total of 83 days medical leave or hospitalisation leave or on stay home quarantine orders related to Covid19.*
- *38 employees from USA factory took a total 167 days for medical leave or hospitalisation leave or on stay home quarantine orders related to Covid 19.*

# SUSTAINABILITY REPORT

Year ended 30 June 2021

---

## Singapore

When MMSU manufacturing facility was closed in early February 2020, our team in Singapore took immediate steps at our plant (“MMS”) to implement employee and visitor health-screening, limit travel and activate other preparations that we had put in place about a year earlier when MMS successfully completed ISO 22301:2012 for *Business Continuity Management*. Notwithstanding work-from-home regulations and other measures we implemented to minimise personnel contact, our team in Singapore has also done a remarkable job keeping everyone safe and supporting our customers.

*Update as at 30 June 2021*

- *From May to June, two employees have been served quarantine orders from the Authorities after being identified as a closed contact of a Covid-19 positive case.*
- *Manufacturing operation was shut down for a day for disinfectant and cleaning.*
- *33 employees took a total 233 days for medical leave or hospitalisation leave or on stay home quarantine orders due to Covid 19.*

## Philippines

In March 2020, the government in the Philippines announced various quarantine requirements which resulted in major disruptions in the supply chain to our plant in the Philippines (“MMPH”). When various quarantine measures were lifted in June 2020, we were able to bring the staffing level at MMPH back to about 80%. For about two weeks in August 2020 MMPH was required to reduce operating and staffing levels to about 50% and the imposition of a curfew at the end of 3Q21 made it difficult for some of our employees to travel to and from factory. Through these restrictions, our team in the Philippines has worked hard during FY2021 to support our customers, limit Covid-related disruptions and keep everyone safe.

*Update as at 30 June 2021*

- *Since May 2021, the Philippines is placed under General Community Quarantine. Workers are still allowed to go to work with safe management measures setup at the work facility.*
- *There was no manufacturing operation shut down.*
- *41 employees took a total 328 days for medical leave or hospitalisation leave or on stay home quarantine orders due to Covid 19.*

# SUSTAINABILITY REPORT

Year ended 30 June 2021

---

## Safety Management Measures at Group's Manufacturing Facilities

Safety Management Measures continue to be practised and enhanced to protect our employees from infection as the pandemic plays out. These include the following:

- Employees must wear a mask at all times and wash their hands regularly at the workplace
- Regular temperature taking and hands-free temperature monitor for employees to measure their temperature at workplace
- Employees sanitize own work spaces, toilets and common shared areas before and after usage
- Screening of external visitors to facilities for fever and contact tracing details
- Commonly touched surfaces at workplace are regularly sanitised
- Further enhancement of safe distancing measures at the workplace
- Reduced employee physical interactions within work site and only at designated areas
- All employee physical interactions within worksite are tracked
- Employees on shifts with no cross deployment of staff at work site at any one time
- Employees are assigned to work from home if they can perform their duties off work-site

### *Enhancement*

- Provision of Covid-19 self-test kits at manufacturing facilities, where available, for any employee returning to work after quarantine or recently recovered, to perform self-testing for 3 days daily prior to leaving home for work
- Engage professionals to clean and sanitize entire factory upon confirmation of positive Covid-19 infection of our employee

The Group has worked diligently to establish new safety and operating procedures to comply with the Covid-19 orders and guidelines of the governments in jurisdictions where we have operations. Although it has been an incredibly challenging period for the Group, we are very proud of our people for the way they have so willingly and quickly adapted to the many changes we needed to make, behaved in a caring and responsible manner that has helped to keep everyone safe and worked hard to keep our plants running so that we could support our customers.

One of our biggest concerns in the present circumstances is of an infection breaking out leading to the shutdown of a work area and/or the entire factory in order to undertake a full disinfection. Although we are working to mitigate this risk by following all recommended safety protocols as described in this report, the Group is highly wary of the possibility of a Covid-19 related quarantine or factory shutdown being imposed as the situation is far from running its course.

# SUSTAINABILITY REPORT

Year ended 30 June 2021

## SUSTAINABILITY GOVERNANCE

Sustainability Governance in Micro-Mechanics is managed under the leadership guidance of our Sustainability Steering Committee (SSC). This committee is jointly led by our Chief Operating Officer (COO) and Chief Financial Officer (CFO) and guides in the identification of key sustainability areas and charting relevant performance indicators and achievement targets.

SSC is supported by a Sustainability Working Committee (SWC) comprising the several heads or representatives of each department in the organisation. The SWC members support execution of sustainability efforts in their respective department and provide feedback and support to SSC. In turn, the latter provides sustainability report updates to the Board via the Risk Management Committee (RMC) on a periodic basis. The RMC comprises three independent board directors and is chaired by an independent director. The governance structure described above is shown in this chart:

### Sustainability Governance Structure



# SUSTAINABILITY REPORT

Year ended 30 June 2021

## MATERIALITY

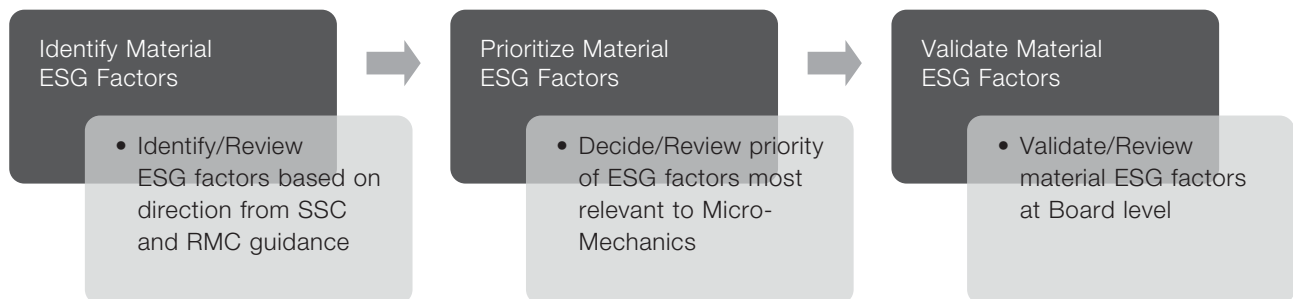
The basis of this report is Micro-Mechanics' focus on selected Environmental and Social Governance (ESG) areas which were identified and selected in the manner and for the reasons stated below.

Sustainability potentially comprises a very large range of components and the requirements and possible efforts for achieving the same continue to evolve with the growth of scientific and socio-economic understanding. Based on current understanding and published guidance tailored to our own unique circumstances and to sensibly optimise our efforts for the best outcome, we have crystallised what sustainability means to Micro-Mechanics and identified the efforts required or to be enhanced or maintained. For the purposes of this report, we elected to focus on the Environmental, Social and Governance (ESG) areas that are most relevant and applicable to us. To begin for the purposes of the original report, we had carried out a materiality assessment.

Our materiality assessment began in FY2018 with a look at sustainability related risks and opportunities in the semiconductor industry, both in the present and potentially the future. Global and regional sustainability issues were also identified. Following this research, a stakeholder engagement survey was carried out with our internal stakeholders to ascertain what they considered to be important for the Company. Although external stakeholders were not directly engaged, internal stakeholders who took part in the survey were selected specifically because of their regular interaction with external stakeholders and were asked to consider these stakeholders views when completing the questionnaire. The results of this questionnaire were considered during a materiality prioritisation workshop, which established Micro-Mechanics' 8 most material ESG factors. These 8 factors were finally validated by the Board of Directors and form the focus of our sustainability efforts described in this report.

ESG matters identified and reported on in the previous sustainability report were reviewed and revalidated by the Board and confirmed to be still relevant in the current context.

### Materiality Assessment Process





# SUSTAINABILITY REPORT

Year ended 30 June 2021

The material factors presented in this FY2021 sustainability report are as follows:

	<b>Sustainability Material Factors</b>
<b>OUR OPERATIONS</b>	Economic Performance
	Training and Education
	Occupational Health & Safety
	Diversity and Equal Opportunity
	Energy
	Local Community
	<b>OUR SUPPLY CHAIN</b>
	Supplier Social Assessment
<b>GOVERNANCE</b>	Anti-corruption
	Socioeconomic compliance

All material factors are discussed in this sustainability report with the exception of Economic Performance of the Company which is separately detailed in the financial statements of our Annual Report for FY2021.

## Materiality Matrix

		<b>SIGNIFICANCE TO THE BUSINESS</b>		
		<b>Low</b>	<b>Medium</b>	<b>High</b>
<b>High</b>	<b>CONCERN TO STAKEHOLDERS</b>		<ul style="list-style-type: none"> <li>• <b>Socioeconomic Compliance</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Economic Performance</b></li> <li>• <b>Training and Education</b></li> <li>• <b>Occupational Health &amp; Safety</b></li> <li>• <b>Diversity and Equal Opportunity</b></li> <li>• <b>Materials</b></li> <li>• <b>Anti-corruption</b></li> </ul>
<b>Medium</b>		<ul style="list-style-type: none"> <li>• <b>Customer Health &amp; Safety</b></li> <li>• <b>Child labour</b></li> <li>• <b>Forced or compulsory labour</b></li> <li>• <b>Emissions</b></li> <li>• <b>Local Community</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Supplier Environmental Assessment</b></li> <li>• <b>Effluents and Waste</b></li> <li>• <b>Talent Retention</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Energy</b></li> <li>• <b>Supplier Social Assessment</b></li> </ul>
<b>Low</b>		<ul style="list-style-type: none"> <li>• <b>Marketing &amp; Labelling</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Water</b></li> </ul>	

# SUSTAINABILITY REPORT

Year ended 30 June 2021

## Stakeholder Engagement

Stakeholder engagement is important to our sustainability strategy as our actions can impact our stakeholders' assessment of our performance. Our selection of stakeholders is determined by the influence, dependency, representation and proximity between the stakeholders and our businesses, as well as our responsibility towards them.

Micro-Mechanics engaged our stakeholders through various channels to ensure our business interests are aligned with theirs. We constantly seek to address stakeholders' concerns in a manner that will improve our business operations and relationships for long-term growth and sustainability.

To ensure that the concerns and needs of our stakeholders are met and addressed, we have regular interactions with them and from these interactions we gleaned information on which areas they may have the most concerns. In addition, where appropriate, survey and questionnaire forms were sent to them to gather data relating to ESG factors relevant to our sustainability practices and targets.

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

Stakeholders	Key Topics	Engagement methods
<b>Investors and shareholders</b>	<ul style="list-style-type: none"> <li>Economic and financial performance</li> <li>Business strategy</li> <li>Relevant disclosure to shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Media releases</li> <li>Quarterly SGX announcements</li> <li>Half yearly results briefings for investors and media</li> <li>Yearly AGM for shareholders</li> <li>Annual Report</li> <li>Ad hoc meetings and conference calls with our Investor Relations Consultants</li> <li>Email communications – investor@micro-mechanics.com</li> <li>Company website with investor relations section</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee engagement</li> <li>Safety and healthy work environment</li> <li>Training and development</li> </ul>	<ul style="list-style-type: none"> <li>Materiality prioritisation session</li> <li>Company handbook-code of conduct</li> <li>New Staff Orientation</li> <li>Half-yearly Employee Improvement Dialogue with employees</li> <li>Town hall meetings</li> <li>Whistle blowing policy in place</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Product quality</li> <li>Compliance with industry product standard</li> <li>Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Customer visits by our sales personnel</li> <li>Participation in Semiconductor trade shows</li> <li>Customers material safety compliance requirements such as Restriction of Hazardous Substance (RoHS), Registration, Evaluation, Authorisation and Restriction of Chemicals (Reach)</li> <li>Yearly customers satisfaction survey</li> <li>Factory visit by customers</li> </ul>

# SUSTAINABILITY REPORT

Year ended 30 June 2021

<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Responsible business practices</li> <li>Product quality assurance</li> </ul>	<ul style="list-style-type: none"> <li>Supplier selection process</li> <li>Suppliers assessment</li> <li>Meetings with suppliers</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Anti-corruption and bribery</li> </ul>	<ul style="list-style-type: none"> <li>Seminar/updates received from local government agencies</li> <li>Internal processes in place to ensure compliance with local government laws and regulations</li> <li>Zero tolerance of non-compliance tone set by the top management</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>Social development</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with local government laws and regulations such as pollution at surrounding factory areas, chemical discharge to drainage, etc.</li> <li>Help local employment by applying locals first policy</li> </ul>

## OUR OPERATIONS

### Training and Education

The success of our operations depends on the quality of our employees. We encourage employee training as we believe knowledge is an asset that adds value to our employees and the Company, as well to our customers. Micro-Mechanics trains and educates our employees with relevant knowledge and skills to ensure delivery of high-quality work. We are committed to providing our employees with equal opportunities to develop their potential through comprehensive training programs. Our well-planned training provides career pathways for employees and encourages retention, which we place high on our list of priorities.

Micro-Mechanics human resource policy provides guidance to develop every employee's potential through relevant training programmes. The objective of our training is to continuously upgrade employees' knowledge and skill-sets in areas directly related to their work as well as for their future work development.

Aside from employee core competency training, other supplementary training in the areas of work safety, new machineries, and up-to-date technology tools are also included.

Supervisors constantly communicate with their team members to identify and recommend relevant training to higher management for their staff participation.

# SUSTAINABILITY REPORT

Year ended 30 June 2021

---

## Management Initiatives

At Micro-Mechanics, our regular employee performance review exercises serve as a guide to determine training and development needs of employees.

Our planned programmes for FY2021 include following:

- Internal on-the-job training for newly hired employees
- ISO9001:2015 Auditors' training
- Anti-bribery awareness training
- Business Continuity awareness training
- In-house technical update training
- In-house IT tools usage update training
- External vendor training for machineries
- External vendor training for ERP system
- External training course in Environment Waste Management
- Webinars on local compliance and regulations



# SUSTAINABILITY REPORT

Year ended 30 June 2021

## Safety and Health Training



## Mental Health Training



## 24/7 Machining Training



# SUSTAINABILITY REPORT

Year ended 30 June 2021

The ongoing Covid-19 pandemic continues to impact training plans for employees due to various government social distancing restrictions and other measures imposed on people movement and interactions at our offices and factories. Many of our current training programmes entail physical presence and are not feasibly conducted without hands-on guidance. It is also a challenge to conduct physical sessions under the social distancing restrictions.

As a result, we managed to achieve a total of 1,541 training hours for 515 employees including our executive directors in our group of companies. This equates to 3.00 training-hours/employee, which is lower than the preceding year. Our executive directors have achieved an average of 12 hours training in FY2021. Our performance indicator target of 12 training hours per employee was not achieved for FY2021.



Policies and Guides	Performance Indicators	Achievement in FY2021
Company's training policies in Employee Handbook	Average 12 training hours per employee	Average 3.00 training hours per employee

Under a pandemic or similar scenario in future, training activities will continue to be impacted unless current training methods are transitioned to facilitate minimum physical presence in future. We will maintain our target of 'Average of 12 training hours per employee' for the next financial year.



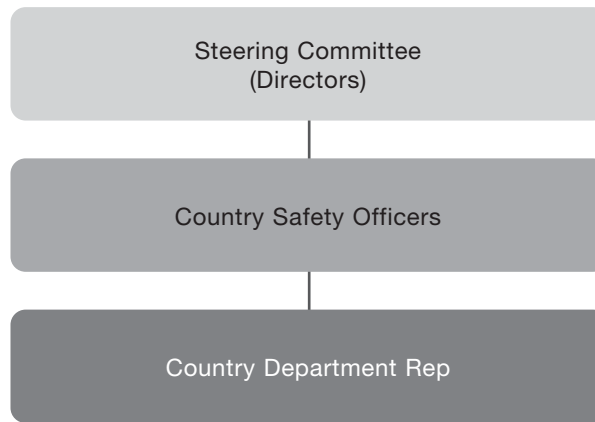
# SUSTAINABILITY REPORT

Year ended 30 June 2021

## Occupational Health and Safety

Micro-Mechanics places the utmost importance on our employees' good health and safety at the workplace. We aim to be a people centred organisation while striving to achieve our business objectives. It is our goal to ensure a healthy and safe work environment for all our employees. To achieve this goal, we have a Health & Safety Committee to manage all health and safety matters in the organisation.

### Health & Safety Committee



The Health and Safety Steering Committee is responsible for setting the direction and providing guidance and advice on health and safety matters. Country Safety Officers together with respective Department Rep help to support, and provide feedback and reports to the Steering Committee about workplace health and safety related matters and incidences at their respective facilities.

Micro-Mechanics has an internal 7S culture and best practices covering the original 5S (Sort, Set in Order, Shine, Standardise and Sustain) practice with the inclusion of Safety and Sustainability. Audits are conducted periodically to ensure every aspect of 7S are maintained and enhanced where required. 'Safety' covers occupational health and safety. 7S is a half-yearly KPI that is aligned with our in-house bonus incentive program to incentivise our employees' participation.

## Management Initiatives

In FY2021, the health and safety practices that we pursued at our workplace are listed below:

- Standard refresher employee training on safe handling of machines and accompanying fixtures
- Regular training and guidance on proper donning of PPEs and daily reminders for employees
- Fire and Emergency practice drills at workplace for employees
- Health and safety first-aid training for employees

# SUSTAINABILITY REPORT

Year ended 30 June 2021

- Continued measures to protect employees from infection during Covid-19 outbreak,
  - Employees instructed to wear a mask at all times, wash their hands regularly at the workplace
  - Hands-free temperature monitor for employees to measure their temperature at workplace
  - Employees sanitize own work spaces, toilets and common shared areas before and after usage
  - Screening of external visitors to facilities for fever and contact tracing details
  - Commonly touched surfaces at workplace are regularly sanitised
  - Further enhancement of safe distancing measures at the workplace
  - Reduced employee physical interactions within work site and only at designated areas
  - All employee physical interactions within worksite are tracked
  - Employees on shifts with no cross deployment of staff at work site at any one time
  - Employees are assigned to work from home if they can perform their duties off work-site
  - Provision of Covid-19 self-test kits for any employee returning to work after quarantine or recently recovered, to perform self-testing for 3 days daily prior to leaving home for work
  - Engage professional to clean and sanitize entire factory upon confirmation of positive Covid-19 infection of our employee

The safety practices carried out at our various facilities are shown below:

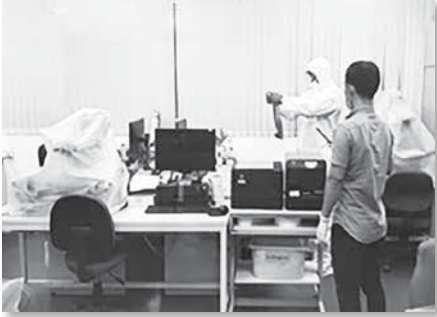
## Safe Entry check-in using App at facility entrance and also at a department sub-section



# SUSTAINABILITY REPORT

Year ended 30 June 2021

## Vendor performing deep cleaning and disinfection of premises at Singapore facility



## Self-service hands-free temperature measurement station



## Regular check on PPE inventory to ensure ample stock availability



## Social Distancing practice in meeting room



## Staff cleaning own workstations before and after work activities



# SUSTAINABILITY REPORT

Year ended 30 June 2021

We maintained strict adherence to safety measures and procedures to keep our staff safe during this pandemic period, with no workplace incident resulting in injury or fatality.

<b>Policies and Guides</b>	<b>Performance Indicators</b>	<b>Achievement in FY2021</b>
Environment, Health and Safety Handbook	Zero workplace incidents resulting in a fatality or permanent injury	Zero incident

We will strive to maintain this record in the coming year and continue to abide by the existing health and safety policies and also enhance our in-house health and work safety procedures where applicable for our employees.

## Diversity and Equal Opportunity

Micro-Mechanics promotes a culture of equal opportunity and values the individual strengths of each employee and the potential they bring which allows us to maintain a thriving workplace. We select and recruit employees for posts on the basis of their competencies and capabilities in terms of skills, experience and capabilities regardless of race, gender, age or religion. Our objective is to provide a fair employment practice that is open, merit-based and non-discriminatory for all who consider employment opportunities with Micro-Mechanics.

## Human resource policy

Our Employee Handbook details our approach to diversity and equal opportunity within the organisation. Employees can reference the handbook to gather information on Micro-Mechanics' hiring practices, advancement and career opportunities in the Company.

## Management Initiatives

Micro-Mechanics continues to practise the following;

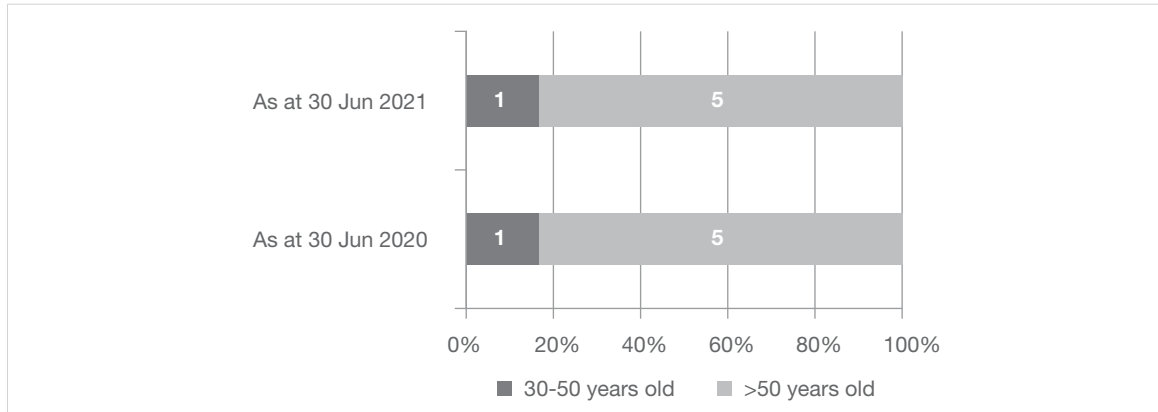
- Prior consideration of internal staff potential for open positions in any new hiring requests before seeking external candidates
- Diversity consideration for that role in organisation prior to seeking potential candidates
- Strict adherence to local authority requirement of employment of local talent prior to seeking foreign candidates
- Regular review of diversity and equal opportunity practices at all levels including positions at Board level
- In FY2021, we noted that our equal opportunity practice should include a consideration of candidates who are physical challenged. This practice has been initiated and we shall actively seek such potentially suitable local candidates for appropriate job positions in the organisation in future recruitment exercises.

# SUSTAINABILITY REPORT

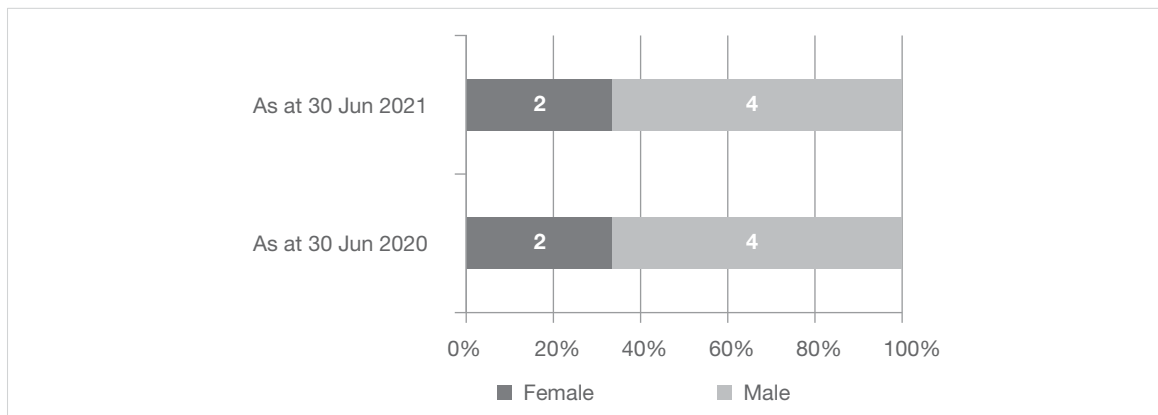
Year ended 30 June 2021

Micro-Mechanics has reviewed our resources at various levels in the organization towards the end of FY2021 and current employee diversity is depicted in the following charts:

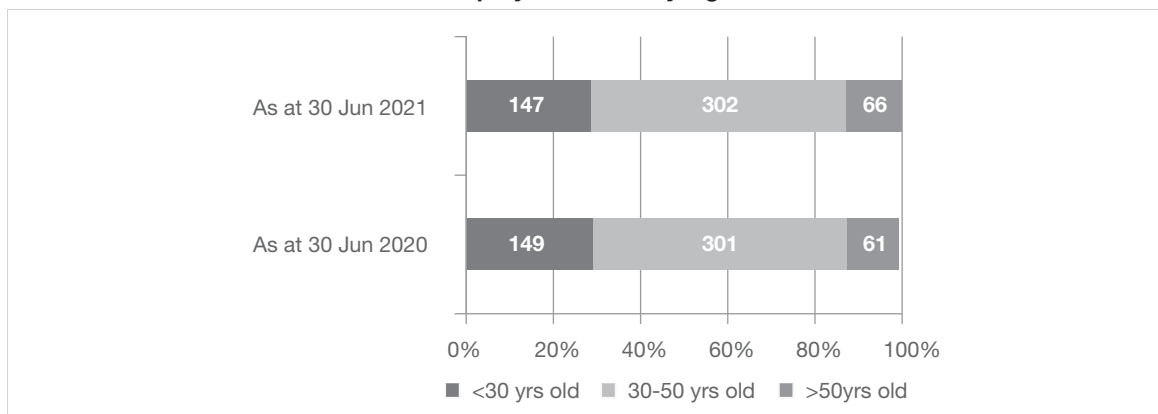
**Diversity by Age (Board level)**



**Diversity by Gender (Board level)**



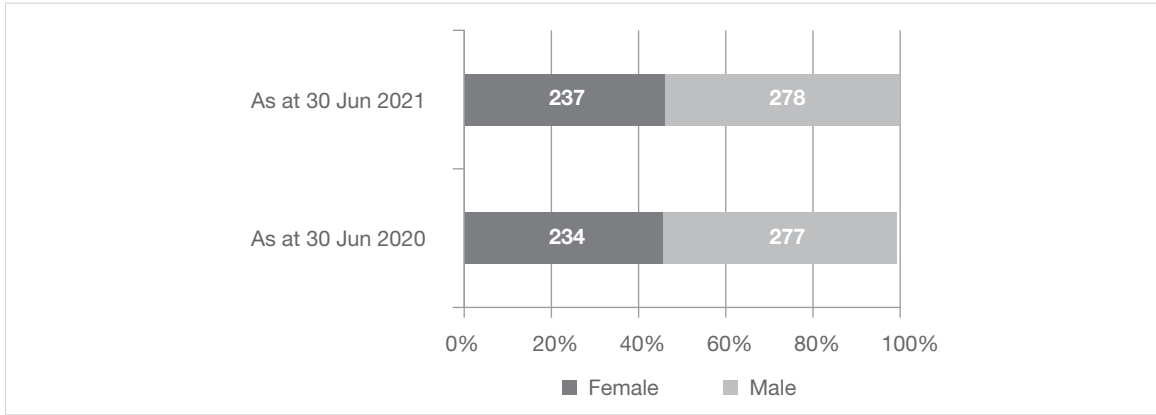
**Employee Profile by Age**



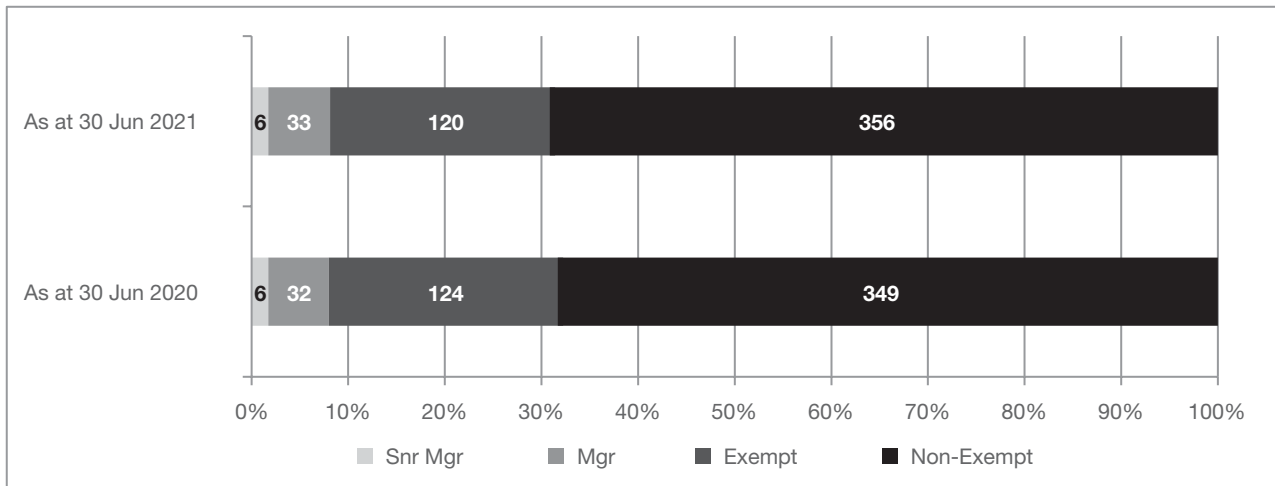
# SUSTAINABILITY REPORT

Year ended 30 June 2021

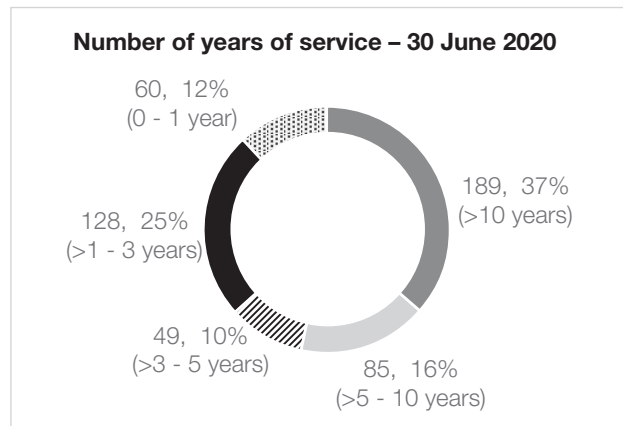
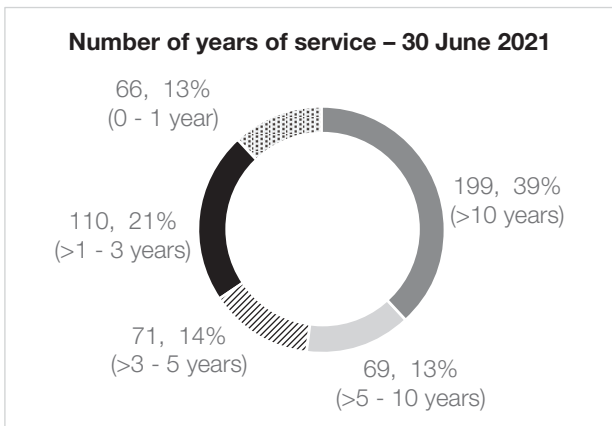
**Employee Profile by Gender**



**Employee profile by Organisation Hierarchy**



**Employee profile by Years of Service**



# SUSTAINABILITY REPORT

Year ended 30 June 2021

Policies and Guides	Performance Indicator	Achievement in FY2021
Employee handbook on human resource policies	Maintain a balanced gender equality total work force of not less than 40% in either gender	Total workforce: Female – 46% Male – 54%

After our review in FY2021, diversity across our work force across gender, age, job hierarchy level as well as length of service is still balanced. Including a consideration of people who are physically challenged as mentioned earlier resulted in one successful hire so far. We will maintain our current performance indicator for the next financial year.

## Energy

Depletion of natural resources is a global concern, as is the usage of non-renewable energy, which is the primary source of Green House Gas (GHG). A global movement has been growing over the past two or so decades to mitigate the effects of GHG emissions by reducing reliance on non-renewable fuels.

Micro-Mechanics' business operations consume non-renewable energy in the form of electricity, which is produced using natural gas. We depend on electricity supplied by the local utility's authority or vendor. We have diesel generators deployed at all our offices for backup in the event of interruptions of power.

Our major electrical energy consumption comes from our manufacturing plant machine operations and general air-conditioning of our premises.

Optimizing energy consumption is part of our operations strategy for cost savings for operations as well as support for global environment conservation.

## Management Initiatives

Our energy conservation efforts are ongoing and they include the following:

- Review work processes to incorporate energy conservation methods
- Monitor and check electrical energy consumption for unusual deviations
- Maintain machineries regularly to ensure efficiencies and optimum energy performance
- Regular education of employees on energy saving practices for machineries and equipment
- Energy saving feature included as criteria for purchase of new machineries
- Constant reminders about energy saving practices at the worksites
- Use of solar energy at our US office to reduce consumption from the normal source
- Use of water saving system to reduce water resource consumption at our US office



# SUSTAINABILITY REPORT

Year ended 30 June 2021

## Solar Electricity Generation and Water Conservation at Our Plant in California, USA

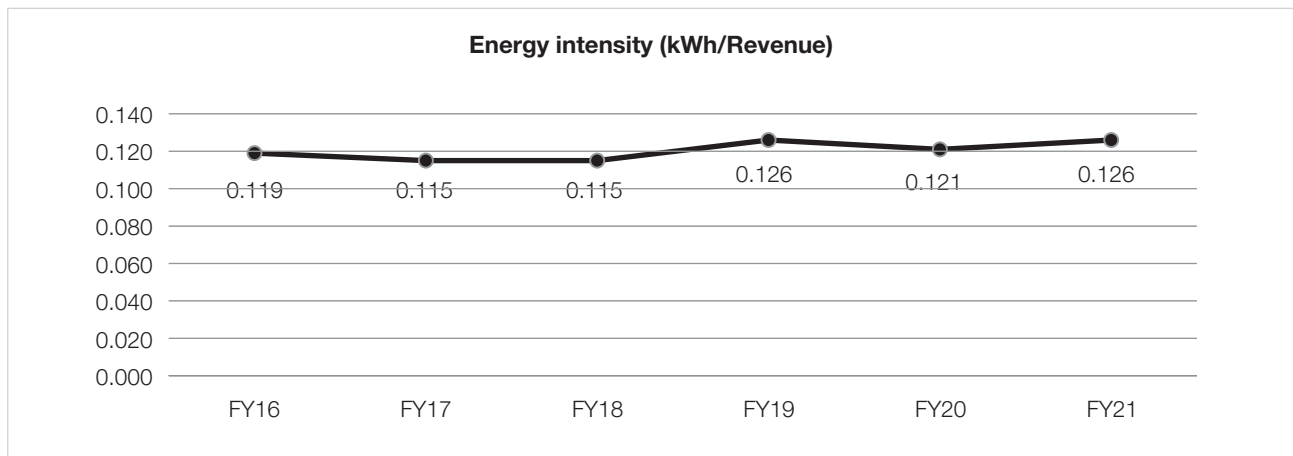


### Performance data

At our manufacturing facilities and offices, electrical energy correlates with business activities. More sales orders result in correspondingly higher energy consumption as more machines need to operate for longer period.

Micro-Mechanics monitors energy consumption by measuring Energy Intensity using two metrics, namely, power consumed over production output generated (kWh/Output) and power consumed over sales revenue (kWh/Revenue).

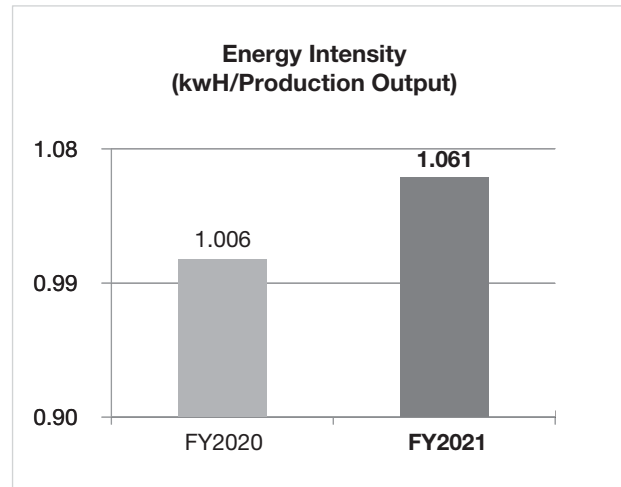
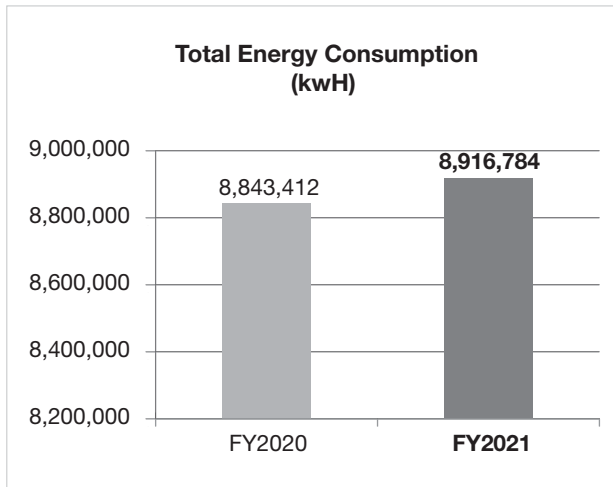
During FY2021, our manufacturing operations were affected by local authority restrictions on manpower numbers at our factory premises. We operated on restricted shift rotations and thus less power was consumed. However, this also resulted in higher energy intensity for our production output due to less efficient machine utilization. Our Energy Intensity of 0.126kwh/rev recorded is still within our performance target limit of 0.1331 kwh/rev for FY2021.



Note: Revenue is converted to functional currency

# SUSTAINABILITY REPORT

Year ended 30 June 2021



Policies and Guides	Performance Indicator	Achievement in FY2021
Work instruction for Resource Conservation	Within 10% of FY2020 energy intensity. FY2021 Target limit is $(0.121 \times 1.1) = 0.1331 \text{ kWh/rev}$	0.126 kWh/revenue achieved is below target limit of 0.1331 kWh/rev

Moving forward, we will continue to monitor our machine efficiencies closely as the Covid-19 pandemic is not expected to be over in the near future. We will set our performance indicator to consume energy within 10% of FY2021 energy intensity for next financial year.

## Local Community Engagement

The Management of Micro-Mechanics has always believed in doing good and giving back to communities but in the past efforts have been ad-hoc and encouraged but left to the initiative of individuals. We formally structured social involvement and activities involving local communities for the first time in FY2020. We intended for our annual initiatives to make a difference socially to the community and environment by supporting in areas where we can contribute our time and/or resources.

## Management Initiatives

The following activities were planned for FY2021:

- Distribute relief-packs (face masks, sanitizer) to under-privileged Barangay (Philippines)
- Participate in New Life Charity Walk/Run to raise funds for needy families (Singapore)
- Donate/distribute daily necessities to orphanage and special care homes (Penang)
- Contribution to Red Cross Society and pocket money to needy students Suzhou VI (Suzhou)
- Recover funds from sale of in-house recyclable items for charitable donations (US)

# SUSTAINABILITY REPORT

Year ended 30 June 2021

With various local authorities’ restrictions for COVID-19 pandemic and also for the safety of our employees, we were not able to carry out our planned community activities in FY2021. We will monitor the situation for the coming year and will maintain our commitment to five social community activities in the next financial year.

Policies and Guides	Performance Indicators	Achievement in FY2021
Micro-Mechanics’ Company Handbook	At least five social community activities annually	All social community activities cancelled due to COVID-19

## OUR SUPPLY CHAIN

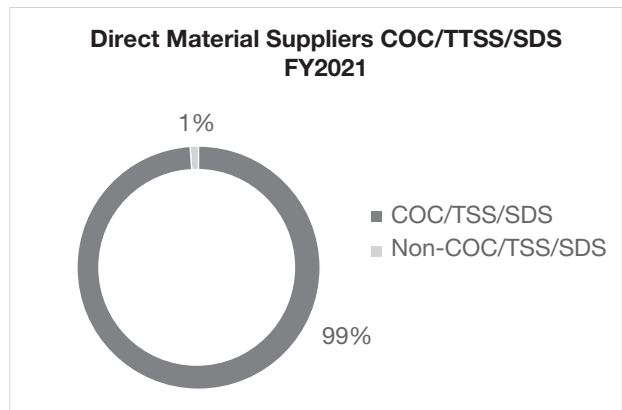
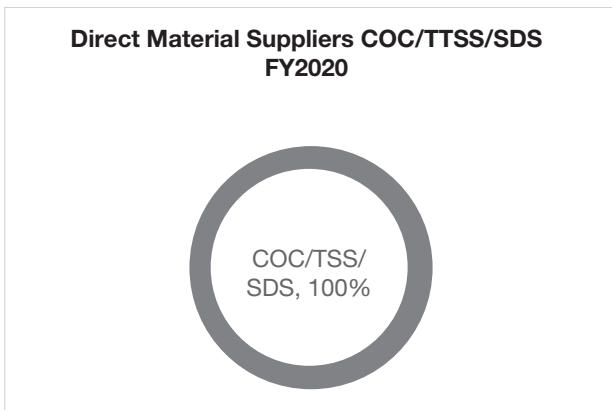
### Materials

We prefer to source and purchase raw materials for our manufacturing operations from local instead of overseas suppliers. This reduces the carbon footprint for our finished product in terms of usage of materials that require less transportation. For the same reasons, we also prefer suppliers who adhere to quality standards and sustainability practices in their production and supply of materials to Micro-Mechanics.

Our direct material suppliers must include detailed shipment documentation during their order fulfilment to Micro-Mechanics with the following:

- Certificate of Conformance (COC) with label description of supplier’s background, production number, lot size, material certification and purchase order number (Micro-Mechanics)
- Technical Specification Sheet (TSS) with label description of material specific name, chemical composition, physical and mechanical properties
- Safety Data Sheet (SDS) with label description of potential hazards and safety measures about health, fire, reactivity and the environment.

We actively seek suppliers who already have such practices in place. However, there are exceptions when our requirements cannot be fulfilled except from those who do not have such standards in place. These are instances where our purchase volumes are too low or infrequent for suppliers to justify the additional effort and additional costs of preparing the detailed usually information required.



# SUSTAINABILITY REPORT

Year ended 30 June 2021

During FY2021, 99% of our direct material suppliers were able to meet our requirement. We will continue to include this as a criterion when seeking new partnership with like-minded suppliers with similar sustainability goals.

<b>Policies and Guides</b>	<b>Performance Indicator</b>	<b>Achievement in FY2021</b>
Certificate of Conformance (COC), Technical Specification Sheet (TSS) and Safety Data Sheet (SDS)	80% of direct material suppliers shipped to us with required COC/TSS/SDS	99% of direct material suppliers adhered

## Supplier Social Assessment

Micro-Mechanics embraces Reference Business Alliance (“RBA”) principles as a guide in our evaluation criteria for suppliers to be listed as our preferred supplier list. As such, we usually encourage suppliers to observe the same principles for potential partnerships.

The Responsible Business Alliance (RBA) protocol covers information about standards for social, environmental and ethical matters for supply chain in the electronics industry. The Code of Conduct adopts international standards such as Universal Declaration of Human Rights, ILO International Labour Standards, and Organisation for Economic Co-operation and Development (“OECD”) Guidelines for Multinational Enterprises, ISO and Standards Association.

At Micro-Mechanics, we practise RBA principles wholeheartedly and believe that with similar adoption by our suppliers and business partners, our joint contributions towards compliance and governance will enhance sustainability in the manufacturing industry supply chain in a positive manner.

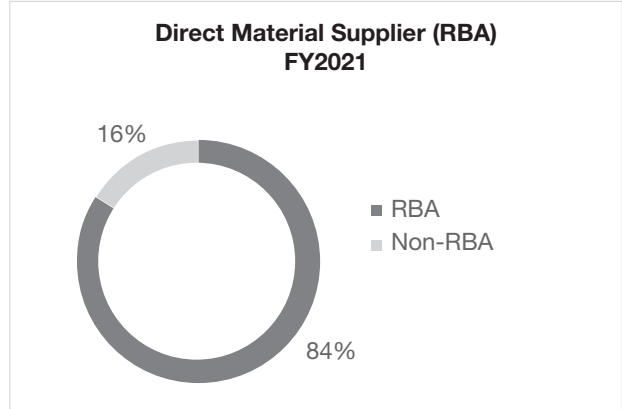
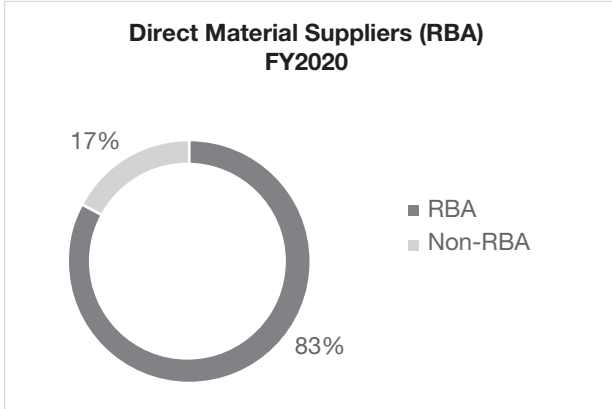
## Management Initiatives

- Validate our suppliers’ adoption of RBA principles by requiring them to respond and declare in our questionnaire concerning RBA subject matter and their related practice. Compliance is required for suppliers who intend to be on Micro-Mechanics’ preferred supplier list
- Suppliers are updated about their compliance and action where needed
- Periodic audit is performed to review supplier’s continuous practice of RBA principles
- Assess impact of COVID-19 on suppliers and our supply chain and operations

# SUSTAINABILITY REPORT

Year ended 30 June 2021

Below is an update of our supplier adoption of RBA practices during FY2021.



Policies and Guides	Performance Indicator	Achievement in FY2021
Responsible Business Alliance (RBA) practices	Declaration of RBA principle compliance from 80% of direct material suppliers	84% of Direct Material Supplier declared compliance with RBA principle

In FY2021, we transacted with more suppliers adopting RBA principles. We continue to maintain our target of 80% direct materials suppliers who comply with RBA principles.

## GOVERNANCE

### Compliance with laws and regulations

Micro-Mechanics places great importance on our reputation and the trust of our employees, customers and suppliers in our quest to achieve our Company’s objectives as a business concern. We are fully aware that any slip-up in compliance issues with laws and regulations or corruption related incidents will tarnish our reputation and the relationship of trust we have with our stakeholders. As such, we have zero tolerance towards corruption and non-compliance with laws and regulations.

# SUSTAINABILITY REPORT

Year ended 30 June 2021

## Management Initiatives

During FY2021,

- Actively communicate compliance policies and procedures about anti-bribery, gifts and hospitality, conflict of interest, code of conduct, insider trading amongst others to all employees and directors
- Periodic notification of business partners and associates of our Supplier Code of Conduct and obtaining their declarations regarding our Company practices relating to legal compliance and anti-corruption etc
- Reinforcing to business partners and suppliers that Micro-Mechanics will only conduct business with reputable organisations
- Updated employee mandatory declaration of legal compliance and lack of corruption their dealings on behalf of the Company and reminding the employees that breach would result in termination of employment
- Perform audit of Company procedures and practices in accordance to ABMS (Anti-Bribery Management System) guidelines

Policies and Guides	Performance Indicator	Achievement in FY2021
Micro-Mechanics Company Handbook	Zero incidents of corruption and non-compliance of rules and regulations	Zero incident reported

We are pleased to report zero incidents of corruption and breaches of laws and regulations for FY 2021 and aim to report the same again in the coming year. We will continue to perpetuate awareness of unacceptable corrupt practices by periodic reminders to all employees and monitor compliance with our policies as well as applicable laws and regulations.



# SUSTAINABILITY REPORT

Year ended 30 June 2021

## GRI CONTENT INDEX

GRI Standards		Notes/Page number(s)
<b>General Disclosures</b>		
<b>Organisational Profile</b>		
102-1	Name of the organisation	Micro-Mechanics (Holdings) Ltd
102-2	Activities, brands, products, and services	Corporate Profile, inside cover
102-3	Location of headquarter	Corporate Profile, inside cover
102-4	Location of operations	Corporate Profile, inside cover Notes to the Financial Statements, page 118-119
102-5	Ownership and legal form	Corporate Profile, inside cover Notes to the Financial Statements, page 100
102-6	Markets served	Corporate Profile, inside cover
102-7	Scale of the organisation	Corporate Profile, inside cover Executive Management Report, page 2-4 Financial Highlights, page 6-7 Diversity and Equal Opportunity, page 28-31
102-8	Information on employees and other workers	Diversity and Equal Opportunity, page 28-31 Micro-Mechanics (Holdings) Ltd does not have significant portion of its activities being carried out by workers who are not employees.
102-9	Supply chain	Our supply chain, page 34-36
102-10	Significant changes to organisation and its supply chain	No significant changes during FY2021.
102-11	Precautionary principle or approach	Micro-Mechanics (Holdings) Ltd does not specifically address the principles of the precautionary approach.
102-12	External initiatives	Our Awards and Accolades, page 5 Occupational, Health and Safety, page 25-28 Our supply chain, page 34-36 Diversity and Equal Opportunity, page 28-31
102-13	Membership of associations	Singapore Business Federation Singapore Precision Engineering and Technology Association
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Board Statement, page 13-16
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	Board Statement, page 13-16 Corporate Governance Report, page 41-68 Compliance with Laws and Regulations, including Anti-corruption, page 36-37
<b>Governance</b>		
102-18	Governance structure	Sustainability governance, page 17



# SUSTAINABILITY REPORT

Year ended 30 June 2021

GRI Standard (2016)		Notes/Page(s)
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Stakeholder Engagement, page 20-21
102-41	Collective bargaining agreements	There are no collective bargaining agreements in place at Micro-Mechanics (Holdings) Ltd.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, page 20-21
102-43	Approach to stakeholder engagement	Stakeholder Engagement, page 20-21
102-44	Key topics and concerns raised	Stakeholder Engagement, page 20-21
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements, page 100
102-46	Defining report content and topic Boundaries	About this Report, page 12 Materiality, page 18-19 All ESG factors are relevant within our organisation
102-47	List of material topics	Materiality, page 19
102-48	Restatements of information	This is the third Sustainability Report published by Micro-Mechanics (Holdings) Ltd.
102-49	Changes in reporting	No changes for FY2021
102-50	Reporting period	About This Report, page 12
102-51	Date of most recent report	About This Report, page 12
102-52	Reporting cycle	About this Report, page 12
102-53	Contact point for questions regarding the report	About this Report, page 12
102-54	Claims of reporting in accordance with GRI Standards	About this Report, page 12
102-55	GRI content index	GRI Index, page 38-40
102-56	External assurance	Micro-Mechanics (Holdings) Ltd has not sought external assurance for this reporting period and may consider it for future periods.
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Sustainability Governance, page 17
103-2	The management approach and its components	Materiality, page 18-19
103-3	Evaluation of the management approach	Materiality and management initiatives are discussed within the section for each material factor, page 12-37

# SUSTAINABILITY REPORT

Year ended 30 June 2021

GRI Standard (2016)		Notes/Page(s)
Material Topics		
<b>Economic Performance</b>		
201-1	Direct economic value generated and distributed	Financial Highlights, page 6-7
<b>Anti-corruption</b>		
205-3	Confirmed incidents of corruption and actions taken	Governance, page 36-37
<b>Energy</b>		
302-1	Energy consumption within the organisation	Energy, page 31-33
302-3	Energy intensity	Energy, page 31-33 Energy disclosed in this report refers to purchase electricity only
<b>Occupational Health and Safety</b>		
403-2	Types of injury and rates of injury, occupational diseases, lose days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety, page 25-28
<b>Training and Education</b>		
404-1	Average hours of training per year per employee	Training and Education, page 21-24
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Education, page 21-24
<b>Supplier Social Assessment</b>		
414-1	New suppliers that were screened using social criteria	Our Supply Chain, page 34-36
<b>Diversity and Equal Opportunity</b>		
405-1	Diversity of employees and governance bodies	Diversity and equal opportunity, page 28-31
<b>Local Communities</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	Local community engagement, page 33-34
<b>Socioeconomic Compliance</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	Governance, page 36-37

# CORPORATE GOVERNANCE

---

The Board of Directors and management of Micro-Mechanics (Holdings) Ltd. (the “**Company**”) are committed to a high standard of corporate governance and transparency, and to the protection of shareholders’ interests. The Company’s corporate governance policies and processes are in line with the revised Code of Corporate Governance (the “**Code**”) released in August 2018, which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Explanations for non-compliance are provided in this statement.

This report describes the Company’s corporate governance policies and processes for the financial year ended 30 June 2021 (“**FY2021**”) with specific reference made to the principles and provisions of the Code.

## HIGHLIGHTS

1. In the latest Singapore Governance and Transparency Index (SGTI) 2021 released on 4 August 2021, Micro-Mechanics ranked 15th (13th in 2020) out of 519 companies listed under the general category on the Singapore Exchange.
2. In June 2021, our Singapore plant operations was successfully re-examined as conforming to the Anti-Bribery Management System standard ISO37001:2016.
3. In May 2021, our Singapore plant operations successfully renewed the certification of Business Continuity Management System standard ISO22301:2012.
4. Company’s constitution was posted on the company’s website after its revamp in May 2021.
5. Introduction of clawback provision into service agreement of executive directors.

## BOARD MATTERS

### Features of our Board

- Separation of the role of Chairman and CEO
- Three out of six directors are independent and non-executive
- Two out of six directors are female
- All directors are not related to each other
- Diversity of professional background including lawyers, chartered accountants and engineers
- Chairman of the Board and all Committees are independent and non-executive

# CORPORATE GOVERNANCE

---

## **The Board's Conduct on Affairs**

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

### **Provision 1.1**

As fiduciaries, all the directors objectively discharge their duties and responsibilities at all times in the interests of the company.

The Board believes that its primary role is to protect and enhance long-term shareholder value. To this end, it sets the overall strategy for the Company and its subsidiaries (collectively, the “**Group**”) and oversees management. To fulfill these objectives, the Board takes full responsibility for implementing and maintaining sound ethics and corporate governance practices for the Group. The Board provides leadership, sets strategic direction, establishes a framework of prudent and effective controls, risk policies and procedures, and requires goals from management as well as monitors the achievement of those goals.

We have a Code of Conduct and Ethics which are incorporated into our company’s handbook. All employees including executive directors have to strictly comply with the Code of Conduct and Ethics. Orientation training will also be conducted for new employees to help them to understand our company culture as well as our Code of Conduct and Ethics.

Directors abstain from discussion and decision making on any matter relating to them. This is to avoid any conflict of interests, such as Remuneration Committee to justify the remuneration of executive directors and Nominating Committee to evaluate the performance of the retired director who is suitable for re-election. Directors who are involved will abstain from decision making and voting. Any related parties’ transactions are fully disclosed and approved by the Board and the directors involved will abstain from approval process.

### **Provision 1.2**

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

The directors are also updated in a timely manner on regulatory changes which have a bearing on the Company and the directors’ obligations towards the Company by the Chief Financial Officer who is also the Company Secretary.

All directors are required to have at least 8 hours of continuous development every year which will be fully paid by the Company. In FY2021, all the directors confirmed that they had achieved this requirement.

### **Provision 1.3**

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

# CORPORATE GOVERNANCE

## **Provision 1.4**

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

## **Provision 1.5**

### **Attendances and number of meetings**

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

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

	<b>Board</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nominating Committee</b>	<b>Risk Mgt committee</b>	<b>AGM</b>
<b>Number of meetings held</b>	4	5	4	1	4	1
<b>Directors:</b>	<b>Number of Meetings Attended</b>					
Christopher Reid Borch	4	1*	2*	NA	NA	1
Low Ming Wah	4	1*	2*	NA	4	1
Chow Kam Wing	4	5**	4**	1**	4	1
Sumitri Mirnalini Menon @ Rabia	4	5	4	1	4	1
Lai Chin Yee	4	5	4	1	4	1
Kenny Kwan Yew Kwong	4	5	4	1	4	1

NA – not applicable as the director was not a member of the Committee at the time of meeting

\* – attendance by invitation of the Committee

\*\* – attendance as Secretary of the Committee

## **Provision 1.6**

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

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

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

# CORPORATE GOVERNANCE

---

## **Provision 1.7**

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

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

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

## **Board Composition and Guidance**

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

## **Provision 2.1**

To ensure an independent Board, the Board ensures that all Board members are not related to each other. The Board comprises at least half of the members are independent and non-executive, and Chairman of the Board and all Committees are chaired by independent and non-executive directors.

## **Provision 2.2**

Independent and non-executive directors make up half of the Board. The Chairman is non-executive and independent.

## **Provision 2.3**

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

The roles of independent and non-executive directors are to constructively challenge the Management's proposed strategies and also review their performance in line with agreed goals. Chairman of the Board, Audit Committee (AC), Nominating Committee (NC), Remuneration Committee (RC) and Risk Management Committee (RMC) are independent and non-executive directors to ensure its independence and objectivity. Members of AC, NC and RC are all independent and non-executive directors. Management and Executive Directors are invited for meetings only on a need basis.

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

## **Provision 2.4**

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

The Board currently comprises three independent and non-executive directors and three executive directors. The independent directors are two lawyers and a Finance Director of a listed company. The Board, Nominating Committee, Risk Management Committee and the Audit Committee are chaired by the female director. The composition of the Board is diverse, its members being of different genders and nationalities and possessing different skill sets and experience. We are satisfied with the composition and size of the Board. For relevant particulars of our members, please refer to pages 8 to 9.

# CORPORATE GOVERNANCE

---

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

## *Range of Board Diversity*

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

## *Independence*

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

## *Gender*

The Board shall comprise persons of different gender. The Company is committed to equality and equal opportunity and its selection process and appointments at all levels of the organisation, including the Board, is unbiased in all respects including gender. Our Chairman of the Board, Nominating Committee, Risk Management Committee and Audit Committee are female.

## *Nationality and ethnicity*

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

## *Skills and Experience*

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

## *Age*

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

## **Provision 2.5**

Every year, non-executive directors led by our Chairman will arrange to meet our External and Internal auditors without the presence of the management. Starting from FY2021, the Chairman suggested that all non-executive directors should meet every quarter before the Committee meetings without the presence of management. Thereafter, Chairman will provide feedback to the Board for improvements, if any.



# CORPORATE GOVERNANCE

---

## **Separation of the roles of 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.*

### **Provision 3.1**

Ms Sumitri Mirnalini Menon @ Rabia is the independent and non-executive chairman of the Board of Directors and Mr. Christopher Borch is the chief executive officer (CEO) of the Group. The chairman, the CEO and the executive directors are not related to one another.

### **Provision 3.2**

The major responsibilities of the non-executive chairman are:

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

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

### **Provision 3.3**

The Chairman is non-executive and independent director. There is no lead independent director appointed.

## **Board Membership**

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

### **Provision 4.1**

The Board discusses and reviews succession plans for directors and key management every year. Instead of focusing on replacing a particular position with a named person, the Board focuses more on the system and framework in place to train the potential leaders with a support team so that there is little or no disruption when any directors or senior management personnel leave the Company. All directors and senior management personnel are always supported by deputies and a trained support team. Since the Company's initial public offer, there has been a smooth transition following the departures of facility heads without any interruption to the Group's operations. This is similarly applicable to the departure of executive directors.

# CORPORATE GOVERNANCE

---

Effective from FY2019, as part of the Company's succession plan, the CEO, COO and CFO who are also executive directors have agreed to serve in the capacity of a mentor for one year following termination of his executive role. This is to ensure there is a smooth handover of the executive director's duties and responsibilities to his successor and to provide the Company with continued access to his considerable organizational knowledge.

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

With effect from 1 July 2010, all directors are encouraged to obtain at least 8 hours continuing education each financial year by way of seminars, courses, and other programs relating to the discharge of their duties as directors. In addition, independent directors are encouraged to visit one or more of the Group's facilities outside Singapore and attend our in-house training programs offered by the Group to its employees in order to more fully understand the Group's business and day-to-day operations.

The Company is prepared to undertake funding for such continuing education. During FY2021, all directors met the continuing education target.

The Company's Constitution requires one-third of our directors to retire and subject themselves to re-election by shareholders at every AGM. At the forthcoming AGM, Mr Chow Kam Wing and Ms Sumitri Menon will retire by rotation. Mr Chow and Ms Sumitri Menon will be standing for re-election. After taking into account their contribution and performance, the NC has recommended to the Board that Mr Chow and Ms Sumitri Menon will be re-nominated for re-appointment at the forthcoming AGM.

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

## **Provision 4.2**

The Nominating Committee ("**NC**") has three members, all of whom are independent and non-executive directors. The members are:

Chairman	:	Sumitri Mirnalini Menon @ Rabia
Member	:	Lai Chin Yee
Member	:	Kenny Kwan Yew Kwong

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

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

- to make recommendations to the Board on the re-nomination of retiring directors standing for re-election at the Company's Annual General Meeting ("**AGM**"), having regard to the directors' contribution and performance;
- to determine annually whether or not an independent director is independent;

# CORPORATE GOVERNANCE

---

- to determine whether a director is able to and has been adequately carrying out his/her duties as a director of the Company;
- to ensure that disclosure of key information relating to directors is in the annual reports as required by the Code;
- to decide how the Board's performance may periodically be evaluated against objective criteria;
- to review the board's succession plan, in particular, the roles of Chairman and CEO; and
- to develop a process for the evaluation of the Board's performance as a whole, that of its committees and if and when appropriate, its individual members.

## **Provision 4.3**

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

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

For example, during FY2019, the Nominating Committee (NC) identified potential candidates fitting the criteria set by the Board by making inquiries with the Singapore Institute of Directors, Singapore Precision Engineering Technology Association and its own directors. A number of potential candidates consequently came into view. Having shortlisted potential candidates, the NC then conducted interviews and made recommendations to the Board. After a second round of interviews and based on suitability of experience, background, qualifications and other attributes deemed desirable, the Board issued an invitation to Mr. Kwan Yew Kwong Kenny who accepted the same.

Regarding re-electing incumbent directors, the Board will comply with the Company's Constitution requiring one-third of our directors to retire and subject themselves to re-election by shareholders at every AGM. After taking into account their contribution and performance, the NC will recommend the Board re-nominate the retired directors for re-appointment at the forthcoming AGM.

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

## **Provision 4.4**

Ms Sumitri Mirnalini Menon@Rabia, Miss Lai Chin Yee and Mr Kenny Kwan Yew Kwong have satisfied the criteria stipulated in the below policy and the Board is of the view they are in fact independent and non-executive directors. For key information relating to the directors, please refer to the particulars of the directors as set out on pages 8 and 9. The dates of first appointment and last re-appointment of each director are provided in the Corporate Information section on page 11.

# CORPORATE GOVERNANCE

---

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

## **Policy on the independence of independent directors**

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

- Establishes the methodology the Board shall use to assess the independence of each independent director bearing in mind the definition of independence in the Code;
- Identifies the information that shall be collected from each independent director to make the assessment of independence; and
- Fixes the elements of disclosure to shareholders with regard to the assessment to be made, including the disclosure of any relationships and associations that may be perceived to affect the independence or objectivity of an independent director.

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

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

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

A director is independent if he or she:

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

# CORPORATE GOVERNANCE

---

- (d) does not accept any compensation from the Company or any of its subsidiaries other than compensation for board service for the current or immediate past financial year;
- (e) does not have an immediate family member who is accepting any compensation from the Company or any of its subsidiaries other than compensation for board service for the current or immediate past financial year;
- (f) is not a substantial shareholder of or a partner in (with 5% or more stake), or an executive officer of, or a director of any for-profit business organization to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments (in excess of an aggregate of S\$100,000 per annum) in the current or immediate past financial year;
- (g) does not have an immediate family member who is a substantial shareholder of or a partner in (with 5% or more stake), or an executive officer of, or a director of any for-profit business organization to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments (in excess of an aggregate of S\$100,000 per annum) in the current or immediate past financial year;
- (h) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the independent director's ability to act in the best interests of the Company;
- (i) does not have a relationship which would interfere, or be reasonably perceived to interfere with, the exercise of independent judgment in carrying out the functions of an independent director of the Company; and
- (j) does not receive a significant holding of shares in the company by way of gift or financial assistance from the company or its major shareholders for the purchase of shares.

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

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

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

- The status of each of its members, that is whether each is an independent or non-independent director (and any change in status that occurred during the year) and their period of office.
- The justification for designating any member an independent director who fails to meet all of the criteria stated above or whose status requires an explanation for any reason.
- The policy and criteria mentioned above.

# CORPORATE GOVERNANCE

---

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

## **Director who has served over 9 years**

The Board notes that Ms Sumitri Mirnalini Menon @ Rabia shall be serving as independent director for the eighteenth year. After careful deliberation, the Board (excluding Ms Sumitri Mirnalini Menon @ Rabia) is of the view that her length of service has not compromised her objectivity and her commitment and ability to discharge her duty as independent director.

Ms Sumitri Mirnalini Menon @ Rabia has fulfilled all the criteria of being an independent director. The Board also judged her independent in character and judgment and noted factors demonstrating continued independence such as expressions of frank, divergent and independent views at meetings, the complete absence of any other circumstances that might compromise independence and the absence of any evidence of a lack thereof. The Board is confident that Ms Sumitri Mirnalini Menon @ Rabia has the ability to continue exercising strong independent judgment in the discharge of her duties and have requested that she continues for the ensuing year. Ms Sumitri Mirnalini Menon @ Rabia has acceded to the Board's request.

Under the chairmanship of Ms Sumitri Mirnalini Menon @ Rabia, the company has received more than 30 public recognitions from the Singapore Corporate Awards, Securities Investors Association (Singapore) and Asia Money for its good corporate governance practices since its IPO. The Company received Best Managed Board Gold Award in 2012 and 2017. In the latest Singapore Governance and Transparency Index (SGTI) 2021 released on 4 August 2021, Micro-Mechanics ranked 15th (13th in 2020) out of 519 companies listed under general category on the Singapore Exchange.

In view of the amendments to the SGX Listing Rules, which will come into effect from 1 January 2022, the re-appointment of directors who have served the Board beyond nine years from the date of their first appointment has to be subjected to two-tier voting by shareholders. Ms Sumitri Mirnalini Menon @ Rabia will retire from the Board in the coming AGM and will be re-appointed according to the two-tier voting procedures of SGX Listing Rules.

## **Provision 4.5**

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

The NC also investigated each director's other board appointments and found their directorship in other companies had no relationship or conflict of interests to the Company. It is part of the NC's duties to review and ascertain whether any director who has multiple Board representations is able to and has been effectively carrying out his duties as a director in accordance with its internal guidelines in this regard and to ensure these guidelines remain relevant. All directors are required to formally declare their other Board representations.

During FY2021, all directors achieved full attendance in AGM, Board and Committee meetings. (For details, please refer to Provision 1.5 of this statement)

# CORPORATE GOVERNANCE

---

## Directorships

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

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships (preceding 3 years)</b>
Christopher Borch	NIL	NIL
Low Ming Wah	NIL	NIL
Chow Kam Wing	NIL	NIL
Sumitri Mirnalini Menon @ Rabia	NIL	NIL
Lai Chin Yee	Qian Hu Corporation Limited Singapore Paincare Holdings Limited	Ryobi Kiso Holdings Ltd
Kenny Kwan Yew Kwong	Keppel DC REIT Management Ltd	NIL

## Board Performance

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

### **Provision 5.1 and Provision 5.2**

## Board Evaluation

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

The NC's report and any recommendations are then tabled for discussion by the whole Board. The Board takes this evaluation process seriously. The evaluation form and process have been designed to obtain constructive feedback and initiate dialogue among Board members with a view to enhancing shareholder value, the effectiveness of the Board as a whole and the discharge of each Member's duties. The evaluation tracks and reviews quantitative as well as qualitative indicators to measure the Board's performance. Objective quantitative indicators include standard ones such as the performance of the Company's share price measured against the STI and its peers, dividend rates and capital efficiency indicators such as ROI etc. Qualitative governance indicators regarded cover the composition of the Board, its independence, processes, functioning, advisory and oversight functions, risk and crisis management protocols, compliance record and protocols, the discharge of its duties towards shareholders and the sufficiency and effectiveness of its committees. The contribution of each director to the effectiveness of the Board is tracked via their attendance at Board and Committee meetings.

## Peer Evaluation/Board Chairman Evaluation

During FY2021, we carried out Director Peer Performance Evaluation for each director. Each Board member evaluated the performance of his/her peers and submitted the duly completed evaluation to the NC Chairman. Directors also evaluated the performance of the Board Chairman and submitted the completed evaluation to CEO. After collecting the evaluations, the Board Chairman discussed the evaluation with respective director privately. Similarly, CEO discussed personally with the Board Chairman regarding the feedback from Board members on her performance.



# CORPORATE GOVERNANCE

---

The performance indicators include director's duties, their involvement and engagement, leadership, communication skills, strategy and risk management, Board contribution, knowledge and their interaction with peers, senior management, internal and external auditors. Each director concluded and summarized the evaluation in the remark column provided.

Committee Chairmen report to the Board regularly. All Committee minutes are distributed to the Board for review. All Committees are mandated with clear terms and reference which are reviewed and approved by the Board every year. There is no formal evaluation on each Committee during the financial year. However, the Board is satisfied with their performance in view of their full attendance and active engagement.

## 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.*

#### **Provision 6.1**

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

- to make recommendations to the Board on the framework for remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind for the Board and key executives and to determine specific remuneration packages for each executive director and key management personnel;
- to review all benefits and long-term incentive schemes (including share schemes), whether directors and key management personnel should be eligible for benefits under long-term incentive schemes and compensation/remuneration packages for the Board and key executives;
- to review annually the remuneration package of directors and key management personnel;
- to review specific remuneration packages (the performance bonus incentive) for directors and key management personnel;
- to review service contracts of the executive directors;
- to review remuneration packages of employees who are related to any director or substantial shareholders.

#### **Provision 6.2**

The Remuneration Committee ("RC") has three members, all of whom are independent and non-executive directors.

The members are:

Chairman	:	Kenny Kwan Yew Kwong
Member	:	Sumitri Mirnalini Menon @ Rabia
Member	:	Lai Chin Yee

# CORPORATE GOVERNANCE

---

## **Provision 6.3**

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

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

## **Provision 6.4**

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

## **Level and Mix of Remuneration**

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

## **Provision 7.1**

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

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

## **Cap on bonuses to employees and executive directors**

To ensure a sensible bonus structure in line with performance and remuneration objectives there is a cap and control on the total amount of bonuses to employees and executive directors. Employees of profitable subsidiaries are entitled to PBI but the aggregate amount should not be more than 10% of that subsidiary's profit pre-tax and pre-bonus, except for MMUS which has a bonus system that is based on operational KPIs. Executive directors are entitled to PBI and the aggregated executive bonus should not be more than 10% of the Group profit pre-tax and pre-bonus.

# CORPORATE GOVERNANCE

---

## **Provision 7.2**

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

- the base director's fee + 15% for each Committee Chairperson;
- the base director's fee + 30% for Audit Committee Chairperson;
- the base director's fee + 50% for Board Chairperson.

During FY2021, all independent and non-executive directors achieved full attendance of Board and Committee meetings.

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

The director's fees are subject to shareholders' approval at the Annual General Meeting.

## **Provision 7.3**

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

The Remuneration Committee reviews the remuneration package of Executive Directors and key management personnel yearly in line with the performance of the Company and the individual. The total remuneration is made up of fixed base salary and variable bonuses so as to align the performance of Executive Directors and key management personnel with the Company's goals and objectives. All our Executive Directors and key management personnel have served the Company since our IPO and most of them are our long-term shareholders.

## **Disclosure on Remuneration**

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

## **Provision 8.1**

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

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

# CORPORATE GOVERNANCE

The breakdown of the level and mix of remuneration of each Director and the key executives in FY2021 is as follows:

## Remuneration of Directors

<b>Remuneration band &amp; name of Executive Director</b>	<b>Director's fee</b>	<b>Salary</b>	<b>Bonus</b>	<b>Allowances/ Benefits</b>	<b>Total</b>
<u>S\$750,000 to S\$1,000,000</u>					
Christopher R. Borch (CEO)	6%	40%	52%	2%	100%
Low Ming Wah	6%	40%	51%	3%	100%
Chow Kam Wing	6%	40%	52%	2%	100%

<b>Remuneration band &amp; name of Independent and Non-Executive Director</b>	<b>Director's fee</b>	<b>Salary</b>	<b>Bonus</b>	<b>Allowances/ Benefits</b>	<b>Total</b>
Sumitri Mirnalini Menon @ Rabia	99,000	–	–	–	99,000
Lai Chin Yee	87,000	–	–	–	87,000
Kenny Kwan Yew Kwong	69,000	–	–	–	69,000

## Remuneration of key management personnel

<b>Remuneration band &amp; name of key management personnel</b>	<b>Director's fee</b>	<b>Salary</b>	<b>Bonus</b>	<b>Allowances/ Benefits</b>	<b>Total</b>
<u>Not more than S\$250,000</u>					
Colin Wojno	–	84%	10%	6%	100%
Ng Chin Lim	–	54%	31%	15%	100%
Richie Cajili Manuel	–	73%	24%	3%	100%
Shen Zi Quan	–	53%	36%	11%	100%
Neo Say Chow	–	62%	21%	17%	100%

The aggregate remuneration paid to the top 5 key management personnel is S\$820,018.

### **Provision 8.2**

Mr. Kyle Borch, the eldest son of Mr. Christopher Borch joined Micro-Mechanics, Inc (a subsidiary of the Company) on 27 August 2018 as a Manufacturing Engineer. Mr. Borch received a Bachelor in Science in Physics and Math from the University of California Los Angeles (UCLA) in 2014 and Master in Science degrees in Mechanical Engineering and Engineering Management from the University of Southern California in 2018. Mr. Borch's current role is non-managerial with total remuneration during the financial year ended 30 June 2021 of approximately S\$131k.

The Remuneration Committee has reviewed and approved the remuneration package of Mr Kyle Borch.

### **Provision 8.3**

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

# CORPORATE GOVERNANCE

---

The Performance Shares Plan (“Plan”) was approved by Shareholders on 30 October 2008 and expired on 30 October 2018. Under the Plan, 546,000 new shares were issued to our employees. None of our Executive Directors have received any shares from the Plan.

As at 30 June 2021, there were 45 employees, 3 Executive Directors, 2 Independent Non-Executive Directors and the top 4 key management personnel holding shares in the Company.

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

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

#### Provision 9.1

##### Risk Management

The Company has put in place internal controls necessary to identify and manage significant business risks. The Company’s internal audit function provides an independent resource and perspective to the Audit Committee by highlighting any areas of concern discovered during the course of performing such internal audit process.

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

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

In June 2016, our Singapore plant operations was successfully certified as conforming to the Business Continuity Management System standard ISO22301:2012; it was audited in May 2021 and successfully renewed.

Financial risk management is discussed in Note 20 to the financial statements set out on page 111.

### Risk Management Committee

Risk Management Committee was formed on 28 August 2014 to strengthen the Group’s risk management processes and framework. It comprises three independent directors and two executive directors:

Chairman	:	Lai Chin Yee
Member	:	Sumitri Mirnalini Menon @ Rabia
Member	:	Kenny Kwan Yew Kwong
Member	:	Low Ming Wah
Member	:	Chow Kam Wing

# CORPORATE GOVERNANCE

---

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

- determine the Group’s level of risk tolerance and risk policies;
- ensure the management maintains a sound system of risk management;
- recommend and review the implementation of risk management framework;
- review the processes and procedures for ensuring that all material risks are properly identified and that appropriate systems of monitoring and control are in place;
- review the Group’s risk profiles regularly; and
- review breaches of risk appetite and tolerances.

The Committee will take reference of ISO 31000 Risk Management Standards and Committee of Sponsoring of the Treadway Commission (COSO) Model for assessing the effectiveness of its risk management system and ISO27000 for its IT governance.

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

The Risk Management Committee reports to the Board. The Board determines and reviews the company’s levels of risk tolerance and risk policies and oversees the risk management and internal control systems.

## **Accountability**

### ***Provision 9.2***

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

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

To continually ensure the accountability of management to the Board, the management provides all members of the Board with a useful and balanced summary of the Company’s performance and financial position such as Profit & Loss Accounts, Balance Sheets and other management reports on a monthly basis.

The Board has received the written assurance from

- (a) the CEO and the Chief Financial Officer (“**CFO**”) that the financial records have been properly maintained and the financial statements give a true and fair view of the company’s operations and finances;

# CORPORATE GOVERNANCE

---

- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems;
- (c) the internal auditor who are responsible regarding the adequacy and effectiveness of the company's internal control systems

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

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

- work done and reports by the internal and external auditors given during the year;
- report by Risk Management Committee;
- the lack of any concern raised by a whistle blower;
- certification as conforming to the Business Continuity Management System standard ISO22301:2012;
- assurance obtained from the CEO and CFO (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances and (b) regarding the effectiveness of the company's risk management and internal control systems. The audited report was signed by the CEO and CFO. Similar assurance from subsidiaries and finance heads; and
- assurance from Internal Auditor that the internal control (including financial, operational and compliance and information technology controls), of the Group are adequate and effective.

## **Areas of concern**

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

Earthquake Damage in California – California is an earthquake prone area. The Group's factory in the USA is situated in Morgan Hill, California. The Board has ascertained that insurance deductibles on any policy obtainable to cover damage as a consequence is very high such as, as in the Board's view, to make coverage ineffective. Furthermore, the greater damage is likely to be caused by flooding in the event of a large earthquake, and this consequence is not insurable at all in this region. After due consideration, the management has decided not to insure against earthquake damage. The management has taken and shall continue to take steps to minimize potential damages and loss by employee education training programs and by proper bracing and anchoring of the contents in the plant. As at 30 June 2021, our USA operations recorded an annual revenue of S\$16.4 million and had total assets of S\$16.0 million.

## **Audit Committee**

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



# CORPORATE GOVERNANCE

---

## **Provision 10.2**

The Audit Committee (“**AC**”) comprises three members, all of whom are independent and non-executive Directors.

Chairman	:	Lai Chin Yee
Member	:	Sumitri Mirmalini Menon @ Rabia
Member	:	Kenny Kwan Yew Kwong

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

## **Provision 10.1**

### **Provision 10.1 (a)(b)(c)(d)(e) and (f)**

The AC’s written terms of reference which describe its major responsibilities are:

- to review with the external and internal auditors the audit plan and the results of the external auditor’s examination and evaluation of the Group’s system of internal controls;
- to review (i) the quarterly, half yearly and yearly announcement of financial results, and (ii) the consolidated financial statements, balance sheets and statements of profit & loss accounts, and the external auditor’s reports on those financial statements, before submission to the Board for approval;
- to review and discuss with external and internal auditors any suspected fraud or irregularities, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company’s operating results and/or financial position;
- to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters and how to handle it properly including independent investigation, public announcement and internal communication with employees and related stakeholders;
- to make recommendations to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approve the remuneration and terms of engagement of the external and internal auditors;
- to review the independence of the external auditors annually including the nature and extent of non-audit services provided by the external auditors;
- to review interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- to review the adequacy and effectiveness of the internal control framework and risk management processes including financial, operational, compliance and information technology controls and help ensure adequate measures are in place;
- to review the compliance with the Code of Best Practice on Security Transactions;
- to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual;

# CORPORATE GOVERNANCE

---

- to review the scope of the work of the internal auditor and to review with the internal auditor the audit plan and the results of the internal auditor's examination and evaluation of the Group's system of internal controls;
- to review the assurance from CEO and the CFO on the financial records and financial statements; and
- to review the corporate governance processes.

The AC has reviewed the non-audit services performed by the external auditors and is satisfied that the provision of such services has not affected the independence of the external auditors. The AC has recommended their re-appointment at the forthcoming AGM. The aggregate amount of fees paid to the external auditors for the year is S\$171k and the non-audit services fee is S\$20k.

Some of the subsidiaries in the Group are being audited by external auditors other than those of the Company. The AC is satisfied that there are sound internal controls applied in these subsidiaries and the scope of audit performed by these other external auditors is adequate. Furthermore, the external auditor of the Company visited these subsidiaries (before Covid 19 pandemic) and did review their accounts.

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

## **Whistle Blowing Policy**

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

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

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

The policy covers all and any improprieties and wrongdoings:

- affecting the financial position of the company;
- relating to the honesty and integrity of the company's dealings;
- relating to the honesty and integrity of any employee or director in the course of his or her employment or dealing with or on behalf of the company.

# CORPORATE GOVERNANCE

---

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

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

### ***Provision 10.3***

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

### ***Provision 10.4 and 10.5***

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

### ***Provision 10.4***

The internal auditor reports directly to the Audit Committee.

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

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

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

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

The internal audit in-charge is a qualified accountant with many years of internal audit experience. The internal audit has been carried out in accordance with the IIA standards.

# CORPORATE GOVERNANCE

---

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

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

#### **Provision 11.1**

During the Company's Annual General Meeting (AGM), it is our practice for the Chairman to read the rules, including voting procedures that govern the AGM, so that the shareholders can participate in and vote effectively.

#### **Provision 11.2**

All resolutions tabled at the AGM are voted by Poll, counted and validated by an independent scrutineer. The Board takes note that there should be a separate resolution at general meetings on each substantially separate issue and will provide reasons and material implications where resolutions are interlinked.

#### **Provision 11.3**

At AGMs, the CEO, COO and CFO will conduct a presentation on the Company's developments, financial results, outlook and strategy to provide shareholders with updates on the Company's progress. Shareholders also have the opportunity to share with and communicate their views to the Board. The Chairpersons of the Audit, Nominating, Remuneration Committees and Risk Management Committee as well as the external auditors are requested to be present and available to address any queries by shareholders.

Due to the Covid-19 pandemic, we are holding our AGMs by electronic means. Shareholders can submit their questions to the Company in advance of the AGM via electronic means or post. The Company will answer all questions via SGX announcement before or at the AGM. The Board still prefers to hold physical AGM as it enables us to communicate more closely with shareholders.

#### **Provision 11.4**

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

#### **Provision 11.5**

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

#### **Provision 11.6**

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

# CORPORATE GOVERNANCE

---

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

## Engagement with Shareholders

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

### Provision 12.1

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

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

Annual reports and notices of AGMs are sent to all shareholders 21 days before AGM. Such notices are also published in the local newspapers and announced via SGXNET. Shareholders are encouraged to attend the Company's AGMs. To enhance shareholders' participation, the Company holds its AGM at central locations with walking distance from MRT stations. Because of the present COVID-19 pandemic, the Company may have to hold our upcoming AGM in the form of a virtual meeting to comply with social distancing requirements.

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

### Provision 12.2 and 12.3

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

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

## Investor Relations Practices and Guidelines

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

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

# CORPORATE GOVERNANCE

---

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

The Company conducts its IR on the following principles:

- Operate an open-door policy with regard to investor/analyst enquiries which should be responded to within three working days;
- Management and IR team are accessible to requests for one-on-one meetings and conference calls with investors and analysts;
- Information deemed to be price-sensitive is disseminated without delay via announcements and/or press releases on SGXNET;
- Discuss only publicly-available and publicly known information during dialogues with investors and analysts, principally following announcements of financial results;
- Maintain a blackout period prior to the planned release of financial statements during which no meetings and presentations will be held with analysts or investors. The blackout period is two weeks for quarterly financial results and one month for the half yearly/full-year financial results;
- Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions;
- Announce the date of release of quarterly financial reports at least a week in advance; and
- Allocate sufficient time to address queries of shareholders outside the formal business of the AGM but it is only applicable to physical AGM.

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

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

#### **Provision 13.1**

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

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

# CORPORATE GOVERNANCE

---

## **Provision 13.2**

### **Customers**

Focusing on the needs of customers is a critical success factor for our business. We have about 600 active customers worldwide. Our top 10 customers are mainly in the USA, China and Malaysia, and collectively accounted for 66% of the Group's revenue in FY2021. The majority of our customers have been working with the Group for more than 10 years. We have implemented Customer Relationship Management (CRM) embedded in our ERP system to help us interact with our customers. Our sales team and R&D team make regular visits to our customers to provide technical solutions and provide updates on our latest capabilities. Despite the COVID-19 pandemic, we remain in regular communication with customers via virtual conference. Every year, we carry out a Customer Satisfaction Survey to have a better understanding of their needs. We participate in trade shows and exhibitions relating to our industry to showcase our latest products and services to both our existing and prospective customers.

### **Employees**

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

We are committed to providing our employees with opportunities to develop their potential through relevant training programs. The focus of such training programs is skills-upgrading and education in areas directly related to an employee's present work and/or future development. During FY2021, about 515 confirmed employees received formal and structured training of almost 1,541 hours, not including on-the-job training. In the previous year, there was training amounting to 2,771 hours. Due to the COVID-19 pandemic, many of the training that was scheduled in FY2021 was cancelled.

### **Suppliers**

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

### **Shareholders**

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



# CORPORATE GOVERNANCE

---

## **Regulators**

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

## **Local Communities**

We work to ensure building positive relationship with the communities in which we operate. We focus on supporting the local communities by employing local people as priority. We employ all locals in our operation in USA, the Philippines and China. We have initiated to participate some social and charitable activities with the local communities. Due to the COVID-19 pandemic however, we had to abort some of these initiatives in FY2021. We will continue to encourage our people to support the local communities.

## **Provision 13.3**

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

Please refer to our Sustainability Report regarding the engagement with stakeholders for more details.

## **Other matters:**

### **Anti-corruption**

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

In June 2019, our Singapore plant operations was successfully certified as conforming to the Anti-Bribery Management System standard ISO37001:2016. In June 2021, our Singapore plant operations was successfully re-examined as conforming to the Anti-Bribery Management System standard ISO37001:2016.

### **Securities Trading Code**

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

The Company does not encourage its directors and officers and their immediately family members to deal the Company's shares on short-term basis.

# CORPORATE GOVERNANCE

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

## Interested Person Transactions

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

On 22 October 2018, the Group announced that its wholly-owned subsidiary Micro-Mechanics Inc (MMUS) has entered into an agreement relating to the payment of electrical services provided to the factory with Sarcadia LLC, a controlling shareholder of the Company and a family company set up by Mr. Christopher Reid Borch, the CEO and substantial shareholder of the Company.

For the financial year ended 30 June 2021, the Group has made rental payment of US\$400,000 (30 June 2020: US\$387,000) and solar-generated electrical services payment of US\$136,696 (30 June 2020: US\$163,338) to Sarcadia LLC, a controlling shareholder of the Company and a family company set up by Mr. Christopher Reid Borch, the CEO of the Company.

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

## List of Certifications:

	<b>Name of certification</b>	<b>Validity until</b>
<b>MM-Singapore</b>	ISO9001-2015 Quality Management System	2-Dec-21
	BCM22301:2012 Societal Security-Business Continuity Management System	16-May-22
	ISO37001:2016 Anti-Bribery Management System	27-Jun-22
<b>MM-Malaysia</b>	ISO9001-2015 Quality Management System	31-Oct-22
<b>MM- Philippines</b>	ISO9001-2015 Quality Management System	14-Jan-22
<b>MM- China</b>	ISO9001-2015 Quality Management System	7-Apr-24
<b>MM-USA</b>	AS9100 Quality Management System for aviation, space and defense organization	21-Nov-22
	International Traffic in Arms Regulation	31-Jul-22

# DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2021.

In our opinion:

- (a) the financial statements set out on pages 77 to 120 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

## DIRECTORS

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

Christopher Reid Borch  
 Low Ming Wah  
 Chow Kam Wing  
 Sumitri Mirnalini Menon @ Rabia  
 Lai Chin Yee  
 Kwan Yew Kwong, Kenny

## DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures and share options in the Company are as follows:

Name of director in which interests are held	At beginning of the year	At end of the year	At 21 July 2021
<b>Ordinary shares</b>			
Christopher Reid Borch	72,335,169	69,485,169	69,485,169
Low Ming Wah	7,127,001	7,127,001	7,127,001
Chow Kam Wing	2,812,000	2,812,000	2,812,000
Sumitri Mirnalini Menon @ Rabia	300,000	300,000	300,000
Lai Chin Yee	20,000	20,000	20,000
Kwan Yew Kwong, Kenny	–	–	–

By virtue of Section 7 of the Act, Christopher Reid Borch is deemed to have an interest in all the wholly-owned subsidiaries of the Company at the beginning and at the end of the financial year.

# DIRECTORS' STATEMENT

---

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

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

## SHARE OPTIONS

During the financial year, there were:

- (a) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (b) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

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

## AUDIT COMMITTEE

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

- Lai Chin Yee (Chairman), Independent director
- Sumitri Mirnalini Menon @ Rabia, Independent director
- Kwan Yew Kwong, Kenny, Independent director

The Audit Committee performs the functions specified by section 201B of the Act, the Listing Manual of the Singapore Exchange and the Code of Corporate Governance.

The Audit Committee has held five meetings during the year. In performing these functions, the Audit Committee reviewed the scope of work of the Company's external auditors, and their evaluation of the Company's system of internal accounting controls.

The Audit Committee also reviewed the following:

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

# DIRECTORS' STATEMENT

---

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

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

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

## AUDITORS

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

On behalf of the Board of Directors

---

**Christopher Reid Borch**

*Director*

---

**Chow Kam Wing**

*Director*

28 August 2021

# INDEPENDENT AUDITORS' REPORT

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

---

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Micro-Mechanics (Holdings) Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 77 to 120.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### Basis for opinion

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

### Key audit matters

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

# INDEPENDENT AUDITORS' REPORT

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

<b>Valuation of Property, Plant and Equipment (PPE) and Right-of-use (ROU) assets (Refer to note 4 to the financial statements)</b>	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group has PPE and ROU assets with a net book value of \$32.1 million (2020: \$31.0 million).</p> <p>Management assessed and concluded that there are no impairment indicators on the Group's PPE and ROU assets including those in the CGU in the United States, Micro-Mechanics Inc. (MMUS). Notwithstanding there are no impairment indicators noted, management acknowledged that this is only the second year MMUS had recorded full year profit since it started manufacturing operation in 2008. The first year that MMUS recorded full year profit was in 2018. Accordingly, management had proceeded to perform an impairment assessment on MMUS's PPE and ROU assets by estimating the recoverable amount of the CGU based on value in use (VIU) method.</p> <p>The recoverable amount estimated by management is higher than the carrying amount of MMUS's PPE and ROU assets, which further supported management's assessment of no impairment indicators.</p> <p>The impairment assessment and the estimation of the recoverable amount is subjective and involves management's judgement. The assessment of these judgement is a key focus area of our audit.</p>	<p>Our procedures in relation to management's impairment assessment included, among others:</p> <ul style="list-style-type: none"> <li>• Reviewed management's assessment of existence of impairment indicators, which among others, include observable indicators that the assets value has declined, any adverse economic effect on the CGU and evidence of obsolescence.</li> <li>• Evaluated management's computation and assumptions used in determining the recoverable amount of MMUS, including the projected revenue growth rates, projected gross profit margin, terminal value and discount rates. The recoverable amount was determined based on VIU method, using a discounted cash flows (DCF) model.</li> <li>• Assessed the reasonableness of the management assumptions made in the DCF model by comparing the parameters in the DCF model against available market data and historical performances of MMUS.</li> <li>• Performed sensitivity analysis on the DCF model.</li> <li>• Reviewed the disclosures included in the financial statements against the requirements of the accounting standards.</li> </ul> <p>We found management's process of assessing for impairment indicators to be appropriate and the estimates used to determine recoverable amounts to be balanced.</p>



# INDEPENDENT AUDITORS' REPORT

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

<b>Valuation of the Company's investment in Micro-Mechanics Inc. (MMUS)</b> <b>(Refer to note 6 to the financial statements)</b>	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Company has investment in MMUS stated at cost less accumulated impairment losses (of \$6.4 million) amounting to \$19.9 million. While MMUS generated full year profit for the financial year ended 30 June 2021, MMUS's net assets value was still lower than the cost of investment recorded in the Company's statement of financial position.</p> <p>In performing the impairment assessment, judgement is required to assess management assumptions used in computing the recoverable amount. There is a risk of additional impairment should the carrying amount of investment exceed the recoverable amount.</p>	<p>Our procedures in relation to the valuation of investment in MMUS included, among others:</p> <ul style="list-style-type: none"> <li>• Evaluated management's computation and assumptions used in determining the recoverable amount of MMUS, including the projected revenue growth rates, projected gross profit margin, terminal value and discount rates. The recoverable amount was determined based on VIU method, using a DCF model.</li> <li>• Assessed the reasonableness of the management assumptions made in the DCF model by comparing the parameters in the DCF model against available market data and historical performances of MMUS.</li> <li>• Performed sensitivity analysis on the DCF model.</li> </ul> <p>We found the estimates used in determining the recoverable amount to be balanced.</p>

## Other information

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

# INDEPENDENT AUDITORS' REPORT

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

---

## Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

## Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# INDEPENDENT AUDITORS' REPORT

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

---

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## 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 auditors' report is Yeo Lik Khim.

## KPMG LLP

*Public Accountants and  
Chartered Accountants*

## Singapore

28 August 2021

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2021

	Note	Group		Company	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Assets</b>					
Property, plant and equipment	4	29,666,904	29,079,591	–	–
Right-of-use assets	4	2,461,711	1,980,198	–	–
Investment property	5	330,653	–	–	–
Subsidiaries	6	–	–	29,095,544	29,095,544
Trade and other receivables	8	462,102	1,109,205	–	–
Deferred tax asset	12	39,096	46,586	–	–
<b>Non-current assets</b>		<u>32,960,466</u>	<u>32,215,580</u>	<u>29,095,544</u>	<u>29,095,544</u>
Inventories	7	5,201,641	5,397,148	–	–
Trade and other receivables	8	13,552,136	12,717,631	1,971,372	2,442,304
Cash and cash equivalents	9	20,611,778	20,814,685	10,594,061	9,599,881
<b>Current assets</b>		<u>39,365,555</u>	<u>38,929,464</u>	<u>12,565,433</u>	<u>12,042,185</u>
<b>Total assets</b>		<u>72,326,021</u>	<u>71,145,044</u>	<u>41,660,977</u>	<u>41,137,729</u>
<b>Shareholders' equity</b>					
Share capital	10	14,782,931	14,782,931	14,782,931	14,782,931
Reserves	11	43,182,770	43,201,038	26,161,805	25,602,968
<b>Total equity</b>		<u>57,965,701</u>	<u>57,983,969</u>	<u>40,944,736</u>	<u>40,385,899</u>
<b>Liabilities</b>					
Deferred tax liabilities	12	1,385,784	1,440,847	203,601	210,762
Trade and other payables	13	867,591	835,702	–	–
Lease liabilities	14	1,339,999	900,564	–	–
<b>Non-current liabilities</b>		<u>3,593,374</u>	<u>3,177,113</u>	<u>203,601</u>	<u>210,762</u>
Trade and other payables	13	7,861,437	7,142,026	509,055	534,747
Lease liabilities	14	1,152,578	1,079,298	–	–
Current tax payable		1,752,931	1,762,638	3,585	6,321
<b>Current liabilities</b>		<u>10,766,946</u>	<u>9,983,962</u>	<u>512,640</u>	<u>541,068</u>
<b>Total liabilities</b>		<u>14,360,320</u>	<u>13,161,075</u>	<u>716,241</u>	<u>751,830</u>
<b>Total equity and liabilities</b>		<u>72,326,021</u>	<u>71,145,044</u>	<u>41,660,977</u>	<u>41,137,729</u>

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	15	73,728,702	64,207,750
Cost of sales		<u>(33,707,743)</u>	<u>(29,893,433)</u>
<b>Gross profit</b>		40,020,959	34,314,317
Other income		998,244	1,183,512
Distribution costs		(3,209,747)	(3,168,605)
Administrative expenses		(10,315,929)	(9,258,378)
Other operating expenses		<u>(4,265,834)</u>	<u>(3,986,356)</u>
<b>Profit before tax</b>	16	23,227,693	19,084,490
Tax expense	17	<u>(5,167,257)</u>	<u>(4,434,447)</u>
<b>Profit for the year</b>		<u>18,060,436</u>	<u>14,650,043</u>
<b>Attributable to:</b>			
Owners of the Company		<u>18,060,436</u>	<u>14,650,043</u>
<b>Profit for the year</b>		<u>18,060,436</u>	<u>14,650,043</u>
<b>Other comprehensive income</b>			
<b>Item that is or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences for foreign operations, net of tax		(54,806)	392,862
<b>Item that will not be reclassified to profit or loss:</b>			
Remeasurement income on retirement benefits	13	51,980	(129,704)
Related tax	12	<u>(1,734)</u>	<u>4,288</u>
<b>Total comprehensive income for the year</b>		<u>18,055,876</u>	<u>14,917,489</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<u>18,055,876</u>	<u>14,917,489</u>
<b>Total comprehensive income for the year</b>		<u>18,055,876</u>	<u>14,917,489</u>
<b>Earnings per share (in cents) – basic and diluted</b>	18	<u>12.99</u>	<u>10.54</u>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2021

	Share capital \$	Foreign currency translation reserve \$	Accumulated remeasurement on retirement benefits \$	Accumulated profits \$	Total \$
At 1 July 2019	14,782,931	(67,882)	(19,596)	43,664,534	58,359,987
<b>Total comprehensive income for the year</b>					
Profit for the year	–	–	–	14,650,043	14,650,043
<b>Other comprehensive income</b>					
Foreign currency translation differences	–	397,554	(4,692)	–	392,862
Remeasurement income on retirement benefits, net of tax	–	–	(125,416)	–	(125,416)
Total other comprehensive income	–	397,554	(130,108)	–	267,446
Total comprehensive income for the year	–	397,554	(130,108)	14,650,043	14,917,489
<b>Transactions with owners of the Company, recognised directly in equity</b>					
Interim dividend of 5.0 cents per share (tax-exempt) in respect of 2020	–	–	–	(6,951,594)	(6,951,594)
Final dividend of 6.0 cents per share (tax-exempt) in respect of 2019	–	–	–	(8,341,913)	(8,341,913)
<b>Total transactions with owners of the Company</b>	–	–	–	(15,293,507)	(15,293,507)
At 30 June 2020	14,782,931	329,672	(149,704)	43,021,070	57,983,969

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2021

	Share capital	Foreign currency translation reserve	Accumulated remeasurement on retirement benefits	Accumulated profits	Total
	\$	\$	\$	\$	\$
At 1 July 2020	14,782,931	329,672	(149,704)	43,021,070	57,983,969
<b>Total comprehensive income for the year</b>					
Profit for the year	–	–	–	18,060,436	18,060,436
<b>Other comprehensive income</b>					
Foreign currency translation differences	–	(57,618)	2,812	–	(54,806)
Remeasurement income on retirement benefits, net of tax	–	–	50,246	–	50,246
Total other comprehensive income	–	(57,618)	53,058	–	(4,560)
Total comprehensive income for the year	–	(57,618)	53,058	18,060,436	18,055,876
<b>Transactions with owners of the Company, recognised directly in equity</b>					
Interim dividend of 6.0 cents per share (tax-exempt) in respect of 2021	–	–	–	(8,341,912)	(8,341,912)
Final dividend of 7.0 cents per share (tax-exempt) in respect of 2020	–	–	–	(9,732,232)	(9,732,232)
<b>Total transactions with owners of the Company</b>	–	–	–	(18,074,144)	(18,074,144)
At 30 June 2021	14,782,931	272,054	(96,646)	43,007,362	57,965,701

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Profit for the year		18,060,436	14,650,043
Adjustments for:			
Depreciation of property, plant and equipment		6,835,085	6,774,812
Depreciation of investment property		12,416	–
Property, plant and equipment written off		50	6,400
(Gain)/Loss on disposal of property, plant and equipment		(3,776)	29,454
Interest income		(54,683)	(209,466)
Interest expense on lease liabilities		88,472	101,704
Tax expense		5,167,257	4,434,447
		<u>30,105,257</u>	<u>25,787,394</u>
Changes in working capital:			
Inventories		201,715	(812,553)
Trade and other receivables		(81,160)	(2,903,344)
Trade and other payables		719,556	573,336
Cash generated from operations		<u>30,945,368</u>	<u>22,644,833</u>
Income tax paid		<u>(5,243,908)</u>	<u>(3,848,424)</u>
<b>Net cash from operating activities</b>		<u>25,701,460</u>	<u>18,796,409</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(6,779,489)	(3,705,653)
Proceeds from disposal of property, plant and equipment		12,031	111,118
Interest received		51,138	216,762
<b>Net cash used in investing activities</b>		<u>(6,716,320)</u>	<u>(3,377,773)</u>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(1,229,129)	(1,127,392)
Dividends paid		<u>(18,074,144)</u>	<u>(15,293,507)</u>
<b>Net cash used in financing activities</b>		<u>(19,303,273)</u>	<u>(16,420,899)</u>
<b>Net decrease in cash and cash equivalents</b>		(318,133)	(1,002,263)
Cash and cash equivalents at 1 July		20,651,935	21,717,779
Effect of exchange rate fluctuations		116,176	(63,581)
<b>Cash and cash equivalents at 30 June*</b>	9	<u>20,449,978</u>	<u>20,651,935</u>

\* Differs from cash and cash equivalents in the consolidated statements of financial position due to deposits pledged that are not considered as part of cash and cash equivalents in the consolidated statement of cash flows. Refer to note 9 for details.

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

---

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 August 2021.

## 1 DOMICILE AND ACTIVITIES

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

The financial statements of the Group as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for certain financial instruments which are stated at fair value.

### 2.3 Functional and presentation currency

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

### 2.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the application of the Group's accounting policies, management applies the following critical judgement which is expected to have a significant effect on the amounts recognised in the financial statements:

#### *Impairment on non-financial assets*

The carrying value of non-financial assets (including property, plant and equipment, investment property and investment in subsidiaries) are tested for impairment whenever there is any objective evidence or indication that the non-financial assets may be impaired. This determination and derivation of the relevant inputs requires significant judgement. This impairment assessment takes into account the market value of the asset, changes to the technological, market, economic or legal environment in which the Group operates, market interest rates, evidence of obsolescence or physical damage to the asset and changes to the expected usage to the asset.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 2 BASIS OF PREPARATION (continued)

### 2.4 Use of estimates and judgements (continued)

#### *Impairment on non-financial assets (continued)*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – estimation of useful lives and valuation of property, plant and equipment
- Note 5 – valuation of investment property
- Note 6 – valuation of investments in subsidiaries
- Note 7 – valuation of inventories
- Note 20 – valuation of trade receivables

### 2.5 Changes in accounting policies

#### **New standards and amendments**

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 July 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I)1- 8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

## 3 SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Basis of consolidation

#### ***Subsidiaries***

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

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

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

#### ***Transactions eliminated on consolidation***

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

---

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.2 Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the financial year are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the financial year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the financial year.

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

#### Foreign operations

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

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.3 Property, plant and equipment

#### Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within income/other expenses in profit or loss.

#### Subsequent costs

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

#### Depreciation

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

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

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

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready to use, or in respect of assets under construction, from the date that the asset is completed and ready for use. Property, plant and equipment under construction are not depreciated.

Fully depreciated assets are retained in the financial statements until they are no longer in use. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

#### Reclassification to investment property

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

---

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.4 Leases

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

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - The Group has the right to operate the asset; or
  - The Group designated the asset in a way that predetermines how and for what purpose it will be used.

#### ***Recognition and measurement***

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

#### ***Depreciation***

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

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

#### ***Lease liability***

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.4 Leases (continued)

#### **Lease liability** (continued)

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

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

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

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

#### **Short term leases and leases of low-value assets**

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

### 3.5 Investment property

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

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

The gain or loss on disposal of an item of investment property is determined by comparing the proceeds from disposal with the carrying amount of investment property, and is recognised net within income/ other expenses in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

---

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Inventories

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

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

### 3.7 Financial instruments

#### Non-derivative financial assets

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

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into financial assets at amortised cost category.

#### *Financial assets at amortised cost*

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

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.7 Financial instruments (continued)

#### Non-derivative financial assets (continued)

##### *Financial assets at amortised cost (continued)*

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

Financial assets at amortised cost comprise cash and cash equivalents, and trade and other receivables, excluding advances to suppliers, prepayments and forward exchange contracts.

Cash and cash equivalents comprise cash balances and bank deposits.

#### Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

#### Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.7 Financial instruments (continued)

#### Non-derivative financial liabilities

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

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Other financial liabilities comprise trade and other payables excluding advances from customers, foreign exchange contracts and retirement benefits.

#### Share capital

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

#### Derivative financial instruments

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

#### Non-trading derivatives

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

### 3.8 Impairment

#### Non-derivative financial assets

A financial asset measured at amortised cost is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

#### *Financial assets at amortised cost*

Loss allowances are measured on either of the following bases:

- 12-month 'expected credit loss' (ECLs): these are ECLs that result from possible default events within 12 months after the reporting date; or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.8 Impairment (continued)

#### **Non-derivative financial assets** (continued)

##### *Financial assets at amortised cost* (continued)

The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

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

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

##### *Credit impaired financial assets*

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

#### **Non-financial assets**

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

Impairment losses are recognised in profit or loss. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

---

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.9 Employee benefits

#### Defined contribution plans

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

#### Defined benefit plans

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

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

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

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

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

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

#### Unconsumed leave

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

#### Short-term benefits

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.10 Income tax expense

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

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

---

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.11 Revenue

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

### 3.12 Interest income and interest expense

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

### 3.13 Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

### 3.14 Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

### 3.15 Government grants

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

### 3.16 Earnings per share

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

### 3.17 Segment reporting

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.18 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

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

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual Improvements to SFRS(I)s 2018 – 2020*

## 4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties \$	Plant and equipment \$	Assets under construction \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Total \$
<b>Group Cost</b>						
At 1 July 2019	16,046,179	55,981,590	425,828	6,800,620	833,480	80,087,697
Additions	1,271,435	2,926,832	330,335	372,700	11,048	4,912,350
Disposals/Write-off	(36,835)	(1,150,892)	–	(93,919)	(9,894)	(1,291,540)
Reclassification	–	435,824	(435,824)	–	–	–
Derecognition due to expiry/termination of lease	(691,736)	–	–	–	–	(691,736)
Translation differences on consolidation	114,718	829,452	11,480	59,614	8,284	1,023,548
At 30 June 2020	<u>16,703,761</u>	<u>59,022,806</u>	<u>331,819</u>	<u>7,139,015</u>	<u>842,918</u>	<u>84,040,319</u>
At 1 July 2020	16,703,761	59,022,806	331,819	7,139,015	842,918	84,040,319
Additions	1,968,828	3,932,849	2,290,952	247,690	–	8,440,319
Disposals/Write-off	(19,978)	(353,821)	–	(61,120)	–	(434,919)
Reclassification	–	2,320,968	(2,320,968)	–	–	–
Transfer to investment property	(620,781)	–	–	–	–	(620,781)
Derecognition due to expiry/termination of lease	(1,467,062)	–	–	–	–	(1,467,062)
Translation differences on consolidation	(68,596)	(338,821)	(10,809)	(30,453)	(3,450)	(452,129)
At 30 June 2021	<u>16,496,172</u>	<u>64,583,981</u>	<u>290,994</u>	<u>7,295,132</u>	<u>839,468</u>	<u>89,505,747</u>



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 4 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold properties \$	Plant and equipment \$	Assets under construction \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Total \$
<b>Accumulated depreciation and impairment loss</b>						
At 1 July 2019	8,101,774	33,138,186	–	5,953,918	267,252	47,461,130
Charge for the year	1,415,018	4,875,017	–	311,167	173,610	6,774,812
Disposals/Write-off	(36,835)	(1,003,937)	–	(93,902)	(9,894)	(1,144,568)
Derecognition due to expiry/termination of lease	(691,736)	–	–	–	–	(691,736)
Translation differences on consolidation	79,140	454,304	–	42,989	4,459	580,892
At 30 June 2020	<u>8,867,361</u>	<u>37,463,570</u>	<u>–</u>	<u>6,214,172</u>	<u>435,427</u>	<u>52,980,530</u>
At 1 July 2020	8,867,361	37,463,570	–	6,214,172	435,427	52,980,530
Charge for the year	1,511,782	4,825,722	–	331,685	165,896	6,835,085
Disposals/Write-off	(19,976)	(345,532)	–	(61,106)	–	(426,614)
Transfer to investment property	(275,790)	–	–	–	–	(275,790)
Derecognition due to expiry/termination of lease	(1,454,997)	–	–	–	–	(1,454,997)
Translation differences on consolidation	(63,048)	(189,695)	–	(25,259)	(3,080)	(281,082)
At 30 June 2021	<u>8,565,332</u>	<u>41,754,065</u>	<u>–</u>	<u>6,459,492</u>	<u>598,243</u>	<u>57,377,132</u>
<b>Carrying amounts</b>						
At 30 June 2020	<u>7,836,400</u>	<u>21,559,236</u>	<u>331,819</u>	<u>924,843</u>	<u>407,491</u>	<u>31,059,789</u>
At 30 June 2021	<u>7,930,840</u>	<u>22,829,916</u>	<u>290,994</u>	<u>835,640</u>	<u>241,225</u>	<u>32,128,615</u>

Property, plant and equipment comprise owned and leased assets.

	2021 \$	2020 \$
Property, plant and equipment – owned	29,666,904	29,079,591
Right-of-use assets	2,461,711	1,980,198
	<u>32,128,615</u>	<u>31,059,789</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 4 PROPERTY, PLANT AND EQUIPMENT (continued)

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

<b>Group</b>	<b>Leasehold properties \$</b>
<b>Cost</b>	
At 1 July 2019	3,206,554
Additions	1,206,697
Derecognition due to termination of lease	(691,736)
Translation differences on consolidation	70,187
At 30 June 2020	<u>3,791,702</u>
At 1 July 2020	3,791,702
Additions	1,660,830
Derecognition due to termination of lease	(1,467,062)
Translation differences on consolidation	(33,017)
At 30 June 2021	<u>3,952,453</u>
<b>Accumulated depreciation</b>	
At 1 July 2019	1,391,321
Charge for the year	1,076,693
Derecognition due to termination of lease	(691,736)
Translation differences on consolidation	35,226
At 30 June 2020	<u>1,811,504</u>
At 1 July 2020	1,811,504
Charge for the year	1,171,764
Derecognition due to termination of lease	(1,454,997)
Translation differences on consolidation	(37,529)
At 30 June 2021	<u>1,490,742</u>
<b>Carrying amounts</b>	
At 30 June 2020	<u>1,980,198</u>
At 30 June 2021	<u>2,461,711</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 4 PROPERTY, PLANT AND EQUIPMENT (continued)

### *Estimation of useful lives of property, plant and equipment*

The Group reviews the useful lives of property, plant and equipment at each reporting date in accordance with the accounting policy in note 3.3. The estimation of the useful lives involves significant judgement. The net book value of property, plant and equipment at 30 June 2021 was \$29,666,904 (2020: \$29,079,591) and the annual depreciation charge for the year ended 30 June 2021 was \$5,663,321 (2020: \$5,698,119). If the actual useful lives of the property, plant and equipment were longer or shorter than the management's estimate by one year on average, the Group's annual depreciation charge would reduce by \$664,338 (2020: \$660,961) or increase by \$882,919 (2020: \$878,101) respectively.

### *Valuation of property, plant and equipment*

During the year, the Company carried out a review of the recoverable amount of MMUS's property, plant and equipment as it was in loss-making position in the past few years. The recoverable amount was determined based on value in use method. As a result of the review, no impairment loss was recognised in profit or loss during the year (and in 2020).

### *Transfer to investment property*

During the year, an industrial building in Malaysia was transferred to investment property (note 5) due to a change in the long-term plan on the use of the property.

## 5 INVESTMENT PROPERTY

	Note	Group \$
<b>Cost</b>		
At 1 July 2019, 30 June 2020 and 1 July 2020		–
Transfer	4	620,781
Translation differences on consolidation		<u>(3,623)</u>
At 30 June 2021		<u>617,158</u>
<b>Accumulated depreciation</b>		
At 1 July 2019, 30 June 2020 and 1 July 2020		–
Transfer	4	275,790
Charge for the year		12,416
Translation differences on consolidation		<u>(1,701)</u>
At 30 June 2021		<u>286,505</u>
<b>Carrying amounts</b>		
At 30 June 2020		<u>–</u>
At 30 June 2021		<u>330,653</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 5 INVESTMENT PROPERTY (continued)

During the year, a leasehold property was transferred from property, plant and equipment to investment property arising from a change in the long-term plan on the use of the property which would be to lease out to generate rental income. The fair value of the investment property as at 30 June 2021 is \$2,071,040 (categorised under level 3 of the fair value hierarchy: unobservable inputs used in estimating the fair value of the investment property). No independent valuer was engaged to perform the valuation.

### *Valuation of investment property*

Management estimated the fair value of the Group's investment property by using the latest available market information for similar properties and recent experience and knowledge in the location and category of property being valued. The most significant input in this approach is the price per square foot which would increase/(decrease) the estimated fair value if the price per square foot is higher/(lower).

The following items have been recorded in profit or loss:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Rental income	123,225	–
Direct operating expenses	(15,541)	–
	<u>          </u>	<u>          </u>

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Less than one year	122,321	–
One to two years	10,193	–
Total	<u>132,514</u>	<u>          </u>

## 6 SUBSIDIARIES

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Investments in subsidiaries, at cost	35,527,955	35,527,955
Impairment losses	(6,432,411)	(6,432,411)
	<u>29,095,544</u>	<u>29,095,544</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 6 SUBSIDIARIES (continued)

The investments in subsidiaries in the Company's statement of financial position are stated at cost less accumulated impairment losses. Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Percentage of equity held by the Group		Cost	
			2021	2020	2021	2020
			%	%	\$	\$
Micro-Mechanics Pte Ltd <sup>1</sup>	Manufacturing of precision tools	Singapore	100	100	5,463,500	5,463,500
Micro-Mechanics Technology Sdn Bhd <sup>2</sup>	Manufacturing of precision tools	Malaysia	100	100	856,875	856,875
Micro-Mechanics Technology International, Inc. <sup>2</sup>	Manufacturing of precision tools	The Philippines	100	100	347,200	347,200
Micro-Mechanics Technology (Suzhou) Co. Ltd <sup>2</sup>	Manufacturing of precision tools	People's Republic of China	100	100	2,544,407	2,544,407
Micro-Mechanics Inc. <sup>3</sup>	Manufacturing of precision components and modules and sale of precision tools	United States of America	100	100	26,315,973	26,315,973
					<u>35,527,955</u>	<u>35,527,955</u>

<sup>1</sup> Audited by KPMG LLP, Singapore.

<sup>2</sup> Audited by other member firms of KPMG International.

<sup>3</sup> Audited by Fiondella, Milone & LaSaracina LLP.

During the year, the Company carried out a review of the recoverable amount of its investment in MMUS. The recoverable amount was determined based on value in use method. As a result of the review, no additional impairment loss was recognised in profit or loss during the year (and in 2020).

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 7 INVENTORIES

	Group	
	2021	2020
	\$	\$
Raw materials	1,597,758	1,467,941
Work-in-progress	1,647,180	2,032,021
Finished goods	1,956,703	1,897,186
	5,201,641	5,397,148

In 2021, raw materials and changes in finished goods and work-in-progress recognised in cost of sales amounted to \$33,707,743 (2020: \$29,893,433).

### *Valuation of inventories*

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

## 8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade receivables	12,867,220	11,839,561	–	–
Other receivables	71,240	302,188	–	34
Deposits	344,918	350,027	–	–
Amount owing by subsidiaries (non-trade)	–	–	1,959,622	2,433,435
Financial assets at amortised cost	13,283,378	12,491,776	1,959,622	2,433,469
Advances to suppliers	137,382	788,363	–	–
Prepayments	593,203	523,073	11,750	8,835
Forward exchange contracts	275	23,624	–	–
Trade and other receivables	14,014,238	13,826,836	1,971,372	2,442,304
Non-current	462,102	1,109,205	–	–
Current	13,552,136	12,717,631	1,971,372	2,442,304
	14,014,238	13,826,836	1,971,372	2,442,304

The Group's non-current trade and other receivables of \$462,102 (2020: \$1,109,205) was due to advance payment made to suppliers to purchase plant and equipment and security deposits.

### **Amounts due from subsidiaries (non-trade)**

Outstanding non-trade balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The amounts are classified as current as the Company expects to receive payment within the next 12 months.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 9 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash at banks and on hand	18,614,478	11,973,785	10,594,061	4,599,881
Fixed deposits	1,997,300	8,840,900	–	5,000,000
	<u>20,611,778</u>	<u>20,814,685</u>	<u>10,594,061</u>	<u>9,599,881</u>
Deposits pledged	(161,800)	(162,750)		
Cash and cash equivalents in the statement of cash flows	<u>20,449,978</u>	<u>20,651,935</u>		

The deposits pledged are for the banker's guarantees issued on behalf of subsidiary in Malaysia.

## 10 SHARE CAPITAL

Group and Company Fully paid ordinary shares, with no par value	2021		2020	
	No. of shares	\$	No. of shares	\$
At 1 July and 30 June	<u>139,031,881</u>	<u>14,782,931</u>	<u>139,031,881</u>	<u>14,782,931</u>

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

### Capital management

The Group's objectives when managing capital are 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 to provide an adequate return to shareholders.

The Group defines capital as share capital and accumulated profit.

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

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

The Group and its subsidiaries are not subject to externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 10 SHARE CAPITAL (continued)

### Dividends

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

For the year ended 30 June

	Group and Company	
	2021	2020
	\$	\$
Final tax-exempt dividend paid of 7.0 cents (2020: 6.0 cents) per share in respect of previous financial year	9,732,232	8,341,913
Interim tax-exempt dividend paid of 6.0 cents (2020: 5.0 cents) per share in respect of current financial year	8,341,912	6,951,594
	<u>18,074,144</u>	<u>15,293,507</u>

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

	Group and Company	
	2021	2020
	\$	\$
Final proposed tax-exempt dividend of 8.0 cents (2020: 7.0 cents) per share	11,122,550	9,732,232

## 11 RESERVES

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Accumulated profits	43,007,362	43,021,070	26,161,805	25,602,968
Foreign currency translation reserve	272,054	329,672	–	–
Accumulated remeasurement on retirement benefits	(96,646)	(149,704)	–	–
	<u>43,182,770</u>	<u>43,201,038</u>	<u>26,161,805</u>	<u>25,602,968</u>

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

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



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 12 DEFERRED TAX LIABILITIES

Movement in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

	Recognised in		Recognised		Recognised in		Recognised		At 30 June 2021
	At 1 July 2019	profit or loss (note 17)	in other comprehensive income	Exchange differences	At 30 June 2020	profit or loss (note 17)	in other comprehensive income	Exchange differences	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Group</b>									
<b>Deferred tax (assets)/ liabilities</b>									
Property, plant and equipment	1,357,360	30,627	-	(2,128)	1,385,859	36,116	-	(4,479)	1,417,496
Others	28,695	(15,451)	(4,288)	(554)	8,402	(82,069)	1,734	1,125	(70,808)
	<u>1,386,055</u>	<u>15,176</u>	<u>(4,288)</u>	<u>(2,682)</u>	<u>1,394,261</u>	<u>(45,953)</u>	<u>1,734</u>	<u>(3,354)</u>	<u>1,346,688</u>

During the year, the Company's deferred tax credit of \$7,161 (2020: \$3,198) for temporary differences related to investments in subsidiaries was recognised in profit or loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Deferred tax liabilities	1,385,784	1,440,847	203,601	210,762
Deferred tax assets	<u>(39,096)</u>	<u>(46,586)</u>	<u>-</u>	<u>-</u>
Net deferred tax liabilities	<u>1,346,688</u>	<u>1,394,261</u>	<u>203,601</u>	<u>210,762</u>

## 13 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade payables	1,170,787	978,855	-	-
Other payables	1,063,516	898,764	29,244	27,506
Accrued expenses	5,834,585	5,476,853	479,811	507,241
Advances from customers	102,963	104,179	-	-
Forward exchange contracts	32,992	25	-	-
Provision for retirement benefits	<u>524,185</u>	<u>519,052</u>	<u>-</u>	<u>-</u>
	<u>8,729,028</u>	<u>7,977,728</u>	<u>509,055</u>	<u>534,747</u>
Non-current	867,591	835,702	-	-
Current	<u>7,861,437</u>	<u>7,142,026</u>	<u>509,055</u>	<u>534,747</u>
	<u>8,729,028</u>	<u>7,977,728</u>	<u>509,055</u>	<u>534,747</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 13 TRADE AND OTHER PAYABLES (continued)

Included in accrued expenses is a provision for reinstatement costs of:

Group	Reinstatement costs \$
At 1 July 2019	138,331
Additions	52,807
Unwind of discount on reinstatement costs	7,803
At 30 June 2020	<u>198,941</u>
At 1 July 2020	198,941
Unwind of discount on reinstatement costs	11,222
At 30 June 2021	<u>210,163</u>

The provision is due within 2 to 5 years and is classified as non-current liabilities.

The Group's non-current trade and other payables also include the provision for retirement benefits for employees of \$524,185 (2020: \$519,052).

The maturity analysis shows the undiscounted cash flows of the Group's and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### Provision for retirement benefits

The Group has an unfunded, non-contributory defined benefits retirement plan covering its permanent employees. Costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is 30 June 2021.

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

	Group 2021 \$	2020 \$
At 1 July	519,052	317,497
<b>Included in profit or loss</b>		
Current service cost	42,457	27,915
Interest cost	21,912	19,935
	<u>64,369</u>	<u>47,850</u>
<b>Included in other comprehensive income</b>		
<b>Remeasurements arising from:</b>		
Experience adjustment	(53,683)	6,148
Change in financial assumptions	1,703	123,556
	<u>(51,980)</u>	<u>129,704</u>
Exchange difference	(7,256)	24,001
<b>At 30 June</b>	<u>524,185</u>	<u>519,052</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 13 TRADE AND OTHER PAYABLES (continued)

### Provision for retirement benefits (continued)

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Discount rate	4.97	4.34
Salary increase rate	5.00	5.00

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

The weighted-average duration of the retirement benefits obligation is 15.6 years (2020: 16.7 years).

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

#### *Funding Policy*

Benefit claims under the retirement benefits obligation are paid directly by the Group when they become due. The Group is not expected to make contributions in 2021.

#### *Sensitivity Analysis*

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

	<b>Group</b>			
	<b>2021</b>		<b>2020</b>	
	<b>1% Decrease</b>	<b>1% Decrease</b>	<b>1% Decrease</b>	<b>1% Decrease</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Discount rate	(73,859)	88,683	(77,841)	93,508
Salary increase rate	89,642	(74,483)	95,153	(78,071)

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

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

#### *Maturity Profile*

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 14 LEASE LIABILITIES

	2021 \$	2020 \$
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	1,236,089	1,168,811
One to two years	884,498	658,520
Two to three years	497,613	406,935
Total undiscounted lease liabilities	<u>2,618,200</u>	<u>2,234,266</u>
<b>Lease liabilities included in the statement of financial position</b>		
– Current	1,152,578	1,079,298
– Non-current	1,339,999	900,564
	<u>2,492,577</u>	<u>1,979,862</u>

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position is 4.3% (2020: 5.4%).

The Group applies practical expedient in paragraph C9(a) and C10(c) of SFRS(I) 16, that resulted in not applying the requirements in paragraphs 22 to 49 of SFRS(I) 16 to short-term leases and leases for which the underlying asset is of low value.

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

	\$
At 1 July 2019	1,814,851
Addition of lease liabilities	1,153,890
Payment of lease liabilities	(1,127,392)
Interest expense on lease liabilities	101,704
Translation difference on consolidation	36,809
At 30 June 2020	<u>1,979,862</u>
At 1 July 2020	1,979,862
Addition of lease liabilities	1,660,830
Payment of lease liabilities	(1,229,129)
Derecognition of lease liabilities	(12,164)
Interest expense on lease liabilities	88,472
Translation difference on consolidation	4,706
At 30 June 2021	<u>2,492,577</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 15 REVENUE

Revenue of the Group represents the value of goods invoiced to third parties. Revenue comprises sale of precision tools and components.

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

## 16 PROFIT BEFORE TAX

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Other income:		
– Exchange gain (net)	–	226,235
– Interest income	54,683	209,466
– Gain on disposal of property, plant and equipment	3,776	–
– Government grants	650,251	517,929
– Others	289,534	229,882
	<u>998,244</u>	<u>1,183,512</u>
Staff costs:		
– Wages and salaries	22,490,529	20,789,020
– Contribution to defined contribution plans	2,334,275	2,030,862
– Increase in liability for unconsumed leave	117,442	32,289
– Employee benefit expense	64,369	47,850
	<u>25,006,615</u>	<u>22,900,021</u>
Interest on lease liabilities	88,472	101,704
Exchange loss (net)	4,641	–
Expenses relating to short term leases	12,539	18,986
Expenses related to leases of low value assets, excluding short term leases of low value assets	4,296	4,296
Audit fees:		
– auditors of the Company	120,000	118,250
– other member firms of the auditors of the Company	51,948	45,973
– other auditors	68,964	62,869

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 16 PROFIT BEFORE TAX (continued)

	Group	
	2021	2020
	\$	\$
Non-audit fees:		
– auditors of the Company	16,400	16,396
– other member firms of the auditors of the Company	4,401	3,419
– other auditors	28,477	13,156
Depreciation of property, plant and equipment	6,835,085	6,774,812
Depreciation of investment property	12,416	–
Directors' remuneration:		
– directors of the Company	3,113,746	2,978,553
– other directors	169,286	148,828
Inventories written off	130,371	95,423
Property, plant and equipment written off	50	6,400
Loss on disposal of property, plant and equipment	–	29,454
	–	29,454

## 17 TAX EXPENSE

	Group	
	2021	2020
	\$	\$
<b>Tax charge</b>		
Current year	5,248,494	4,477,206
Overprovision in prior years	(35,284)	(57,935)
	5,213,210	4,419,271
<b>Deferred tax</b>		
Origination and reversal of temporary differences	355	(1,604)
(Over)/Under provision in prior years	(46,308)	16,780
	(45,953)	15,176
Total tax expenses	5,167,257	4,434,447
<b>Reconciliation of effective tax rate</b>		
Profit before tax	23,227,693	19,084,490
Income tax calculated using the statutory tax rate of 17% (2020: 17%)	3,948,708	3,244,363
Non-deductible expenses	225,316	240,607
Income not subjected to tax	(161,474)	(144,479)
Deferred tax assets not recognised	–	34,086
Recognition of tax effect of previously unrecognised tax losses	(207,149)	–
Effect of tax incentives granted	(35,378)	(14,272)
Effect of tax rate in foreign jurisdictions	817,093	561,422
Withholding tax paid in foreign jurisdictions	648,145	553,141
Over provision in prior years	(81,592)	(41,155)
Others	13,588	734
	5,167,257	4,434,447

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 17 TAX EXPENSE (continued)

In the prior year, Micro-Mechanics Inc. recorded a loss before tax of US\$108,099. The tax losses brought forward are subject to agreement with the tax authorities and compliance with tax regulations in the jurisdiction in which the subsidiary operate. Cumulative deferred tax assets with respect to taxable losses of US\$8,680,264 (2020: US\$9,587,082) have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

## 18 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on:

	Group	
	2021	2020
	\$	\$
Net profit for the year	18,060,436	14,650,043
Number of shares outstanding during the year	139,031,881	139,031,881

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

## 19 RELATED PARTIES

### Key management personnel compensation

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

	Group	
	2021	2020
	\$	\$
Short-term benefits of key management personnel	3,995,089	3,565,156
Defined contribution and defined benefit plans	79,900	61,267

### Key management personnel and director transactions

Previously, the Group entered into an agreement with Sarcadia LLC, a shareholder of the Company and a company which is controlled by Christopher Reid Borch, a director of the Company, for the lease of a premise which is used as the office of Micro-Mechanics, Inc. The Group entered into an additional agreement with Sarcadia LLC in 2019 for the provision of electrical services. During the year, the Group made lease payments of \$537,493 (2020: \$535,940) and electrical services payments of \$183,684 (2020: \$226,200) to Sarcadia LLC. As at 30 June 2021, the amount of lease liability recognised for the lease of building is \$1,561,109 (2020: \$450,806). The balance is not secured and is payable under normal payment terms.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 20 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing the risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

### ***Risk management framework***

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

### **Credit risk**

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

#### *Financial assets at amortised cost*

The following analysis provides further details about the calculation of expected credit loss (ECLs) related to trade receivables. The Group considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The ECLs were calculated based on actual credit loss experience over the past 3 years. The Group performed the calculation of ECL rates separately for distributors, subsidiaries and other customers. The Group also considers the demographics of the customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Based on Group's assessment, there are no ECLs recognised during the financial year.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 20 FINANCIAL RISK MANAGEMENT (continued)

The maximum exposure to credit risk for financial assets at amortised cost at the reporting date by type of customer is:

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Distributors	217,060	327,322	–	–
Direct customers	12,707,939	11,526,022	–	–
Subsidiaries	–	–	1,959,622	2,433,435
Others	358,379	638,432	–	34
	<u>13,283,378</u>	<u>12,491,776</u>	<u>1,959,622</u>	<u>2,433,469</u>

The maximum exposure to credit risk for financial assets at amortised cost at the reporting date by geographical location is:

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Singapore	1,931,831	1,863,621	–	34
Malaysia	2,419,014	1,740,380	–	–
Philippines	861,879	933,809	1,959,622	2,433,435
Thailand	190,052	225,630	–	–
USA	1,411,495	1,971,572	–	–
Europe	412,589	235,385	–	–
China	4,729,620	4,322,130	–	–
Japan	169,994	190,013	–	–
Taiwan	1,015,644	939,693	–	–
Others	141,260	69,543	–	–
	<u>13,283,378</u>	<u>12,491,776</u>	<u>1,959,622</u>	<u>2,433,469</u>

The aging of financial assets at amortised cost (excluding deposits) at the reporting date is:

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Current	10,143,441	9,764,287	1,017,918	1,921,306
Past due 1 – 30 days	2,407,103	1,997,151	–	–
Past due 31 – 60 days	338,560	358,080	–	–
More than 60 days	49,356	22,231	941,704	512,163
	<u>12,938,460</u>	<u>12,141,749</u>	<u>1,959,622</u>	<u>2,433,469</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 20 FINANCIAL RISK MANAGEMENT (continued)

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains the following line of credit:

- \$2,000,000 overdraft facility that is unsecured. Interest would be payable at 1.25% above the DBS Bank Prime rate.

At the reporting date, the Group has no outstanding payable on the line of credit.

The following is the expected contractual undiscounted cash outflows of financial liabilities and derivative financial instruments:

	Carrying amount \$	Contractual cash flows \$	Within 1 year \$	Within 2 to 5 years \$
<b>Group</b>				
<b>30 June 2021</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables*	(7,858,725)	(7,858,725)	(7,725,481)	(133,244)
<b>Derivative financial instruments</b>				
Forward exchange contracts – liabilities	(32,717)			
– Gross payments		(3,536,913)	(3,536,913)	–
– Gross receipts		3,504,196	3,504,196	–
		(32,717)	(32,717)	–
<b>30 June 2020</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables*	(7,155,531)	(7,155,531)	(7,037,822)	(117,709)
<b>Derivative financial instruments</b>				
Forward exchange contracts – assets	23,599			
– Gross payments		(3,618,462)	(3,618,462)	–
– Gross receipts		3,642,061	3,642,061	–
		23,599	23,599	–

\* Excluding advances from customers, forward exchange contracts, provision for retirement benefits and provision for reinstatement costs.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 20 FINANCIAL RISK MANAGEMENT (continued)

### Liquidity risk (continued)

	Carrying amount \$	Contractual cash flows \$	Within 1 year \$
<b>Company</b>			
<b>30 June 2021</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables	(509,055)	(509,055)	(509,055)
<b>30 June 2020</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables	(534,747)	(534,747)	(534,747)

### Market risk

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

The Group's exposure to foreign currency risk relates primarily to its US dollar, Japanese yen and Philippines peso denominated financial assets and liabilities. The Group is also exposed to the foreign currencies of the countries in which the subsidiaries operate. The Group endeavours to minimise such exposures as far as possible by matching assets and liabilities of the same currency although there is no formal hedging policy. As at 30 June 2021, the Group had outstanding foreign exchange contracts with notional amounts of approximately \$3,504,196 (2020: \$3,642,061) to manage exposure to foreign currency fluctuation.

The Group's and Company's exposure to foreign currency risks in the Singapore dollar equivalents are as follows:

	US dollar \$	Japanese yen \$
<b>Group</b>		
<b>30 June 2021</b>		
Trade and other receivables	3,767,468	169,994
Cash and cash equivalents	1,110,524	14,470
Trade and other payables	(141,268)	(64,451)
	<u>4,736,724</u>	<u>120,013</u>
<b>30 June 2020</b>		
Trade and other receivables	3,562,807	190,013
Cash and cash equivalents	1,272,839	144,543
Trade and other payables	(54,533)	(127,442)
	<u>4,781,113</u>	<u>207,114</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 20 FINANCIAL RISK MANAGEMENT (continued)

### Market risk (continued)

	US dollar \$	Philippines Peso \$
<b>Company</b>		
<b>30 June 2021</b>		
Trade and other receivables	–	1,959,622
Cash and cash equivalents	136,810	–
	<u>136,810</u>	<u>1,959,622</u>
<b>30 June 2020</b>		
Trade and other receivables	–	2,433,435
Cash and cash equivalents	280,924	–
	<u>280,924</u>	<u>2,433,435</u>

#### *Sensitivity analysis*

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

	2021 \$	2020 \$
<b>Group</b>		
US dollar	(473,672)	(478,111)
Japanese yen	(12,001)	(20,711)
	<u>(485,673)</u>	<u>(498,822)</u>
<b>Company</b>		
US dollar	(13,681)	(28,092)
Philippines peso	(195,962)	(243,344)
	<u>(209,643)</u>	<u>(271,436)</u>

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

#### *Interest rate risk*

##### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments a change in interest rates at the reporting date would not affect profit or loss.

##### *Cash flow sensitivity analysis for variable rate instruments*

The Group does not have any variable rate instruments as at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 20 FINANCIAL RISK MANAGEMENT (continued)

### Market risk (continued)

*Accounting classifications and fair values*

*Fair value versus carrying amounts*

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Financial assets at amortised cost \$	Designated at fair value \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
<b>Group</b>						
<b>30 June 2021</b>						
Trade and other receivables*	8	13,283,378	-	-	13,283,378	
Forward exchange contracts						
- asset	8	-	275	-	275	275
Cash and cash equivalents	9	20,611,778	-	-	20,611,778	
		<u>33,895,156</u>	<u>275</u>	<u>-</u>	<u>33,895,431</u>	
Trade and other payables**	13	-	-	(7,858,725)	(7,858,725)	
Forward exchange contracts						
-liability	13	-	(32,992)	-	(32,992)	(32,992)
		<u>-</u>	<u>(32,992)</u>	<u>(7,858,725)</u>	<u>(7,891,717)</u>	
<b>30 June 2020</b>						
Trade and other receivables*	8	12,491,776	-	-	12,491,776	
Forward exchange contracts						
- asset	8	-	23,624	-	23,624	23,624
Cash and cash equivalents	9	20,814,685	-	-	20,814,685	
		<u>33,306,461</u>	<u>23,624</u>	<u>-</u>	<u>33,330,085</u>	
Trade and other payables**	13	-	-	(7,155,531)	(7,155,531)	
Forward exchange contracts						
- liability	13	-	(25)	-	(25)	(25)
		<u>-</u>	<u>(25)</u>	<u>(7,155,531)</u>	<u>(7,155,556)</u>	
<b>Company</b>						
<b>30 June 2021</b>						
Trade and other receivables*	8	1,959,622	-	-	1,959,622	
Cash and cash equivalents	9	10,594,061	-	-	10,594,061	
		<u>12,553,683</u>	<u>-</u>	<u>-</u>	<u>12,553,683</u>	
Trade and other payables**	13	-	-	(509,055)	(509,055)	
<b>30 June 2020</b>						
Trade and other receivables*	8	2,433,469	-	-	2,433,469	
Cash and cash equivalents	9	9,599,881	-	-	9,599,881	
		<u>12,033,350</u>	<u>-</u>	<u>-</u>	<u>12,033,350</u>	
Trade and other payables**	13	-	-	(534,747)	(534,747)	

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

\*\* Excluding advances from customers, forward exchange contracts, provision for retirement benefits and provision for reinstatement costs.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 20 FINANCIAL RISK MANAGEMENT (continued)

### Market risk (continued)

#### Fair value hierarchy

The table below analyses fair value measurements for financial assets and financial liabilities, the levels of fair value hierarchy based on the inputs to valuation techniques. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 2 \$	Total \$
<b>Group</b>		
<b>30 June 2021</b>		
Forward exchange contracts – asset	275	275
Forward exchange contracts – liability	(32,992)	(32,992)
<b>30 June 2020</b>		
Forward exchange contracts – asset	23,624	23,624
Forward exchange contracts – liability	(25)	(25)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Forward exchange contracts	<i>Market comparison technique:</i> The fair values are based on financial institutions quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

## 21 SEGMENT REPORTING

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

- Singapore: Includes manufacturing and distributing of precision tools
- Malaysia: Includes manufacturing and distributing of precision tools
- The Philippines: Includes manufacturing and distributing of precision tools
- USA: Includes manufacturing of precision components and modules and distributing of precision tools
- China: Includes manufacturing and distributing of precision tools

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 21 SEGMENT REPORTING (continued)

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

Inter-segment pricing is determined on mutually agreed terms.

### Operating Segments

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$	\$
<b>2021</b>							
Total revenue from external customers	16,765,982	12,209,971	6,209,856	16,471,046	22,071,847	–	73,728,702
Inter-segment revenue	<u>6,652,238</u>	<u>1,812,977</u>	<u>323,159</u>	<u>496</u>	<u>–</u>	<u>(8,788,870)</u>	<u>–</u>
Total revenue	<u>23,418,220</u>	<u>14,022,948</u>	<u>6,533,015</u>	<u>16,471,542</u>	<u>22,071,847</u>	<u>(8,788,870)</u>	<u>73,728,702</u>
Segment results	6,055,841	5,761,213	2,248,241	1,218,522	8,599,971	140,433	24,024,221
Unallocated expenses							<u>(796,528)</u>
Profit from operations							23,227,693
Tax expense							<u>(5,167,257)</u>
Net profit for the year							<u>18,060,436</u>
Segment assets	19,172,309	11,022,197	3,567,157	16,021,711	13,479,045	(1,542,209)	61,720,210
Unallocated assets:							
Others							<u>10,605,811</u>
Total assets							<u>72,326,021</u>
Segment liabilities	4,157,921	847,227	3,189,881	2,822,793	2,637,946	(2,943,218)	10,712,550
Unallocated liabilities:							
Tax	1,684,532	640,216	44,621	–	562,161	207,185	3,138,715
Others							<u>509,055</u>
Total liabilities							<u>14,360,320</u>
Other segment information							
Capital expenditure	2,860,410	445,702	216,792	2,769,101	487,484	–	6,779,489
Depreciation	2,251,068	854,565	575,588	2,229,594	996,264	(59,578)	6,847,501
Non-current assets	<u>11,819,191</u>	<u>4,577,906</u>	<u>1,817,761</u>	<u>10,904,460</u>	<u>3,878,645</u>	<u>(37,497)</u>	<u>32,960,466</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 21 SEGMENT REPORTING (continued) Operating Segments (continued)

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>							
Total revenue from external customers	15,925,590	10,840,438	6,043,682	13,602,414	17,795,626	–	64,207,750
Inter-segment revenue	<u>6,632,347</u>	<u>1,520,962</u>	<u>444,247</u>	<u>211</u>	<u>64,245</u>	<u>(8,662,012)</u>	<u>–</u>
Total revenue	<u>22,557,937</u>	<u>12,361,400</u>	<u>6,487,929</u>	<u>13,602,625</u>	<u>17,859,871</u>	<u>(8,662,012)</u>	<u>64,207,750</u>
Segment results	6,148,473	4,848,441	2,493,186	(149,702)	6,319,094	(1,969)	19,657,523
Unallocated expenses							<u>(573,033)</u>
Profit from operations							19,084,490
Tax expense							<u>(4,434,447)</u>
Net profit for the year							<u>14,650,043</u>
Segment assets	19,479,065	12,746,222	4,168,924	13,863,658	13,220,358	(1,941,933)	61,536,294
Unallocated assets:							
Others							<u>9,608,750</u>
Total assets							<u>71,145,044</u>
Segment liabilities	4,461,215	836,459	3,825,112	1,414,773	2,661,604	(3,776,320)	9,422,843
Unallocated liabilities:							
Tax	1,844,842	602,840	57,184	–	481,537	217,082	3,203,485
Others							<u>534,747</u>
Total liabilities							<u>13,161,075</u>
Other segment information							
Capital expenditure	1,838,234	482,880	421,563	393,871	569,105	–	3,705,653
Depreciation	2,008,424	917,430	589,153	2,293,631	966,174	–	6,774,812
Non-current assets	<u>11,636,108</u>	<u>5,027,961</u>	<u>2,199,948</u>	<u>9,228,033</u>	<u>4,220,605</u>	<u>(97,075)</u>	<u>32,215,580</u>



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

## 21 SEGMENT REPORTING (continued)

### Major customers

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

	Singapore	Malaysia	The Philippines	USA	China	Total
	\$	\$	\$	\$	\$	\$
<b>2021</b>						
Revenue	–	–	4,592,247	13,811,933	3,364,181	21,768,361
Number of customers	–	–	4	4	1	9
<b>2020</b>						
Revenue	–	1,286,050	3,601,220	13,095,716	2,802,548	20,785,534
Number of customers	–	1	3	5	1	10

## 22 COMMITMENTS

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

	Group	
	2021	2020
	\$	\$
Capital commitments:		
– contracted but not provided for	775,089	3,156,102

# SHAREHOLDERS' STATISTICS

As at 3 September 2021

## SHARE CAPITAL

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

Based on the information available to the Company as at 3 September 2021, the percentage of shareholding held in the hands of the public is approximately 41.85% which is more than 10% of the issued ordinary shares of the Company. Therefore Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with. The Company did not have any treasury shares or subsidiary holdings (as defined in the Listing Manual) as at 3 September 2021.

## SUBSTANTIAL SHAREHOLDERS AS AT 3 SEPTEMBER 2021

Name	Shareholdings beneficially held by the substantial shareholder		Other shareholdings in which the substantial shareholder is deemed to have an interest	
	No. of Shares	%	No. of Shares	%
1 Christopher Reid Borch	28,624,913*	20.59%	37,860,256**	27.23%
2 Sarcadia LLC	37,760,256*	27.16%	–	–
3 Low Ming Wah***	7,126,001	5.13%	1,000	0.00%
4 Frederic Louis Borch****	864,500^	0.62%	37,760,256	27.16%
5 Andrea W. Borch****	–	–	37,760,256	27.16%
6 Kyle Christopher Borch****	775,000*	0.56%	37,760,256	27.16%
7 Tyler Campbell Borch****	775,000*	0.56%	37,760,256	27.16%
8 Cameron Louis Borch****	775,000*	0.56%	37,760,256	27.16%
9 Allison Ruth Borch****	775,000*	0.56%	37,760,256	27.16%

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

^ 859,500 shares held by his nominee, Citibank Nominees Singapore Pte Ltd and 5,000 shares in his CDP account. Mr. Frederic Borch ceased as substantial shareholder on 13 September 2021 as per announcement made to SGX.

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

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

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

# SHAREHOLDERS' STATISTICS

As at 3 September 2021

## ANALYSIS OF SHAREHOLDERS BY RANGE AS AT 3 SEPTEMBER 2021

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued share capital
1 – 99	17	0.79	591	0.00
100 – 1,000	723	33.71	491,712	0.35
1,001 – 10,000	1,052	49.04	4,246,871	3.06
10,001 – 1,000,000	340	15.85	24,924,769	17.93
1,000,001 and above	13	0.61	109,367,938	78.66
<b>Total</b>	<b>2,145</b>	<b>100.00</b>	<b>139,031,881</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS AS AT 3 SEPTEMBER 2021

Name	No. of Shares	% of Issued share capital
1 Citibank Nominees Singapore Pte Ltd	79,943,532	57.50
2 Low Ming Wah	7,126,001	5.13
3 DBS Nominees Pte Ltd	4,305,499	3.10
4 Lam Yen Yong	3,256,000	2.34
5 Chow Kam Wing	2,811,000	2.02
6 Raffles Nominees (Pte) Limited	2,078,106	1.49
7 Chew Kwai Yoke	1,986,100	1.43
8 Tan Eng Yam Holdings Pte Ltd	1,602,700	1.15
9 Tan Boon Khak Holdings Pte Ltd	1,541,100	1.11
10 Tan Leng Oei	1,350,700	0.97
11 Tan Seck Wei	1,320,700	0.95
12 Yeap Lam Yang	1,045,000	0.75
13 Karl Zurfluh	1,001,500	0.72
14 Tan Kok Ching	880,050	0.63
15 Maybank Kim Eng Securities Pte Ltd	831,969	0.60
16 Lim Yong Wah	812,500	0.58
17 Phillip Securities Pte Ltd	743,400	0.54
18 United Overseas Bank Nominees Pte Ltd	628,800	0.45
19 OCBC Securities Private Ltd	592,949	0.43
20 Lim Low Yeok	585,700	0.42
<b>Total</b>	<b>114,443,306</b>	<b>82.31</b>

# NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of the Company will be convened and held by way of electronic means on Friday, 29 October 2021 at 9.00 a.m. to transact the following business:-

## Ordinary Business

- 1 To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2021 and the Auditors' Report thereon. **[Resolution 1]**
- 2 To declare a final dividend of six cents per ordinary share tax exempt (one-tier) and a special dividend of two cents per ordinary share tax exempt (one-tier) for the financial year ended 30 June 2021. **[Resolution 2]**
- 3 To re-elect Mr Chow Kam Wing, who retires by rotation pursuant to Regulation 97 of the Company's Constitution, as Director of the Company. **[Resolution 3]**
- 4 To re-elect Ms Sumitri Mirnalini Menon @ Rabia, who retires by rotation pursuant to Regulation 97 of the Company's Constitution, as Director of the Company. **[Resolution 4]**
- 5 To approve the payment of Directors' Fees of S\$435,000 for the financial year ended 30 June 2021 (2020: S\$455,187) **[Resolution 5]**
- 6 To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 6]**
- 7 To transact any other business that may be transacted at an Annual General Meeting.

## Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:-

### 8 Authority to allot and issue shares in the capital of the Company

That pursuant to Section 161 of the Companies Act, Chapter 50 (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,

# NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

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.

**[Resolution 7]**

## 9 **Approval for the continued appointment of Ms Sumitri Mirnalini Menon @ Rabia as an Independent Director for the purposes of Listing Rule 210(5)(d)(iii)(A) by shareholders**

That for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) (which will take effect from 1 January 2022), and subject to and contingent upon the passing of Resolution 4 by shareholders of the Company and the passing of Resolution 9 by shareholders of the Company excluding the Directors and the chief executive officer of the Company and their respective associates (as defined in the Listing Manual of the SGX-ST):

- (a) the continued appointment of Ms Sumitri Mirnalini Menon @ Rabia as an Independent Director be and is hereby approved; and

# NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

- (b) such approval shall continue in force until the earlier of the retirement or resignation of Ms Sumitri Mirnalini Menon @ Rabia as a Director or the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution. **[Resolution 8]**

10 **Approval for the continued appointment of Ms Sumitri Mirnalini Menon @ Rabia as an Independent Director for the purposes of Listing Rule 210(5)(d)(iii)(B) by shareholders excluding the Directors and the chief executive officer of the Company and their respective associates**

That for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the Singapore Exchange Securities Trading Limited (which will take effect from 1 January 2022), and subject to and contingent upon the passing of Resolution 4 and Resolution 8 by shareholders of the Company:

- (a) the continued appointment of Ms Sumitri Mirnalini Menon @ Rabia as an Independent Director be and is hereby approved; and
- (b) such approval shall continue in force until the earlier of the retirement or resignation of Ms Sumitri Mirnalini Menon @ Rabia as a Director or the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution. **[Resolution 9]**

By Order of the Board

Chow Kam Wing  
Company Secretary  
30 September 2021  
Singapore

#### Explanatory Notes:

- (1) For Ordinary Resolutions 3 and 4, detailed information on the two Directors can be found in the sections on “Board of Directors”, “Corporate Information”, “Corporate Governance” and “Additional Information for Directors Seeking Re-election” in the Company’s Annual Report FY2021.

Ms Sumitri Mirnalini Menon @ Rabia, if re-elected as Director and confirmed of her continued independent status under Ordinary Resolutions 8 and 9, will remain as the non-executive Chairman of the Board, Chairman of the Nominating Committee and a member of the Audit Committee, Remuneration Committee and Risk Management Committee and will be considered as an independent director.

- (2) The Ordinary Resolution 7, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments up to an aggregate number not exceeding 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings, if any, in the capital of the Company, with a sub-limit of 10% for issues other than on a pro-rata basis.
- (3) Ordinary Resolutions 8 and 9 are to approve the continued appointment of Ms Sumitri Mirnalini Menon @ Rabia as an Independent Director.

Ms Sumitri Menon is an Independent Director who has served more than nine years and the Company is seeking the requisite approval from shareholders under \*Rule 210(5)(d)(iii)(A) and (B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) for Ms Menon’s continued appointment as an Independent Director from 1 January 2022.

\*Under Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), a Director will not be independent if he has been a Director for an aggregate period of more than nine years and his continued appointment as an Independent Director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders excluding the Directors and the chief executive officer of the Company, and their respective associates. Such resolutions may remain in force until the earlier of the retirement or resignation of the Director or the conclusion of the third Annual General Meeting of the Company following the passing of the resolutions.

# NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

## Notes:

### 1. Pre-Registration

This Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM dated 30 September 2021 which has been uploaded on SGXNET on the same day. The announcement and Notice of AGM may also be assessed at the Company's website at <https://micromechanics.listedcompany.com/>.

Members who wish to attend the AGM via live audio-visual webcast or live audio-only stream, must pre-register at the pre-registration website at <https://globalmeeting.bigbangdesign.co/micromechanics2021agm/> from 8.30 a.m. on 30 September 2021 till 9.00 a.m. on 26 October 2021 to enable the Company to verify their status as members.

Following the verification, authenticated members will receive a confirmation email by 11.00 a.m. on 28 October 2021 which will contain login details to access the live audio-visual webcast or a toll-free telephone number with details to access the live audio-only stream of the AGM proceedings. Members should not disclose such login details to persons who are not entitled to attend the AGM. Members who do not receive the confirmation email by 11.00 a.m. 28 October 2021 may contact the Company's Share Registrar, M & C Services Private Limited at +65 62280518 before 6.00 p.m. on 28 October 2021.

Persons who hold shares through relevant intermediaries, including CPF and SRS investors, and who wish to participate in the AGM should approach their respective relevant intermediaries as soon as possible in order for necessary arrangements to be made for their participation in the AGM.

### 2. Submission of Proxy Form

In view of the current Covid-19 situation in Singapore, the AGM will be held by electronic means and a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman of the Meeting, as proxy, need not be a member of the Company. The Proxy Form is available on SGXNET and <https://micromechanics.listedcompany.com/>. A printed copy of the Proxy Form can also be found in the Annual Report 2021 which will be despatched to members. A member must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. The Proxy Form must be submitted in the following manner:

- if submitted electronically, be submitted via email to the Company's Share Registrar, M & C Services Private Limited at [GPD@mncsingapore.com](mailto:GPD@mncsingapore.com); or
- if submitted by post, be deposited at M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902

in either case, by **9.00 a.m. on 26 October 2021**.

A member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 19 October 2021**.

### 3. Submission of Questions

Members can submit their questions related to the resolutions to be tabled at the AGM to the Chairman of the Meeting, in advance of the AGM, via the pre-registration website when they register for the webcast. Members can also send their questions by email to [investor@micro-mechanics.com](mailto:investor@micro-mechanics.com) or by post to the Company at Micro-Mechanics (Holdings) Ltd, 31 Kaki Bukit Place, Eunos Techpark, Singapore 416209.

When sending in your questions by post or by email, please also provide the following details:

- a. your full name;
- b. number of shares held; and
- c. the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

# NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

---

All questions must be submitted by **9.00 a.m. on 26 October 2021**. Members will not be able to ask questions at the AGM live during the webcast or audio-stream.

The Company will endeavour to address all substantial and relevant questions related to the resolutions to be tabled at the AGM before or at the AGM. A summary of the questions and responses will be published on SGXNET and the Company's website.

#### 4. Annual Report

The Annual Report 2021 has been made available on SGXNET and the Company's website at <https://micromechanics.listedcompany.com/>. A printed copy of the Annual Report 2021 which includes the Notice of AGM and Proxy Form will be despatched to members.

#### Personal data privacy

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, (b) completing the pre-registration in accordance with the Company's announcement dated 30 September 2021, or (c) submitting any question prior to the AGM in accordance with the Company's announcement dated 30 September 2021, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes: (i) processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof); (ii) processing of the pre-registration for purposes of granting access to members to the live audio-visual webcast or live audio-only stream of the AGM proceedings; (iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; (iv) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

#### NOTICE OF RECORD DATE FOR DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Micro-Mechanics (Holdings) Ltd. (the "Company") will be closed for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 9 November 2021 will be registered to determine shareholders' entitlements to the said dividend.

Members whose Securities Accounts with the Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 9 November 2021 will be entitled to the proposed dividend.

The proposed dividend, if approved by the members at the Twenty-Fifth Annual General Meeting to be held on 29 October 2021, will be paid on 19 November 2021.



## ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Sumitri Mirmalini Menon @ Rabia	Chow Kam Wing
Date of appointment	16 May 2003	20 January 2003
Date of last re-appointment (if any)	30 October 2018	30 October 2018
Age	64	64
Country of principal residence	Singapore	Singapore
The Board's comments on this re-election/appointment	After reviewing the recommendation of the Nominating Committee (meeting without her) and Ms. Menon's qualifications and experience (as set out below) and Board Performance and taking into account that all meetings have been attended to remotely by video-conference in the last two years, the Board (excluding her) has confirmed Ms. Menon's independence and approved that Ms. Menon stands for re-election as a Non-Executive Independent Director.	After reviewing the recommendation of the Nominating Committee and Mr. Chow's performance and contribution and experience (as set out below), the Board has approved that Mr. Chow stands for re-election as Executive Director.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Director Group CFO
Job title (e.g. Lead ID, AC Chairman, AC Member, etc)	Independent Non-Executive Chairman; Chairman of Nominating Committee; Member of Remuneration Committee; Audit Committee, Risk Management Committee	Executive Director Group CFO
Professional qualification	Bachelor of Laws (Honours) from National University Singapore; Commissioner for Oaths and a Notary Public; Member of the Singapore Institute of Directors	MBA from University of Wales, United Kingdom; Fellow member of CPA Australia; Member of Institute of Singapore Chartered Accountants and Hong Kong Institute of Certified Public Accountants.
Working experience and occupation(s) during the past 10 years	Advocate and solicitor, Menon and Co (2009 to current)	Executive Director/Group CFO, Micro-Mechanics (Holdings) Ltd

## ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Sumitri Mirmalini Menon @ Rabia	Chow Kam Wing
Shareholding interest in the listed issuer and its subsidiaries	Yes 200,000 ordinary shares in Micro-Mechanics (Holdings) Ltd (Direct Interest)  100,000 ordinary shares in Micro-Mechanics (Holdings) Ltd (Deemed interest)	Yes 2,811,000 ordinary shares in Micro-Mechanics (Holdings) Ltd (Direct Interest)  1,000 ordinary shares in Micro-Mechanics (Holdings) Ltd (Deemed 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	No	No
Conflict of interests (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code.		
Past (for the last 5 years)	Nil	Nil
Present	Nil	Nil
Information required Disclose the following matters concerning an appointment of director.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

## ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Sumitri Mirnalini Menon @ Rabia	Chow Kam Wing
(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

## ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Sumitri Mirnalini Menon @ Rabia	Chow Kam Wing
(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

## ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Sumitri Mirnalini Menon @ Rabia	Chow Kam Wing
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-  (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No  No	No  No

## ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Sumitri Mirnalini Menon @ Rabia	Chow Kam Wing
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

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

This proxy form has been made available on SGXNET and the Company's website at <https://micromechanics.listedcompany.com/>. A printed copy of the Annual Report 2021 which includes this proxy form will be despatched to members.

**IMPORTANT**

- The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
- Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM dated 30 September 2021 which has been uploaded on SGXNET on the same day. The Notice of AGM may also be assessed at the Company's website at <https://micromechanics.listedcompany.com/>.
- In view of the current Covid-19 situation in Singapore, the AGM will be held by electronic means and a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Please read the notes overleaf which contain instructions on, among others, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.
- For CPF/SRS investors who have used their CPF/SRS monies to buy shares in Micro-Mechanics (Holdings) Ltd., this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 19 October 2021.
- By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 September 2021.

I/We \_\_\_\_\_ NRIC/Passport/Co. Registration No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of **MICRO-MECHANICS (HOLDINGS) LTD.** hereby appoint:

the Chairman of the Meeting

as my/our proxy to attend, speak and vote for me/us on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the Company to be held by way of electronic means on Friday, 29 October 2021 at 9.00 a.m. and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against each item below how I/we wish the Chairman of the Meeting as my/our proxy to vote, or to abstain from voting.

No.	Resolutions Relating To:	No. of Votes For	No. of Votes Against	No. of Votes Abstain
<b>ORDINARY BUSINESS</b>				
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2021			
2	Payment of final and special dividends			
3	Re-election of Mr Chow Kam Wing as director			
4	Re-election of Ms Sumitri Mirnalini Menon @ Rabia as director			
5	Approval of directors' fees			
6	Re-appointment of KPMG LLP as auditors			
<b>SPECIAL BUSINESS</b>				
7	Authority to allot and issue new shares			
8	Approval for the continued appointment of Ms Sumitri Mirnalini Menon @ Rabia as an independent director for the purposes of Listing Rule 210(5)(d)(iii)(A) by all shareholders			
9	Approval for the continued appointment of Ms Sumitri Mirnalini Menon @ Rabia as an independent director for the purposes of Listing Rule 210(5)(d)(iii)(B) by shareholders, excluding the Directors and the chief executive officer of the Company and their respective associates			

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the relevant resolution, please indicate with an "X" in the relevant box provided above. Alternatively, if you wish the Chairman of the Meeting as your proxy to exercise some of your votes "For" or some of your votes "Against" the relevant resolution, and/or to abstain from voting on the relevant resolution, please insert the relevant number of votes in the relevant boxes provided above. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

\_\_\_\_\_  
Signature(s) of Member(s) or  
Common Seal of Corporate Member

Total Number of Shares held	
(a) CDP Register	
(b) Register of Members	

**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 (maintained by or on behalf 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. In view of the current Covid-19 situation in Singapore, the AGM will be held by electronic means and a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 October 2021.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - if submitted electronically, be submitted via email to the Company's Share Registrar, M & C Services Private Limited at [GPD@mncsingapore.com](mailto:GPD@mncsingapore.com); or
  - if submitted by post, be deposited at M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902,

in either case, by 9.00 a.m. on 26 October 2021.

A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

5. The instrument appointing the Chairman of the Meeting as proxy shall be signed by the appointor or his attorney. Where the instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid. In the case of a corporation, the instrument appointing the Chairman of the Meeting as proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy 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 of proxy. In addition, in the case of shares entered in the Depository Register, the Company shall be entitled to reject an instrument appointing the Chairman of the Meeting as proxy if the member, being the appointor, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the AGM, as certified by The Central Depository (Pte) Limited to the Company.



# CORPORATE DIRECTORY

---

## SUBSIDIARIES

### SINGAPORE

Micro-Mechanics Pte Ltd  
No. 31 Kaki Bukit Place  
Eunos Techpark  
Singapore 416209  
Tel: 65-6746-8800  
Fax: 65-6746-7700  
Mmsingapore@micro-mechanics.com

### MALAYSIA

Micro-Mechanics Technology Sdn. Bhd.  
Lot P22, Phase 4  
Free Industrial Zone  
Bayan Lepas, 11900  
Penang  
Malaysia  
Tel: 604-643-4648  
Fax: 604-643-4628  
Mmmalaysia@micro-mechanics.com

### PHILIPPINES

Micro-Mechanics Technology International Inc.  
Lot B2-1 C Carmelray Industrial Park II  
Brgy Tulo, Calamba City, Laguna,  
Philippines  
Tel: 63-49-545-7718  
Fax: 63-49-545-7719  
Mmphilippines@micro-mechanics.com

### CHINA

Suzhou Factory  
Micro-Mechanics Technology  
(Suzhou) Co., Ltd  
8A Suchun Industrial Square  
No 428 Xing Long Street  
Suzhou Industrial Park  
P.R. China 215126  
Tel: 86-512-8716-8800  
Fax: 86-512-8716-7700  
Mmsuzhou@micro-mechanics.com

### USA

Micro-Mechanics, Inc.  
465 Woodview Drive  
Morgan Hill, California 95037  
Tel: 408-779-2927  
Fax: 408-779-9189  
Mmusa@micro-mechanics.com



**MICRO-MECHANICS®**

No. 31 Kaki Bukit Place  
Eunos Techpark  
Singapore 416209  
T +65 6746 8800  
F +65 6746 7700  
[www.micro-mechanics.com](http://www.micro-mechanics.com)