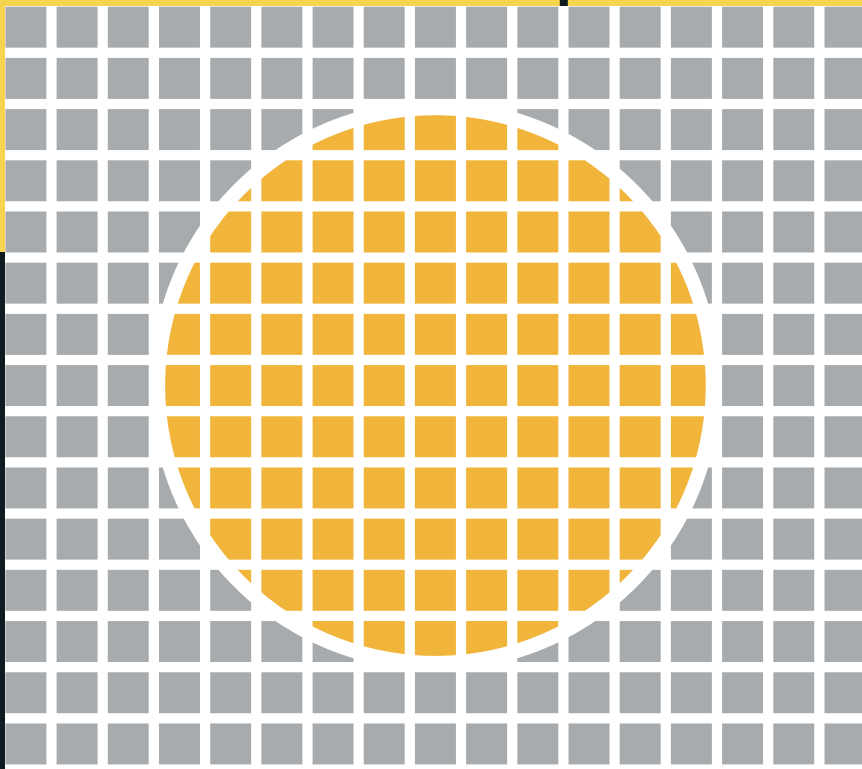


SUNRIGHT LIMITED
(COMPANY REG. NO. 197800523M)

ANNUAL REPORT



SUNRIGHT

2024



**THE WORLD'S LARGEST
INDEPENDENT BURN-IN AND
TEST SERVICE PROVIDER AND
A LEADING MANUFACTURER
OF RELIABILITY TEST SYSTEMS**



**WE ENSURE THE RELIABILITY OF
DEVICES MANUFACTURED BY
OUR CUSTOMERS FOR A WIDE
RANGE OF PRODUCTS**

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CHAIRMAN'S STATEMENT

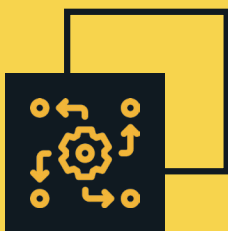
OUR CONTINUING INVESTMENTS
ON INNOVATION WILL POSITION
OURSELVES TO CAPITALISE ON
THE GROWING DEMAND AND
EMERGING OPPORTUNITIES.



EXPANDING BURN-IN AND TEST
SOLUTIONS FROM PACKAGE TO
MODULE AND WAFER



EXPANDING SLT FOR MODULE
BURN-IN AND TESTING



WELL-POSITIONED TO MEET
THE EVOLVING NEEDS OF THE
HIGH-GROWTH INDUSTRIES

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

Financial Year 2024 was a year that tested our resilience and adaptability. Confronted with a decline in sales, we made tough but necessary decisions by reducing expenses, monetising underperforming assets, and strategically investing in high-growth areas. While we have not yet realised our financial aspirations, we continue to believe that we are well positioned to benefit from the significant uptick in market activity, particularly in AI-driven sector. We are building on this momentum with confidence whilst recognising that translating this into financial achievements will require time and sustained effort.

FINANCIAL PERFORMANCE

In FY2024, the Group's revenue decreased by 7%, at S\$82.0 million, down from S\$88.3 million in FY2023. Notwithstanding that, with financial discipline and vigilance, we were able to record a net profit of S\$2.2 million—a notable recovery from the S\$3.1 million loss in the previous year. Correspondingly, the earnings per share attributable to owners of the Company stood at 1.8 cents from a loss per share of 2.5 cents. Our cash holdings increased to S\$95.1 million from S\$88.7 million, reflecting our focus on maintaining a stable financial position.

EXPANDING BURN-IN AND TEST SOLUTIONS FROM PACKAGE TO MODULE AND WAFER

As the mobile device market contracts, our diverse customer base in the artificial intelligence ("AI") and electric vehicles ("EV") offer potential growth opportunities, though challenges remain. What once required burn-in and testing at the chip level has evolved into more complex modules with integrated AI capabilities, demanding rigorous burn-in and testing at the system level. Additionally, wafer-level burn-in and testing is emerging as a key frontier for future advancements.

In this dynamic landscape, reliability is no longer optional—it is imperative. Our extensive customer base provides us with unique advantages in understanding and anticipating the evolving needs of the market.

EXPANDING SLT FOR MODULE BURN-IN AND TESTING

Demand for System Level Test ("SLT") in automotive devices is rising, driven by AI advancements that enhance safety and improve driver-assistance systems.

At the same time, AI is driving increased demand for Power Management components, which boost energy efficiency and reduce power consumption. We have been actively engaged in developing solutions for reliability testing of AI powered chips.

Leveraging our advanced thermal control technology, enable advancements in more precise temperature regulation during testing and improve the accuracy and efficiency of tests for AI-driven PC components.

As AI applications expand across automotive, power systems, and PCs, our ongoing efforts demonstrate our commitment to innovation in this evolving space.

PIONEERING THE FUTURE WITH POWER TEST PROBES

We introduced wafer testing services to capitalise on opportunities in the high-power automotive market, supporting advancements in technologies like EV and power management systems.

We also filed a patent for our high-power test probes, expanding our intellectual property portfolio and further demonstrating our commitment to innovation in these rapidly growing markets. By continually advancing our testing capabilities, we are well-positioned to meet the evolving needs of these high-growth industries and guarantee the consistent quality and performance of next-generation devices.

REPOSITIONING SUNRIGHT FOR FUTURE GROWTH

FY2024 marked a significant year for Sunright as we strengthened our market leadership by evolving beyond traditional package burn-in and test processes. As these new technologies are still in the early stages of market adoption, our customers face lower production yields, underscoring the critical need for rigorous reliability testing.

We remain committed to our vision that our continuing investments on innovation will position ourselves to capitalise on the growing demand and emerging opportunities.

APPRECIATION TO RETIRING DIRECTOR

At our upcoming Annual General Meeting we will bid farewell to Timothy Brooks Smith ("Tim"), who is retiring from the Board following the mandatory 9-year tenure limit for independent directors as prescribed by the Singapore Exchange Securities Trading Limited. Tim's technical leadership has been a cornerstone of our organisation for the past 30 years. A veteran in the U.S. semiconductor industry and the inventor of TI's low-power Schottky and BiFET Op Amp semiconductors, Tim's contributions have been truly invaluable. We extend our heartfelt appreciation to Tim for his many years of dedicated service and contribution and wish him all the best as he steps down to embrace new adventures and well-deserved relaxation.

DIVIDEND

The Board of Directors do not recommend a dividend for FY2024 in light of the challenges we have faced and which we expect will continue to face in light of the overall volatility of the industry.

APPRECIATION

I would like to express my sincere gratitude to our management and staff for their dedication, as well as to our customers, suppliers, and financial partners for their continued support. We look forward to your unwavering support as we move into the new year.

Yours sincerely

SAMUEL LIM SYN SOO

Executive Chairman & Chief Executive Officer
27 September 2024

BUSINESS REVIEW



System Level Test System

Our partnerships with top semiconductor manufacturers have been crucial in expanding our System Level Test capabilities, allowing us to support burn-in and testing for AI applications across automotive, power, and PC industries.

Last year, we concentrated on preparing for the new fiscal year by rigorously extending our qualification processes for new AI-driven devices. This has established a solid foundation for anticipated production growth, while we continue to deliver innovative solutions that help our customers bring new chips to market more efficiently.

To strengthen our leadership in the fast-evolving semiconductor industry, we made strategic investments in advanced tester platforms. A key achievement this year is the development of high-power test probes for the SiC market, capable of handling 5A with fine pitch. These probes, for which we have filed a patent, are designed to meet the stringent demands of high-power applications in automotive, industrial, and computing sectors, effectively managing higher voltages and temperatures.

In response to increasing demand for high-power burn-in solutions, we completed the design of a fully automated and integrated smart system. The design aims to boost productivity, reduce cycle times, and maximize throughput, offering a highly flexible and modular solution.

Looking ahead, the evolving market landscape presents exciting opportunities for continued innovation. With our comprehensive suite of testing and burn-in solutions, Sunright is well-positioned to continue driving progress and shaping the future of semiconductor manufacturing, ensuring we remain a leader in this rapidly changing industry.

BOARD OF DIRECTORS



SAMUEL LIM SYN SOO

Chairman and
Chief Executive Officer
Age: 70

First appointment as a Director: 9 March 1978
Appointment as Chairman: 19 February 1990
Appointment as Chief Executive Officer: 13 January 1994
Last re-appointment as a Director: 24 November 2023

Board Committee Membership

- Nominating Committee

Interest in Shares in the Company

67,466,666 shares (54.94%)

Academic & Professional Qualification(s)

- Diploma in Industrial Engineering (Canada)

Background and Working Experience

Mr Lim is an engineer, entrepreneur and innovator.

He began his career as an Industrial Engineer in 1972 at Fairchild Semiconductor in Singapore. He held various senior positions including engineering, manufacturing and marketing, working for U.S. multinational companies based in Asia and USA.

Mr Lim is Founder, Executive Chairman and Chief Executive Officer of the Company and KESM Industries Berhad in Malaysia. He led the Company to become the world's largest independent test and burn-in service company and a leading solution provider.

Present Principal Commitments including Directorships *Directorships in Other Listed Companies*

- KESM Industries Berhad

Directorships in Non-Listed Companies

- KES Systems & Service (1993) Pte Ltd
- KES Systems & Service (M) Sdn. Bhd.
- KES Systems & Service Philippines Inc.
- KEST Systems and Service Ltd.
- KES International Sdn. Bhd.
- KES Systems, Inc.
- KESM Test (M) Sdn. Bhd.
- KESP Sdn. Bhd.

Major Appointments (other than Directorships)

- Nil

Past Principal Commitments including Directorships (held over the preceding five years)

- Kestronics (M) Sdn. Bhd.
- Kestronics Philippines, Inc.
- KES Systems & Service (Shanghai) Co., Ltd

Relationship between Directors, Key Executives or Substantial Shareholder

Nil



KENNETH TAN TEOH KHOON

Executive Director
Age: 67

First appointment as a Director: 12 January 1994
Appointment as Executive Director: 13 January 1994
Last re-appointment as a Director: 21 November 2022

Board Committee Membership

- Nominating Committee

Interest in Shares in the Company

2,130,000 (1.73%)

Academic & Professional Qualification(s)

- Bachelor of Accountancy, National University of Singapore
- Fellow Member of the Institute of Singapore Chartered Accountants

Background and Working Experience

Mr Tan is responsible for the strategic direction and new business initiatives of some of the Sunright Group companies, contract negotiations, investor relations and oversees the financial management of the Group.

Prior to joining the Company in 1987, he worked in an international accounting firm, a major property group in Singapore and subsequently in a diversified multinational group in the manufacturing and packaging industries.

Present Principal Commitments including Directorships *Directorships in Other Listed Companies*

- KESM Industries Berhad

Directorships in Non-Listed Companies

- KES Systems & Service (1993) Pte Ltd
- KES Systems & Service (M) Sdn. Bhd.
- KES Systems & Service Philippines Inc.
- KEST Systems and Service Ltd.
- KES International Sdn. Bhd.
- KES Systems, Inc.
- KESM Test (M) Sdn. Bhd.
- KESP Sdn. Bhd.
- KESM Industries (Tianjin) Co., Ltd

Major Appointments (other than Directorships)

- Nil

Past Principal Commitments including Directorships (held over the preceding five years)

- Kestronics (M) Sdn. Bhd.
- Kestronics Philippines, Inc.
- KES Systems & Service (Shanghai) Co., Ltd

Relationship between Directors, Key Executives or Substantial Shareholder

Nil

BOARD OF DIRECTORS



DANIEL SOH CHUNG HIAN

Lead Independent Director
Age: 70



TIMOTHY BROOKS SMITH

Independent
Non-Executive Director
Age: 82

First appointment as a Director: 3 December 2018
Appointment as a Lead Independent Director: 1 February 2021
Last re-appointment as a Director: 21 November 2022

Board Committee Membership

- Audit and Risk Committee (Chairman)
- Nominating Committee (Chairman)
- Remuneration Committee

Interest in Shares in the Company

Nil

Academic & Professional Qualification(s)

- Bachelor of Accountancy, then University of Singapore
- Master of Business Administration, The International Management Centres of the United Kingdom
- Fellow Member of the Institute of Singapore Chartered Accountants

Background and Working Experience

Mr Soh began his career in 1977 with Ernst & Young LLP, Singapore, and was a partner from 1990 till his retirement in December 2012. His 35 years of experience saw him auditing many public listed companies and working on many IPOs of listed companies.

Present Principal Commitments including Directorships *Directorships in Other Listed Companies*

- VICOM Ltd
- Intraco Limited

Directorships in Non-Listed Companies

- Nil

Major Appointments (other than Directorships)

- Nil

Past Principal Commitments including Directorships (held over the preceding five years)

- Lum Chang Holdings Limited
- British and Malayan Trustees Limited
- Agency for Integrated Care Pte Ltd
- British and Malayan Holdings Limited

Relationship between Directors, Key Executives or Substantial Shareholder

Nil

First appointment as a Director: 18 January 1994
Last re-appointment as a Director: 24 November 2023

Board Committee Membership

- Audit and Risk Committee
- Nominating Committee
- Remuneration Committee (Chairman)

Interest in Shares in the Company

Nil

Academic & Professional Qualification(s)

- Bachelor of Science (Electrical & Electronics)
- Master of Science (Electrical Engineering), Southern Methodist University, USA

Background and Working Experience

Mr Smith has over 40 years of experience in the semiconductor industry. He had spent over 21 years at Texas Instruments ("TI") and was credited for the invention of TI's Low Power Schottky Product Line and BiFET OP AMP. His last held position in TI was as a Senior Vice President of the Semiconductor Group, with worldwide profit and loss responsibility for its Memory, MOS Logic and DSP businesses. Reporting to Mr Smith were TI plants in Singapore, Taiwan, the Philippines and Houston. He managed TI's semiconductor wafer fabrication units in Dallas, Lubbock and Houston; was chairman of its wafer fabrication council; managed the annual capital expenditure budget for multiple wafer fabrication, assembly and test operations and the annual research and development budget for process technology and product development for the businesses under his management. Mr Smith was the Semiconductor Group representative to the corporate capital subcommittee of the Board of Directors and Chairman of the Wafer Fabrication Council, responsible for the capital roadmap for 27 wafer fabrication units, worldwide. He was also responsible for the included income statement, balance sheet and cash flow of TI's worldwide Memory, MOS Logic and DSP businesses.

Present Principal Commitments including Directorships *Directorships in Other Listed Companies*

- Nil

Directorships in Non-Listed Companies

- Avazzia, Inc

Major Appointments (other than Directorships)

- Nil

Past Principal Commitments including Directorships (held over the preceding five years)

- Nil

Relationship between Directors, Key Executives or Substantial Shareholder

Nil

BOARD OF DIRECTORS



SANDY FOO FEI YING

Independent
Non-Executive Director
Age: 51

First appointment as a Director: 1 February 2021
Last re-appointment as a Director: 22 November 2021

Board Committee Membership

- Audit and Risk Committee
- Nominating Committee
- Remuneration Committee

Interest in Shares in the Company

Nil

Academic & Professional Qualification(s)

- LLB (Hons), National University of Singapore

Background and Working Experience

Ms Foo has more than two decades of experience in legal practice, both in Singapore and in London. She is a Partner of and serves on the Executive Committee of Rajah & Tann LLP (“R&T”). She specialises in Mergers & Acquisitions as a member of R&T’s Capital Markets, Mergers & Acquisitions practice and is also a member of their Sustainability practice.

In addition, she has co-authored various publications, including the Singapore Chapter of the *Mergers & Acquisitions (Global Legal Institute) 5th and 6th Editions*; Singapore Chapter of the Corporate M&A 2020 Global Practice Guide (*Chambers & Partners*); and the Singapore Chapter of the Private Equity 2020 Global Practice Guide (*Chambers & Partners*).

Present Principal Commitments including Directorships *Directorships in Other Listed Companies*

- Nil

Directorships in Non-Listed Companies

- Nil

Major Appointments (other than Directorships)

- Partner, Rajah & Tann LLP
- Member of the Law Society’s Continuing Professional Development Committee
- Speaker for Singapore Institute of Directors’ Listed Entity Director Programmes
- Council Member of the Institute of Valuers and Appraisers, Singapore
- Assistant Honorary Secretary, Governing Council Dover Park Hospice

Past Principal Commitments including Directorships (held over the preceding five years)

- Nil

Relationship between Directors, Key Executives or Substantial Shareholder

Nil



DR. BABAK ALIZADEH TAHERI

Independent
Non-Executive Director
Age: 62

Person Standing for Election as Director of the Company at the forthcoming Annual General Meeting

First appointment as a Director: N.A.
Last re-appointment as a Director: N.A.

Board Committee Membership

N.A.

Interest in Shares in the Company

Nil

Academic & Professional Qualification(s)

- Bachelor of Science in Engineering, San Francisco State University
- Master of Science in Electrical Engineering, San Jose State University
- Ph.D. in Biomedical Engineering, University of California, Davis

Background and Working Experience

Dr. Taheri has over 20 years of experience in the semiconductor industry. He is the founder of Integrated Biosensing Technologies, an advisory and consulting firm.

Dr. Taheri is Chief Executive Officer and Director of Silvaco Group, Inc., a corporation listed on Nasdaq. He was previously the Chief Technology Officer and Executive Vice President of Products of Silvaco Inc.

Prior to joining Silvaco, Dr. Taheri was also the acting Chief Technology Officer and advisor to CEO of Novasentis, Inc., and Vice President/General Manager of Sensor Division of Freescale Semiconductors.

Dr. Taheri is Advisory Board Chair of the Electrical Engineering Department at the University of California, Davis and had served on the advisory board of MEMS World Summit.

He was a member of the governing council on ESDA Alliance from 2019 to 2021 and also a director of Parisi House on The Hill, a residential alcohol and drug non-profit, from June 2021 to May 2022.

Present Principal Commitments including Directorships *Directorships in Other Listed Companies*

- Silvaco Group, Inc.

Directorships in Non-Listed Companies

- Silvaco Japan Co., Ltd.

Major Appointments (other than Directorships)

- Chief Executive Officer and President, Integrated Biosensing Technologies
- Advisory Board, Electrical Engineering Department at the University of California, Davis

Past Principal Commitments including Directorships (held over the preceding five years)

- Parisi House on The Hill
- ESDA Alliance
- Silvaco Inc.

Relationship between Directors, Key Executives or Substantial Shareholder

Nil

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Samuel Lim Syn Soo
(Executive Chairman & CEO)

Mr Kenneth Tan Teoh Khoon
(Executive Director)

Mr Daniel Soh Chung Hian
(Lead Independent Director)

Mr Timothy Brooks Smith
(Non-Executive, Independent Director)

Ms Sandy Foo Fei Ying
(Non-Executive, Independent Director)

AUDIT AND RISK COMMITTEE

Mr Daniel Soh Chung Hian *(Chairman)*

Mr Timothy Brooks Smith

Ms Sandy Foo Fei Ying

NOMINATING COMMITTEE

Mr Daniel Soh Chung Hian *(Chairman)*

Mr Timothy Brooks Smith

Ms Sandy Foo Fei Ying

Mr Samuel Lim Syn Soo

Mr Kenneth Tan Teoh Khoon

REMUNERATION COMMITTEE

Mr Timothy Brooks Smith *(Chairman)*

Mr Daniel Soh Chung Hian

Ms Sandy Foo Fei Ying

COMPANY SECRETARY

Ms Adeline Lim Kim Swan

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

#14-07 Keppel Bay Tower

Singapore 098632

Tel : (65) 6536 5355

Fax: (65) 6536 1360

REGISTERED OFFICE

Blk 1093 Lower Delta Road

#02-01/08

Singapore 169204

Tel : (65) 6272 5842

Fax: (65) 6276 8426

PLACE OF INCORPORATION

Singapore

COMPANY REGISTRATION NO.

197800523M

DATE OF INCORPORATION

9 March 1978

WEBSITE

www.sunright.com

STOCK EXCHANGE LISTING

Listed on 20 October 1994 on SGX Mainboard

STOCK NAME

Sunright

STOCK CODE

S71

AUDITORS

Ernst & Young LLP

One Raffles Quay

North Tower Level 18

Singapore 048583

AUDIT PARTNER

Ms Tee Huey Yenn

(Date of appointment:

with effect from financial year ended 31 July 2020)

SUSTAINABILITY REPORT

BOARD STATEMENT

[GRI 2-22]

Economic turbulence and escalating trade tensions between the United States and China brought about uncertainties in the semiconductor industry. Nonetheless, Sunright remained resolute in our unwavering dedication to sustainability. Despite the challenges posed by the evolving landscape, we continued to implement sustainable practices, reinforcing our commitment to environmental responsibility and long-term resilience.

The Board is responsible for assessing and supervising key sustainability matters. These matters undergo an annual review, facilitated by close collaboration between management and stakeholders. This ensures their adherence to and relevance for Sunright's strategic direction and priorities.

Following the Board's mandate, the management team is responsible for implementing sustainability policies and practices to advance our sustainability efforts and positively impact the business and stakeholders.

ABOUT SUNRIGHT LIMITED

[GRI 2-1, 2-6]

Founded in 1978, Sunright Limited and its subsidiaries ("Sunright" or the "Group") are the world's largest independent 'burn-in and test' service company and a leading manufacturer of parallel test and burn-in equipment. For several decades, Sunright has served many of the world's leading semiconductor manufacturers and electronics manufacturers, handling a broad range of semiconductor chips, including microcontrollers, microprocessors and memories.

Sunright was listed on the Singapore Exchange ("SGX") in 1994 and is headquartered in Singapore with manufacturing facilities in Singapore, Malaysia, Taiwan, Mainland China and the United States. The Group is well-supported by sales and service support centres in Singapore, Malaysia, Philippines, Taiwan, Mainland China and the United States.

ABOUT THE REPORT

[GRI 2-2, 2-3, 2-5]

This is Sunright's seventh annual Sustainability Report, for the period of 1 August 2023 to 31 July 2024 ("FY2024"). Where applicable, historical performance data are included for comparative purposes¹.

This report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards 2021 as well as the SGX Listing rules 711A, 711B and Practice Note 7.6 Sustainability Reporting Guide. The GRI Standards have been considered most suitable for Sunright's sustainability reporting as the standards are recognised internationally and are the most widely adopted global standards for sustainability reporting.

This year, using a phased approach, Sunright is disclosing its second Task Force on Climate-related Financial Disclosures ("TCFD") Report to embrace the TCFD recommendations and better manage climate risks and opportunities.

The scope of this report covers significant operating units, including Singapore², Malaysia³ and China⁴. These entities provide burn-in and testing services and manufacturing of burn-in equipment for semiconductors.

External assurance has not been sought for this report. Sunright will consider seeking external assurance for its sustainability report as its sustainability reporting process matures over time. We have completed an internal audit review focusing on selected sustainability reporting processes for the current reporting period. This added step represents our commitment to transparency and enhancement in reporting. We welcome feedback that would help improve our sustainability efforts. Please direct any feedback to sustainability@sunright.com.

¹ Our comparative data includes performance data from electronic manufacturing services ("EMS"), which was scaled down in FY2022.

² Sunright Limited and KES Systems & Service (1993) Pte Ltd

³ KESM Industries Berhad, KESP Sdn. Bhd. and KESM Test (M) Sdn. Bhd.

⁴ KESM Industries (Tianjin) Co., Ltd

SUSTAINABILITY REPORT

OUR SUSTAINABILITY COMMITMENT AND GOVERNANCE

[GRI 2-12, 2-13, 2-14, 2-16, 2-17]

Sunright is firmly committed to sustainability, a commitment that guides our business. This dedication to sustainability is integrated throughout all levels of the Group, influencing both our business conduct and our responses to the evolving risks and opportunities in the semiconductor and electronics manufacturing industry.

Our established sustainability governance structure helps facilitate the management and oversight of this agenda. The Board and Executive Directors of Sunright are responsible for reviewing and approving Sunright’s direction for sustainability programmes and ensuring that sustainability is integrated into the strategic direction of the Group and its operations. To achieve this, the Board continuously ensures an effective governance framework for sustainability within the Group.

The Board has set up a sustainability committee, comprising the Corporate Controller and Chief Operating Officer, to drive and implement the sustainability policies and practices, champion sustainability KPIs, monitor sustainability-related performance, and provide periodic updates to the Board for review and approval.

To ensure effective integration of sustainability principles across the Group, the Board is committed to reviewing and assessing material information, enhancing its knowledge and ability to provide quality and professional reviews, and ensuring that sustainability risks and opportunities are incorporated into Sunright’s strategic directions. Likewise, senior management is guided by sustainability KPIs benchmarked against industry practices, considering economic, environmental, social, and governance-related risks and opportunities, where applicable.


Sunright recognises that it is of utmost importance for board members to have sufficient understanding and knowledge of sustainability issues to effectively discharge the above duties and carry out their role of sustainability governance. The Board of Directors attended sustainability training courses prescribed by SGX to equip themselves with knowledge on enhanced sustainability reporting requirements and sustainability matters such as corporate sustainability and climate risks. These ongoing trainings help widen their sustainability knowledge and keep them abreast with the latest regulatory development and any emerging topics.

STAKEHOLDER ENGAGEMENT





[GRI 2-29]

Sunright’s key stakeholders are identified as those having significant impact on as well as those significantly impacted by our operations. At Sunright, we are committed to addressing the needs and concerns of all our stakeholders. Through day-to-day interactions and regular engagement sessions via various platforms, we gain better understanding of their concerns and expectations to inform our sustainability practices and facilitate continuous improvement.


Table 1: Sunright’s approach towards stakeholder engagement

	Purpose of engagement	Key areas of concern	Engagement platforms	Frequency of management
SHAREHOLDERS				
	<ul style="list-style-type: none"> Provide regular and timely updates about Sunright’s performance to enable key shareholders to make informed investment decisions 	<ul style="list-style-type: none"> Sunright’s financial health and industry reputation Sustainability performance 	<ul style="list-style-type: none"> Press releases Announcements Annual report Annual general meeting 	<ul style="list-style-type: none"> Periodic Half yearly Annual Annual

SUSTAINABILITY REPORT

	Purpose of engagement	Key areas of concern	Engagement platforms	Frequency of management
CUSTOMERS				
	<ul style="list-style-type: none"> Maintain international certifications and standards to ensure the quality, safety and efficiency of products, services and systems (e.g., ISO 9001:2015 certification, ISO 14001:2015 certification, IATF 16949:2016 certification) 	<ul style="list-style-type: none"> Service and product quality Timely delivery 	<ul style="list-style-type: none"> Industry forums Customer satisfaction surveys and scorecards Customer visits to our plants 	<ul style="list-style-type: none"> Frequent Periodic As necessary
EMPLOYEES AND OUTSOURCED WORKERS				
	<ul style="list-style-type: none"> Implement non-discriminatory Human Resources (“HR”) policies Provide deserving remuneration, welfare and benefits Provide relevant trainings (safety and job specific) 	<ul style="list-style-type: none"> Fair employment and well-being Occupational health and safety Training and development 	<ul style="list-style-type: none"> Electronic updates and newsletters Annual performance appraisals Company events and staff bonding sessions Trainings 	<ul style="list-style-type: none"> Periodic Annual Periodic Periodic
CONTRACTORS AND SUPPLIERS				
	<ul style="list-style-type: none"> Conduct fair suppliers’ screening process Conduct regular suppliers’ evaluation process 	<ul style="list-style-type: none"> Business opportunities Feedback on performance 	<ul style="list-style-type: none"> Project tenders Suppliers’ evaluation meetings 	<ul style="list-style-type: none"> As necessary Periodic
REGULATORS				
	<ul style="list-style-type: none"> Keeping abreast with the latest regulatory requirements 	<ul style="list-style-type: none"> Compliance to regulatory requirements 	<ul style="list-style-type: none"> Statutory reporting On-site inspections 	<ul style="list-style-type: none"> Periodic As necessary

SUSTAINABILITY REPORT

	Purpose of engagement	Key areas of concern	Engagement platforms	Frequency of management
LOCAL COMMUNITY				
	<ul style="list-style-type: none"> Participate in CSR activities Provide employment opportunities through our business 	<ul style="list-style-type: none"> Corporate Social Responsibility (“CSR”) initiatives Employment opportunities 	<ul style="list-style-type: none"> CSR programmes Teaming with local technical institutions for job training and internship opportunities 	<ul style="list-style-type: none"> Periodic Annual

MATERIALITY ASSESSMENT

[GRI 3-1, 3-2]

On an annual basis, Sunright reviews the material matters to ensure their continued relevance amidst global and industry’s environmental, social, and governance (“ESG”) trends. In FY2024, the Board has determined that all material matters continue to be relevant to the business. Sunright also remains conscious of potential sustainability matters that may be of investor concern due to their significant environmental and social impacts. For matters currently not deemed material to Sunright, we have strict management systems and internal controls that enable us to carry out our ongoing commitment to enhancing our ESG impacts and reducing environmental footprint where practicable.

Figure 1: Sunright's Materiality Assessment Process

1	<p>Identification</p> <p>A preliminary list of potential sustainability matters was identified through a review of Sunright’s business strategy, market landscape, regulatory requirements and leading sustainability practices.</p>
2	<p>Prioritisation</p> <p>Through an unbiased and anonymous voting exercise, these sustainability matters were prioritised based on the significance of the impact of each issue, considering both the perspectives of internal and external stakeholders.</p>
3	<p>Validation</p> <p>The results of the exercise were mapped into a materiality matrix, which was approved by the Board.</p>
4	<p>Assessment/Review</p> <p>In FY2024, a review of the material matters was conducted. It was concluded that the existing six identified material matters remained relevant for reporting. Sunright will continue to conduct annual reviews of its material matters to ensure that the company continues to consider critical sustainability matters relevant to its business across the years.</p>

SUSTAINABILITY REPORT

Figure 2: Sunright's Sustainability Matters and Corresponding GRI Topics



	Material Matters	Description	Corresponding GRI
1	Occupational health and safety	Protecting the physical and mental well-being of all employees and workers	GRI 403: Occupational Health and Safety
2	Regulatory compliance	Compliance with all regulatory requirements, including environmental, labour, health and safety regulations	GRI 2-27: Compliance with Laws and Regulations
3	Corporate governance and business ethics	Adherence to responsible business practices in terms of anti-corruption and corporate governance	GRI 205: Anti-corruption
4	Economic performance	Sustaining economic growth through responsible supply chain management and contribution of economic value	GRI 201: Economic Performance GRI 204: Procurement Practices
5	Energy and carbon footprint	Efficient use of energy to minimise carbon footprint from our operations	GRI 302: Energy GRI 305: Emissions
6	Fair employment practices	Equal opportunities and treatment for all employees and workers	GRI 401: Employment GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination

SUSTAINABILITY REPORT

FOSTERING A SAFETY CULTURE

[GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10]

Establishing effective management of occupational health and safety plays a pivotal role in promoting a safe and healthy working environment enhancing employee morale and job satisfaction, leading to increased productivity and efficiency. A safer workplace will also decrease the danger of work-related accidents, lessen the likelihood of employee absenteeism, and reduce staff turnover, resulting in a more stable and skilled staff, which can support the growth of the company. On the other hand, insufficient safety precautions could harm employees' health and well-being, raise the possibility of workplace accidents, and severely harm Sunright's reputation, affecting our ability to attract talent and do business.

Sunright has in place a Health and Safety Policy which outlines our objectives and approach towards ensuring the health and well-being of our staff⁵ in the workplace. This policy includes the procedures, guidelines and best practices that all employees and workers must adhere to mitigate workplace health and safety risks in the workplace. Our Occupational Health and Safety Management System ("OHSMS"), which the Group, including its subsidiaries, are required to comply with, is developed with reference to local safety regulations and covers all our employees and workers in our operating locations. This system ensures that employees and workers are provided with necessary health and safety protections aligned with industry standards.

Hazard Identification and Risk Assessment

Identifying and minimising hazards is a key component of our Health and Safety approach. Hazard identification is carried out through monthly safety walks, and any hazards identified, along with any proposed mitigation measures, are then evaluated during the monthly safety meeting. Our safety policies and guidelines contain a list of identified hazards, as well as steps and procedures for our staff, that minimise the risks posed to our staff when adhered to. Some of the hazards identified include:

- Cuts from handling sharp blade edges
- Slip, trip or fall
- Fire risks
- Vehicles
- Slippery floors

Other identified risks that have been determined to be low include exposure to chemicals from airborne tin resulting from soldering activities as well as manual handling activities. Sunright has also implemented monitoring systems in its facilities to ensure that any chemical exposure is minimal.

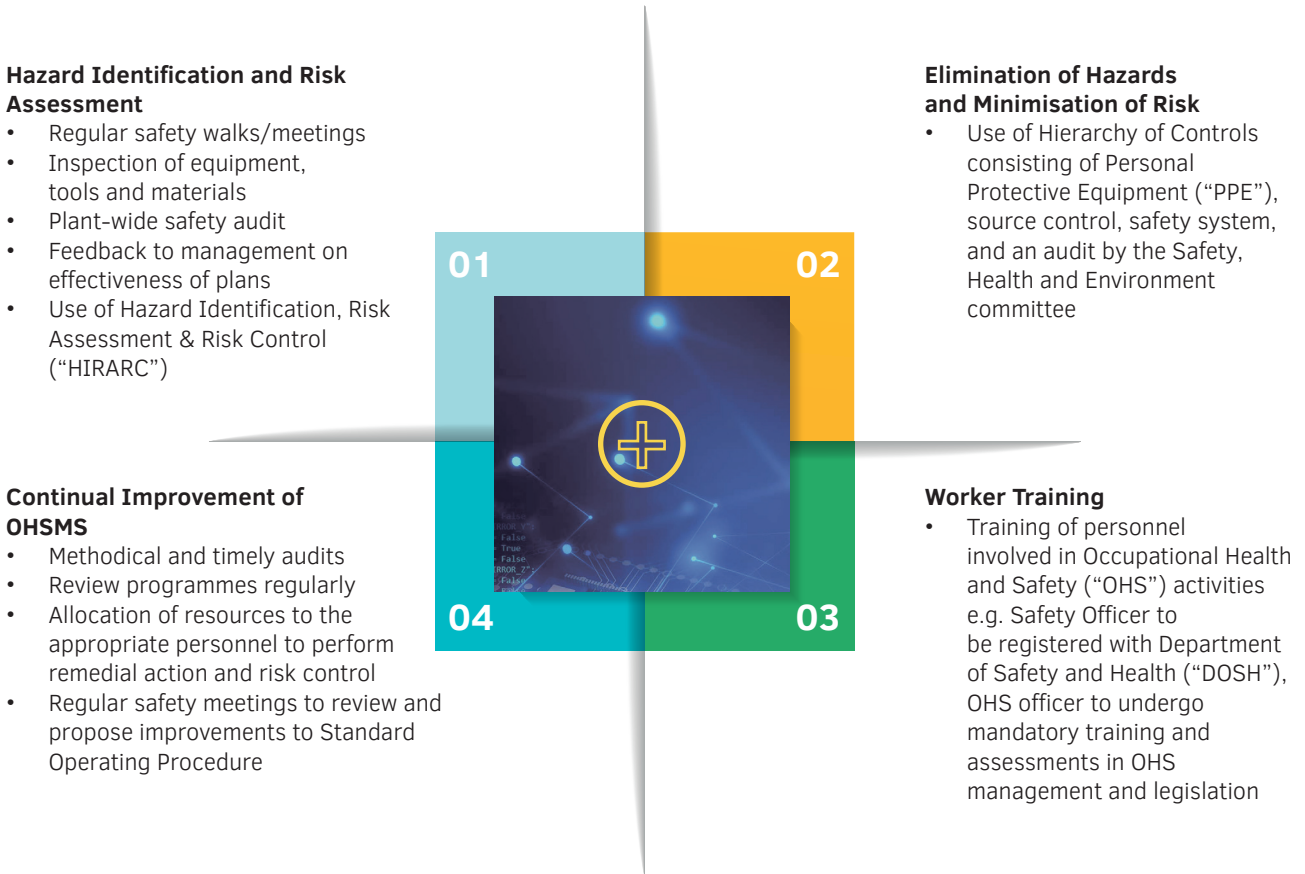
Our safety personnel are regularly trained and updated with the latest safety practices to ensure that risks are appropriately identified and controlled. Operators are briefed by the Head Supervisor before every work shift to stress the importance of adhering to safety protocols. This contributes to the overall effectiveness of the OHSMS, which is essential in safeguarding the health of our staff.

⁵ Covering employees and workers.

SUSTAINABILITY REPORT

Figure 3 elaborates on the systematic process established to identify and eliminate hazards, towards continued improvement of the OHSMS.

Figure 3: Process of Hazard Identification, Risk Assessment and Improvement of OHSMS



Incident Investigation

As part of our approach to Health and Safety, Sunright has implemented a systematic process that enables quick identification and remediation of hazardous situations that occur. Any operator who discovers a work hazard or believes that they have been placed in an unsafe working environment must voice their concerns to their supervisor immediately.

All supervisors are then expected to assess the situation and rectify potential safety issues before allowing their operators to resume work. After addressing the hazard, the Safety, Health and Environment (“SHE”) committee will launch an investigation and generate a report of the incident. The relevant stakeholders will take follow-up actions.

Sunright’s Code of Conduct protects any staff who report hazards from receiving backlash in any form. This encourages constant mindfulness around safety and safeguards the collective health and safety of our staff.

Occupational Health Services and Promotion of Worker Health

Our operations involve providing burn-in and test services for semiconductors, and we have identified several related potential occupational health hazards present in our operating sites. In addition to the physical health check-up that every new employee must undergo, we provide specific occupational health services for each employee role and the hazards they are exposed to. We provide annual medical check-ups for employees and workers handling chemicals, as well as annual audiometric check-ups for those working at high noise areas.

SUSTAINABILITY REPORT

First aid treatment is provided for the affected personnel for any minor injuries that occur, and transportation to the nearest hospital is immediately arranged for more severe injuries. As part of Sunright's OHSMS, we engage only certified service providers who are required to comply with all international and national OHS standards and regulations. Bearing in mind that we operate in multiple jurisdictions, we have made the OHS readily available in several languages. We also engage our staff through surveys and rating systems that help us to evaluate the effectiveness of OHSMS, which allows us to constantly improve the quality.

For the continued well-being of our staff, we provide services such as annual health screenings and consultations at company-approved clinics. In addition, we collaborate with external providers to organise voluntary blood tests and indoor/outdoor activities for our staff to participate during working hours. We collect feedback from our staff at the end of each activity so that we can gauge its success and find ways to improve our programmes for the following year.

Worker Participation and Training

The effectiveness of our OHS policies and programmes is enhanced by the active involvement of our staff. Our employees are provided with OHS training such as training for management staff, first aid and CPR training for designated workers, as well as safety training for all operations staff annually. For operators exposed to specific hazards (e.g., chemicals), they are given the appropriate hazard-specific training.

Figure 4: Safety training for managing chemical spillage



Table 2: Breakdown of employees trained on health and safety standards⁶

	FY2023	FY2024
Malaysia	700	644
China	156	149
Singapore	81	36
Total	937	829

A formal joint management-worker SHE committee has also been established to engage our workers in OHS consultation and communication process. The committee is involved in the development and regular review of the safety and health programmes, as well as in promoting safety awareness throughout the organisation.

Figure 5: Worker Participation, Consultation and Communication on OHS

Formal joint management-worker OHS committee

- Subcommittees include accident and fire prevention, first aid, publicity, and safety audit
- Roles include chairman, consultant, supervisors, department heads, plant manager and members

Workers' access to OHS information

- OHS requirements discussed during safety training
- Incident reports are regularly updated and published to all employees

Workers' involvement in OHSMS

- Committees and subcommittees made up of representatives from various departments and members drawn from all levels

⁶ This is a new disclosure in FY2023. Hence, the Group is unable to obtain past year data due to data collection constraints from certain operations.

SUSTAINABILITY REPORT

Sunright has taken proactive steps, guided by government-mandated advisories, to protect the health and well-being of our stakeholders and employees, implementing relevant measures to ensure a safe workplace for all.

In FY2024, Sunright recorded zero fatalities among both employees and workers. There was one recordable injury attributed to an executive who suffered an abrasion on his left thumb nail when he used his hand to test whether the off-motor belt was still rotating. Corrective action has been taken, including the installation of warning signage on rotating parts and providing briefing to the facility team.

For each incident, we have conducted a root cause analysis investigation and with the finding, developed the necessary corrective actions and revised our preventative measures.

Table 3: Breakdown of work-related injuries for all employees and workers

EMPLOYEES	FY2022		FY2023		FY2024	
Number of man-hours worked	2,107,183		2,122,918		1,974,725	
Number and rate of fatalities as a result of work-related injuries	-	-	-	-	-	-
Number and rate of high-consequence work-related injuries	-	-	-	-	-	-
Number and rate of recordable work-related injuries	1	0.47	-	-	1	0.51
Lost time injury rate	0.47		-		0.51	
Main types of work-related injuries	Cuts and lacerations		Not applicable		Abrasions from machinery	

WORKERS	FY2022		FY2023		FY2024	
Number of man-hours worked	3,210,714		2,892,817		2,932,395	
Number and rate of fatalities as a result of work-related injuries	-	-	-	-	-	-
Number and rate of high-consequence work-related injuries	1	0.31	-	-	-	-
Number and rate of recordable work-related injuries	-	-	-	-	-	-
Lost time injury rate	0.31		-		-	
Main types of work-related injuries	Cuts and lacerations		Not applicable		Not applicable	

SUSTAINABILITY REPORT

Table 4: Breakdown of work-related ill-health for all employees and workers

EMPLOYEES	FY2022	FY2023	FY2024
Number of fatalities as a result of work-related ill-health	-	-	-
Number of recordable work-related ill-health	-	-	-
Main types of work-related ill-health	Not applicable	Not applicable	Not applicable

WORKERS	FY2022	FY2023	FY2024
Number of fatalities as a result of work-related ill-health	-	-	-
Number of recordable work-related ill-health	-	-	-
Main types of work-related ill-health	Not applicable	Not applicable	Not applicable

Focus Area	Perpetual Target	FY2024 Performance
Occupational Health and Safety	0 work-related fatalities and injuries	1 minor injury

ENSURING STRICT COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

[GRI 3-3, 2-27]

Compliance with all relevant laws and regulations is of utmost priority to Sunright. This includes the myriad environmental and socioeconomic laws and regulations of all the countries in which we operate. Compliance is crucial to the long-term success of Sunright's business because it demonstrates the reliability of our operations and fosters confidence among our stakeholders, particularly investors and customers, in our goods and services and the sector in which we operate, enhancing the company's chances for economic growth and expansion. Additionally, the environment and nearby communities can benefit from reduced resource use and waste as a result of adherence to environmental regulations.

Nonetheless, the failure to comply with the respective ESG regulations could also lead to negative consequences, including legal and financial penalties, environmental harm to ecosystems, and potential worker exploitation compromising human rights and ethical principles.

Reflecting our commitment to compliance, our policies are continually updated to reflect any changes in regulatory requirements. Additionally, our employees are expected to adhere to the standards of behaviour outlined in our Code of Conduct.

Focus Area	Perpetual Target	FY2024 Performance
Regulatory Compliance	0 confirmed cases ⁷ of non-compliance with environmental laws and regulations	Achieved
	0 confirmed cases of non-compliance with socioeconomic laws and regulations	Achieved

⁷ Confirmed cases refer to reported cases that have material impact to the operations of Sunright.

SUSTAINABILITY REPORT

BUILDING AN ETHICAL CULTURE

[GRI 3-3, 2-23, 2-24, 205-1, 205-2, 205-3]

Prioritising ethical conduct and strong corporate governance practices not only establishes long-term partnerships and confidence among stakeholders such as investors, customers, and employees, but also contributes to environmental protection and social development.

Conversely, inadequate corporate governance and ethical failures can result in reputational harm, legal ramifications, and harmful effects on the environment and society. Pursuing ethical excellence is critical for Sunright to be a responsible corporate citizen and positively contribute to the larger global community.

Sunright understands that the long-term success and growth is directly tied to the integrity and the ethical foundations of its business practices. We strive to cultivate ethical business practices throughout our operations and our value chain. Sunright implements a zero-tolerance policy with regard to fraud, bribery and corruption.

Our Code of Conduct (the “Code”) contains the business policies that govern our approach to ethics, outlined within it are our values, principles, and expectations. The Code takes reference from the Responsible Business Alliance (“RBA”) Code of Conduct, and has been approved by the Board. It also undergoes regular review by the management to ensure that the policies within remain relevant and aligned with our ethical principles. Further information on our governance approach with regard to the ethics, values, and desired organisational culture of the company can be found in our Corporate Governance Report.

The above expectations and related policies are communicated to our employees through emails, letters, and annual training sessions. Additionally, in our operations across Singapore, Malaysia and China, employees are required to undergo training on Sunright’s principles, values, and policies as part of the orientation process.

In FY2024, we further strengthened our commitment to strong business ethics by enhancing our Non-discrimination Policy to promote equality, prevent discrimination, and ensure fair treatment of all individuals. In addition, we implemented a Workforce Risk Management Policy to proactively manage potential workforce-related risks.

In FY2024, a total of 776 (84%) employees received training on anti-corruption policies across Singapore, Malaysia and China. Separately, all employees will receive communication on anti-corruption policies upon joining the company.

Similarly, Sunright ensures that its business partners are adequately informed of Sunright’s business practices, including our longstanding policy against commissions, gifts, and entertainment of favour in return for business deals. Our suppliers are also made aware of Sunright’s Supplier Code of Conduct, which necessitates their compliance with our policies regarding forced labour, child labour, and the upholding of human rights. More information on the Supplier Code of Conduct can be found on page 25.

Responsible Business Alliance (“RBA”) Code of Conduct





Sunright has voluntarily adopted the RBA, a globally-recognised set of social, environmental and ethical industry standards. The RBA ensures that working conditions are safe, workers are treated with respect and dignity, and business operations are environmentally responsible and conducted ethically. Sunright will maintain its commitment in following the policies and regulations set out by the RBA.

As the Code is designed to be a total supply chain initiative, at a minimum, Sunright shall require its next tier suppliers to implement the Code.

Our management monitors and reviews the Code on a regular basis to ensure its continued applicability and effectiveness.

SUSTAINABILITY REPORT

Table 5: Sunright's policies relating to Business Ethics and Anti-corruption

Name of Policy	Policy Description
<p>Whistleblower Policy</p> 	<p>Sunright's Whistleblower Policy applies to all directors and employees as well as third parties such as suppliers, contractors, sub-contractors and agents. The policy, alongside internal controls, operating procedures and governance policies intended to detect and prevent or deter improper conduct, is intended to encourage employees to report any potential improprieties (e.g., wrongdoing or misconduct), as well as protect their identity.</p> <p>The specific objectives of the policy are as follows:</p> <ol style="list-style-type: none"> i. To encourage employees to confidently raise genuine concerns about possible improprieties ii. Provide ways for employees to raise concerns and receive feedback on any actions taken as a result iii. Reassure employees that if they raise any concerns in good faith and reasonably believe them to be true, they will be protected from possible reprisals or victimisation
<p>Grievance Handling Policy</p> 	<p>The Grievance Handling Policy and the accompanying grievance mechanism procedure were formulated to strengthen industrial efficiency and stability in performance. They ensure that grievances are handled at the lowest corporate level possible. Grievances can include any violations or threats on fair and humane treatment, such as prohibition of sexual harassment, abuse (mental, physical or verbal), coercion, corporal punishment etc.</p>
<p>Business Ethics Policy</p> 	<p>Sunright's Business Ethics Policy ensures our integrity and reliability as an organisation. To minimise any possible conflicts of interest or coercive elements from external sources, our employees are prohibited from associating with illegal cartel activities, illicit price-fixing, deception and undesirable social behaviour, as well as from dealing with customers or vendors that offer rebates, commissions, and other forms of illegal remuneration.</p> <p>Employees are required to fully disclose any circumstances likely to give rise to conflicts of interest, and are disallowed from giving or accepting any gifts, which might improperly influence the normal business relationship with any supplier or customer. All company business dealings are based on a 'fair deal' basis. All employees shall impress upon business partners on the high business ethics, and refrain from providing or accepting bribes and kickbacks.</p>
<p>Purchasing Policy</p> 	<p>The Purchasing Policy sets clear guidelines on maintaining ethical relations with vendors and suppliers while acting with integrity throughout all procedures related to the purchasing activities of the company.</p>

SUSTAINABILITY REPORT

Table 6: Number of active employees and business partners who received communication and training on anti-corruption policies by employee category and region

FY2024		Employee Category		
		Direct Labour	Exempt/ Non-Exempt	Manager
Total number required to receive communication and training		240	603	77
Total number and percentage of employees who were communicated on policies		190 (79%)	524 (87%)	62 (81%)
Total number and percentage of employees who received training		190 (79%)	524 (87%)	62 (81%)
Singapore	Communicated to	20	36	13
	Received training	20	36	13
Malaysia	Communicated to	152	373	35
	Received training	152	373	35
China	Communicated to	18	115	14
	Received training	18	115	14

FY2023		Employee Category		
		Direct Labour	Exempt/ Non-Exempt	Manager
Total number required to receive communication and training		261	621	80
Total number and percentage of employees who were communicated on policies		226 (87%)	573 (92%)	71 (89%)
Total number and percentage of employees who received training		226 (87%)	573 (92%)	71 (89%)
Singapore	Communicated to	20	41	15
	Received training	20	41	15
Malaysia	Communicated to	187	409	42
	Received training	187	409	42
China	Communicated to	19	123	14
	Received training	19	123	14

SUSTAINABILITY REPORT

FY2022		Employee Category		
		Direct Labour	Exempt/ Non-Exempt	Manager
Total number required to receive communication and training		256	591	76
Total number and percentage of employees who were communicated on policies		256 (100%)	591 (100%)	76 (100%)
Total number and percentage of employees who received training		48 (19%)	203 (34%)	20 (26%)
Singapore	Communicated to	28	52	22
	Received training	1	7	2
Malaysia	Communicated to	208	410	41
	Received training	27	67	5
China	Communicated to	20	129	13
	Received training	20	129	13

	Business Partners ⁸		
	FY2022	FY2023	FY2024
Total number of business partners who were communicated on policies	265	241	247
Percentage of key business partners⁹ who were communicated on policies¹⁰	-	-	46%
Singapore	147	138	117
Malaysia	34	19	44
China	84	84	86

All directors representing the governance body of Sunright have received communications on the organisation's anti-corruption policies and attend ad-hoc trainings as and when deemed necessary.

Our operations across Singapore, Malaysia and China have been assessed for risks related to corruption. During the year, there were no cases of corruption brought against Sunright or its employees, a record we have consistently maintained to date and will continue to uphold.

Focus Area	Perpetual Target	FY2024 Performance
Ethical Business Conduct	0 confirmed cases of corruption within Sunright	Achieved

⁸ Business partners include customers, suppliers and contractors.

⁹ Key business partners include the ten most significant customers, suppliers and contractors in each respective Sunright entities in Singapore, Malaysia and China.

¹⁰ This is a new disclosure effective from FY2024. Hence, the Group is unable to obtain past year data due to data collection constraints from certain operations.

SUSTAINABILITY REPORT

DATA PRIVACY AND SECURITY

[GRI 418-1]

In an era where technology is continually evolving and enhancing our workplace dynamics, fostering efficient and effective collaboration, it is paramount that we, at Sunright, steadfastly tackle the escalating threats and potential risks posed by cyber-attacks. Sunright is committed to protect the private information and personal data of our customers, suppliers, and employees.

Our cybersecurity measures are meticulously designed to ensure legal and appropriate sharing of information. We treat all data with extreme care, ensuring its confidentiality and upholding its integrity at all times.

The following outlines the key controls for safeguarding data privacy:

- Protect our technology resources and assets with encryption, firewalls and antivirus software.
- Sign non-disclosure agreements between Sunright and its contractors, suppliers and customers.
- Regularly communicate to all employees to reinforce their understanding and foster consistent compliance with Personal Data Protection Act in Singapore and Malaysia, as well as the Personal Information Protection Law in China.

With regard to customer privacy and data protection, there were no substantiated complaints or fines received from outside parties or regulatory bodies in FY2024. Likewise, there were no record of instances concerning data breaches or complaints received from external stakeholders.

SUSTAINING ECONOMIC PERFORMANCE

[GRI 3-3]

Ensuring a strong economic performance can positively impact the wider economy through the creation of job opportunities, stimulating industry growth, improving livelihoods of local communities and contributes to overall economic development. It can also lead to increased investments in research and development, fostering technological advancements and innovations in the sector. At the same time, it is important to also strive for responsible economic growth as too much emphasis on the financial performance may jeopardise employee rights or safety potentially resulting in human rights violations, or prioritising economic advantages over environmental considerations may result in environmental harm if not committed to sustainable practices.

Contributing Direct Economic Value

[GRI 201-1]

In FY2024, Sunright generated approximately \$82.0 million in total revenue, reflecting a decrease of \$6.3 million or 7%, from \$88.3 million in the previous financial year. The net economic value generation of \$11.3 million was mainly due to proceeds from disposal of property in Taiwan. However, the global economy remains under significant pressure from geopolitical tensions, high inflation, interest rates and energy costs, leading to declining revenue. We responded swiftly by reducing expenses and monetising sub-optimal factory space.

Despite these challenges, we maintain a positive business outlook and continue to adapt to any challenges that arise by implementing relevant business continuity plans. Sunright looks towards improving our business resilience and recovery and maintaining a strong market position.

SUSTAINABILITY REPORT

Table 7: Economic Value Generated, Distributed and Retained from FY2022 to FY2024¹¹

	FY2022	FY2023	FY2024
Economic Value Generated (S\$'million)			
Revenue	100.7	88.3	82.0
Other income from financial investments	1.9	4.0	3.7
Sales of assets	0.8	0.8	8.8
Economic Value Distributed (S\$'million)			
Operating costs ¹²	(76.7)	(57.0)	(43.5)
Employee wages and benefits	(41.3)	(38.9)	(37.2)
Payments to providers of capital	(1.2)	(1.1)	(1.7)
Payments to governments	(1.1)	(0.3)	(0.8)
Economic Value Retained (S\$'million)			
Net Economic Value Generated/(Distributed) (S\$'million)	(16.9)	(4.2)	11.3

For further details on our economic performance and business review, please refer to the following sections in our Annual Report: Financial Statement and Chairman's Statement.

Managing Supply Chains Responsibly

[GRI 2-6, 204-1]

Due to the nature of our operations, Sunright regularly handles purchases with 3TG metals, which can sometimes be from controversial sources. Our engagement with suppliers that practise responsible management of sourcing greatly reduces our exposure to a supply chain with potential sustainability risks such as exposure to human rights and environmental issues, including forced labour, child labour, corruption, and pollution. Through minimising the risks of such issues arising within its value chain, Sunright protects itself from possible litigation and remediation costs. Additionally, a robust and ethical supply chain ensures Sunright's ability to provide products and services with the high-quality standards that we promise to our customers.

Governing the screening, selection and management of our suppliers are Sunright's Purchasing Policy and Procedures. As part of these guidelines, our robust Three-Step Supply Chain Management Process further outlines the steps we take for sourcing and selection of new items, delivery follow-up, receiving, inspection of goods and payments to vendors.

¹¹ FY2022 to FY2024 figures include all companies within the Sunright Group.

¹² Operating costs include cash payments made outside the organisation for material cost, purchase of property, plant and equipment and other expenses.

SUSTAINABILITY REPORT

Figure 6: Purchasing Policy and Procedures

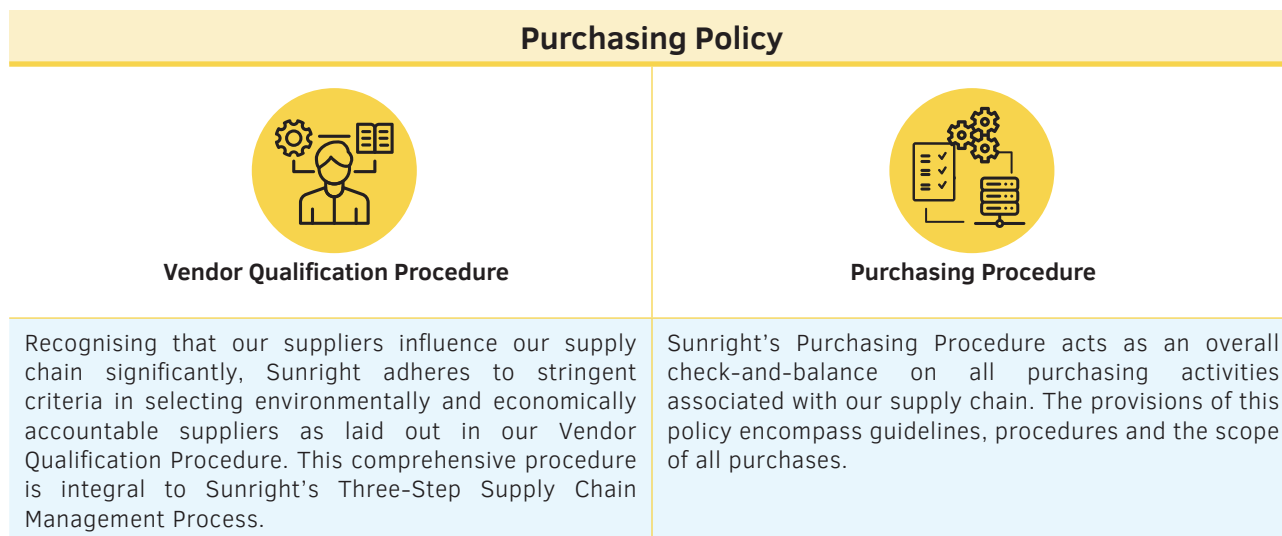
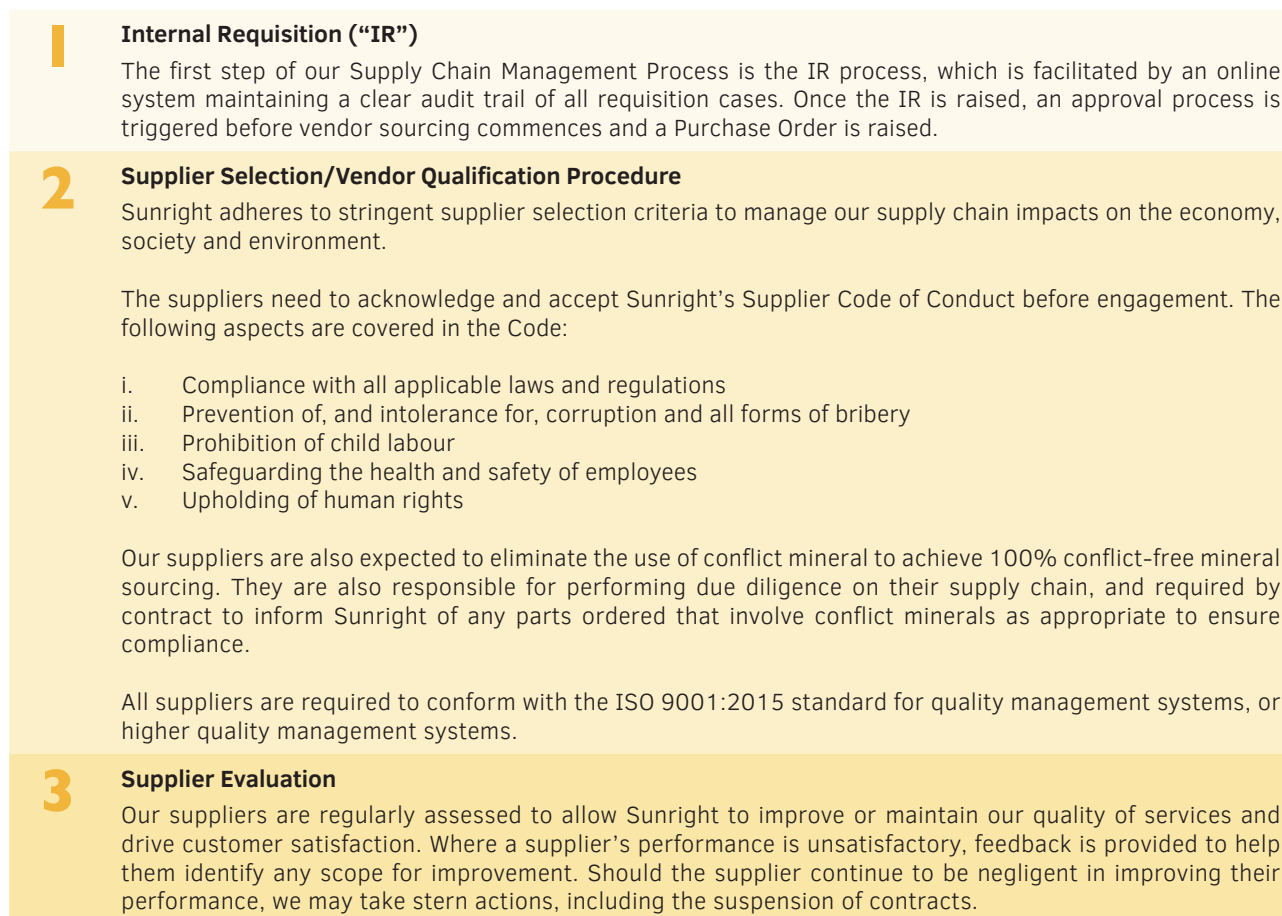


Figure 7: Sunright's Supply Chain Management Process



One of the primary ways for Sunright to improve risk management and operating efficiency is the local sourcing of products and services. Consequently, local sourcing has become a cornerstone of Sunright's sustainability strategy, an approach which also supports local businesses and jobs while meeting our environmental and social objectives by minimising our carbon footprint.

SUSTAINABILITY REPORT

Sunright has consistently ensured that at least 50% of its purchases are sourced locally as part of our efforts to support local suppliers and contractors. In FY2024, 83% of our procurement spending was used to purchase supplies locally in Singapore, Malaysia and China, where we operate.

Focus Area	Perpetual Target	FY2024 Performance
Responsible Supply Chain Management	At least 50% of all purchases are sourced locally ¹³	Achieved

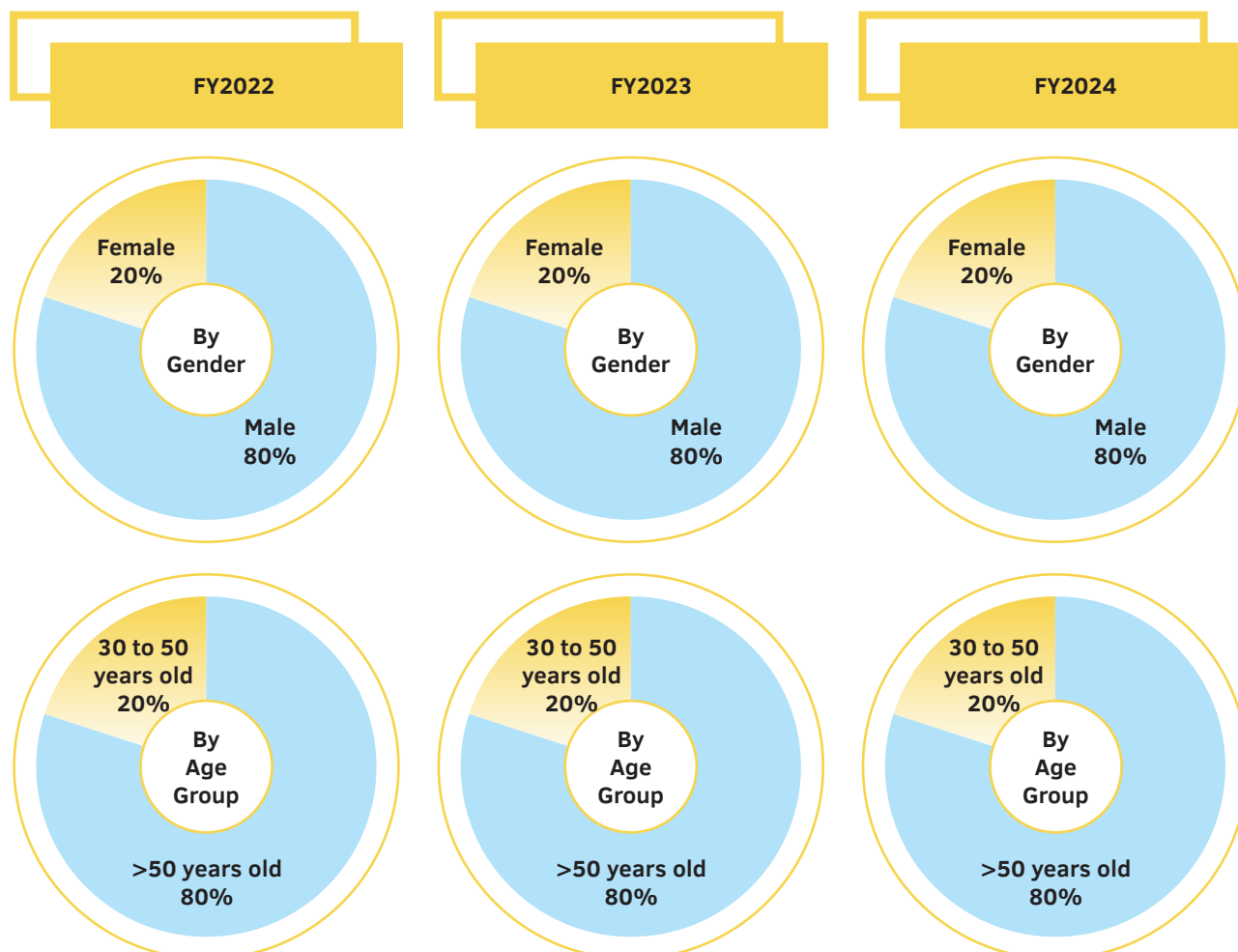
DEVELOP AN ENGAGED WORKFORCE AND FAIR WORKPLACE

Sunright's Board Profile

[GRI 405-1]

Sunright understands that diversity within an organisation is a strength, as employees of different backgrounds are able to bring new perspectives and viewpoints to a company. We also recognise that diversity has to be implemented at all levels, including at the highest level of governance: the Board and Senior Management.

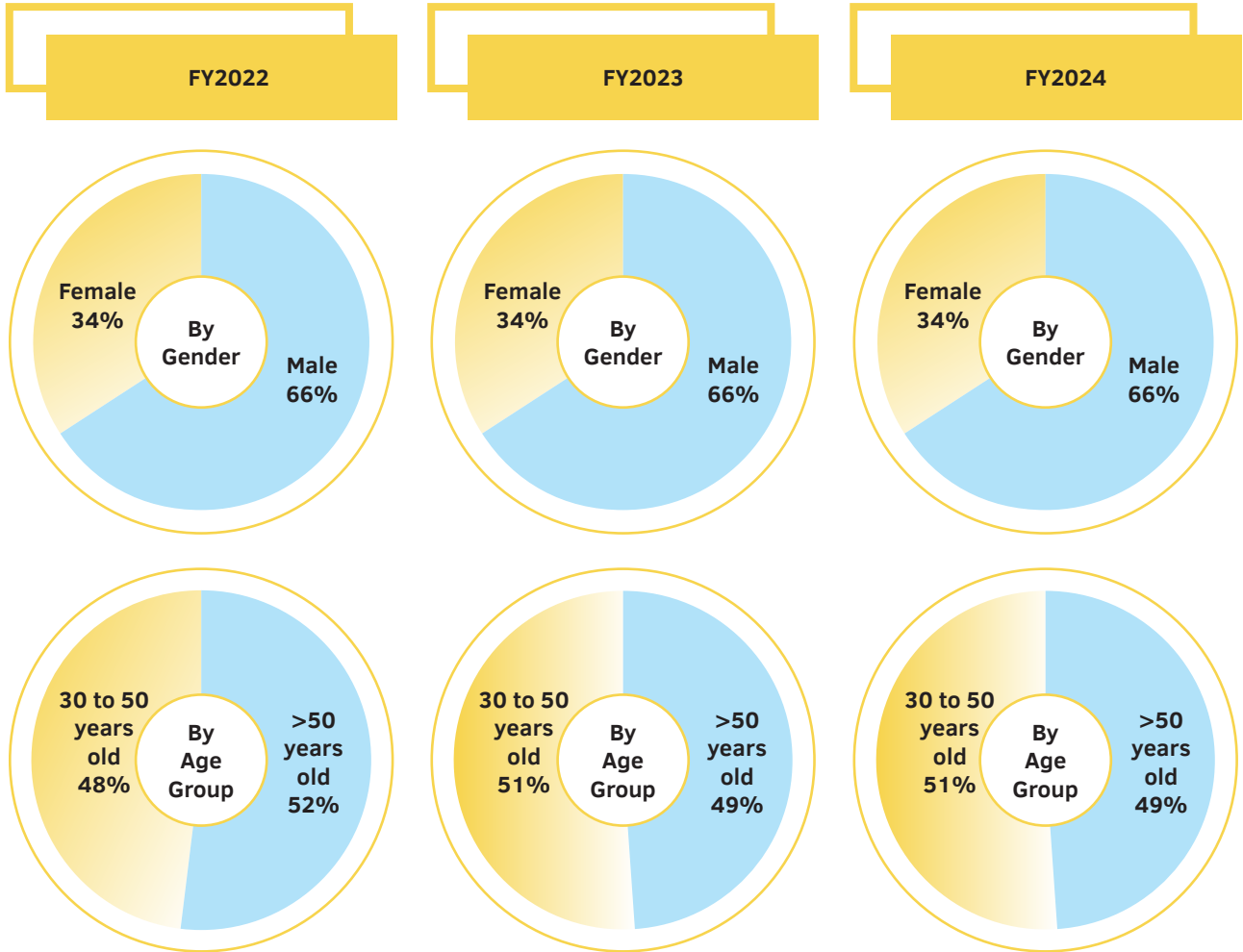
Figure 8: Sunright's Board Composition



¹³ Local purchases refer to purchases made (except for production machineries) from locally registered companies, which supply trade and non-trade goods and services.

SUSTAINABILITY REPORT

Figure 9: Sunright's Senior Management Composition



For more information on board diversity and composition, please refer to our Corporate Governance Report.

Sunright's Employee and Worker Profile

[GRI 2-7, 2-8, 401-1, 405-1]

In FY2024, Sunright's workforce consisted of 920 employees and 1,183 workers across Singapore, Malaysia and China, reflecting a 4% decrease and 0.8% increase from FY2023 respectively to better align with current business needs and optimise resource allocation.

Sunright remains committed to developing our staff to their fullest potential, and we employ 100% of our staff under a permanent contract, mostly full-time. Having a diverse and inclusive workforce remains significant to Sunright's long-term prosperity, and we practise a meritocratic hiring policy, ensuring a well-balanced ratio of male and female staff.

The following charts show our employee demographics by gender and region and our worker demographics by employment category supporting Sunright's business activities.

SUSTAINABILITY REPORT

Figure 10: Sunright's Employee Demographics by Gender and Region

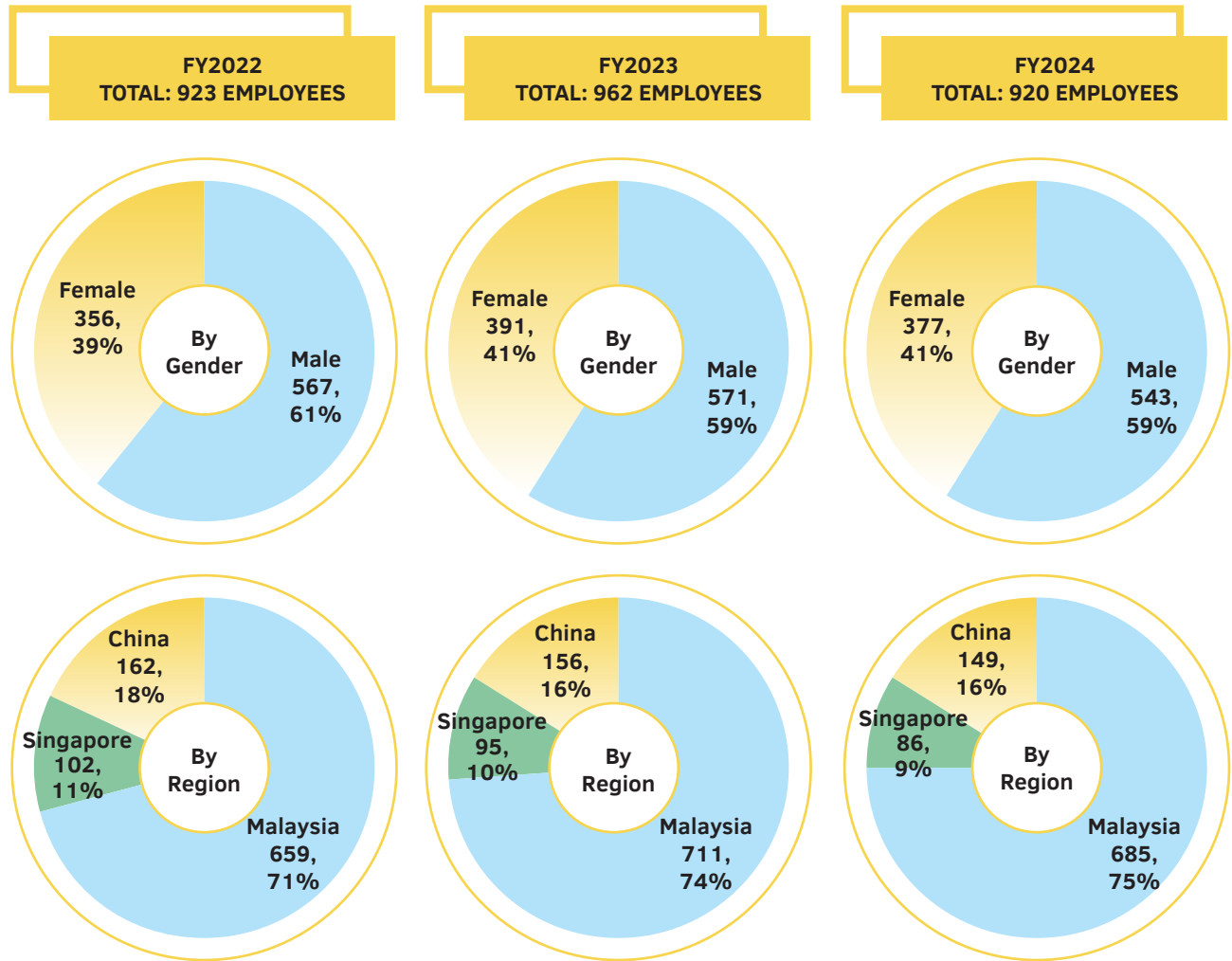


Table 8: Breakdown of employees by contract (permanent or temporary), gender and region

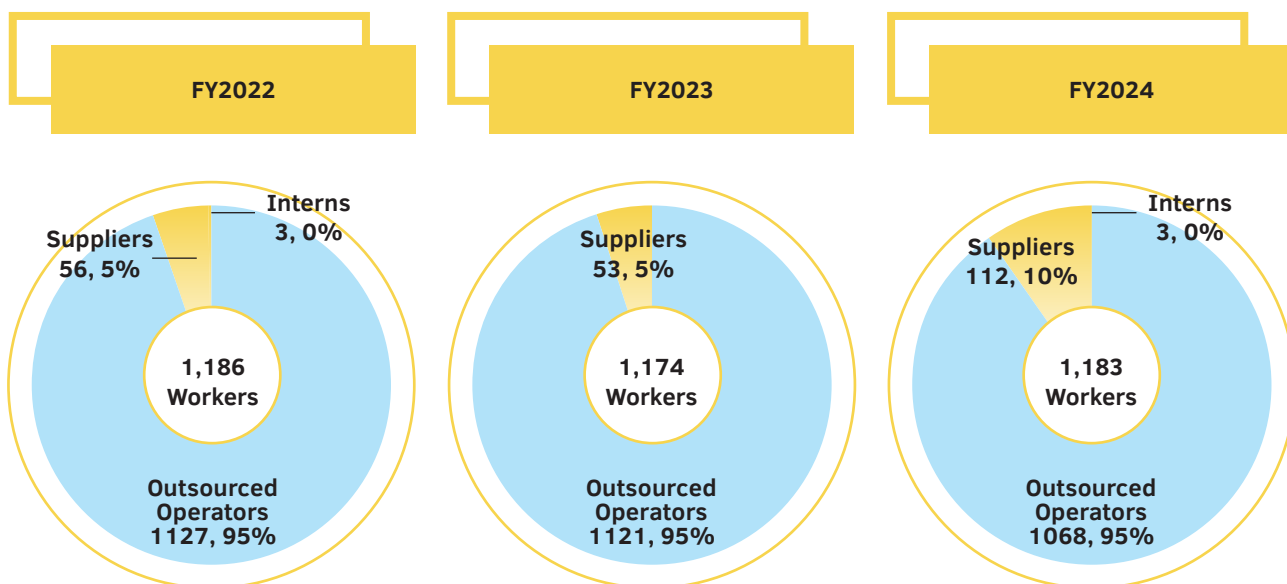
Region	FY2022					FY2023					FY2024				
	Employment Type				Total	Employment Type				Total	Employment Type				Total
	Permanent Contract		Temporary Contract			Permanent Contract		Temporary Contract			Permanent Contract		Temporary Contract		
	Male	Female	Male	Female		Male	Female	Male	Female		Male	Female	Male	Female	
Singapore	43	59	-	-	102	46	49	-	-	95	43	43	-	-	86
Malaysia	416	225	-	18	659	423	288	-	-	711	401	282	2	-	685
China	108	54	-	-	162	102	54	-	-	156	97	52	-	-	149
Total	567	338	-	18	923	571	391	-	-	962	541	377	2	-	920
	905		18			962		-			918		2		

SUSTAINABILITY REPORT

Table 9: Breakdown of employees by employment type (full-time and part-time), gender and region

Region	FY2022					FY2023					FY2024				
	Employment Type				Total	Employment Type				Total	Employment Type				Total
	Full-time		Part-time			Full-time		Part-time			Full-time		Part-time		
	Male	Female	Male	Female		Male	Female	Male	Female		Male	Female	Male	Female	
Singapore	43	59	-	-	102	46	49	-	-	95	43	43	-	-	86
Malaysia	416	231	-	12	659	423	288	-	-	711	403	282	-	-	685
China	108	54	-	-	162	102	54	-	-	156	97	52	-	-	149
Total	567	344	-	12	923	571	391	-	-	962	543	377	-	-	920
	911		12			962		-			920		-		

Figure 11: Sunright's Worker Demographics



SUSTAINABILITY REPORT

Table 10: Breakdown of employees by employee category, gender and age group

FY2024	Employee Category					
	Direct Labour		Exempt/Non-Exempt		Manager	

By Gender

Male	61	25%	431	71%	51	66%
Female	179	75%	172	29%	26	34%

By Age Group

< 30 years old	137	57%	160	27%	1	1%
30-50 years old	89	37%	375	62%	43	56%
> 50 years old	14	6%	68	11%	33	43%

FY2023	Employee Category					
	Direct Labour		Exempt/Non-Exempt		Manager	

By Gender

Male	86	33%	432	70%	53	66%
Female	175	67%	189	30%	27	34%

By Age Group

< 30 years old	165	63%	181	29%	-	-
30-50 years old	81	31%	377	61%	48	60%
> 50 years old	15	6%	63	10%	32	40%

FY2022	Employee Category					
	Direct Labour		Exempt/Non-Exempt		Manager	

By Gender

Male	116	45%	401	68%	50	66%
Female	140	55%	190	32%	26	34%

By Age Group

< 30 years old	158	62%	183	31%	-	-
30-50 years old	86	33%	355	60%	45	59%
> 50 years old	12	5%	53	9%	31	41%

Sunright strives to maintain a balanced employee profile across all demographic groups to the best of our ability. This is reflected in our hiring practices and our efforts at talent retention, as well as our workforce, new hires, and turnover demographics, which reflect the results of these efforts.

In FY2024, we hired 219 new employees, with a turnover of 261 employees. We recognised the continued unpredictability of the job market and will maintain a close watch on these trends.

SUSTAINABILITY REPORT

Figure 12: Total Number of New Hires by Gender, Age Group and Region

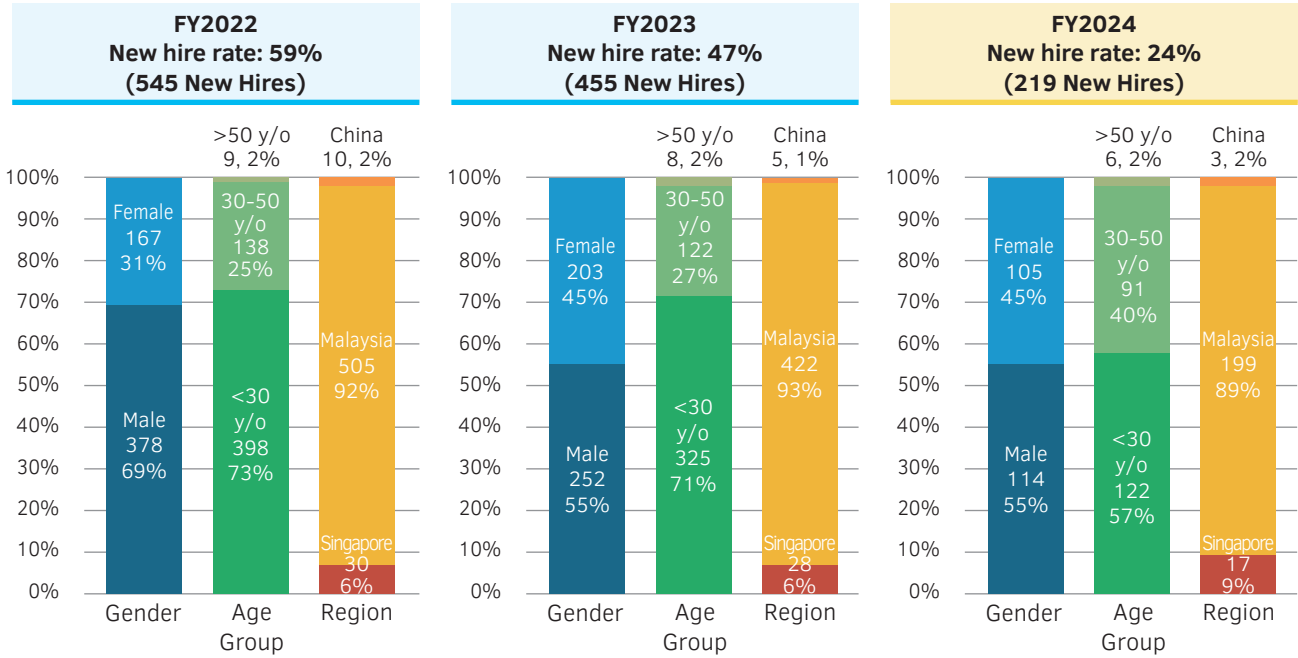
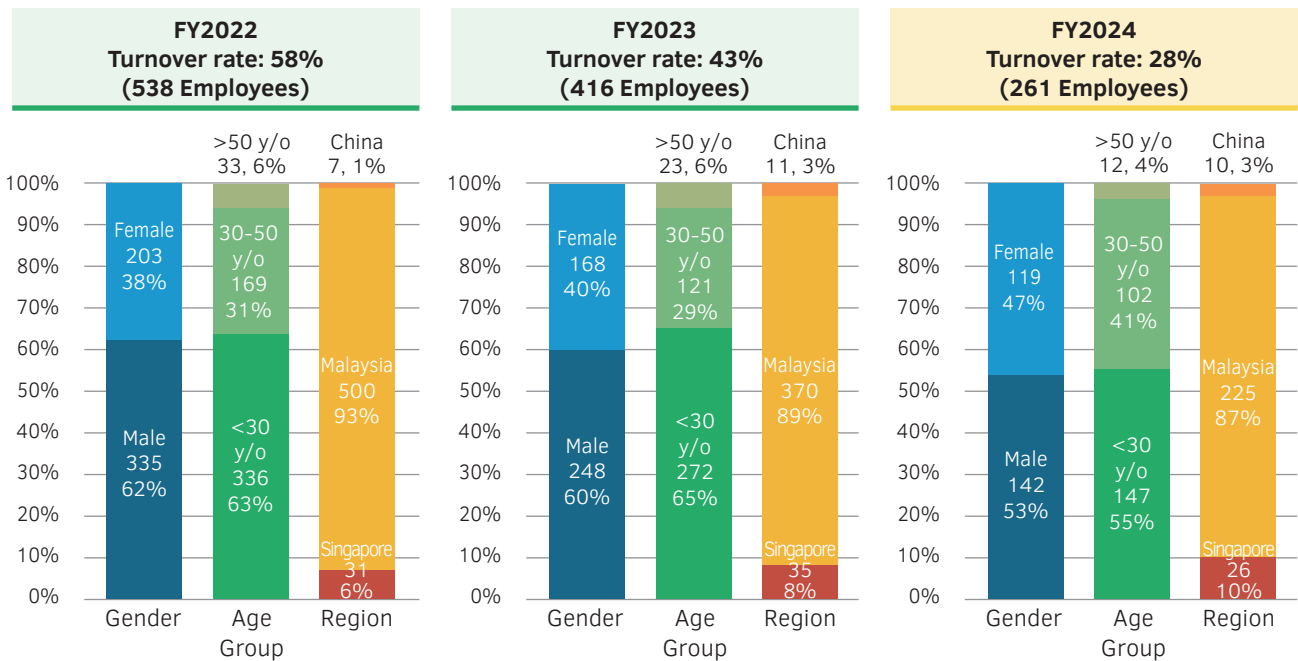


Figure 13: Total Number of Turnover by Gender, Age Group and Region



SUSTAINABILITY REPORT

Fair Employment Practices




[GRI 3-3, 2-23, 2-24, 2-25, 2-26, 406-1]

Prioritising fair and equitable treatment, equal opportunities, competitive wages and fostering a positive work environment can result in a more engaged and productive workforce while contributing to societal development and a positive company reputation. Conversely, unfair employment practices such as labour exploitation or discrimination may result in workforce dissatisfaction, legal and reputational risks, and violations of human rights. Sunright believes that fair employment practice is essential for the well-being of employees, the success of the company, and its positive contributions to the broader society.


In this regard, Sunright recognises that our greatest asset is human capital. The collective skills and knowledge of our employees and workers are invaluable to us. As a result, it is of utmost priority to us to foster good relations with them. We strive to gather feedback from and understand the needs of our employees, allowing us to develop measures and policies with the goal of ensuring their continued physical and mental well-being. These policies are readily available and accessible to all employees in organisation-wide shared folders.

Sunright is a proponent of fairness within our organisation. Advancements and compensation within the company is governed by meritocratic policies. We have zero tolerance for the preferential treatment of our employees and commit to taking decisive action against any such practices in our organisation.

Table 11: Sunright's policies on fair employment and well-being of employees and workers

Name of Policy	Policy Description
<p>Recruitment and Selection Policy</p> 	<p>Sunright's hiring practices are merit-based and non-discriminatory. Our recruitment policy covers the terms and conditions of the recruitment process, selection and placement of all qualified applications and current employees. We do not condone any form of discrimination and race, colour, religion, gender, age, sexual orientation, gender identity and expression, ethnicity or national origin, covered veteran status, protected genetic information, disability, pregnancy, political affiliation, union membership and marital status.</p>
<p>Grievance Procedures/ Mechanism</p> 	<p>In line with our commitment to understanding employee concerns, all our employees are encouraged to voice their concerns through the feedback channels provided. Sunright also has in place a standardised grievance reporting mechanism that allows workers to report their grievances without fear of reprisal or retaliation. This mechanism covers both our employees and foreign workers, who are able to submit their concerns in their native language, and the HR department will seek the assistance of a translator for investigation and provision of solutions. Overall, this ensures that the case will be investigated promptly by our dedicated HR team that is specialised to deal with such matters.</p>
<p>Labour and Human Rights Standards</p> 	<p>Our commitment to ensure proper labour and human rights practices is in line with our CSR goals. We acknowledge the importance of ensuring a safe, conducive and healthy environment for our employees, customers, vendors and shareholders as part of our strategy and operating initiatives. We value the diversity of our workforce, freedom of expression and feedback provided by our employees. If employees have safety concerns regarding their work environment or they feel their workspace is not conducive for daily work and productivity, they are encouraged to immediately voice their concerns to their supervisor.</p> <p>Sunright has zero tolerance for racism, verbal abuse, discrimination and derogatory remarks. We expect the highest ethical standards from our employees and will not hesitate to suspend, dismiss or report employees found to be engaged in wrongdoings to the relevant authorities. This policy is also available in Mandarin Chinese for the ease of understanding and benefit of employees at our China facility.</p> <p>In FY2024, there were no substantiated complaints concerning human rights violations.</p>

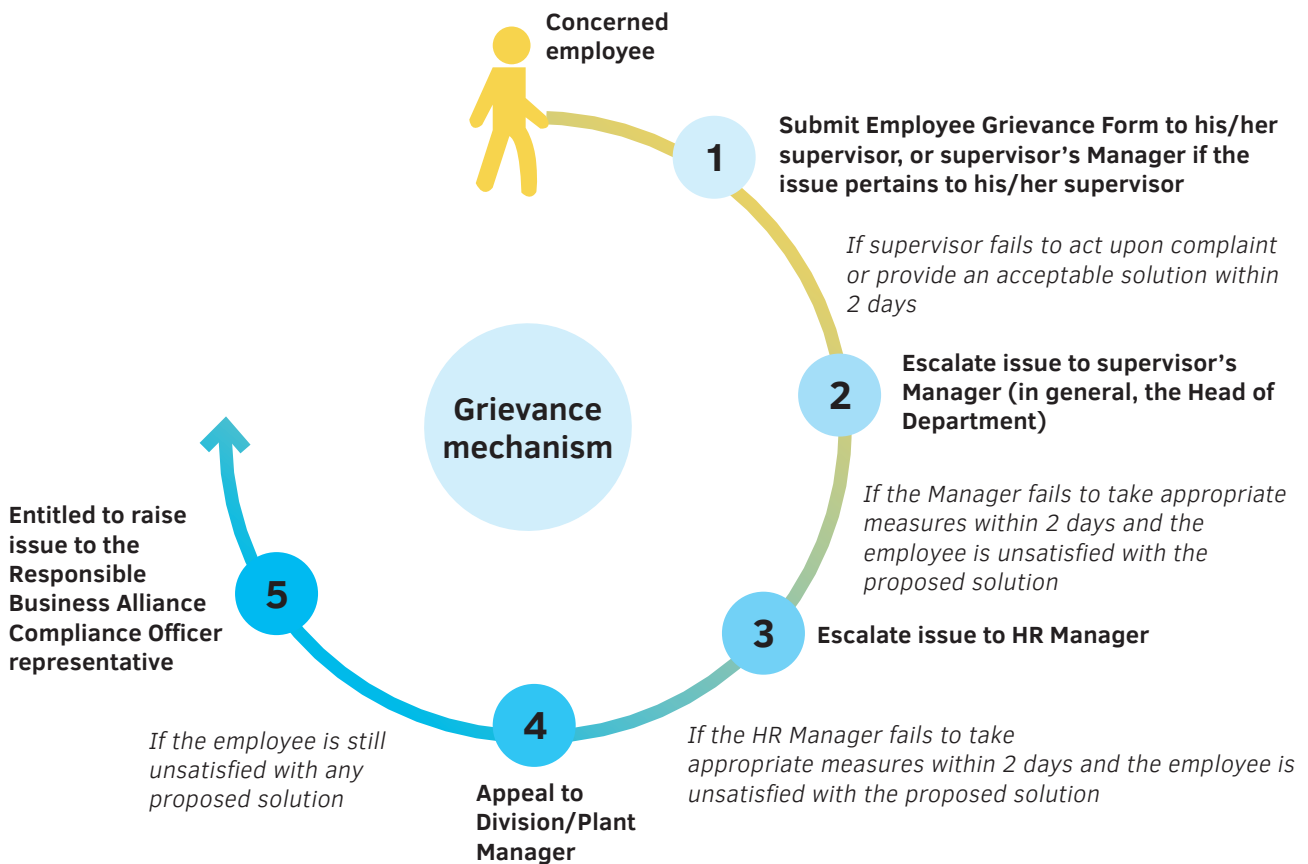
SUSTAINABILITY REPORT

Name of Policy	Policy Description
Benefits Policy 	We show appreciation to our employees by providing competitive pay, a healthy work-life balance and benefits. Our comprehensive benefits policy allotted to all our employees covers medical benefits, public holidays, service awards, annual salary reviews, gifts on occasions, etc.

Sunright prioritises fairness throughout all our operations, and as such, our fair employment practices also extend to our outsourced workers. Audits are conducted on a quarterly basis for any contractor that provides a large number of outsourced foreign workers to our operations; audits include a review of worker pay slips to ensure timely and fair compensation. Monthly audits are also conducted on the accommodations provided for our foreign workers by external vendors, and audit reports will be provided to Sunright upon request. No significant findings have been raised from these audits to date.

As our commitment to build a culture of ongoing feedback in Sunright, the HR department organises regular dialogue sessions to receive any grievances, concerns, feedback and suggestions raised by our employees and workers. Furthermore, as part of our formalised employee grievance mechanism (see Figure 14), employees who feel unfairly treated or are experiencing any workplace discrimination are encouraged to approach their supervisor or use our HR feedback channels, and issues raised may be escalated as necessary to ensure that they are fully resolved.

Figure 14: Sunright's Employee Grievance Mechanism



In FY2024, no substantiated complaints were received from our employees regarding unfair or discriminatory employment practices within Sunright.

SUSTAINABILITY REPORT

Employee Engagement and Training

[GRI 404-1]

Sunright has instituted measures and activities to demonstrate appreciation to our staff as part of our commitment to employee welfare and well-being. We recognise that positive experiences at the workplace are more likely to positively impact employee productivity, work quality, and retention.

We continue the “perfect attendance incentive” programme, whereby any employee in the production area with perfect attendance record would be entered into a lucky draw for cash prizes and other rewards.

Sunright also understands the importance of allowing employees to upskill themselves and remain relevant. In FY2024, our employees underwent an average of 32.9 hours of training covering topics that develop their soft skills as well as technical topics on equipment and machinery safety, purchasing management and knowledge on the various ISO standards. The breakdown of the training hours can be found below.

Table 12: Breakdown of training hours by gender and employee category

	FY2022		FY2023		FY2024	
	Total training hours	Average training hours	Total training hours	Average training hours	Total training hours	Average training hours
By Gender						
Male	10,653	18.8	13,521	23.7	17,225	31.7
Female	10,550	29.6	9,407	24.1	13,007	34.5
By Employee Category						
Direct Labour	5,298	20.7	5,947	22.8	8,557	35.7
Exempt/ Non-Exempt	15,122	25.6	14,764	23.8	19,748	32.7
Manager	783	10.3	2,217	27.7	1,927	25.0

SUSTAINABILITY REPORT

Our Training Department continues to hold training sessions for our operators and technicians. Ensuring the quality of our staff also helps to ensure that they deliver quality products and services to our customers.

Figure 15: Training sessions for employees

Focus Area	Perpetual Target	FY2024 Performance
Fair Employment Practices	0 complaints from employees to regulatory authorities pertaining to unfair or discriminatory employment practices	Achieved
Employee Engagement and Training	Maintain a minimum of 20 training hours per employee each year	Achieved



PROTECTING THE ENVIRONMENT

Energy and Carbon Footprint

[GRI 2-4, 3-3, 302-1, 302-3, 305-1, 305-2, 305-3, 305-4]

Efforts to prioritise energy efficiency and carbon reduction not only benefits the company through cost savings and regulatory compliance but also contributes to environmental conservation, climate change mitigation and sustainable development. However, the lack of adequate measures to manage our carbon footprint could result in environmental problems, including air pollution, which can also negatively impact local communities and human health.

In view of this, Sunright takes environmental stewardship as a duty seriously. With the rising global spotlight on climate issues, we view it as more important than ever to carry our business in an environmentally sustainable manner. Our operations are guided by the Environmental Management System (certified to ISO 14001:2015) as well as other local Energy Policies. Additionally, our expectations regarding certain environmental standards such as resource conservation, dealing with hazardous substances, wastewater and solid waste, and air emissions are codified in our Code of Conduct.

In FY2024, total energy consumption comprised of fuel consumption and electricity consumption, amounted to 272,484 GJ, a 4% decrease from 282,489 GJ in FY2023. Of this total consumption, mobile combustion included mobile gasoline as the main fossil fuel used, along with a minimal amount of diesel, accounted for 593 GJ in FY2024, an increase of 2% from the previous year due to increased consumption. The electricity consumption decreased by 4% to 271,891 GJ primarily attributed to the decrease in business activity in China. Consequently, the energy consumption associated with manufacturing process have reduced correspondingly.

SUSTAINABILITY REPORT

Figure 16: Sunright's Total Energy Consumption (GJ) and Intensity¹⁴ by revenue (GJ/SGD'000)

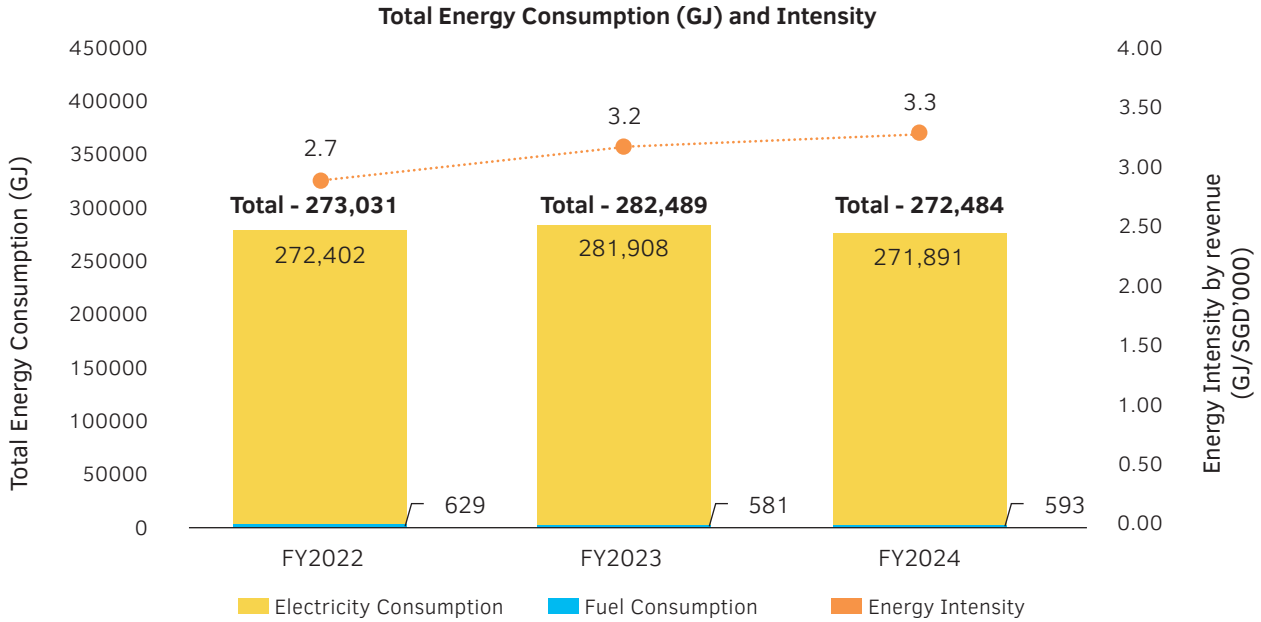


Figure 17: Sunright's Fuel Consumption from non-renewable sources

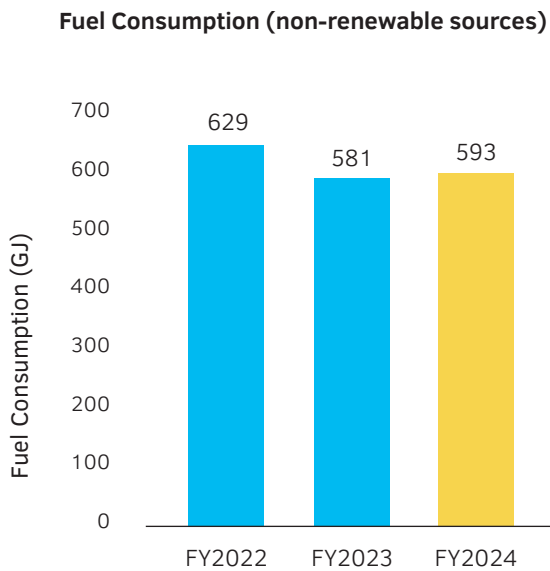
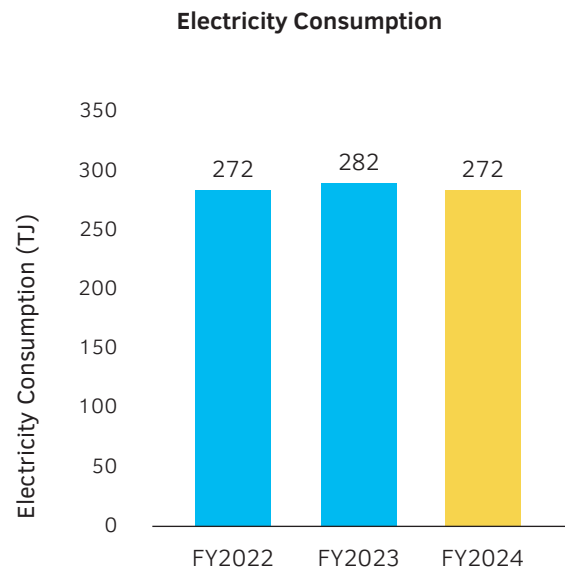


Figure 18: Sunright's Electricity Consumption



¹⁴ We are transitioning the denominator from units of production to revenue and restating the energy intensity for the past two years. This change allows us to better understand and manage our energy consumptions in relation to the financial performance of our operations, offering a more comprehensive view of our environmental impact relative to revenue.

SUSTAINABILITY REPORT

Figure 19: Sunright's Scope 1 Emissions¹⁵ (tCO₂e) and Scope 1 Intensity¹⁶ by revenue (tCO₂e/SGD'million)

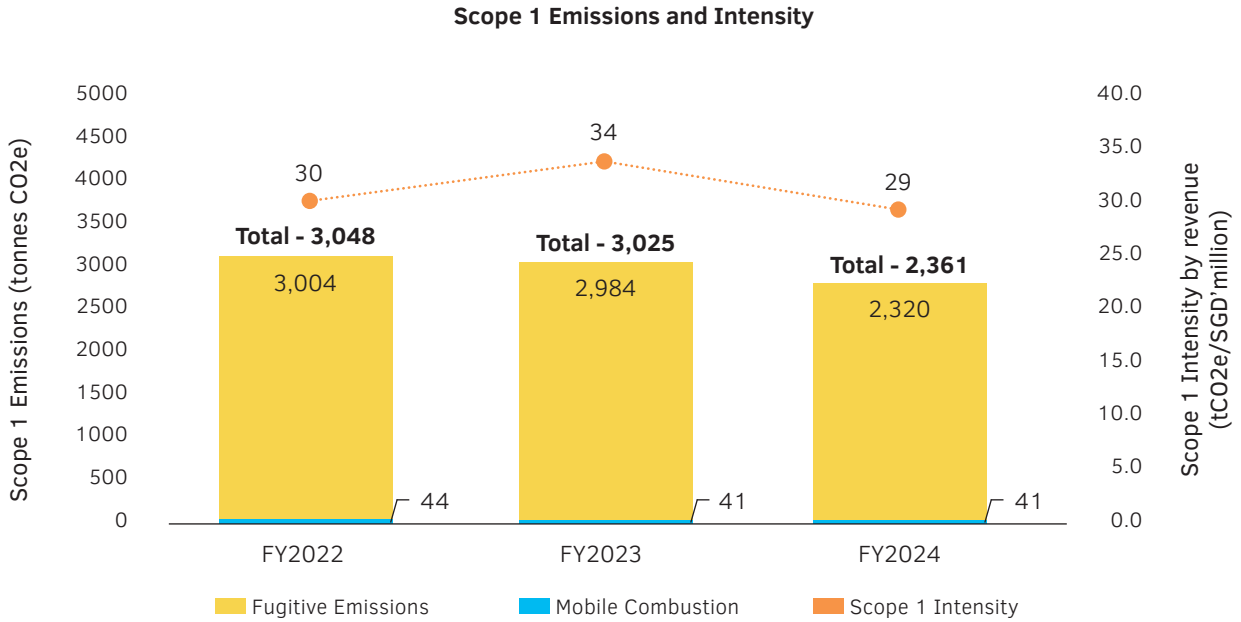
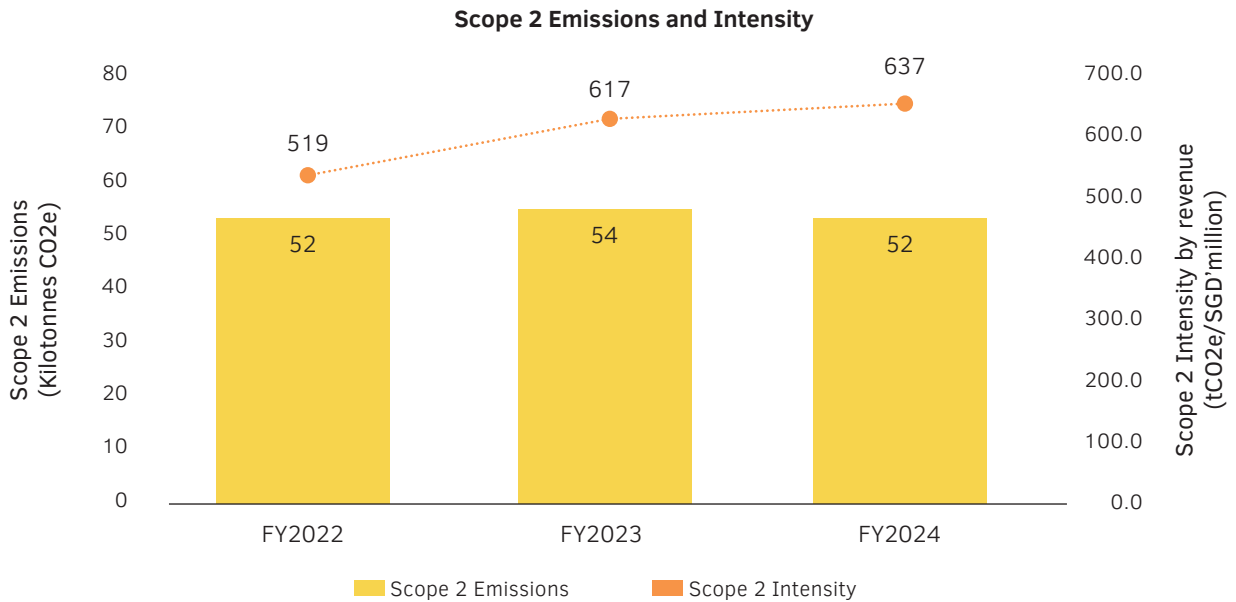


Figure 20: Sunright's Scope 2 (Indirect) Emissions (ktCO₂e) and Scope 2 Intensity¹⁶ by revenue (tCO₂e/SGD'million)



¹⁵ Scope 1 fugitive emissions are due to leakage of other greenhouse gas from residential and commercial air conditioning including heat pumps, and medium and large commercial refrigeration. The data disclosed for FY2023 was restated due to improvements in data availability, which resulted in a 13% increase in emissions.

¹⁶ We are transitioning the denominator from units of production to revenue and restating the intensity for the past two years. This change allows us to better understand and manage our Scope 1 and Scope 2 emissions in relation to the financial performance of our operations, offering a more comprehensive view of our environmental impact relative to revenue.

SUSTAINABILITY REPORT

Our Scope 1 emissions decreased slightly by 1% from FY2022 to FY2023, falling from 3,048 tonnes CO₂e to 3,025 tonnes CO₂e due to reduced consumption. In FY2024, there was a further 22% decrease, down to 2,361 tonnes CO₂e, due to reduced business activity in China. This also led to the reduction of Scope 1 intensity value by 15%. Similarly, our Scope 2 emissions have decreased by 4% to 52 kilotonnes CO₂e as the electricity consumption associated with manufacturing process had reduced correspondingly. Nevertheless, we observed an increase in intensity values for Scope 2 emissions largely due to lower revenue generated as compared to prior year which affected the overall energy efficiency and operational productivity.

In FY2024, Sunright commenced the process of developing its Scope 3 inventory in accordance with the GHG Protocol methodology. Scope 3 emissions encompass all indirect emissions resulting from both upstream and downstream activities within Sunright's value chain. By analysing these indirect value chain emissions, Sunright gains essential data that informs its decarbonisation efforts. This enables the company to identify the most significant emission sources within the value chain, prioritises areas for action, and develop targeted strategies for emission reduction.

This year, Sunright prioritised its Scope 3 inventorisation process by disclosing emissions under Category 6: Business Travel – Air and Road. This category includes emissions resulting from the combustion of fuels used for the transportation of Sunright's employees for business-related activities in aircraft and vehicles owned or operated by third parties. Examples include business flights between countries for client meetings and the use of taxis or ride-hailing services for transportation to client meetings.

In addition, Sunright disclosed emissions under Category 7: Employee Commuting. This category captures the emissions associated with employee commutes, determined by the mode of travel and commuting distance.

The total Scope 3 emissions for FY2024 from these two categories amounted to 716 tonnes CO₂e, as outlined in the table below. Moving forward, Sunright will continue to develop mechanisms to track and disclose other relevant Scope 3 categories.

Table 13: Breakdown of Scope 3 GHG emissions by category

Scope 3 GHG Emissions (tonnes CO ₂ e)	FY2024
Category 6: Business Travel	137
Category 7: Employee Commuting	579
Total	716

Sunright will continue to closely monitor our energy consumption, perpetually nurturing a culture of energy conservation and the implementation of initiatives that aimed at reducing our environmental footprint.

Focus Area	Perpetual Target	FY2024 Performance
Energy Consumption	2% reduction in year-on-year electricity consumption	Achieved 4% reduction

In addition to our commitment to reducing energy consumption, Sunright is actively exploring the potential of affordable renewable energy sources in the country where we operate.

During the year, Sunright procured 1,740 MWh of renewable energy for one of our facilities in Malaysia through the Green Electricity Tariff program, an initiative by the Malaysian Government aimed at offering the choice of green electricity derived from renewable energy sources.

SUSTAINABILITY REPORT

Water Management¹⁷

[GRI 303-1, 303-2, 303-5]

Sunright recognises the crucial relevance of water as a finite resource and the need to protect it for future generations. Our commitment to water management begins with the effective use of water in our operations and the promotion of a water-saving culture among our staff. We constantly monitor and analyse our water consumption to discover areas for improvement and to reduce our water impact.

Our operations are situated in regions where water stress is not a major concern. The water consumed within our operations in Singapore, Malaysia, and China, is primarily fresh water supplied by local water authorities. In FY2024, our total water consumption was 149 megalitres, with the water use intensity by revenue of 1.82 megalitres/SGD¹⁸ million.

The effluents discharged from our facilities typically include water used for cleaning and cooling. All of our facilities strictly adhere to the relevant local laws and regulations regarding effluent and wastewater discharge. We regularly send samples of the effluents discharged from our facilities to third-party laboratory for testing. During the financial year, we fully complied with all local regulatory requirements in Singapore¹⁸, Malaysia¹⁹, and China²⁰.

METHODOLOGY

This section details definitions, methodologies and data boundaries otherwise not already specified, applied to the sustainability performance data disclosed in our sustainability report. They are made with reference to GRI Standards Glossary 2021, internationally recognised standards and the reporting guidance set out in the respective GRI topic-specific disclosures. The GRI topic-specific disclosures covered are listed out in the GRI Content Index of this report.

Employee and Worker

Employee is defined as an individual who is in an employment relationship with the Group, according to its national law. Sunright's employee profile can be broadly broken down by employee level as defined below:

Direct Labour: Operators and inspectors

Exempt/Non-Exempt: Technicians and executives

Manager: All levels of managers including senior management and above

Senior Management: Head of Departments and above

Worker is defined as an individual whose work, or workplace, is controlled by the Group. Sunright's workers include outsourced operators and suppliers (including outsourced service providers), such as cleaners, who are directly involved in daily production activities.

Employee New Hire and Turnover

The rate of new hires takes the total number of new hires over the total number of employees as at 31 July 2024, expressed as a percentage. Likewise, the rate of turnover takes the total number of turnovers over the total number of employees as at 31 July 2024, expressed as a percentage.

Training hours

Average training hours per employee takes the total training hours for the financial year over the total number of employees recorded as at 31 July 2024.

¹⁷ This is a new disclosure effective FY2024. Hence, the Group is unable to obtain past year data due to data collection constraints from certain operations

¹⁸ Singapore's Sewerage and Drainage (Trade Effluent) Regulations.

¹⁹ Malaysia's Standard B under Environmental Quality (Industrial Effluents) Regulations 2009

²⁰ China's Integrated Wastewater Discharge Standard (GB8978-1996)

SUSTAINABILITY REPORT

Occupational Health and Safety

According to the International Labour Organization, an occupational accident is an unexpected and unplanned occurrence, including acts of violence, arising out of or in connection with work which results in one or more workers incurring a personal injury, disease or death. The coverage for occupational accident cases includes employees and workers at all Sunright operations.

With reference to GRI 403: Occupational Health and Safety Standard as well as Singapore's Ministry of Manpower (MOM) Guidelines, the different types of occupational accidents are defined as follows:

- High consequence work-related injuries are work-related injuries that result in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.
- Work-related injury is an injury that results in any of the following: death, days away from work, hospitalisation, medical treatment beyond first aid, or loss of consciousness.
- Work-related ill-health indicates damage to health and includes diseases, illnesses, and disorders.

Recordable work-related injury rates and recordable high consequence work-related injury rates are calculated based on 1,000,000 hours worked, using the formula of the total number of injuries divided by the number of hours worked multiplied by 1,000,000. Lost time injury rate accounts for incidents that resulted in at least one day of missed work calculated based on 1,000,000 hours worked. The number of hours worked refers to the total estimated working hours based on standard hours of work, taking into account entitlements to periods of paid leave of absence from work.

Non-compliance incidents

Such incidents refer to non-compliance with social, economic and environmental laws and/or regulations applicable to the Group, brought through dispute resolution mechanisms and/or resulting in:

- Significant fines
- Non-monetary sanctions

Energy consumption and Greenhouse Gas emission data

Energy consumption and GHG emissions data of Sunright Group covers the consumption of Sunright operations in Singapore, Malaysia and China. The total energy consumption is expressed in joules ("J") or multiples while emissions are expressed in tonnes of carbon dioxide equivalents ("tonnes CO₂e" or "tCO₂e") or multiples for Scope 1 and 2 emissions respectively.

For petrol and diesel, CO₂, methane ("CH₄") and nitrous oxide ("N₂O") were included in the GHG calculation. Default emissions factors were sourced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories while the global warming potential ("GWP") values were sourced from the 2014 IPCC Fifth Assessment Report ("AR5") and the 2007 IPCC Fourth Assessment Report ("AR4") for relevant gases disclosed.

The Electricity Grid Emissions Factors ("GEF") used in the calculation of Scope 2 emissions for FY2024, FY2023 and FY2022 have been obtained from the latest Singapore Energy Statistics (SES), the Energy Market Authority's (EMA) annual publication on energy statistics in Singapore, at the time of publication. Similarly, the GEFs used for operations in Malaysia and China were obtained from the Institute for Global Environmental Strategies (IGES) database, also at the time of publication.

SUSTAINABILITY REPORT

The following table details the GEF values (in kgCO₂/kWh) used for the relevant geographies:

	FY2022	FY2023	FY2024	Source
Singapore	0.4080	0.4057	0.4168	EMA, Singapore Grid Emission Factor, last updated for 2022
Malaysia	0.6448	0.6448	0.6448	Institute for Global Environmental Strategies (“IGES”) 2024 database, last updated for 2017
China	0.9419	0.9419	0.9714	Institute for Global Environmental Strategies (“IGES”) 2024 database for China (North China Grid), last updated for 2021

In FY2024, Sunright commenced the process of developing its Scope 3 inventory in accordance with the GHG Protocol methodology and has disclosed limited scope of Scope 3 categories due to current data availability. The definitions for the reported categories are:

- **Category 6 Business travel:** Emissions from the transportation of employees for business related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars.
 - o Methodologies used and assumptions made: Distance-based method for air travel and Spend-based method for road travel.
 - o Source of emission factors:
 - For air travel: Greenhouse gas reporting: conversion factors 2023 (UK Government Department for Energy Security and Net Zero and Department for Business, Energy & Industrial Strategy)
 - For road travel: Supply Chain GHG Emission Factors for US Commodities and Industries v1.1.1 (U.S. Environmental Protection Agency, 2022).
- **Category 7 Employee commute:** Emissions from the transportation of employees between their homes and their worksites.
 - o Methodologies used and assumptions made: Distance-based method. Distance travelled is assumed to be the distance between employees’ homes and their worksites. Mode of transportation taken by employees is derived from an employee survey.
 - o Source of emission factors: Greenhouse gas reporting: conversion factors 2023 (UK Government Department for Energy Security and Net Zero and Department for Business, Energy & Industrial Strategy)

Energy and GHG Emission Intensity Ratios

Energy and GHG emission intensity ratios are expressed in tCO₂e / revenue or multiples. The organisation-specific metric (the denominator) used was revenue. The type of energy included in the intensity ratio only includes fuel and electricity consumption within the organisation while the type of GHG emissions included in the intensity ratios only includes Scope 1 and 2 emissions.

Water Consumption

Water consumption data for Sunright covers our operations in Singapore, Malaysia, and China. The total water consumption is expressed in megalitres, while water consumption intensity is measured in revenue or multiples.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of use	Sunright has reported in accordance with the GRI Standards for the period from 1 August 2023 to 31 July 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable sector standards

Disclosure		Reference(s) or Reasons for Omission
Material Topic: General Disclosures		
Organisational Profile		
2-1	Organisational details	About Sunright Limited (page 9)
2-2	Entities included in the organisation's sustainability reporting	About the Report (page 9)
2-3	Reporting period, frequency and contact point	About the Report (page 9)
2-4	Restatements of information	Energy and Carbon Footprint (pages 35-38)
2-5	External assurance	About the Report (page 9)
2-6	Activities, value chain and other business relationships	About Sunright Limited (page 9) and Managing Supply Chains Responsibly (pages 24-26)
2-7	Employees	Sunright's Employee and Worker Profile (pages 27-31)
2-8	Workers who are not employees	Sunright's Employee and Worker Profile (pages 27-31)
2-9	Governance structure and composition	Corporate Governance Report (pages 53-73)
2-10	Nomination and selection of the highest governance body	Corporate Governance Report (pages 53-73)
2-11	Chair of the highest governance body	Corporate Governance Report (pages 53-73)
2-12	Role of the highest governance body in overseeing the management of impacts	Our Sustainability Commitment and Governance (page 10)
2-13	Delegation of responsibility for managing impacts	Our Sustainability Commitment and Governance (page 10)
2-14	Role of the highest governance body in sustainability reporting	Our Sustainability Commitment and Governance (page 10)
2-15	Conflicts of interest	Corporate Governance Report (pages 53-73)
2-16	Communication of critical concerns	0 substantiated cases reported. Our Sustainability Commitment and Governance (page 10)
2-17	Collective knowledge of the highest governance body	Our Sustainability Commitment and Governance (page 10)
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report (pages 53-73) Management has prepared a template for evaluating performance in overseeing sustainability governance. The details will be disclosed in the subsequent year.

SUSTAINABILITY REPORT

Disclosure		Reference(s) or Reasons for Omission
2-19	Remuneration policies	Corporate Governance Report (pages 53-73) However, current remuneration policies do not incorporate the objectives and performance of governance bodies in relation to the management of the organisation's impacts on the economy, environment, and people.
2-20	Process to determine remuneration	Corporate Governance Report (pages 53-73)
2-21	Annual total compensation ratio	Sunright is unable to disclose the information due to confidentiality constraints.
2-22	Statement on sustainable development strategy	Board Statement (page 9)
2-23	Policy commitments	Building an Ethical Culture (pages 19-22) and Fair Employment Practices (pages 32-33)
2-24	Embedding policy commitments	Building an Ethical Culture (pages 19-22) and Fair Employment Practices (pages 32-33)
2-25	Processes to remediate negative impacts	Fair Employment Practices (pages 32-33)
2-26	Mechanisms for seeking advice and raising concerns	Fair Employment Practices (pages 32-33)
2-27	Compliance with laws and regulations	Ensuring Strict Compliance with Applicable Laws and Regulations (page 18)
2-28	Membership associations	Singapore Business Federation, Singapore Manufacturing Federation, Malaysian Employers Federation, The Free Trade Zone, Penang Companies' Association
2-29	Approach to stakeholder engagement	Stakeholder Engagement (pages 10-12)
2-30	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements. Nonetheless, our employees in China are covered under the All-China Federation of Trade Unions ("ACFTU"), a national federation of work organisations that represents the interests and safeguards the rights of workers in China. Sunright respects the rights of its employees to join or form a labour union.
Material Topic: Management Approach		
3-1	Process to determine material topics	Materiality Assessment (pages 12-13)
3-2	List of material topics	Materiality Assessment (pages 12-13)

SUSTAINABILITY REPORT

Disclosure		Reference(s) or Reasons for Omission
Material Topic: Ethical Business Conduct		
Anti-corruption		
3-3	Management of material topics	Building an Ethical Culture (pages 19-22)
205-1	Operations assessed for risks related to corruption	Building an Ethical Culture (pages 19-22)
205-2	Communication and training about anti-corruption policies and procedures	Building an Ethical Culture (pages 19-22)
205-3	Confirmed incidents of corruption and actions taken	Building an Ethical Culture (pages 19-22)
Material Topic: Regulatory Compliance		
General Disclosures - Compliance		
3-3	Management of material topics	Ensuring Strict Compliance with Applicable Laws and Regulations (page 18)
2-27	Compliance with environmental laws and regulations	Ensuring Strict Compliance with Applicable Laws and Regulations (page 18)
Material Topic: Economic Performance		
Economic Performance and Procurement Practices		
3-3	Management of material topics	Sustaining Economic Performance (page 23)
201-1	Direct economic value generated and distributed	Contributing Direct Economic Value (pages 23-24)
204-1	Proportion of spending on local suppliers	Managing Supply Chains Responsibly (pages 24-26)
Material Topic: Fair Employment Practices		
Employment and Non-discrimination		
3-3	Management of material topics	Fair Employment Practices (pages 32-33)
401-1	New employee hire and employee turnover	Sunright's Employee and Worker Profile (pages 27-31)
404-1	Average hours of training per year per employee	Employee Engagement and Training (pages 34-35)
405-1	Diversity of governance bodies and employees	Sunright's Board Profile (pages 26-27) and Sunright's Employee and Worker Profile (pages 27-31)
406-1	Incidents of discrimination and corrective actions taken	Fair Employment Practices (pages 32-33)

SUSTAINABILITY REPORT

Disclosure		Reference(s) or Reasons for Omission
Material Topic: Energy and Carbon Footprint		
Energy Consumption and Emissions		
3-3	Management of material topics	Energy and Carbon Footprint (pages 35-38)
302-1	Energy consumption within the organisation	Energy and Carbon Footprint (pages 35-38)
302-3	Energy intensity	Energy and Carbon Footprint (pages 35-38)
305-1	Direct (Scope 1) GHG emissions	Energy and Carbon Footprint (pages 35-38)
305-2	Energy indirect (Scope 2) GHG emissions	Energy and Carbon Footprint (pages 35-38)
305-3	Other indirect (Scope 3) GHG emissions	Energy and Carbon Footprint (pages 35-38)
305-4	GHG emissions intensity	Energy and Carbon Footprint (pages 35-38)
Additional Topic: Water Management		
Water and Effluents (2018)		
303-1	Interactions with water as a shared resource	Water Management (page 39)
303-2	Management of water discharge-related impacts	Water Management (page 39)
303-5	Water consumption	Water Management (page 39)
Material Topic: Occupational Health and Safety		
Occupational Health and Safety (2018)		
3-3	Management of material topics	Fostering a Safety Culture (pages 14-18)
403-1	Occupational health and safety management system	Fostering a Safety Culture (pages 14-18)
403-2	Hazard identification, risk assessment, and incident investigation	Fostering a Safety Culture (pages 14-18)
403-3	Occupational health services	Fostering a Safety Culture (pages 14-18)
403-4	Worker participation, consultation, and communication on occupational health and safety	Fostering a Safety Culture (pages 14-18)
403-5	Worker training on occupational health and safety	Fostering a Safety Culture (pages 14-18)
403-6	Promotion of worker health	Fostering a Safety Culture (pages 14-18)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Fostering a Safety Culture (pages 14-18)
403-9	Work-related injuries	Fostering a Safety Culture (pages 14-18)
403-10	Work-related ill-health	Fostering a Safety Culture (pages 14-18)
Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy and Security (page 23)

SUSTAINABILITY REPORT

Task Force on Climate-related Financial Disclosures (“TCFD”) Content Index

Sunright extended effort in environmental sustainability; addressing climate-related risks and opportunities in this year’s sustainability report. We strive to update disclosures with reference to the TCFD recommendations through a phased approach.

TCFD Recommendations	Our Approach	Page Reference
Governance: Disclose organisation’s governance around climate-related risks and opportunities		
Describe the Board’s oversight of climate-related risks and opportunities	The Board assisted by the Audit and Risk Committee (“ARC”), oversees the Group’s risk management and internal control systems, while the business unit management identifies and assesses the material risks faced by the Group as well as the design, implementation and monitoring of suitable internal controls to manage and mitigate these risks.	Our Sustainability Commitment and Governance (page 10)
Describe management’s role in assessing and managing climate-related risks and opportunities	<p>The Board recognises its obligation to maintain a sound risk management framework and internal control systems, which includes developing an adequate risk management and control framework and periodically reviewing its effectiveness, appropriateness, and integrity.</p> <p>The Group has put in place a structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established, which provides for a documented and auditable trail of accountability.</p> <p>The Group’s internal control procedures also encompass a series of standard operating practice manuals and business process manuals, which serve as guidance for proper measures to be undertaken, and are subject to regular review, enhancement and improvement.</p>	Corporate Governance Report (pages 53-73)
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning where such information is material		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	<p>As guided by SGX’s recommended phased implementation approach, Sunright has begun conducting and incorporating climate scenario analysis into its climate reporting framework.</p> <p>Sunright’s analysis focuses on two climate pathways: the Net Zero Emissions Scenario and the Business-as-Usual Scenario. These scenarios primarily reference the IPCC’s Representative Concentration Pathways (RCPs) for physical risk assessment and the Shared Socioeconomic Pathways (SSPs) for transition risk assessment. The Net Zero and Business-as-Usual pathways were selected to provide Sunright with a comprehensive understanding of potential impacts, allowing the company to prepare for both best and worst-case outcomes related to physical and transition risks.</p> <p>The IPCC’s RCPs and SSPs are globally recognised and widely used for mapping potential climate pathways and socioeconomic developments. Through this qualitative climate scenario analysis, Sunright aims to assess the company’s resilience to climate change across the aforementioned time horizons, ensuring that it remains agile in addressing future climate challenges.</p>	

SUSTAINABILITY REPORT

TCFD Recommendations	Our Approach	Page Reference													
<p>Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning</p>	<p>Summary of the climate scenario analysis parameters used:</p> <table border="1" data-bbox="391 526 1268 660"> <thead> <tr> <th data-bbox="391 526 885 582">Net Zero Scenario</th> <th data-bbox="893 526 1268 582">Business-as-Usual</th> </tr> </thead> <tbody> <tr> <td data-bbox="391 593 885 660"><i>Warming of 2°C or lower by the year 2100</i></td> <td data-bbox="893 593 1268 660"><i>Warming of >4°C by the year 2100</i></td> </tr> </tbody> </table> <p>Brief description of the scenarios</p> <table border="1" data-bbox="391 672 1268 1232"> <tbody> <tr> <td data-bbox="391 672 542 1232"> <p>In this scenario, the world actively addresses climate change by drastically reducing greenhouse gas emissions. This is achieved through widespread adoption of renewable energy, increased energy efficiency, and cutting-edge sustainable technologies. Countries collaborate to reach net zero emissions by the latter half of the century, ensuring a sustainable balance between the emissions produced and those removed from the atmosphere, leading to a more sustainable and climate-resilient world.</p> </td> <td data-bbox="550 672 885 1232"></td> <td data-bbox="893 672 1268 1232"> <p>In this scenario, the world continues its current growth-focused path with a strong reliance on fossil fuels, leading to high greenhouse gas emissions. Technological progress and improvements in health and education occur, but these developments do not significantly reduce the environmental impact. This results in a sharp rise in atmospheric carbon dioxide levels, causing severe climate change with extreme weather, higher temperatures, and widespread ecological disruption, posing serious challenges to life on Earth.</p> </td> </tr> </tbody> </table> <p>Climate scenarios used</p> <table border="1" data-bbox="391 1243 1268 1332"> <tbody> <tr> <td data-bbox="391 1243 542 1332"> <ul style="list-style-type: none"> • IPCC RCP 2.6 • IPCC SSP1-2.6 </td> <td data-bbox="550 1243 885 1332"></td> <td data-bbox="893 1243 1268 1332"> <ul style="list-style-type: none"> • IPCC RCP 8.5 • IPCC SSP5-8.5 </td> </tr> </tbody> </table> <p>Time horizons</p> <table border="1" data-bbox="391 1344 1268 1444"> <tbody> <tr> <td data-bbox="391 1344 542 1444"> <ul style="list-style-type: none"> • Short-term: 2025 • Medium-term: 2030 • Long-term: 2050 </td> <td data-bbox="550 1344 885 1444"></td> <td data-bbox="893 1344 1268 1444"></td> </tr> </tbody> </table> <p>Countries Singapore, Malaysia and China</p> <p>The table below highlights the climate-related risks and opportunities most material to Sunright. A phased approach will be adopted to disclose more details and quantifiable impacts on the identified climate-related risks, opportunities, and relevant mitigation measures in subsequent reports.</p>	Net Zero Scenario	Business-as-Usual	<i>Warming of 2°C or lower by the year 2100</i>	<i>Warming of >4°C by the year 2100</i>	<p>In this scenario, the world actively addresses climate change by drastically reducing greenhouse gas emissions. This is achieved through widespread adoption of renewable energy, increased energy efficiency, and cutting-edge sustainable technologies. Countries collaborate to reach net zero emissions by the latter half of the century, ensuring a sustainable balance between the emissions produced and those removed from the atmosphere, leading to a more sustainable and climate-resilient world.</p>		<p>In this scenario, the world continues its current growth-focused path with a strong reliance on fossil fuels, leading to high greenhouse gas emissions. Technological progress and improvements in health and education occur, but these developments do not significantly reduce the environmental impact. This results in a sharp rise in atmospheric carbon dioxide levels, causing severe climate change with extreme weather, higher temperatures, and widespread ecological disruption, posing serious challenges to life on Earth.</p>	<ul style="list-style-type: none"> • IPCC RCP 2.6 • IPCC SSP1-2.6 		<ul style="list-style-type: none"> • IPCC RCP 8.5 • IPCC SSP5-8.5 	<ul style="list-style-type: none"> • Short-term: 2025 • Medium-term: 2030 • Long-term: 2050 			
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TCFD Recommendations	Our Approach	Page Reference																																		
	<p><u>Transition Risks</u> Transition risks are generally associated to the transition to a low-carbon economy, which might involve governmental changes, disruptive technological advances, and changes in customer and investor preferences.</p> <table border="1" data-bbox="391 627 1268 1635"> <thead> <tr> <th data-bbox="391 627 502 840">Risk Type</th> <th data-bbox="510 627 646 840">Risk Description</th> <th data-bbox="654 627 853 840">Potential Impacts</th> <th colspan="2" data-bbox="861 627 1077 772">Time horizon & potential financial impact level across the climate scenario</th> <th data-bbox="1085 627 1268 840">Adaptation or Mitigation Measures</th> </tr> <tr> <td></td> <td></td> <td></td> <th data-bbox="861 784 965 840">Net Zero</th> <th data-bbox="973 784 1077 840">Business-as-Usual</th> <td></td> </tr> </thead> <tbody> <tr> <td data-bbox="391 840 502 1108">Policy and legal</td> <td data-bbox="510 840 646 1108">Current and emerging climate-reporting regulations for listed firms</td> <td data-bbox="654 840 853 1108">Increased resources and costs to implement processes to ensure compliance with climate-reporting regulations</td> <td data-bbox="861 840 965 952">Medium term</td> <td data-bbox="973 840 1077 952">Medium term</td> <td data-bbox="1085 840 1268 1108" rowspan="2">Continue to work closely with the stakeholders and consultants to keep abreast of all sustainability reporting developments and regulations.</td> </tr> <tr> <td></td> <td></td> <td></td> <td data-bbox="861 963 965 1108">Long term</td> <td data-bbox="973 963 1077 1108">Long term</td> </tr> <tr> <td data-bbox="391 1108 502 1635">Reputation</td> <td data-bbox="510 1108 646 1635">Increasing stakeholder expectations in relation to climate change and emissions</td> <td data-bbox="654 1108 853 1635">Failure to meet the increasing stakeholder expectations in relation to climate change and emissions may pose a reputational risk, potentially leading to diminished investor confidence, reduced company valuations, and challenges in retaining skilled workforce.</td> <td data-bbox="861 1108 965 1276">Medium term</td> <td data-bbox="973 1108 1077 1276">Medium term</td> <td data-bbox="1085 1108 1268 1635" rowspan="2">Engage key stakeholders, including customers and investors to understand and address their concerns to meet or exceed their ESG expectations.</td> </tr> <tr> <td></td> <td></td> <td></td> <td data-bbox="861 1288 965 1635">Long term</td> <td data-bbox="973 1288 1077 1635">Long term</td> </tr> </tbody> </table> <p data-bbox="391 1657 798 1724">Potential financial impact level: ■ Low ■ Medium ■ High</p>	Risk Type	Risk Description	Potential Impacts	Time horizon & potential financial impact level across the climate scenario		Adaptation or Mitigation Measures				Net Zero	Business-as-Usual		Policy and legal	Current and emerging climate-reporting regulations for listed firms	Increased resources and costs to implement processes to ensure compliance with climate-reporting regulations	Medium term	Medium term	Continue to work closely with the stakeholders and consultants to keep abreast of all sustainability reporting developments and regulations.				Long term	Long term	Reputation	Increasing stakeholder expectations in relation to climate change and emissions	Failure to meet the increasing stakeholder expectations in relation to climate change and emissions may pose a reputational risk, potentially leading to diminished investor confidence, reduced company valuations, and challenges in retaining skilled workforce.	Medium term	Medium term	Engage key stakeholders, including customers and investors to understand and address their concerns to meet or exceed their ESG expectations.				Long term	Long term	
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	<p data-bbox="395 477 539 506"><u>Physical Risks</u></p> <p data-bbox="395 510 1281 595">Arising from the impact of weather events and widespread environmental changes, physical risks can include increased severity and variability of extreme weather events such as rising sea levels and changes in temperature and precipitation patterns.</p> <table border="1" data-bbox="395 629 1273 1939"> <thead> <tr> <th data-bbox="403 640 464 694">Risk Type</th> <th data-bbox="499 640 619 694">Risk Description</th> <th data-bbox="635 640 730 694">Potential Impacts</th> <th colspan="2" data-bbox="839 640 1034 775">Time horizon & potential financial impact level across the climate scenario</th> <th data-bbox="1050 640 1198 694">Adaptation or Mitigation Measures</th> </tr> <tr> <td></td> <td></td> <td></td> <th data-bbox="839 786 900 840">Net Zero</th> <th data-bbox="948 786 1043 840">Business-as-Usual</th> <td></td> </tr> </thead> <tbody> <tr> <td data-bbox="403 846 464 875">Acute</td> <td data-bbox="499 846 635 1014">Increased intensity and frequency of storms and floods</td> <td data-bbox="643 846 826 1014"> <ul style="list-style-type: none"> Physical damage or impairment of assets Increased insurance costs </td> <td data-bbox="847 869 900 922">Medium term</td> <td data-bbox="956 869 1008 922">Medium term</td> <td data-bbox="1058 846 1257 1014"> <ul style="list-style-type: none"> Review insurance coverage Conduct regular maintenance and enhancement of infrastructure </td> </tr> <tr> <td data-bbox="403 1021 464 1050">Chronic</td> <td data-bbox="499 1021 635 1106">Change in average temperature</td> <td data-bbox="643 1021 826 1361"> <ul style="list-style-type: none"> Increased cooling demand for production facilities Potential disruptions to operations due to workforce absenteeism from heat-related health stresses </td> <td data-bbox="847 1043 900 1097">Medium term</td> <td data-bbox="956 1043 1008 1097">Medium term</td> <td data-bbox="1058 1021 1257 1939"> <ul style="list-style-type: none"> Regular review of operational procedures to ensure staff are coping with the increasing temperatures by conducting work environment evaluation to identify areas that reduce heat exposures, health assessment, etc. Regular maintenance of air conditioning systems Explore additional measures to minimise heat absorption of buildings or more efficient air conditioning systems Integrate lush greenery around the production facilities to provide cooling shade </td> </tr> <tr> <td></td> <td></td> <td></td> <td data-bbox="847 1514 900 1568">Long term</td> <td data-bbox="956 1514 1008 1568">Long term</td> <td></td> </tr> </tbody> </table> <p data-bbox="395 1966 719 1995">Potential financial impact level:</p> <p data-bbox="395 2000 807 2029"> ■ Low ■ Medium ■ High </p>	Risk Type	Risk Description	Potential Impacts	Time horizon & potential financial impact level across the climate scenario		Adaptation or Mitigation Measures				Net Zero	Business-as-Usual		Acute	Increased intensity and frequency of storms and floods	<ul style="list-style-type: none"> Physical damage or impairment of assets Increased insurance costs 	Medium term	Medium term	<ul style="list-style-type: none"> Review insurance coverage Conduct regular maintenance and enhancement of infrastructure 	Chronic	Change in average temperature	<ul style="list-style-type: none"> Increased cooling demand for production facilities Potential disruptions to operations due to workforce absenteeism from heat-related health stresses 	Medium term	Medium term	<ul style="list-style-type: none"> Regular review of operational procedures to ensure staff are coping with the increasing temperatures by conducting work environment evaluation to identify areas that reduce heat exposures, health assessment, etc. Regular maintenance of air conditioning systems Explore additional measures to minimise heat absorption of buildings or more efficient air conditioning systems Integrate lush greenery around the production facilities to provide cooling shade 				Long term	Long term		
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	<p><u>Climate-related opportunities</u> Sunright acknowledges that with climate-related risks also come valuable opportunities. The company can capitalise on these opportunities by focusing on two key areas: energy efficiency and resource efficiency.</p> <p>By implementing energy management systems and adopting energy-efficient technologies, Sunright can significantly cut operational costs due to lower energy use, while also reducing greenhouse gas (GHG) emissions. This not only benefits the environment but also enhances the company's bottom line.</p> <p>Lastly, optimising the use of resources across the supply chain and within manufacturing processes can lead to emission reductions and heightened operational efficiency. Streamlining these processes using "Avoid-Reduce-Substitute" framework allows Sunright to decrease production costs and minimise waste, yielding better financial benefits.</p>	
<p>Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p>	<p>Qualitative climate scenario analysis offers Sunright Group a wide-ranging view of how climate change could affect their operations, considering various assumptions and projections.</p> <p>For instance, Singapore's Third National Climate Change Study's latest results for regional climate change projections outline expected changes in weather patterns under different scenarios. In particular, rainfall on annual and seasonal timescales is projected to increase under all climate scenarios. The largest projected increase is associated with the Business-as-Usual Scenario which indicates that the average annual total rainfall within the Southeast Asia region is projected to increase by up to 13.4%. On the other hand, the Net Zero Emissions Scenario suggests that the annual total rainfall within the Southeast Asia region is projected to increase by up to 5.5%.</p> <p>Transition risks, like carbon pricing, also vary by scenario. In Asia, prices could jump by 2030 and again by 2050 in a Net Zero Emissions Scenario, affecting operational costs. In contrast, the Business-as-Usual Scenario foresees a slower rise in carbon pricing, with a minimal cost impact.</p> <p>As Sunright Group advances towards detailed assessment, we aim to gain a clearer understanding of our business resilience in the face of diverse climate scenarios.</p>	

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TCFD Recommendations	Our Approach	Page Reference
Risk management: Describe how the organisation identifies, assesses, and manages climate-related risks		
Describe the organisation's processes for identifying and assessing climate-related risks	<p>The Group has an Enterprise Risk Management (“ERM”) framework that guides the identification, evaluation and management of significant risks faced by the Group in its current business environment including financial, operational, compliance and information technology risks.</p> <p>Based on the qualitative climate risk assessment conducted, identified climate-related issues were assessed based on the likelihood of occurrence and the severity of the potential impacts as guided by the Group’s risk assessment matrix across the selected climate scenarios and time horizons.</p>	Corporate Governance Report (pages 53–73)
Describe the organisation's processes for managing climate-related risks	<p>The prioritisation of risks also takes into account the Group’s resources, objectives, risk tolerance, control policies and mitigation measures. The respective business units responsible for the identified climate-related issues are also engaged to monitor the register to assess and provide insights on the risk rating and impact on their operations and business. The risk register is updated every quarter to evaluate the relevance and adequacy of the identified risks and its accompanying adaptation and mitigation measures. As part of our phased implementation approach, Sunright strives to improve its identification and review process in the subsequent years to better account for potential implications from the evolving nature of external factors such as existing and emerging regulatory requirements related to climate change.</p>	
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	<p>Sunright recognises that working towards our sustainability goals will necessitate the development of sustainability competencies throughout our organisation. As a result, we will work towards introducing training and development programs for staff and Board members to build awareness on the topic of climate-related risks and to prepare business units on the management of this topic.</p>	

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TCFD Recommendations	Our Approach	Page Reference
<p>Metrics and targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p>		
<p>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	<p>In our sustainability report, we track, measure, and report on our environmental performance, including energy consumption and intensity, GHG emissions and intensity (for total, Scope 1, Scope 2 and selected Scope 3 categories). Monitoring and reporting these metrics assist us in identifying areas with high climate-related risks, allowing us to direct our efforts in those areas.</p>	<p>Energy and Carbon Footprint (pages 35-38)</p>
<p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (“GHG”) emissions, and the related risks</p>	<p>Sunright has measured and disclosed our Scope 1 and 2 emissions in total in this report. This year, we also begun with reporting Scope 3 emissions for Category 6: Business Travel and Category 7: Employee Commuting. Moving forward, Sunright will continue to expand upon its reporting of Scope 3 categories most significant to the business.</p>	
<p>Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</p>	<p>Sunright has set a perpetual target for electricity consumption to have 2% reduction in year-on-year electricity consumption. We will continue to monitor our performance and targets to evaluate if targets need to be reviewed whenever applicable and practicable.</p>	

CORPORATE GOVERNANCE REPORT

Sunright Limited (the “Company”) affirms its commitment to upholding a high standard of corporate governance, to safeguard the interests of all its stakeholders.

When establishing the Company’s corporate governance framework, the Board considered the principles and recommended provisions of the Code of Corporate Governance 2018 (“SCCG”), their applicability to the Group’s business circumstances and adopts practices that are most suitable and effective, in order to achieve the high standards of corporate governance desired.

This Corporate Governance Report sets out the Company’s main corporate governance policy and practices, that were in place during the financial year ended 31 July 2024 (“FY2024”) and where appropriate, we have provided explanations for any deviations from the recommendations of the SCCG.

BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

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

Provision 1.1: Board’s Duties and Responsibilities

Principal Duties of the Board

The Board assumes overall responsibilities over the Company and the companies within the Group, excluding the listed *de facto* subsidiary and its group of companies, which are associates and managed by a separate and independent Board listed on another stock exchange.

In discharging its duties and responsibilities, the Board has set the strategies to ensure that the Group is led and managed in an effective and responsible manner, so that the objectives and goals are met.

The Board is guided by its policies which set forth matters that require its approval. This assisted the Board in ensuring that performance of its duties and responsibilities are in line with the Constitution of the Company, the Singapore Companies Act 1967 (“CA”), the Listing Manual of the Singapore Exchange Securities Trading Ltd (“SGX-ST”) and applicable laws, regulations and rules that the Group is required to comply with.

The Company’s Board comprise individuals from the private sector who are entrepreneurs and professionals with the right core competencies and diversity of age, skills and experience, gender and knowledge to enable the Board to provide effective guidance and good insights to the Management.

It has always been the governing principle adhered to by all of the Directors of the Company that regardless of whether they are independent or not, they have the fiduciary obligation to act in good faith and in the best interests of the Company.

The primary function of the Board is to provide effective leadership and direction, and work with Management to protect and enhance the long-term value of the Group to its shareholders and other stakeholders. In this regard, the key roles of the Board are to:

- guide the corporate strategy and direction of the Group;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed;
- ensure effective management and leadership of the highest quality and integrity; and
- provide oversight in the proper conduct of the Group’s businesses.

CORPORATE GOVERNANCE REPORT

The Board sets the tone for the Group in respect of ethics, values and desired organisational culture, and ensures proper accountability within the Group. It has established a code of conduct and ethics, to promulgate ethical values and conduct that Directors and employees are expected to observe.

Conflict of Interest

Directors are aware that they must not allow himself or herself to get into a position where there is a conflict between his or her duty to the Company and his or her own interests. As a safeguard, any Director who has a conflict of interest in a particular matter or transaction under consideration, is required to disclose such interest to the Board and shall not participate in the deliberation on the matter or transaction and shall also abstain from voting on the matter or transaction.

Provision 1.2: Board's Training and Induction

Training and Development of Directors

From time to time Management provides the Directors with complete, adequate and timely information prior to and during the meetings of the Board and Board Committees, including regular updates, to keep the Directors up to speed on pertinent developments and matters. As such, the Directors are able to make informed decisions and discharge their duties and responsibilities well.

All Directors are also encouraged to undergo continuous training to broaden their perspectives and keep abreast with new statutory and regulatory requirements. Training is provided to Directors through a mix of in-house and external/virtual training programmes. In keeping with the Board's open policy for occasional training for all the Directors, a training budget has been set aside for Directors, so that they have the discretion to attend external/virtual training, on topics that they deem appropriate or relevant to develop their skills, knowledge and keep updated on impending regulatory changes.

All the Directors had completed the training on sustainability matters as prescribed in Rule 720(7) of the Listing Manual of SGX-ST.

During FY2024:

- The external auditor updated the Directors on developments in audit requirements, accounting standards and governance matters during scheduled Audit and Risk Committee ("ARC") meetings, as well as via its regular circulation of newsletters.
- The Management briefed the Board during scheduled meetings, as well as via circulated articles and media releases on updates to the audit and accounting areas, corporate governance, changes to the SCCG and listing rules of the SGX-ST, directors' duties; as well as pertinent topics on sustainability, risk management, etc.
- The sustainability consultant provided updates to the Board on developments in sustainability compliance.
- Regular presentations were made to the Directors by the Management during scheduled meetings, on the Group's businesses, activities, strategic directions, economic and industry environment and developments affecting the Group, including the changing commercial risks that the Group is facing.
- The Directors attended an in-house conference, held off-site. They were briefed on the latest market and industry developments and trends, business and strategic plans of the Group, its technology roadmap and marketing plans, emerging risks and progress on the digital fronts, occupational health and safety, mental health and welfare, leadership transitions and sustainability and climate disclosure requirements in the ensuing years. The Directors also met with the senior management staff of the key operations to gather further first-hand information on their respective operations and broadly assess their leadership, business direction and management resources.

CORPORATE GOVERNANCE REPORT

- External training attended by the Directors variously included:
 - “Ethical and Legal Considerations in Protecting your Company Secrets and Customer Databases” conducted by Institute of Singapore Chartered Accountants
 - “2024 Asia Board Leadership Summit” conducted by Human Capital Leadership Institute

Induction of Newly Appointed Directors

The Company issues a formal letter of appointment to newly appointed Director, setting out clearly among other matters, his or her role, obligations, duties and responsibilities as a director. As part of the onboarding process, Management will provide such Director with a comprehensive induction programme, with relevant materials provided to familiarise him or her with the Company’s Board policies and processes, the Group’s businesses, operations, financial performance, risk management and internal control systems, as well as governance practices. Newly appointed Director who has no prior experience being a director of a listed company in Singapore has to undergo the Mandatory Training for first-time director, as prescribed by SGX-ST. In FY2024, no new director was appointed.

Provision 1.3: Board’s Reserved Matters

The Board has established a set of delegations of authority, which documents matters that require its approval. In general, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Management, to optimise operational efficiency as well as provide a system of checks and balances.

Matters and transactions that normally require the consideration and approval of the Board, include annual budgets, annual financial statement, announcements to the SGX-ST, adoption of corporate governance practices, corporate restructuring, declaration of dividends, major investments, as well as oversight of risk management, internal control systems and sustainability reporting.

Provision 1.4: Board Committees

The Board is supported by three Board Committees, namely the ARC, the Nominating Committee (the “NC”) and the Remuneration Committee (the “RC”), each of which operates under delegated authority from the Board, to assist the Board in discharging its oversight function. These Board Committees are constituted with clear written Terms of Reference (“TOR”) setting out their compositions, authorities and duties, including reporting back to the Board. While the Board Committees have the authority to examine and may approve certain matters, they generally report to the Board with their recommendations for the Board’s decisions.

Provision 1.5: Time Commitment of Directors

Attendance of Meetings

The Board and Board Committees meet on a scheduled basis, at least two to three times annually. Additional meetings are convened as may be warranted by particular circumstances. Board and Board Committees meetings are normally conducted physically. When circumstances require, such meetings can be held either by electronic means entirely, in audio or video modes, or in a hybrid manner. In this manner, all Directors are able to attend and actively participate in the meetings. The meetings of the Board and Board Committees held in FY2024 were conducted in a combination of fully physical, as well as hybrid format.

Meetings of the Board and Board Committees have always been conducted in an open and participative manner, whereby all Directors engage in constructive debate, dissenting views are allowed to be freely expressed and thorough deliberations made on agenda matters, to ensure the quality of the decision-making and with the interests of the Company at heart.

CORPORATE GOVERNANCE REPORT

The commitment of individual Directors in carrying out their duties is reflected in their attendance at the meetings of the Board and Board Committees held in FY2024, as shown in the table below:

Name of Directors	Types & Number of Meetings	Board	ARC	NC	RC
		3	2	3	2
Samuel Lim Syn Soo		3	2*	3	2*
Kenneth Tan Teoh Khoon		3	2*	3	2*
Daniel Soh Chung Hian		3	2	3	2
Timothy Brooks Smith		3	2	3	2
Sandy Foo Fei Ying		2	1	2	1

* By invitation

In between the scheduled meetings of the Board and Board Committees, important or time sensitive matters are also discussed/reviewed in person, on the telephone or via email, for consultations and when necessary, approval on the matters under discussion/review are made by way of circular resolutions together with supporting papers (where relevant) to facilitate informed decision-making.

Provision 1.6: Board's Access to information

All Directors have full and unrestricted access to timely information which is necessary for them to discharge their duties responsibly.

Agendas and meeting papers containing reports, financial statements and information to facilitate active participation and informed decision-making, are typically circulated to the Board, and the Board Committees, a week or so prior to the meetings. This allows the Directors ample time to study and evaluate the matters to be discussed at the meetings. Furthermore, Directors may request for additional clarification and information, to assist them in their decision-making.

Provision 1.7: Board's Access to Management, External Advisers and Company Secretary

Directors have separate and independent access to Management and the Company Secretary at all times, during face-to-face meetings as well as through electronic mails, telephone and video conference.

The Directors may seek and obtain independent professional advice at the Company's expense, where necessary, to fulfil and discharge their duties and responsibilities as Directors.

The Board is supported by the Company Secretary, who attends to the administration of corporate secretarial matters, advises the Board on governance matters and ensures the Company complies with its Constitution and relevant laws and regulations, including the CA, the Securities and Futures Act and the Listing Manual of SGX-ST ("Listing Manual"). The Company Secretary attends and prepares the minutes of meetings of the Board, Board Committees and shareholders and provides assistance to the chairmen of the Board and Board Committees, to ensure Board procedures are adhered to.

The Board decides on the appointment and termination of the Company Secretary.

CORPORATE GOVERNANCE REPORT

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: Determination of Director's Independence

The Board espouses the principle that a board composition with a strong and independent element, as well as diversity of thought and background facilitates Directors to: (i) engage in robust deliberations with Management; (ii) provide external, diverse and objective insights on issues brought before the Board and Board Committees for discussion and deliberation; and (iii) provide oversight to ensure Management discharges its roles and responsibilities effectively.

The Board as at FY2024 and currently comprises five Directors, of whom two are executive and three are non-executive. All the Non-Executive Directors ("NEDs") are independent.

The independence of the Directors is monitored by the NC and ensured by the Board. On an annual basis and as and when circumstances require, the NC and the Board make reference to Rule 210(5)(d)(i), (ii) and (iv) of the Listing Manual, the guidelines provided in the SCCG and the individual Director's declaration, to determine whether or not a Director is independent.

For FY2024, each of the Independent Directors ("IDs") had declared that there were no relationships or circumstances, which impact his or her independence status and he or she has been able to act independently and liberally. The declarations made by the IDs had been assessed by the NC and in subsequence thereof, the Board undertook a review of their independence and had determined that Messrs Daniel Soh Chung Hian, Timothy Brooks Smith and Sandy Foo Fei Ying, continue to be independent. None of them participated in the Board's determination of his or her own independence status. Further, the NC and the Board (with Mr Smith's non-participation in the deliberations as to his independence) had determined that Mr Smith's long tenure had not compromised his independence as he remained objective and independent-minded in Board and Board Committee deliberations. As such, the NC and the Board (with Mr Smith's non-participation in the deliberations as to his independence) are of the view that he can continue to be regarded as an ID.

On 11 January 2023, the SGX-ST revised Rule 210(5)(d)(iii) which limit the tenure of IDs to nine years and as transition existing IDs whose tenure exceeds the nine-year limit can continue to be deemed independent until the company's AGM held for the financial year ending on or after 31 December 2023. At the same time, the requirement for two-tier voting to approve the re-election of long tenured ID was removed. In this connection, Mr Smith who was re-elected at the last AGM shall remain as ID until the conclusion of the forthcoming AGM.

Mr Timothy Brooks Smith has indicated that he will retire as Director at the conclusion of the forthcoming AGM. The NC having sourced for a suitable candidate who fulfil the independence criteria, has recommended the nomination of Dr. Babak Alizadeh Taheri to stand for election as an ID of the Company. The Board has accepted the recommendation and has proposed his appointment for approval at the forthcoming AGM.

Additional information on Dr. Babak Alizadeh Taheri can be found in the "Board of Directors" section and the "Additional Information on Directors Seeking Re-Election/Election at the AGM" section, which is appended to the Notice of AGM.

Provision 2.2: Majority Independence Criteria if Chairman is non-independent

The Board Chairman is not an ID as he also assumes the position of Chief Executive Officer ("CEO").

At the close of FY2024 and currently, the Board comprises of three IDs which constitute a majority of the Board, in keeping with the SCCG's recommendation that IDs make up a majority of the Board where the Chairman is not independent.

Provision 2.3: Majority Non-Executive Directors

The Board has three NEDs, which make up a majority of the Board.

CORPORATE GOVERNANCE REPORT

Provision 2.4: Size, Composition and Diversity of Board and Board Committees

During FY2024, the NC had undertaken an assessment of the size and composition of the Board and Board Committees and was satisfied that they are of the right size and are well balanced from the perspective of the mix of skill sets, knowledge, experience, independence and diversity in age, gender, ethnicity and tenure. The Board similarly concurred with the NC's findings that:

- given the Group's current size and nature of operations, the size of five Directors is optimal for the Board's effective and expedient decision-making; and
- its current composition comprises Directors who collectively have the core competencies and other aspects of diversity to avoid groupthink and foster constructive debate. The table below gives a snapshot on the various aspects of Board diversity:

Age	51-60 years = 20%	61-70 years = 60%	>70 years = 20%	
Gender	Male	80%	Female	20%
Ethnicity	Chinese	80%	Others - American	20%
Nationality	Singaporean	80%	American	20%
Independence	Independent	60%	Non-Independent	40%
Core Competencies	Accounting, finance, banking, business and management experience, customer-based experience and knowledge, engineering, human resources, industry experience and knowledge, international perspective, legal, manufacturing, marketing, public listed experience, investor relations, risk management and strategic development.			

The Board have adopted a Board Diversity Policy ("BDP") which focuses on an appropriate balance of skills and experience, gender, age, tenure of service, ethnicity and independence, in building an effective Board with the ability to guide and support the achievement of the Group's strategic objectives and for sustainable development and growth. This will help to avoid groupthink within the Board and at the same time enable the Board to better identify potential risks, foster constructive debates and contribute to problem-solving.

Under the BDP, the NC will, in reviewing the Board's composition, rotation and retirement of Directors, consider relevant aspects of the diversity and the needs of the Company. All Board appointments shall be based on merit, and will be considered against objective criteria and having due regard for the benefits of diversity on the Board and the Company's needs.

The current composition of the Board reflects the Company's commitment to Board diversity. The Board diversity targets, timelines and progress towards achieving the targets, are explained below:

Skills and Experience

The Board's target is to maintain a Board comprising Directors who possess a balance of diversity in background, knowledge and skills, as well as experiences in various fields of expertise to support it in providing effective oversight of the businesses of the Group. In this regard, the Board aims to have Directors who possess identified core competencies, in the areas of accounting and finance, business and management, customer-based experience and knowledge, engineering, industry knowledge, international experience, investor relations, legal, manufacturing, marketing and risk management.

The Board believes that diversity in skills and experience supports the work of the Board and Board Committees. It also enables the Board to provide effective guidance and oversight of Management and the Group's operations.

The current Board comprises Directors who collectively have an appropriate combination of professional qualifications and competencies. Most of the Directors possess a majority of the identified core skill sets and experience illustrated in the Board Diversity table above.

CORPORATE GOVERNANCE REPORT

Gender

Having regard to the industry that the Group operates in and the small Board size, the Board has set a target of at least one female representation on the Board. Currently, 1 out of 5 Directors (20% of the Board) is female.

Age

The Board believes that age diversity in the boardroom creates an environment that is rich with experience and maturity, as well as youthful exuberance. As such, the Board's target is to maintain a Board comprising Directors from at least two different age groups, to generate different perspectives, facilitate robust discussions and reduce risk of groupthink dynamics. As illustrated in the table above, the current Board comprises Directors from three different age groups.

Tenure of Service

The Board is of the views that diversity in tenure of Directors promotes healthy debates and shall, as far as practicable, aim to have Directors of different tenures serving on the Board. Whilst the newer Directors bring fresh perspectives, the Board believes this should be complemented by the experience of longer service Directors, who have accumulated deep insight and institutional knowledge, to better guide the Board to navigate the challenges that may confront the business operations and the volatile industry in which the Group operates in. Currently, the Board comprises Directors of different length of service, with 2 Directors (40% of the Board) within the 3-9 years tenure and the remaining 3 Directors (60% of the Board) of above 20 years tenure.

Ethnicity Background

As illustrated in the table above, the current Board comprises Directors of different ethnic group.

Independence

The Board is of the views there should be an appropriate balance of EDs and NEDs, with elements of independence to support robust and unbiased decision-making. The desire is to maintain a majority independence Board composition.

Currently, the Board comprises 2 EDs (40%) and 3 NEDs (60%) who are independent. However, the Board took cognisance that one of the IDs is stepping down at the conclusion of the forthcoming AGM and this will impact the majority independence status of the Board in the current financial year ending 31 July 2025. In this connection, the Board is proposing to bring on board another ID, who has vast experience in the semiconductor industry, in order to maintain the desired target.

When reaching out for candidates to fill Board vacancy, the NC and Board take cognisance of the Group's diversity practices and considered it along with the other important criteria deemed necessary to fill the gaps in Board composition.

Accordingly, the Board has been and continues to ensure that the Board and Board Committees have an appropriate level of independence and diversity of thought and background in their composition to enable them to make effective decisions.

Provision 2.5: Meeting of Independent Non-Executive Directors

The NEDs who are also the IDs, led by the Lead ID, meet informally without the presence of Management when the need arises. The Lead ID will provide feedback to the Board after such meetings, as appropriate.

In FY2024, the IDs met once without the presence of Management.

CORPORATE GOVERNANCE REPORT

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: Board Chairman and CEO are separate individuals

The Board Chairman is Mr Samuel Lim, who is also the Company's CEO. This single leadership appointment is a deviation under this Provision which recommends that each role should be held by separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

The Board has taken the view that given the nature and size of the Group's businesses, it is in the best interests of the Company to vest both roles on the same individual, Mr Samuel Lim.

Mr Samuel Lim is a 50 year veteran of the local semiconductor industry. He brings unique combination of technological and commercial insights.

His deep knowledge of the products, experience of the business, wide contacts in the industry and visionary leadership will ensure there is effective management and continued success of the Group in meeting its obligations and goals. The combined roles thus provide the Group with a strong and consistent leadership, and allows for more effective planning and expeditious execution of the business strategies.

The Board also views that there is a strong element of independence on the Board to ensure fair and objective deliberation.

Furthermore, in view of Mr Samuel Lim's performance, professionalism and objectivity in discharging his responsibilities, the Board fully supports the retention of his combined roles as Board Chairman and CEO.

Provision 3.2: Written division of responsibilities of Chairman and CEO

The Board is mindful of the concern over the balance of power and accountability issues attributable to the combined roles of the Board Chairman and CEO. To ensure that there are proper checks in place, to safeguard the interests of the Company, the Board has set out clearly in writing the division of responsibilities between both roles.

As Chairman, Mr Samuel Lim is responsible for the overall management of the Board, which encompasses leading the Board to ensure its effectiveness, as well as ensuring the Directors and Management work together with integrity and competency; and he guides the Board in constructive debates on the Group's strategic direction, management of the businesses and governance matters.

In his role as CEO, Mr Samuel Lim has overall responsibility for the running of the Group's business operations. He has full executive responsibilities over the business and operational decisions of the Group, as well as ensuring the Group's compliance with the applicable laws and regulations in its day-to-day operations.

Provision 3.3: Lead Independent Director

This Provision recommends that a Lead ID be appointed where the Chairman is conflicted or not independent.

Mr Daniel Soh Chung Hian has been appointed as the Lead ID on 1 February 2021. Shareholders may reach out to the Lead ID if they have concerns and for which contact through the normal channels of communication with the Board Chairman or Management are inappropriate or inadequate, via the following email address: lid@sunright.com.

CORPORATE GOVERNANCE REPORT

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.*

Provisions 4.1 and 4.2: Nominating Committee and its composition

The NC comprises five Directors, namely: Messrs Daniel Soh Chung Hian (NC Chairman and Lead ID), Timothy Brooks Smith, Sandy Foo Fei Ying, Samuel Lim Syn Soo and Kenneth Tan Teoh Khoon, majority of whom (including the NC Chairman) are independent.

The NC is regulated by its TOR and its principal functions are to review:

- Structure, size and composition of the Board and making recommendations to the Board with regard to any changes deemed necessary;
- Effectiveness of the Board, Board Committees and individual Directors and developing appropriate procedures for such evaluations;
- Independence of IDs;
- Training and professional development programmes for the Board and its Directors;
- Succession plan for Directors, in particular the Executive Directors (“EDs”);
- Identification of Key Management Personnel (“KMP”);
- Proposal of candidates for appointment to the Board; and
- Re-appointment of Directors.

In FY2024, the NC met three times, to review the Board size, structure and composition; assess the independence of the IDs; evaluate the performance and effectiveness of the Board, Board Committees, as well as the Directors; review time commitment of Directors, assess trainings received by Directors, review identified KMP; recommend the re-election of Directors who are due for rotational retirement; recommend to the Board on the relevant information relating to the NC to be disclosed in the Company’s Annual Report; review BDP and potential candidates for appointment as ID.

Provision 4.3: Selection, Appointment and Re-Appointment of Directors

The NC is tasked to assist the Board to find suitable candidates for appointment to the Board and to make appropriate recommendation. The NC is guided by the policy set by the Board in the identification, selection and appointment of new Director candidates.

The Board seeks to ensure its composition provides for appropriate level of independence and diversity of thought and background. In identifying suitable candidates for appointment to the Board, the Board prioritises the needs of the Group and takes into account the industry and business experience, skills, expertise and background of the candidates. In addition, the Board will give due regard to the requirements in the Listing Manual and the SCCG. The Board will also consider the candidate’s ability to commit sufficient time so as to effectively discharge his or her duties as Director.

In accordance with the Company’s Constitution, one-third of the Directors are to retire from the office annually by rotation at each AGM. All Directors are required to submit themselves for re-election at least once in every three years. Retiring Directors are eligible to offer themselves for re-election. The Directors who are retiring by rotation and standing for re-election at the forthcoming AGM are Mr Kenneth Tan and Ms Sandy Foo. The NC have recommended their re-election at the forthcoming AGM and the Board has accepted the NC’s recommendation.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, additional information on the Directors seeking re-election/election has been set out in the “Additional Information on Directors Seeking Re-Election/Election at the AGM” section, which is appended to the Notice of AGM.

Provision 4.4: Director’s Independence

As described under Provision 2.1, the IDs, including Mr Timothy Brooks Smith whose tenure has exceeded nine years cumulatively, have been assessed by the NC to be independent.

The Board is satisfied all the IDs have continued to demonstrate their ability to exercise independent judgement, while acting in the best interests of the Company.

Provision 4.5: Director’s awareness and adequate discharge of duties

New Director’s Awareness of Duties and Obligations

As explained under Provision 1.2, newly appointed Director is made aware of his or her duties and obligations through the formal letter of appointment, the attendance of induction training conducted by the Company and the attendance of Mandatory Training prescribed by SGX-ST (if applicable).

Multiple Directorships

Information on listed company directorships and principal commitments of each Director are set out under the “Board of Directors” section in this Annual Report.

As a matter of policy, the Board does not limit the maximum number of listed company board representation Directors may hold as long as the individual Directors is able to commit his or her time and attention to the affairs of the Group, including attending Board, Board Committees and shareholders’ meetings. The Board believes that each Director is best placed to decide whether he or she has sufficient capacity to discharge his or her duties and responsibilities, in the best interests of the Group.

Nonetheless, the NC performs annual assessment to determine whether a Director has been adequately carrying out his or her duties as Director, having regards to each Director’s attendance record for Board and, where applicable Board Committee meetings, his or her participation and ability to contribute effectively thereat.

In FY2024, having considered the confirmation provided by IDs of their ability to commit time and attention in discharging their duties as Directors, as well as the contribution and performance of each individual Director at such meetings, the NC had determined and the Board was satisfied that all the Directors have been able to adequately carry out their duties as Directors, notwithstanding some have multiple listed board representations and other principal commitments.

Appointment of Alternate Director

In keeping with the principle that a Director must be able to commit his or her time and attention to the affairs of the Group, the Board does not encourage the appointment of alternate directors. No alternate director has been appointed to the Board in FY2024 or currently.

CORPORATE GOVERNANCE REPORT

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.*

Provisions 5.1 and 5.2: Review of Performance of Board, Board Committees, Board Chairman and Individual Directors

The NC has established objective performance criteria and a process on how the performance of the Board as a whole, Board Committees, Board Chairman and individual Directors, are to be evaluated on an annual basis.

The NC considers amongst others the adequacy of Board and Board Committees size and composition, information flow, accountability, overall effectiveness, the performance of the chairpersons etc., to evaluate the overall effectiveness of the Board, Board Committees and the Board Chairman. Assessment of individual Director focuses on areas such as interactive skills, knowledge, attendance and participation at meetings.

The evaluation process is carried out in-house via completion of relevant confidential questionnaires by Directors, seeking their views on various aspects of Board, Board Committees and individual Director performance. The responses received from the questionnaires were collated by the Company Secretary and a consolidated report was presented to the NC for assessment. The NC's assessments and recommendations are then presented to the Board for review and deliberation.

During FY2024, NC had undertaken the evaluations of the Board, Board Committees, Board Chairman and individual Directors, and is of the view that they have performed consistently well and operated effectively. The Board similarly concurred with the NC's assessments.

No external facilitator was involved in the aforesaid evaluation process.

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.*

Provisions 6.1, 6.2 and 6.3: Remuneration Committee

The RC comprises three NEDs, namely: Messrs Timothy Brooks Smith (RC Chairman), Daniel Soh Chung Hian and Sandy Foo Fei Ying, all of whom are IDs.

The RC is responsible for ensuring formal and transparent procedures are in place for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and KMP. The RC also ensures that no Director is involved in deciding his or her own remuneration.

The RC is regulated by its TOR and its principal functions are to assist the Board in:

- Reviewing remuneration policy for the Board;
- Recommending to the Board the remuneration structures, mix and quantum for the Directors, CEO and KMP;
- Approving performance measures and targets in the associated remuneration framework; and
- Consulting external independent advisers where necessary on remuneration matters.

CORPORATE GOVERNANCE REPORT

The underlying principle of the Company's remuneration policy is to pay competitively and adequately. This translates to be remuneration that is attractive, but yet non-excessive to retain and recruit Directors and KMP of high calibre with the necessary skills and experience required for effective management of the Group.

In its review of the remuneration of the Directors and KMP, the RC made reference to prevailing market practices of comparable companies and take into account the scope of responsibilities and individual performance of the KMP, as well as the performance of the Group.

In FY2024, the RC met two times, to:

- (i) review the remuneration for the Directors, as well as deliberated on the extent of remuneration disclosures to be made in the Annual Report. The Board considered the RC's recommendations and is satisfied that the proposed remuneration for the Directors are fair and not excessive, and concurred that whilst there should be substantial disclosure, full disclosure of the remuneration information would not be in the best interests of the Company; and
- (ii) recommend to the Board on the relevant information relating to the RC to be disclosed in the Company's Annual Report.

Provision 6.4: Engagement of Remuneration Consultant

No remuneration consultant was engaged in FY2024, as the RC was able to access relevant information of some comparable companies and deemed it is not necessary.

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.

Provisions 7.1 and 7.3: Remuneration of Executive Directors and KMP

The remuneration policy of the Group is to provide compensation packages at competitive market rates, which reward successful performance and attract, retain and motivate the employees.

The remuneration packages of EDs and KMP, comprise a fixed and a variable component. The fixed component is the base salary and benefits, whereas the variable component is in the form of variable bonus that is linked to the performance of the Group and the individual. The variable component for the EDs also includes profit sharing awards which is conditional upon the Group achieving certain profit before tax targets. EDs do not receive directors' fees. As such, there is close alignment between the interests of the executives, with those of the shareholders, to promote the long-term success of the Group.

The contracts of service of the EDs and KMP, do not have fixed tenures and contain fair and reasonable termination clauses. Also, there are no contractual provisions which allow the Company to reclaim any incentive component of remuneration from the EDs and the KMP, in exceptional circumstances, as the Board takes the view that variable bonuses are paid based on audited financial statements of the Group or Company, as the case may be applicable, as well as the actual performance of the individuals; and not on forward-looking results.

CORPORATE GOVERNANCE REPORT

Provision 7.2: Remuneration of Non-Executive Directors

The RC reviews the remuneration of the NEDs, to ensure their remuneration is appropriate (but not excessive) to their level of contribution, so as to attract and retain Directors to provide good stewardship of the Group.

The NEDs are paid remuneration in the form of fees and entirely in cash. To ensure each NED's fees are commensurate with his or her responsibilities and time spent, each is paid a basic fee and additional fees, for performing additional responsibilities such as Board Committees and chairmanship roles. The fees are subject to approval by shareholders as a lump sum at each AGM.

The fees are reviewed every two years and benchmarked against comparable companies. No Director is involved in deciding his or her own fees.

In view of the challenges faced by the Company, the NEDs volunteered to reduce their fees for FY2024. The Board concurred with the RC's recommendation that the proposed reduced Directors' fees for FY2024 is appropriate, taking into consideration the time and effort spent by the Directors for serving on the Board and Board Committees, as well as their responsibilities.

DISCLOSURE OF 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.*

Provisions 8.1, 8.2 and 8.3: Disclosure of Directors' Remuneration and KMP

The policy and criteria for setting remuneration of the Directors and KMP are discussed under the foregoing Provisions 7.1 to 7.3.

The remuneration payable to the IDs for FY2024 is as follows:

NON-EXECUTIVE DIRECTORS	FEES (\$)
Daniel Soh Chung Hian	50,000
Timothy Brooks Smith	50,000
Sandy Foo Fei Ying	50,000

EXECUTIVE DIRECTORS	SALARY	OTHER BENEFITS	TOTAL
\$500,000 to \$749,999			
Samuel Lim Syn Soo	81%	19%	100%
Kenneth Tan Teoh Khoon	81%	19%	100%

The disclosure of the remuneration of the EDs is presented only in bands, rather than amounts, as the Board takes the view that such details are commercially sensitive, due to the confidential nature of remuneration matters and the highly competitive industry conditions.

CORPORATE GOVERNANCE REPORT

For FY2024, the Group have five KMP (who are not the Directors or the CEO) and their remuneration bandings are set out below:

REMUNERATION BANDING	NUMBER OF KMP
Less than S\$250,000	3
S\$250,000 to S\$499,999	2

In aggregate the total remuneration paid to the five KMP is not more than S\$1.3 million.

The RC and the Board are cognisant of the recommendation set out under Provision 8.1(b), to also disclose the names of the top five KMP (who are not the Directors or the CEO). The Board takes the view that such disclosure is commercially sensitive in this very competitive labour market for high calibre staff, as well as the negative impacts to the Group, if the disclosure is made. With keen competition for management staff in the semiconductor industry, such transparent disclosure may result in poaching of experienced senior management staff, as well as cause disharmony amongst members of the senior management team, which in turn affects the Group's human resource strategies in talent nurturing and retention.

The Company has not implemented any long-term incentive plan, such as employee share option scheme, as the Board is of the view that the current remuneration package is adequate. The Board will consider the need for such a scheme at an appropriate time.

Except for Mr Samuel Lim Syn Soo who is Chairman/CEO and substantial shareholder of the Company, no employees were substantial shareholders of the Company, or immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during FY2024.

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: Board Risk Committee to address significant risks

The ARC assists the Board in overseeing the Group's risk management and internal control systems, while the business unit management identifies and assesses the material risks faced by the Group as well as the design, implementation and monitoring of suitable internal controls to manage and mitigate these risks. The systems include organisational structure, strategic planning, risks management, financial management, operational control, information technology, regulatory and compliance controls to safeguard shareholders' investments, customers' interests and the Group's assets.

The Board acknowledges its responsibility to maintain a sound risk management framework and internal control systems, which includes the establishment of an appropriate risk management and control framework as well as reviewing its effectiveness, adequacy and integrity. However, in view of the inherent limitations in any such system, the Board recognises that the system of risk management and internal controls is designed to manage and mitigate risks rather than eliminate the risk of failure to achieve the Group's internal control objectives. Accordingly, it can only provide reasonable and not absolute assurance against material financial misstatement or loss.

The Board is assisted by Management and ARC for ensuring that business unit management maintains a sound system of risk management and internal controls addressing material financial, operational, compliance and information technology risks to safeguard shareholders' investments and the assets of the Group.

CORPORATE GOVERNANCE REPORT

Risk Management Framework

The Group has implemented an Enterprise Risk Management (“ERM”) framework and related processes for identifying, evaluating and managing significant risks faced by the Group.

The Board’s responsibilities for the governance of risks and controls include:-

- Setting the tone and culture for effective risk management and internal control systems;
- Ensuring risk management is embedded in all aspects of the Group’s daily business and operational activities and processes;
- Determining acceptable risk appetite; and
- Reviewing the adequacy and effectiveness of risk management and internal control systems to obtain reasonable assurance that risks have been kept within tolerable levels.

Internal Control Framework

The Group has put in place an organisation structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established, which provides for a documented and auditable trail of accountability.

The EDs and Management, through their day-to-day involvement in the business operations and regular attendance at senior management level meetings with the business units, manage and monitor the Group’s financial performance, key business indicators, operational effectiveness and efficiency; and discuss and resolve significant business issues, and ensure compliance with applicable laws, regulations, rules, directives and guidelines. These senior management meetings serve as a two-way platform for the Board, through the EDs, to communicate and address significant matters in relation to the Group’s businesses and financial affairs and provide updates on significant changes in the business and the external environment which result in significant risks.

The Group’s internal control procedures also encompass a series of standard operating practice manuals and business process manuals, which serve as guidance for proper measures to be undertaken, and are subject to regular review, enhancement and improvement.

The ARC has, with the assistance of Management, reviewed the Group’s material controls, including financial, operational, information technology and compliance controls, and risk management systems.

Provision 9.2: Assurance from CEO and Executive Director

The Board had received assurances from the CEO and the ED, who are responsible for the financial management of the Group that:

- the financial records have been properly maintained and the financial statements for FY2024 gave a true and fair view of the Group’s operations and finances; and
- the Group’s risk management and internal control systems, which addressed the material risks in the Group in its current business environment including financial, operational, compliance and information technology risks, were operating effectively.

Based on the ERM framework and various controls established within the Group and the reviews conducted by Management, the internal auditors and the external auditor as part of their statutory audit, as well as the assurances from the CEO and the ED, the Board, with the concurrence of the ARC, is satisfied that the Group’s internal controls and risk management processes addressing material financial, operational, information technology and compliance risks are adequate and effective as at FY2024, to address the risks that the Group considers relevant and material to its business operations.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

PRINCIPLE 10: *The Board has an Audit Committee (“AC”) which discharges its duties objectively.*

Provision 10.1: Roles, Authorities and Responsibilities of AC

Role of ARC

The Board is supported by the ARC which provides oversight of audit, financial, internal control and risk matters.

Authority of the ARC

The ARC has explicit authority to investigate any matter falling within its TOR, including full access to and co-operation from Management and the internal auditors, full discretion to invite anyone to attend its meetings, and has been given reasonable resources at its disposal, to enable it to discharge its functions properly. The external auditor also has unrestricted access to the ARC.

Terms of Reference

The ARC is regulated by its TOR and its principal functions are to:

- Review the audit plans of the internal and external auditors of the Group and the Company, and the internal auditor’s evaluation of the adequacy of the Group’s system of internal accounting controls and the assistance given by the Group’s and the Company’s Management to the external and internal auditors;
- Review the Group’s and Company’s unaudited half-year and full year financial results, as well as the annual audited financial statements and the external auditor’s report thereon;
- Review the effectiveness of the Group’s and the Company’s material internal controls, including financial, operational, information technology and compliance controls and risk management;
- Meet with the internal and external auditors and Management in separate sessions to discuss any matters that these groups believe should be discussed privately with the ARC;
- Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- Review the cost effectiveness, independence and objectivity of the external auditor;
- Review the nature and extent of non-audit services provided by the external auditor;
- Recommend to the Board on the nomination of internal and external auditors, including reviewing their engagement terms and compensation;
- Review interested person transactions; and
- Oversee the establishment and operation of whistleblowing process.

Financial Reporting

The ARC reviewed the unaudited half-year and full year financial results and annual audited financial statements prior to presentation to the Board for approval so as to ensure the integrity of the financial statements and any announcements relating to the Group’s financial performance.

During the process of review, the ARC discussed with the Management and the external auditor on the significant issues that were brought to the ARC’s attention. Material issues which the external auditor assessed to be most significant in its audit of the financial statements for the year under review are highlighted in the Key Audit Matters section of the Independent Auditor’s Report.

CORPORATE GOVERNANCE REPORT

External Auditor

Ernst & Young LLP (“EY”) is the external auditor of the Company. EY has confirmed it is approved under the Accountants Act and the audit partner-in-charge assigned to the audit is a public accountant under the Accountants Act.

All the Company’s subsidiaries are also audited by EY and EY’s affiliates except for certain foreign subsidiaries. Nonetheless, the ARC and the Board had satisfied themselves that the appointment of different auditing firms for those foreign subsidiaries would not compromise the standard and effectiveness of the audit of the Company and the Group. Accordingly, the Group is in compliance with Rule 712 and Rule 716 of the Listing Manual in relation to its external auditor.

Pursuant to the requirement in the Listing Manual Rule 713, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current EY’s partner for the Company, Ms Tee Huey Yenn, was appointed in financial year ended 31 July 2020.

Activities of the ARC

In FY2024, the ARC met two times to carry out the following activities:-

- a) Reviewed the ERM progress report;
- b) Reviewed with the external auditor, their audit plan, and audit findings;
- c) Reviewed the audited financial statements and the external auditor’s report thereon and presented them to the Board for approval;
- d) Assessed the independence, objectivity and performance of the external auditor and recommended their re-nomination to the Board;
- e) Reviewed, discussed and recommended the unaudited half-year and full year financial results of the Group and of the Company to be presented to the Board for approval;
- f) Reviewed the level of assistance given by the Group’s Management to the auditors;
- g) Assessed the adequacy and effectiveness of the outsourced internal auditor and approved their appointment, engagement terms and audit plan; and
- h) Reviewed with the internal auditor their audit findings.

Non-Audit Services

The ARC conducted a review of the aggregate amount of the fees payable to EY for FY2024, and the breakdown of the fees for audit and non-audit services. The ARC is satisfied that the value of the non-audit services performed by EY would not prejudice their independence and objectivity. The breakdown of the fees to be paid for audit and non-audit services provided by EY are disclosed in Note 8 of the audited financial statements included in this Annual Report.

Nomination of External Auditor

The ARC, having assessed EY’s approach to audit quality and transparency as well as taking into consideration the Audit Quality Indicators Disclosure Framework published by ACRA in respect of EY, concluded that they demonstrated appropriate qualifications and expertise and that the audit process was effective. The ARC has recommended to the Board that EY be re-appointed as the external auditor which the Board accepted the recommendation and has proposed a resolution (set out in the Notice of 46th AGM) to shareholders for their re-appointment.

CORPORATE GOVERNANCE REPORT

Whistle Blower Policy

The Company has a Whistle Blower Policy, as endorsed by the ARC, by which employees of the Group may report and raise in good faith and in confidence, any concern about possible improprieties in matters of financial reporting or other matters. Details of the whistle-blowing protocols and investigation process have been made available to all employees. The policy serves to facilitate independent investigation of such matters and for appropriate follow-up action.

Provision 10.2: Composition of the AC

As at FY2024 and currently, the ARC comprises three NEDs, all of whom including its chairman are IDs. The members of the ARC are Messrs Daniel Soh Chung Hian (ARC Chairman), Timothy Brooks Smith and Sandy Foo Fei Ying, who possess relevant accounting or related financial management expertise or experience.

The ARC is kept abreast by Management and external auditor on relevant changes to the accounting standards and issues which have direct impact on the Group's financial reporting and statements.

Provision 10.3: AC Members being not former partner of the auditing firm

None of the ARC members was a partner or director of the incumbent external auditor, EY, within the previous two years, and neither do any of them have any financial interest in EY.

Provision 10.4: Internal Audit

The Company's internal audit function, which has been outsourced to an independent professional firm, assists the ARC and the Board in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal controls systems.

The ARC, having considered, amongst others, the reputation and track record of Foo Kon Tan Advisory Services Pte Ltd ("FKT") and the qualifications, experience and availability of resources and independence of the team at FKT, is satisfied that the appointment of FKT as internal auditors is appropriate.

The internal audit is guided by FKT's Internal Audit Methodology which is aligned to the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

FKT reports directly and independently to the ARC, with the Corporate Controller being the administrative coordinator. It has unrestricted access to the documents, records, properties and personnel of the Company and of the Group.

FKT adopts a risk-based approach and prepare the audit strategy and plan based on the risk profiles of the business units of the Group. The internal audit plan is presented to the ARC for approval prior to commencement of the audit work.

Provision 10.5: Annual Meeting with Auditors

In FY2024, the ARC met once with EY and FKT without the presence of Management.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENTS

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: Participation and voting at general meetings

The Company adopts the principle that all shareholders should be treated fairly and equitably, so that they can exercise their ownership rights and have the opportunity to communicate their views on matters affecting the Company.

Shareholders are notified of the Company's general meetings through notices published in the newspapers, electronic releases and/or contained in its annual reports or circulars and the announcements made to SGX-ST, via SGXNET. Shareholders can access the electronic copy of the annual report via the SGX-ST's and the Company's websites, and printed copies are available upon request.

Notices of general meetings together with the relevant document (if any) are made available to shareholders at least 14 or 21 clear calendar days for ordinary resolutions and special resolutions respectively, before the scheduled date of meetings.

The Constitution of the Company permits shareholders who are unable to attend the general meetings to appoint such number of proxies as stipulated in the proxy form, to vote on his/her/its behalf at the meetings.

A member who is a relevant intermediary which provides nominee or custodial services is entitled to appoint more than two proxies to attend, speak and vote at the meetings. Therefore, shareholders who hold shares through such intermediaries, can attend and participate in general meetings, as proxy.

An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") may attend and cast his or her votes(s) at the meetings in person. However, if he or she is unable to attend the meetings but would like to vote, he or she may inform his or her CPF and/or SRS Approved Nominees to appoint the Chairman of the general meetings to act as his or her proxy, in which case, such CPF or SRS Investor shall be precluded from attending the meetings.

The Company conducts electronic poll voting for all resolutions proposed at its general meetings. Voting rules and procedures are explained at the beginning of the meetings and independent scrutineers are also present to scrutinise the voting process. The results of all votes cast for and against in respect of each resolution are displayed live on-screen at the meetings and also announced after the meetings to SGX-ST via the SGXNET.

The Company holds its AGM in a wholly physical format. Shareholders shall be given the opportunity to submit written questions prior to the AGM, and all substantial and relevant comments and queries will be responded to within a reasonable timeframe, prior to the AGM, through publication on SGXNET and the Company's website. Shareholders could refer to the Notification to Shareholders and the Notice of the AGM for further information.

Provision 11.2: Separate Resolutions for separate Issues

Issues or matters requiring shareholders' approval are tabled at the general meetings of the Company in the form of separate and distinct resolutions. This is to enable the shareholders to have full understanding and evaluation of issues or matters involved.

Provision 11.3: Attendance of Directors and external auditor at general meetings

Directors are required to attend the general meetings of the Company, unless any Director has a good reason not to. The external auditor is also present at the annual general meetings to assist the Directors in addressing shareholders' queries about the audited financial statements.

At the annual general meeting held in 2023, all Directors and the external auditor were present physically.

CORPORATE GOVERNANCE REPORT

Provision 11.4: Absentia voting at general meetings

The Company did not provide in its Constitution to allow voting in absentia, as it felt that this would not serve the interest of shareholders, as such methods require careful study to ensure the integrity of information and authentication of the identity of shareholders.

Provision 11.5: Publication of minutes of general meetings

Minutes of the general meetings recording the substantive business transacted and relevant comments made and questions raised by shareholders relating to the agenda and associated responses from the Board and Management, are available on the SGXNET and Company's website.

Provision 11.6: Dividend Policy

The Company's dividend policy aims to balance yield with capital growth, to build shareholders' values over the long term. Therefore, the Board adopts a flexible approach in deciding on the declaration of dividends, whilst balancing with the Company's needs to retain earnings in supporting growth prospects. The form, frequency and amount of dividends the Board may recommend or declare, will depend on various factors, including profitability of the Company and the Group, cash flow and retained earnings, actual and projected business and financial performance, working capital requirements and general financing conditions, operating environment and general business conditions, projected levels of capital expenditure and expansion plans, investment plans, restrictions on the payment of dividends imposed on the Company, and any other factors the Board may, in its absolute discretion, deem appropriate.

The Company communicates declaration of dividend to shareholders via its financial results announcements that are made to SGX-ST via the SGXNet.

The Board did not recommend the payment of a final dividend for FY2024 as no profit was available out of the Company's current or retained earnings.

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: Disclosure of Timely Information

The Board recognises the importance of engaging in regular, effective and fair communications with its shareholders. In this regard, it strictly adheres to the disclosure requirements set out in the Listing Manual, to ensure that material information is made publicly available on a timely and non-selective basis, to all shareholders.

In disclosing information to shareholders, the Company aims to provide a balanced and meaningful description. Shareholders are kept informed of all major developments and performance of the Group through timely half-year and full year financial results announcements and the various disclosures and announcements made to the SGX-ST via the SGXNET, press releases, annual reports and circulars to shareholders.

Additionally, the general meetings are the principal forum for the Board to have face-to-face dialogue with the shareholders, to gather their views or inputs, as well as to address any concerns they may have. As such, the Board always encourages shareholders' active participation at such meetings, by giving them adequate opportunity and time to air their views and pose questions, regarding the Group's business activities and performance.

The Company's website also serves as a platform for shareholders to gain access to the Group's businesses, public announcements and governance-related information.

CORPORATE GOVERNANCE REPORT

Provisions 12.2 and 12.3: Investor Relations Policy and Protocols

The Company's investor relations policy outlines the general principles and communication protocols to observe, when disclosing material information to its shareholders or the investment community.

The EDs are available to attend to views from shareholders and the investment community, who wish to better understand the corporate developments or financial performance of the Group.

A dedicated email address is available on the Company's website for shareholders to reach out to the investor relations contact.

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: Identification and engagement with material stakeholders

Provision 13.2: Strategy and key areas of focus on management of stakeholders

The Company adopts the principle that to build confidence among stakeholders, there is a need to deliver sustainable value.

The Company has identified six key stakeholder groups, namely: the shareholders, customers, employees and outsourced workers, contractors and suppliers, regulators and local community.

The Sustainability Report included in this Annual Report, provides the Company's sustainability approach in identifying material stakeholders, as well as addressing stakeholders' concerns and methods and frequency of engagement.

Provision 13.3: Corporate website to engage with stakeholders

To promote regular, effective and fair communication with stakeholders, the Company maintains a website at www.sunright.com through which stakeholders are able to access up-to-date information on the Group and communicate with the Company.

OTHER CORPORATE GOVERNANCE MATTERS

Dealing in Securities

The Company has in place a policy on dealings in the Company's securities by its Directors and relevant officers of the Company and its subsidiaries. Under the policy, they are prohibited from dealing in the Company's securities during the period commencing one month before announcement of the Group's half yearly and full year results and ending on the date of announcement of the relevant results, or when they are in possession of unpublished price-sensitive information of the Group. In addition, the Directors and officers are advised not to trade in the Company's securities on short-term considerations and to observe insider trading laws at all times.

Interested Person Transactions

In FY2024, the Group did not enter into any transaction that would be regarded as an interested person transaction.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Sunright Limited (the “Company”) and its subsidiaries (collectively, the “Group”) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 July 2024.

For the purpose of the disclosures in this statement as required by the Companies Act 1967 (the “Act”), KESM Industries Berhad (“KESMI”) and its subsidiaries are not considered as subsidiaries of the Company and have therefore been treated as associates of the Group by virtue of the Company’s shareholding of 48.41% in KESMI.

However, in other sections within the financial statements, for the purpose of the disclosures as required by the Singapore Financial Reporting Standards (International) (“SFRS(I)”), KESMI and its subsidiaries are considered to be subsidiaries of the Group, following the requirement of SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1 - 27 *Separate Financial Statements*.

Opinions of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2024 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; 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.

Directors

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

Samuel Lim Syn Soo
Kenneth Tan Teoh Khoon
Timothy Brooks Smith
Daniel Soh Chung Hian
Sandy Foo Fei Ying

Arrangements to enable directors to acquire shares and debentures

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, or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Act, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors	Direct interest	
	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company		
Samuel Lim Syn Soo	67,466,666	67,466,666
Kenneth Tan Teoh Khoon	2,130,000	2,130,000

By virtue of his interests in Sunright Limited, Mr Samuel Lim Syn Soo is deemed to have an interest in the shares of the subsidiaries of Sunright Limited (which excludes KESM Industries Berhad and its subsidiaries which, as explained in paragraphs two and three of this statement, are treated as associates for the purpose of this disclosure) in the proportion to its interest in the subsidiaries.

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

Options

The Company does not have an employee share option plan.

Audit and Risk Committee

The Audit and Risk Committee ("ARC") carried out its functions in accordance with Section 201B(5) of the Act, the Code of Corporate Governance 2018 and the Singapore Exchange Securities Trading Limited Listing Manual. These functions include a review of the financial statements of the Group and of the Company for the financial year and the independent auditor's report thereon, a review of the nature and extent of the non-audit services provided by the firm acting as the auditor and nomination for appointment of auditor. Full details of the nature and extent of the functions performed by the ARC are disclosed in the Corporate Governance Report.

DIRECTORS' STATEMENT

Auditor

Ernst & Young LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Samuel Lim Syn Soo
Director

Kenneth Tan Teoh Khoo
Director

Singapore
27 September 2024

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 July 2024

Independent auditor's report to the members of Sunright Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Sunright Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 July 2024, the statements of changes in equity of the Group and the Company, and the consolidated statement of profit or loss and other comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 July 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment of property, plant and equipment

As at 31 July 2024, the carrying amount of the Group's property, plant and equipment was \$51,345,000 (2023: \$56,562,000), which represented 30% of the Group's total assets.

During the current financial year, the Group noted indicators of impairment of its property, plant and equipment due to internal and external factors. Accordingly, the Group is required to perform impairment assessment by comparing the carrying amount of its property, plant and equipment with its recoverable amount. As disclosed in Note 3, management determined the recoverable amount of the property, plant and equipment based on the higher of its value in use calculations and fair value less costs of disposal.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 July 2024

Impairment assessment of property, plant and equipment (cont'd)

In determining the value in use, management is required to apply judgements and make assumptions on estimates supporting underlying projected cash flows, taking into account its operations and current market conditions. In determining the recoverable amount using the fair value less costs of disposal method, management has engaged external valuers to determine the fair value of its property, plant and equipment at the reporting date. This area was significant to our audit due to the size of the carrying amount of the property, plant and equipment. Accordingly, we consider this to be a key audit matter.

We assessed the methodology of the value in use calculations used by management. The key estimates include the revenue growth rates, related production costs and discount rates. We reviewed the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results. We performed sensitivity analysis on management's key estimates, after taking into consideration current business environment. We involved our internal valuation specialists in assessing the reasonableness of the discount rates and performed sensitivity analysis after considering the current market and economic conditions.

For fair value less costs of disposal method, we obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the property, plant and equipment and assessed whether such methodology is consistent with those used in the industry. We considered the objectivity, independence and expertise of the independent valuers and we discussed with the independent valuers to obtain an understanding of the inputs used to the valuation models included, amongst others, the recent market transaction and quotation from suppliers and assessed the reasonableness by corroborating to available market data.

We reviewed the adequacy of the disclosures made on Note 3 and Note 10 to the financial statements.

Impairment assessment of investment in subsidiaries

As at 31 July 2024, the carrying amount of the Company's investment in subsidiaries was \$7,549,000 (2023: \$12,112,000), which represented 24% of the Company's total assets. Management identified investments in certain loss-making subsidiaries for impairment assessment. We considered the audit of management's impairment assessment of investments in subsidiaries to be a key audit matter due to the size of the carrying amount of the investment and also because the assessment process involved significant management's estimate associated with current market and economic conditions.

As disclosed in Note 3, management determined the recoverable amount of the investment in subsidiaries based on the higher of its value in use calculations and fair value less costs of disposal. For the value in use calculations and fair value less costs of disposal, we performed similar procedures as described in key audit matter on "Impairment assessment of property, plant and equipment". We involved our internal valuation specialist to assess the reasonableness of the terminal growth rate used in value in use calculation by comparing it to external economic data such as consumer price index growth rate.

We also assessed the adequacy of disclosures made on the impairment assessment of investment in subsidiaries in Note 12 to the financial statements.

Other information

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 July 2024

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), 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.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 July 2024

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

The engagement partner on the audit resulting in this independent auditor's report is Tee Huey Yenn.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
27 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 July 2024

(In Singapore dollars)

	Note	2024 \$'000	2023 \$'000
Revenue	4(a)	82,035	88,308
Other items of income			
Interest income	5	2,641	1,782
Dividend income		128	128
Other income		10,772	2,774
Items of expenses			
Raw materials and consumables used		(12,541)	(17,180)
Changes in inventories of finished goods and work-in-progress		(805)	301
Employee benefits expense	6	(37,201)	(38,865)
Depreciation of property, plant and equipment	10	(15,143)	(13,560)
Finance costs	7	(1,405)	(782)
Other expenses		(25,145)	(26,097)
Profit/(loss) before tax	8	3,336	(3,191)
Income tax expense	20	(1,076)	(405)
Profit/(loss), net of tax		2,260	(3,596)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Remeasurement loss arising from net defined benefit liabilities, net of tax		(23)	(14)
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation loss		(1,398)	(5,497)
Foreign currency translation differences reclassified to profit or loss upon liquidation of a subsidiary		169	-
		(1,229)	(5,497)
Other comprehensive loss for the year, net of tax		(1,252)	(5,511)
Total comprehensive income/(loss) for the year		1,008	(9,107)
Profit/(loss) attributable to:			
Owners of the Company		2,232	(3,108)
Non-controlling interests	12(b)	28	(488)
		2,260	(3,596)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		1,601	(5,707)
Non-controlling interests		(593)	(3,400)
		1,008	(9,107)
Earnings/(loss) per share - cents	9	1.8	(2.5)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 July 2024

(In Singapore dollars)

	Note	Group		Company	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	51,345	56,562	107	185
Investment in subsidiaries	12	–	–	7,549	12,112
Deferred tax assets	20(c)	1,785	1,624	–	–
Other receivables	15	512	458	–	–
Loans to a subsidiary	13	–	–	411	–
		<u>53,642</u>	<u>58,644</u>	<u>8,067</u>	<u>12,297</u>
Current assets					
Investment securities	25(b)	4,559	3,519	382	338
Inventories	14	1,044	2,605	–	–
Prepayments		641	1,685	118	146
Tax recoverables		1,627	1,796	–	–
Derivatives	23(b)	30	–	–	–
Trade and other receivables	15	15,535	19,209	3,285	1,636
Loans to a subsidiary	13	–	–	233	–
Cash and short-term deposits	16	95,081	88,674	19,775	20,047
		<u>118,517</u>	<u>117,488</u>	<u>23,793</u>	<u>22,167</u>
Total assets		<u>172,159</u>	<u>176,132</u>	<u>31,860</u>	<u>34,464</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	35,727	35,727	35,727	35,727
Retained earnings/(accumulated losses)		31,279	29,062	(7,411)	(3,260)
Other reserves	18	6,869	7,485	155	155
		<u>73,875</u>	<u>72,274</u>	<u>28,471</u>	<u>32,622</u>
Non-controlling interests	12(b)	53,334	54,309	–	–
Total equity		<u>127,209</u>	<u>126,583</u>	<u>28,471</u>	<u>32,622</u>
Non-current liabilities					
Loans and borrowings	19	11,502	19,043	130	401
Defined benefit liabilities	22	1,675	781	–	–
Deferred tax liabilities	20(c)	2,028	1,848	–	–
		<u>15,205</u>	<u>21,672</u>	<u>130</u>	<u>401</u>
Current liabilities					
Trade and other payables	21	14,980	14,283	1,108	1,033
Contract liabilities	4(b)	–	7	–	–
Loans and borrowings	19	14,493	12,648	1,940	258
Defined benefit liabilities	22	–	753	–	–
Provisions		6	22	–	–
Income tax payable		266	164	211	150
		<u>29,745</u>	<u>27,877</u>	<u>3,259</u>	<u>1,441</u>
Total liabilities		<u>44,950</u>	<u>49,549</u>	<u>3,389</u>	<u>1,842</u>
Total equity and liabilities		<u>172,159</u>	<u>176,132</u>	<u>31,860</u>	<u>34,464</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 July 2024

(In Singapore dollars)

Group	Total equity attributable to owners of the Company				Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Other reserves, total	Non-controlling interests
	Equity, total	Share capital	Retained earnings						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 August 2022	136,092	77,981	35,727	32,184	(1,287)	10,497	860	10,070	58,111
Loss for the year	(3,596)	(3,108)	-	(3,108)	-	-	-	-	(488)
Other comprehensive loss for the year, net of tax	(5,511)	(2,599)	-	(14)	(2,585)	-	-	(2,585)	(2,912)
Total comprehensive loss for the year	(9,107)	(5,707)	-	(3,122)	(2,585)	-	-	(2,585)	(3,400)
Dividends paid to non-controlling interests	(402)	-	-	-	-	-	-	-	(402)
As at 31 July 2023	126,583	72,274	35,727	29,062	(3,872)	10,497	860	7,485	54,309
Opening balance at 1 August 2023	126,583	72,274	35,727	29,062	(3,872)	10,497	860	7,485	54,309
Profit for the year	2,260	2,232	-	2,232	-	-	-	-	28
Liquidation of a subsidiary	-	-	-	8	-	(8)	-	(8)	-
Other comprehensive income for the year, net of tax	(1,252)	(631)	-	(23)	(608)	-	-	(608)	(621)
Total comprehensive income for the year	1,008	1,601	-	2,217	(608)	(8)	-	(616)	(593)
Dividends paid to non-controlling interests	(382)	-	-	-	-	-	-	-	(382)
As at 31 July 2024	127,209	73,875	35,727	31,279	(4,480)	10,489	860	6,869	53,334

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 July 2024

(In Singapore dollars)

Company	Total equity \$'000	Share capital \$'000	Accumulated losses \$'000	Capital reserve \$'000
Opening balance at 1 August 2022	32,384	35,727	(3,498)	155
Profit for the year	238	–	238	–
Total comprehensive income for the year	238	–	238	–
As at 31 July 2023	32,622	35,727	(3,260)	155
Opening balance at 1 August 2023	32,622	35,727	(3,260)	155
Loss for the year	(4,151)	–	(4,151)	–
Total comprehensive loss for the year	(4,151)	–	(4,151)	–
As at 31 July 2024	28,471	35,727	(7,411)	155

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 July 2024

(In Singapore dollars)

	Note	2024 \$'000	2023 \$'000
Operating activities			
Profit/(loss) before tax		3,336	(3,191)
<u>Adjustments for:</u>			
Net gain on disposal of property, plant and equipment	8	(8,862)	(489)
Depreciation of property, plant and equipment	10	15,143	13,560
Net (write-back)/write-down of inventories	8	(6)	540
Net (reversal of impairment)/impairment loss on trade receivables	15(b)	(1)	11
Dividend income		(128)	(128)
Net fair value gain on investment securities	8	(532)	(528)
Finance costs	7	1,405	782
Interest income	5	(2,641)	(1,782)
Net unrealised exchange loss		65	145
Net unrealised gain on derivatives	23(b)	(30)	–
Operating cash flows before changes in working capital		7,749	8,920
<u>Changes in working capital:</u>			
Decrease in inventories		1,567	748
Decrease in prepayments and receivables		4,816	3,695
Decrease in payables and contract liabilities		(1,861)	(6,112)
Cash flows from operations		12,271	7,251
Income taxes paid, net		(813)	(260)
Interest paid		(1,366)	(698)
Interest received		2,437	1,623
Net cash flows from operating activities		12,529	7,916
Investing activities			
Increase in short-term deposits with maturity more than three months		(17,193)	(7,755)
Dividend income		128	128
Purchase of property, plant and equipment	10(a)	(5,013)	(14,082)
Proceeds from disposal of property, plant and equipment		8,797	763
Purchase of investment securities		(1,681)	(1,219)
Proceeds from disposal of investment securities		1,140	2,241
Net cash flows used in investing activities		(13,822)	(19,924)
Financing activities			
Proceeds from bank loans	19	6,660	25,857
Repayment of bank loans	19	(12,783)	(6,148)
Repayment of principal portion of lease liabilities	19	(2,102)	(2,041)
Dividends paid to non-controlling interests		(382)	(402)
Net cash flows (used in)/from financing activities		(8,607)	17,266
Net (decrease)/increase in cash and cash equivalents		(9,900)	5,258
Effect of exchange rate changes on cash and cash equivalents		(886)	(2,643)
Cash and cash equivalents at beginning of the year		44,597	41,982
Cash and cash equivalents at end of the year	16	33,811	44,597

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

1. Corporate information

Sunright Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at Block 1093 Lower Delta Road #02-01/08, Singapore 169204.

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Material accounting policy information

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Group and of the Company are presented in Singapore Dollars (“SGD” or “\$”) and all values are rounded to the nearest thousand (“\$’000”) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those previous financial year except in the current year, the Group and the Company adopted all amendments to standards which are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these amendments to standards did not have any material effect on the financial performance or position of the Group and the Company.

The following amendment has had an impact on the disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s and the Company’s financial statements:

Disclosure of Accounting Policies - Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2

The amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

2. Material accounting policy information (cont'd)

2.3 Standards issued but not yet effective

The amendments to standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below.

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to SFRS(I) 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-21: <i>Lack of Exchangeability</i>	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The directors expect that the adoption of the amendments to standards above will not have material impact on the financial statements of the Group and of the Company in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. A list of the Group's subsidiaries is shown in Note 12.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

2. Material accounting policy information (cont'd)

2.6 Functional and foreign currency

The consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the reporting date and their income and expenses are translated at the average exchange rates for the reporting year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Right-of-use assets are included within the same line item as that within corresponding underlying assets would be presented if they were owned and are accounted for in accordance with Note 2.14. Subsequent to recognition, all items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation, except for right-of-use assets which is depreciated in accordance with Note 2.14, is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	-	10 to 20 years
Renovation	-	5 years
Plant, machinery and test equipment	-	5 years
Motor vehicles	-	5 years
Office equipment, furniture and fittings and computers	-	3 to 10 years

Freehold land has an unlimited useful life and therefore is not depreciated. Certain assets are stated at cost and are not depreciated as these assets are not available for use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

2. Material accounting policy information (cont'd)

2.7 Property, plant and equipment (cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at the end of each reporting year, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three to five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the third to fifth year, depending on the period of the forecast.

Impairment losses are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

2.9 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (a) power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

2. Material accounting policy information (cont'd)

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets at amortised cost include trade and other receivables (excluding prepayments), cash and short-term deposits.

Financial assets at fair value through profit or loss ("FVPL")

FVPL include financial assets held for trading. Financial assets held for trading comprise investment securities and financial assets acquired principally for the purpose of selling or repurchasing them in the near term.

The Group also uses derivative financial instruments such as forward currency contracts to manage its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the profit or loss for the year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

2. Material accounting policy information (cont'd)

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Financial assets at fair value through profit or loss ("FVPL") (cont'd)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at FVPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVPL are recognised separately in profit or loss as part of other expenses or other income.

The Group classifies its investment securities and derivative assets under this category.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

2. Material accounting policy information (cont'd)

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (lifetime ECL).

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

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and deposits with banks, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, with a maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents are presented net of bank deposits with maturity more than three months.

2.13 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. Companies in Malaysia make such contributions to the Employees Provident Fund (“EPF”). Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

2. Material accounting policy information (cont'd)

2.13 Employee benefits (cont'd)

(c) Defined benefit plan

The Group's obligations under the defined benefit plan are estimated and determined based on the amount of benefit that eligible employees have earned in return for their service in the current and prior years. That benefit is discounted using the projected unit credit method in order to determine its present value. The discount rate is the market yield at the reporting date on high quality corporate bonds or government bonds. The amount recognised in the statement of financial position represents the present value of the defined benefit obligations.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the service costs in the net defined benefit obligations under 'Employee benefits expense' and net interest under 'Finance costs' in profit or loss.

2.14 Leases

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

(a) As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Depreciation of right-of-use assets is computed on a straight-line basis over the estimated useful lives or lease term of assets as follows:

Buildings	-	2 to 20 years
Leasehold land	-	60 to 99 years
Plant, machinery and test equipment	-	5 years
Motor vehicles	-	5 years
Office equipment, furniture and fittings and computers	-	3 to 5 years

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8. The Group's right-of-use assets are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

2. Material accounting policy information (cont'd)

2.14 Leases (cont'd)

(a) *As a lessee (cont'd)*

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of assets (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) *As a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.15.

2.15 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or accepts the performance of service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. The Group do not provide variable element in consideration and obligation for returns or refunds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

2. Material accounting policy information (cont'd)

2.15 Revenue (cont'd)

(a) Sale of goods

Revenue is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied.

Revenue is measured at the consideration promised in the contract with customers, less discounts and rebates.

A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract liabilities are recognised as revenue as the Group performs under the contract.

(b) Rendering of services

Revenue is recognised when the performance obligation is satisfied at a point in time, that is upon the performance of services to the customers, which generally coincides with their acceptance.

The amount of revenue recognised is based on the estimated transaction price. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit or loss and other comprehensive income due to its operating nature.

2.16 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

2. Material accounting policy information (cont'd)

2.16 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.17 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the key management who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which has the most significant effect on the amounts recognised in the consolidated financial statements:

De facto control over investee

In assessing whether the Group has control over an investee where the Group holds less than a majority of voting rights, the Group considers factors such as the size of the Group's holding of voting rights relative to the size and dispersion of holdings of other vote holders as well as any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities of the investee, including the voting patterns at the investee's previous shareholders' meetings.

The Group concluded that it has *de facto* control over KESM Industries Berhad, which was consequently accounted for as a subsidiary company.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Useful lives of plant, machinery and test equipment*

The cost of plant, machinery and test equipment is depreciated on a straight-line basis over the assets estimated economic useful lives. Management estimates the useful lives of these plant, machinery and test equipment to be 5 years. These are common life expectancies applied in the semiconductor industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the end of the reporting period is disclosed in Note 10.

(b) *Deferred tax assets*

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available in the future to recover these deferred tax assets. Significant management estimates are required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, including expectations for future sales as well as future overall market and economic conditions. The Group has recognised the deferred tax assets as it is probable that the Group will generate sufficient taxable profits in future which the deferred tax assets can be utilised.

The carrying amount of the Group's deferred tax assets at the end of the reporting period was \$1,785,000 (2023: \$1,624,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

3. Significant accounting estimates and judgements (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) *Impairment of investment in subsidiaries*

The Company is required to estimate the recoverable amounts of its investment in subsidiaries when there is an indication that such investments may be impaired. For investment in subsidiaries with indicators of impairment, management performed impairment assessment and estimated the recoverable amounts of the investment in subsidiaries using value in use or fair value less costs of disposal methods.

When recoverable amounts are determined based on value in use calculations, the discounted cash flow model is used. The discounted cash flow model is based on, amongst other variables, the long-term growth rate and discount rate.

- Growth rate – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the subsidiary;
- Pre-tax discount rates – The discount rate calculation is derived from its weighted average cost of capital (“WACC”). The WACC takes into account both debts and equity. The costs of equity is derived from the expected return on investment by the equity holders, where the costs of debt is based on the interest bearing borrowings the Company is obliged to service. Asset-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

The carrying amount of the Company’s investment in subsidiaries at the end of the reporting period was \$7,549,000 (2023: \$12,112,000), with details disclosed in Note 12.

(d) *Impairment of property, plant and equipment*

The Group is required to perform impairment test of the cash generating units (“CGUs”) whenever there is an indication that the CGU may be impaired by comparing the carrying amounts with its recoverable amounts.

When recoverable amounts are determined based on value in use calculations, the discounted cash flow model, with certain key parameters such as discount rate and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. Management believes that the aforesaid variables are unlikely to materially result in the carrying amount of property, plant and equipment exceeding their recoverable amounts. In determining the recoverable amount using the fair value less costs of disposal method, management has engaged external valuers to determine the fair value of certain property, plant and equipment at the reporting date. The carrying amount of the Group’s property, plant and equipment at the end of the reporting period is disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

4. Revenue

(a) Disaggregation of revenue

	Group	
	2024	2023
	\$'000	\$'000
Major type of goods and services		
Sale of goods	12,340	19,332
Rendering of services	69,695	68,976
	82,035	88,308
Primary geographical markets		
Singapore	13,316	4,757
Malaysia	45,221	56,604
Mainland China	13,883	17,810
Other Asian markets*	1,145	1,832
United States	3,725	5,136
Others	4,745	2,169
	82,035	88,308

* Classified under "Other Asian markets" are Taiwan, Thailand, Vietnam, Philippines, India and South Korea.

The goods and services are transferred to the customers at a point in time.

(b) Contract liabilities

	Group	
	2024	2023
	\$'000	\$'000
Contract liabilities	-	7

Contract liabilities primarily relate to the Group's obligations to transfer goods and services to customers for which the Group has received advances from customers for sale of goods and services. Contract liabilities are recognised as revenue when the Group performs under the contract, usually upon delivery of the goods and completion of services to customers.

Significant changes in contract liabilities are explained as follows:

	Group	
	2024	2023
	\$'000	\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	7	114

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

5. Interest income

	Group	
	2024	2023
	\$'000	\$'000
Interest income from:		
- Deposits with licensed banks	2,633	1,776
- Others	8	6
	2,641	1,782

6. Employee benefits expense

		Group	
	Note	2024	2023
		\$'000	\$'000
Employee benefits expense (including directors):			
- Wages, salaries and bonuses		31,821	33,089
- Contributions to defined contribution plans		1,487	1,555
- Defined benefit obligations	22	85	68
- Other benefits		3,808	4,153
		37,201	38,865

7. Finance costs

		Group	
	Note	2024	2023
		\$'000	\$'000
Interest expense on:			
- Bank loans		1,143	546
- Lease liabilities	11	211	185
- Defined benefit obligations	22	51	51
		1,405	782

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

8. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Note	Group	
		2024	2023
		\$'000	\$'000
Audit fees paid to:			
- Auditors of the Company		199	206
- Other auditors		191	168
Non-audit fees paid to:			
- Auditors of the Company		111	134
- Other auditors		44	43
Net foreign exchange (gain)/loss		(94)	305
Net loss on derivatives		60	-
Net (write-back)/write-down of inventories	14	(6)	540
Net (reversal of impairment)/impairment loss on trade receivables	15	(1)	11
Net gain on disposal of property, plant and equipment		(8,862)	(489)
Net fair value gain on investment securities		(532)	(528)
Other professional fees		651	591
Repairs and maintenance		7,422	7,892
Travelling and entertainment		441	373
Utilities		11,749	11,869
Lease expenses		194	198
COVID-19 related government reliefs		(269)	(98)
Directors' remuneration:			
- Directors of the Company			
• Fees		150	176
• Salaries and bonuses		1,168	1,167
• CPF and other defined contributions		19	17
- Directors of subsidiaries			
• Fees		105	114
• Salaries and bonuses		463	468

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

9. Earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the profit/(loss), net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit/(loss) and share data used in the computation of basic earnings/(loss) per share for the years ended 31 July:

	Group	
	2024	2023
	\$'000	\$'000
Profit/(loss) attributable to owners of the Company	2,232	(3,108)
	Number of shares	Number of shares
	'000	'000
Weighted average number of ordinary shares for basic earnings/(loss) per share computation	122,806	122,806
	Cents	Cents
Basic earnings/(loss) per share	1.8	(2.5)

The Group has no potential ordinary shares in issue at the end of reporting date and therefore diluted earnings/(loss) per share has not been presented.

There has been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

10. Property, plant and equipment

Group	Buildings \$'000	Freehold land and leasehold land [^] \$'000	Renovation \$'000	Plant, machinery and test equipment* \$'000	Motor vehicles \$'000	Office equipment, furniture and fittings and computers* \$'000	Total \$'000
Cost							
At 1 August 2022	21,829	2,753	12,944	279,192	1,996	7,567	326,281
Additions	1,057	–	366	13,979	156	639	16,197
Disposals	(1,417)	–	–	(1,057)	(153)	(73)	(2,700)
Modification	–	–	–	–	–	(13)	(13)
Exchange differences	(1,298)	(128)	(1,008)	(15,701)	(47)	(355)	(18,537)
At 31 July 2023	20,171	2,625	12,302	276,413	1,952	7,765	321,228
Additions	2,952	–	129	7,945	121	434	11,581
Disposals	(8,712)	–	(1)	(2,237)	(27)	(237)	(11,214)
Modification	(879)	–	–	–	–	(80)	(959)
Exchange differences	(375)	(33)	(72)	(3,142)	(12)	(45)	(3,679)
At 31 July 2024	13,157	2,592	12,358	278,979	2,034	7,837	316,957

[^] Included freehold land of a net carrying amount of \$324,000 (2023: \$328,000), after considering the effect of translation.

* Included in the Group's 'Plant, machinery and test equipment', and 'Office equipment, furniture and fittings and computers' of \$7,647,000 (2023: \$9,517,000) and \$nil (2023: \$25,000) respectively, were not depreciated as they were not ready for use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

10. Property, plant and equipment (cont'd)

Group	Buildings \$'000	Freehold land and leasehold land \$'000	Renovation \$'000	Plant, machinery and test equipment \$'000	Motor vehicles \$'000	Office equipment, furniture and fittings and computers \$'000	Total \$'000
Accumulated depreciation							
At 1 August 2022	17,482	631	12,230	230,961	1,840	6,540	269,684
Depreciation charge	1,613	36	353	10,985	167	406	13,560
Disposals	(1,417)	–	–	(771)	(153)	(74)	(2,415)
Modification	–	–	–	–	–	(12)	(12)
Exchange differences	(1,227)	(31)	(977)	(13,664)	(47)	(205)	(16,151)
At 31 July 2023	16,451	636	11,606	227,511	1,807	6,655	264,666
Depreciation charge	1,628	35	261	12,680	73	466	15,143
Disposals	(8,712)	–	(1)	(2,090)	(27)	(231)	(11,061)
Modification	(220)	–	–	–	–	(64)	(284)
Exchange differences	(343)	(8)	(62)	(2,392)	(13)	(34)	(2,852)
At 31 July 2024	8,804	663	11,804	235,709	1,840	6,792	265,612
Net carrying amount							
At 31 July 2023	3,720	1,989	696	48,902	145	1,110	56,562
At 31 July 2024	4,353	1,929	554	43,270	194	1,045	51,345

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

10. Property, plant and equipment (cont'd)

Company	Renovation \$'000	Motor vehicles \$'000	Office equipment, furniture and fittings and computers \$'000	Total \$'000
Cost				
At 1 August 2022	47	1,201	972	2,220
Additions	–	–	159	159
Modification	–	–	(13)	(13)
At 31 July 2023	47	1,201	1,118	2,366
Additions	–	–	16	16
Disposal	–	–	(4)	(4)
At 31 July 2024	47	1,201	1,130	2,378
Accumulated depreciation				
At 1 August 2022	47	1,086	892	2,025
Depreciation charge	–	99	69	168
Modification	–	–	(12)	(12)
At 31 July 2023	47	1,185	949	2,181
Depreciation charge	–	16	78	94
Disposal	–	–	(4)	(4)
At 31 July 2024	47	1,201	1,023	2,271
Net carrying amount				
At 31 July 2023	–	16	169	185
At 31 July 2024	–	–	107	107

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

10. Property, plant and equipment (cont'd)

(a) Additions

Additions of property, plant and equipment during the financial year were made by the following means:

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Cash payments	5,013	14,082	16	22
Lease liabilities	3,618	1,391	–	137
Other payables	2,950	724	–	–
	<u>11,581</u>	<u>16,197</u>	<u>16</u>	<u>159</u>

- (b) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 11.

11. Leases

As lessee

Buildings

The Group has lease contracts for offices and factories used in its operations, and accommodations for workers. These leases have contract terms of 2 to 5 years, and do not contain variable lease payments. The Group's obligation under its leases are secured by the lessor's title to the leased assets.

Leasehold land

The Group has made upfront payments to secure the right-of-use assets of 60 to 99 years leasehold land, which are used for production purposes. There are no externally imposed covenant on these lease arrangements.

Plant, machinery and test equipment, Motor vehicles, and Office equipment, furniture and fittings and computers

These leases have contract terms of 2 to 5 years, and do not contain variable lease payments. The lease arrangements prohibit the Group and the Company from subleasing to third parties.

Short-term leases and leases of low-value assets

The Group has certain leases of properties with lease terms of 12 months or less, and leases of plant, machinery and test equipment and office equipment with low value. The Company also has certain leases of office spaces with lease terms of 12 months or less. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

11. Leases (cont'd)

As lessee (cont'd)

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets classified within 'Property, plant and equipment' and the movements during the year:

Group	Buildings	Leasehold land	Plant, machinery and test equipment	Motor vehicles	Office equipment, furniture and fittings and computers	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 August 2022	3,326	1,768	876	–	38	6,008
Additions during the year	1,057	–	95	156	137	1,445
Depreciation expenses	(1,538)	(37)	(204)	(29)	(35)	(1,843)
Modification	–	–	–	–	(1)	(1)
Foreign exchange movement	(103)	(82)	(36)	–	–	(221)
At 31 July 2023	2,742	1,649	731	127	139	5,388
Additions during the year	2,952	–	669	121	80	3,822
Depreciation expenses	(1,558)	(35)	(242)	(56)	(60)	(1,951)
Transfer out upon lease maturity	–	–	(460)	–	–	(460)
Modification	(659)	–	–	–	(16)	(675)
Foreign exchange movement	(40)	(22)	(11)	1	1	(71)
At 31 July 2024	3,437	1,592	687	193	144	6,053

Company	Office equipment, furniture and fittings and computers \$'000
At 1 August 2022	4
Additions during the year	137
Depreciation expenses	(18)
Modification	(1)
At 31 July 2023	122
Depreciation expenses	(44)
At 31 July 2024	78

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

11. Leases (cont'd)

As lessee (cont'd)

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Note	Group		Company	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Lease liabilities					
At beginning of the year		3,537	4,355	131	5
Additions		3,618	1,411	–	157
Accretion of interest	7	211	185	8	6
Modification		(702)	(2)	–	(2)
Payments		(2,313)	(2,226)	(52)	(35)
Foreign exchange movement		(39)	(186)	–	–
At end of the year		4,312	3,537	87	131
Current	19	1,635	1,623	52	45
Non-current	19	2,677	1,914	35	86
		4,312	3,537	87	131

Lease liabilities denominated in foreign currencies as at 31 July are as follows:

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Singapore Dollar	1,041	1,128	87	131
United States Dollar	282	221	–	–
Ringgit Malaysia	1,615	1,409	–	–
Renminbi	1,287	23	–	–
Others	87	756	–	–
	4,312	3,537	87	131

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

11. Leases (cont'd)

As lessee (cont'd)

(c) Amount recognised in profit or loss:

	Note	Group		Company	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Depreciation expense of right-of-use assets	11(a)	1,951	1,843	44	18
Interest expense on lease liabilities	7	211	185	8	6
Lease expense relating to short-term lease		120	124	81	81
Lease expense relating to low-value assets		74	74	–	–
Total amount recognised in profit or loss		<u>2,356</u>	<u>2,226</u>	<u>133</u>	<u>105</u>

The Group had total cash outflows for leases of \$2,507,000 (2023: \$2,424,000) in the current financial year.

The Group has lease contracts that include extension options. These options provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	Within five years \$'000
2024	
Extension options expected not to be exercised	<u>1,241</u>
2023	
Extension options expected not to be exercised	<u>1,711</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

11. Leases (cont'd)

As lessor

The Group has leased out their owned buildings to third parties for monthly lease payments. This lease is classified as operating lease because the risks and rewards incidental to ownership of the assets are not substantially transferred.

The future minimum rental receivable under non-cancellable operating leases contracted for at the end of the reporting period are as follows:

	Group	
	2024	2023
	\$'000	\$'000
Within one year	134	511
Later than one year but not later than five years	45	146
	<u>179</u>	<u>657</u>

12. Investment in subsidiaries

	Company	
	2024	2023
	\$'000	\$'000
Quoted shares, at cost	5,578	5,578
Unquoted shares, at cost	54,167	53,952
Allowance for impairment	(52,196)	(47,418)
	<u>7,549</u>	<u>12,112</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

12. Investment in subsidiaries (cont'd)

(a) Composition of the Group

The Company has the following investments in subsidiaries:

	Name of company (Place of incorporation)	Principal activities (Principal place of business)	Proportion of ownership interest	
			2024 %	2023 %
<i>Held by the Company:</i>				
*	KEST Systems and Service Ltd. (Taiwan)	Provision of burn-in services and manufacturing of electronic equipment (Taiwan)	100	100
◇	KES Systems & Service (1993) Pte Ltd (Singapore)	Provision of burn-in services and manufacturing of burn-in equipment (Singapore)	100	100
β+	KES Systems & Service (Shanghai) Co., Ltd (Mainland China)	Provision of burn-in services and burn-in support services (Mainland China)	100	100
◇Δ	KES Systems, Inc. (USA)	Research and development in burn-in and test related activities and manufacturing of burn-in and test equipment (USA)	100	100
^	Kestronics Philippines, Inc. (Philippines)	Distribution of high-technology electronic equipment and materials (Philippines)	–	100
☆	KESM Industries Berhad (Malaysia)	Investment holding and provision of semiconductor burn-in services (Malaysia)	48 [#]	48 [#]
<i>Held by subsidiaries:</i>				
☆	KES Systems & Service (M) Sdn. Bhd. (Malaysia)	Provision of burn-in support services (Malaysia)	100	100
☆	KES International Sdn. Bhd. (Malaysia)	Manufacturing of burn-in equipment (Malaysia)	100	100
μ	KES Systems & Service Philippines Inc. (Philippines)	Provision of product development services (Philippines)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

12. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company (Place of incorporation)	Principal activities (Principal place of business)	Proportion of ownership interest	
		2024 %	2023 %
Held by subsidiaries: (cont'd)			
✧ KESM Test (M) Sdn. Bhd. (Malaysia)	Provision of semiconductor testing services (Malaysia)	48 [#]	48 [#]
✧ KESP Sdn. Bhd. (Malaysia)	Provision of semiconductor burn-in services and electronic manufacturing services (Malaysia)	48 [#]	48 [#]
✧△ KESM Industries (Tianjin) Co., Ltd. (Mainland China)	Provision of semiconductor burn-in and testing services (Mainland China)	48 [#]	48 [#]

✧ Audited by Ernst & Young LLP, Singapore.

✧ Audited by member firms of EY Global in the respective countries.

μ Audited by Punongbayan & Araullo, Philippines. SGX Listing Rule 716 is complied with.

* Audited by PricewaterhouseCoopers, Taiwan. SGX Listing Rule 716 is complied with.

This represents the legal interests of the Group. According to the SFRS(I) (see Note 3), Sunright Limited has *de facto* control over the company.

△ Audited for the purpose of Group consolidation.

+ Not material to the Group and not required to be disclosed under SGX Listing Rule 717.

^ Voluntary liquidation completed on 25 July 2024 (Note 12(e)).

β Liquidation process completed on 14 August 2024.

(b) Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	(Loss)/profit allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
2024					
KESM Industries Berhad	Malaysia	52%	28	53,334	382
2023					
KESM Industries Berhad	Malaysia	52%	(488)	54,309	402

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

12. Investment in subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI

	KESM Industries Berhad and its subsidiaries	
	2024 \$'000	2023 \$'000
<u>Summarised statement of financial position</u>		
Total assets	136,807	143,284
Total liabilities	(33,931)	(38,492)
Net assets	102,876	104,792
<u>Summarised statement of comprehensive income</u>		
Revenue	69,695	68,976
Profit/(loss) for the year	54	(946)
Other comprehensive income/(loss)	93	(575)
Total comprehensive income/(loss) for the year	147	(1,521)
<u>Summarised cash flow statement</u>		
Net cash from operating activities	14,727	7,931
Net cash used in investing activities	(13,356)	(20,692)
Net cash (used in)/from financing activities	(8,475)	18,120
Net (decrease)/increase in cash and cash equivalents	(7,104)	5,359

(d) Impairment testing on investment in subsidiaries

Movement in allowance account:

	Company	
	2024 \$'000	2023 \$'000
At beginning of the year	47,418	46,819
Charged to profit or loss	5,087	599
Written off	(309)	–
At end of the year	52,196	47,418

During the financial year, the Company carried out an impairment assessment for its investment in subsidiaries. Where impairment indicators existed, the Company determined recoverable amounts based on higher of its value in use and fair value less costs of disposal. The review led to recognition of impairment loss of \$5,087,000 (2023: \$599,000) in the Company's profit or loss. For current financial year, majority of the impairment loss was derived from a subsidiary which calculated its value in use using key assumptions such as pre-tax discount rate of 13.1% and a long-term growth rate of 1.5%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

12. Investment in subsidiaries (cont'd)

(e) Voluntary liquidation of a subsidiary

On 25 July 2024, the Company had completed voluntary liquidation of its wholly-owned dormant subsidiary in Philippines, named Kestronics Philippines, Inc. This exercise is part of Company's periodic review to ascertain the cost effectiveness of maintaining dormant companies.

13. Loans to a subsidiary

	Company	
	2024	2023
	\$'000	\$'000
Loans to a subsidiary (non-current)	411	–
Loans to a subsidiary (current)	233	–
	<u>644</u>	<u>–</u>

The loans to a subsidiary are unsecured and bore interest rate between 5.05% and 5.10% per annum.

14. Inventories

	Group	
	2024	2023
	\$'000	\$'000
Raw materials	286	1,131
Consumables	462	440
Work-in-progress	282	1,020
Finished goods	14	14
Total inventories (at net realisable value)	<u>1,044</u>	<u>2,605</u>
Inventories recognised in "Other expenses" inclusive of the following charge/(credit):		
- Write-back of inventories	(133)	(229)
- Write-down of inventories	127	769

The inventories were written back when the related inventories were sold.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

15. Trade and other receivables

	Note	Group		Company	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Non-current					
Other receivables:					
- Sundry deposits		512	458	-	-
Current					
Trade receivables:					
- Trade receivables		14,186	18,421	-	-
- Amounts due from subsidiaries (trade)		-	-	2,154	1,452
		14,186	18,421	2,154	1,452
Allowance for impairment:					
- Trade receivables		(407)	(418)	-	-
		13,779	18,003	2,154	1,452
Current					
Other receivables:					
- Sundry deposits		284	226	1	1
- Sundry receivables		1,472	974	206	135
- Derivatives	23(b)	-	6	-	-
- Amounts due from subsidiaries (non-trade)		-	-	924	48
		1,756	1,206	1,131	184
Total current trade and other receivables		15,535	19,209	3,285	1,636
Total trade and other receivables		16,047	19,667	3,285	1,636
Add: Loans to a subsidiary	13	-	-	644	-
Add: Cash and short-term deposits	16	95,081	88,674	19,775	20,047
Less: Derivatives	23(b)	-	(6)	-	-
Total financial assets at amortised cost		111,128	108,335	23,704	21,683

(a) Trade and other receivables

Trade receivables, including amounts due from subsidiaries, are non-interest bearing and are generally on 30 to 90 days' terms (2023: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Sundry receivables are non-interest bearing and are to be repaid in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

15. Trade and other receivables (cont'd)

(b) Receivables that are impaired

Trade and non-trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors who have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Expected credit losses

The movement in allowance for expected credit losses of trade and non-trade receivables, including amounts due from subsidiaries, computed based on lifetime ECL are as follows:

	Group	
	2024 \$'000	2023 \$'000
Movement in allowance account:		
At beginning of the year	418	786
(Reversal)/charge to profit or loss	(1)	11
Written off	–	(346)
Exchange differences	(10)	(33)
At end of the year	407	418

During the financial year, reversal of impairment of \$1,000 (2023: impairment of \$11,000) was recognised in the statement of profit or loss of the Group.

(c) Related party receivables

Amounts due from subsidiaries (trade and non-trade) are unsecured, non-interest bearing, repayable on demand and are to be repaid in cash.

The carrying amount of total trade and other receivables are denominated in the following currencies:

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Singapore Dollar	920	891	3,285	1,636
United States Dollar	5,461	6,252	–	–
Ringgit Malaysia	5,729	8,634	–	–
Renminbi	3,583	3,804	–	–
Others	354	86	–	–
	16,047	19,667	3,285	1,636

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

16. Cash and short-term deposits

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Cash at banks and on hand	10,840	11,138	1,775	1,747
Deposits with licensed banks	84,241	77,536	18,000	18,300
Cash and short-term deposits	95,081	88,674	19,775	20,047
Less: Bank deposits with maturity more than three months	(61,270)	(44,077)	(11,500)	(7,300)
Cash and cash equivalents	33,811	44,597	8,275	12,747

Cash and short-term deposits are denominated in the following currencies:

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Singapore Dollar	19,872	20,540	19,759	20,005
United States Dollar	3,050	2,461	16	42
Ringgit Malaysia	61,789	62,530	–	–
Renminbi	3,713	2,955	–	–
Others	6,657	188	–	–
	95,081	88,674	19,775	20,047

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short-term deposits, other than those with maturity more than three months, are made for varying periods of between thirteen days and three months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate of short-term deposits as at 31 July 2024 for the Group and the Company were 3.2% (2023: 3.5%) and 3.8% (2023: 3.9%) respectively.

Cash at banks of \$3,847,000 (2023: \$2,955,000) held in People's Republic of China are subject to local exchange control restrictions. These regulations place restriction on the amount of currency being exported other than through dividends and trade-related transactions.

17. Share capital

	Group and Company			
	2024		2023	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
Balance at beginning and end of the year	122,806	35,727	122,806	35,727

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction, and have no par value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

18. Other reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It also includes the cumulative exchange differences arising on monetary items that form part of the Group's net investment in foreign operations.

(b) Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China ("PRC"), the subsidiary is required to make an appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(c) Capital reserve

Capital reserve includes a legal reserve set up by the subsidiary incorporated in Taiwan. The regulation in Taiwan requires the subsidiary to set aside a legal reserve of 10% of its annual net income (less losses of prior years, if any) before it declares any part of such net profits as dividends and/or bonuses until the accumulated reserve equals the total paid up share capital.

Capital reserve includes the shares of subsidiaries received by the Company arising from bonus issue. Capital reserve also accounted for the flow-through effects of investee company's accounting for capital reserves.

19. Loans and borrowings

	Note	Maturity	Group		Company	
			2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<u>Current</u>						
Lease liabilities	11		1,635	1,623	52	45
Bank loans		2025	12,858	11,025	1,888	213
			<u>14,493</u>	<u>12,648</u>	<u>1,940</u>	<u>258</u>
<u>Non-current</u>						
Lease liabilities	11		2,677	1,914	35	86
Bank loans		2026 – 2027	8,825	17,129	95	315
			<u>11,502</u>	<u>19,043</u>	<u>130</u>	<u>401</u>
Total loans and borrowings			<u>25,995</u>	<u>31,691</u>	<u>2,070</u>	<u>659</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

19. Loans and borrowings (cont'd)

(a) Bank loans

The bank loans of the Group and the Company bore interest between 3.2% and 5.1% (2023: between 2.8% and 5.0%), and 3.2% and 5.1% (2023: 3.2%) per annum respectively.

In last financial year, the bank loans of \$532,000 for the Group were secured by a charge on a building which had been fully depreciated. These bank loans were fully repaid during the financial year.

(b) Lease liabilities

The lease liabilities of the Group and the Company bore interest between 3.2% and 7.2% (2023: between 3.2% and 7.2%), and 7.0% and 7.2% (2023: between 7.0% and 7.2%) per annum respectively.

A reconciliation of movement of liabilities to cash flows arising from financing activities is as follows:

	1 August 2023 \$'000	Cash flows \$'000	Non-cash items			31 July 2024 \$'000
			Acquisitions \$'000	Foreign exchange movement \$'000	Others \$'000	
Bank loans						
- Current	11,025	(12,783)	-	(141)	14,757	12,858
- Non-current	17,129	6,660	-	(207)	(14,757)	8,825
Lease liabilities						
- Current	1,623	(2,102)	-	(18)	2,132	1,635
- Non-current	1,914	-	3,618	(21)	(2,834)	2,677
Total	31,691	(8,225)	3,618	(387)	(702)	25,995

	1 August 2022 \$'000	Cash flows \$'000	Non-cash items			31 July 2023 \$'000
			Acquisitions \$'000	Foreign exchange movement \$'000	Others \$'000	
Bank loans						
- Current	3,297	(6,148)	-	(124)	14,000	11,025
- Non-current	5,466	25,857	-	(194)	(14,000)	17,129
Lease liabilities						
- Current	1,802	(2,041)	-	(77)	1,939	1,623
- Non-current	2,553	-	1,411	(109)	(1,941)	1,914
Total	13,118	17,668	1,411	(504)	(2)	31,691

The 'Others' column relates to the modification of lease and reclassification of non-current portion of loans and borrowings, including lease liabilities due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

19. Loans and borrowings (cont'd)

The carrying amounts of total loans and borrowings are denominated in the following currencies:

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Singapore Dollar	3,474	2,412	2,070	659
United States Dollar	282	221	–	–
Ringgit Malaysia	20,865	27,747	–	–
Renminbi	1,287	23	–	–
Others	87	1,288	–	–
	<u>25,995</u>	<u>31,691</u>	<u>2,070</u>	<u>659</u>

20. Income tax

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 July 2024 and 2023 are:

	Group	
	2024 \$'000	2023 \$'000
<u>Statement of profit or loss and other comprehensive income</u>		
<i>Current income tax:</i>		
- Current income tax	1,036	474
- Under/(over) provision in respect of previous years	13	(9)
	<u>1,049</u>	<u>465</u>
<i>Deferred tax:</i>		
- Origination and reversal of temporary differences	25	(49)
- Under/(over) provision in respect of previous years	2	(11)
	<u>27</u>	<u>(60)</u>
Income tax expense recognised in the statement of profit or loss and other comprehensive income	<u>1,076</u>	<u>405</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

20. Income tax (cont'd)

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit/(loss) before taxation multiplied by the applicable corporate tax rate for the financial years ended 31 July 2024 and 2023 is as follows:

	Group	
	2024	2023
	\$'000	\$'000
Profit/(loss) before tax	3,336	(3,191)
Tax calculated at statutory tax rate of 17% (2023: 17%)	567	(542)
Adjustments:		
Non-deductible expenses	161	285
Income not subject to tax	(117)	(126)
Effect of different tax rates on foreign income	176	(113)
Benefits from previously unrecognised deferred tax assets	(1,284)	–
Deferred tax assets not recognised	1,558	921
Under/(over) provision in respect of previous years		
- Current income tax	13	(9)
- Deferred tax	2	(11)
Income tax expense recognised in the statement of profit or loss and other comprehensive income	1,076	405

(c) Deferred tax

Deferred tax as at 31 July relates to the following:

	Group		Group	
	Statement of financial position		Statement of profit or loss and other comprehensive income	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<i>Deferred tax liabilities:</i>				
Differences in depreciation for tax purposes	2,540	3,364	(769)	1,377
Other deductible temporary differences	(512)	(1,516)	969	(1,087)
	2,028	1,848	200	290
<i>Deferred tax assets:</i>				
Differences in depreciation for tax purposes	(615)	7	(608)	35
Unabsorbed capital allowances	(1,158)	(898)	(266)	(330)
Other deductible temporary differences	(12)	(733)	701	(55)
	(1,785)	(1,624)	(173)	(350)
Deferred tax expenses/(credits) recognised in the statement of profit or loss and other comprehensive income			27	(60)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

20. Income tax (cont'd)

(d) Unrecognised tax benefits

At the end of the reporting period, the Group has unutilised tax losses, unabsorbed capital allowances, differences in depreciation for tax purposes and other temporary differences of approximately \$50,780,000 (2023: \$51,654,000), \$9,619,000 (2023: \$8,875,000), \$7,042,000 (2023: \$6,960,000) and \$4,885,000 (2023: \$6,292,000) respectively, that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses in Mainland China, Malaysia and Taiwan can be carried forward for 5 years, 10 years and 10 years respectively. The tax losses in Singapore and USA have no expiry date.

21. Trade and other payables

	Note	Group		Company	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Trade and other payables:					
- Trade payables		3,323	4,793	-	-
- Accrued operating expenses		5,162	5,290	1,086	1,014
- Sundry payables		6,495	4,200	22	9
- Amounts due to subsidiaries (non-trade)		-	-	-	10
		14,980	14,283	1,108	1,033
Add: Loans and borrowings	19	25,995	31,691	2,070	659
Total financial liabilities carried at amortised cost		40,975	45,974	3,178	1,692

(a) Trade payables and sundry payables

These amounts are non-interest bearing and are normally settled on 30 to 90 days' terms.

(b) Amounts due to subsidiaries (non-trade)

Amounts due to subsidiaries (non-trade) are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

21. Trade and other payables (cont'd)

The carrying amounts of trade and other payables are denominated in the following currencies:

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Singapore Dollar	2,861	3,526	1,108	1,033
United States Dollar	4,699	3,916	–	–
Ringgit Malaysia	4,272	4,979	–	–
Renminbi	1,733	1,277	–	–
Others	1,415	585	–	–
	14,980	14,283	1,108	1,033

22. Defined benefit liabilities

The Group operates two (2023: two) unfunded defined benefit plans. The level of benefit provided depends on eligible employees' length of service and their salary in their final years leading up to retirement.

The amount included in the consolidated statements of financial position arising from the Group's obligations in respect of its defined benefit plans is as follows:

	Group	
	2024	2023
	\$'000	\$'000
Present value of defined benefit obligations, representing net defined benefit liabilities:		
- Non-current	(1,675)	(781)
- Current	–	(753)
	(1,675)	(1,534)

Changes in present value of the defined benefit obligations are as follows:

	Note	Group	
		2024	2023
		\$'000	\$'000
Balance at beginning of the year		(1,534)	(1,471)
Current service costs	6	(85)	(68)
Interest costs	7	(51)	(51)
Remeasurement loss on defined benefit plans			
Actuarial loss arising from:			
- Changes in financial assumptions		(23)	(14)
Currency realignment		18	70
Balance at end of the year		(1,675)	(1,534)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

22. Defined benefit liabilities (cont'd)

The components of amounts recognised in profit or loss and in other comprehensive income in respect of the defined benefit plans are as follows:

	Note	Group	
		2024 \$'000	2023 \$'000
<u>Reported in profit or loss</u>			
Current service costs	6	(85)	(68)
Interest costs	7	(51)	(51)
		<u>(136)</u>	<u>(119)</u>
<u>Remeasurement loss recognised in other comprehensive income</u>			
Actuarial loss arising from:			
- Changes in financial assumptions		<u>(23)</u>	<u>(14)</u>

The principal assumptions used in determining the obligations for the defined benefit plans are shown below:

	Group	
	2024	2023
Discount rates	3.85% to 3.93%	4.11% to 4.21%
Expected rate of future salary increases	<u>4.3%</u>	<u>4.3%</u>

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period. Assuming all other assumptions were held constant, the Group's defined benefit liabilities would be higher/(lower) by:

	Increase/ (decrease)	Group	
		2024 \$'000	2023 \$'000
Discount rates	0.25%	(26)	(9)
	(0.25%)	26	9
Expected rate of future salary increases	0.25%	26	9
	(0.25%)	<u>(26)</u>	<u>(9)</u>

The duration of the defined benefit obligations at the end of the reporting period is 5 to 8 years (2023: 1 to 4 years).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

23. Commitments

(a) Capital commitments

Capital expenditure as at the end of reporting date is as follows:

	Group	
	2024	2023
	\$'000	\$'000
Property, plant and equipment		
- Authorised and contracted for	1,247	4,401

(b) Financial instruments

Derivatives included in the statement of financial position at 31 July are as follows:

Group	Note	2024	2023
		Assets	Assets
		\$'000	\$'000
Forward currency contracts	25(b)	30	6

As at 31 July 2024, the Group held thirteen (2023: two) forward currency contracts, with total outstanding notional amounts of \$3,330,000 (2023: \$670,450). The outstanding forward contracts mature within 3 months (2023: 1 to 2 months).

The Group does not apply hedge accounting.

(c) Guarantees

As at 31 July 2024, the Company has provided corporate guarantees to the financial institutions for one of its subsidiaries in connection with loans and borrowings amounting to \$917,000 (2023: \$807,000).

24. Related party disclosures

Compensation of key management personnel

	Group	
	2024	2023
	\$'000	\$'000
Salaries, bonuses and fees	2,747	2,550
CPF and other defined contributions	155	156
Total compensation paid to key management personnel	2,902	2,706

The remuneration of key management personnel are determined having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

25. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There has been no transfer between levels of fair value measurements during the financial years ended 31 July 2024 and 2023.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Total \$'000
2024				
<u>Financial assets/(liabilities):</u>				
Equity securities at FVPL:				
- Investment securities (quoted)		4,559	-	4,559
<u>Derivatives:</u>				
- Forward currency contracts	23(b)	-	30	30
At 31 July 2024		4,559	30	4,589
2023				
<u>Financial assets/(liabilities):</u>				
Equity securities at FVPL:				
- Investment securities (quoted)		3,519	-	3,519
<u>Derivatives:</u>				
- Forward currency contracts	23(b)	-	6	6
At 31 July 2023		3,519	6	3,525

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

25. Fair value of assets and liabilities (cont'd)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The model incorporates various inputs including foreign exchange spot and forward rates as well as forward rate curves.

(d) Assets and liabilities not measured at fair value and whose carrying amounts are reasonable approximation of fair value

Loans to a subsidiary (Note 13), trade and other receivables (Note 15), trade and other payables (Note 21), cash and short-term deposits (Note 16) and loans and borrowings (Note 19)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are instruments that are priced to market interest rates on or near the end of the reporting period.

26. Financial risk management objectives and policies

The Group's overall risk management programme seeks to minimise potential adverse effects on financial performance of the Group that these risks may expose.

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board of Directors reviews policies and procedures for the management of these risks. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been, throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risks arises primarily from their loans and borrowings. The Group obtains additional financing through bank borrowings and leasing arrangements.

The Group's interest-bearing financial assets are mainly short-term in nature, where the surplus funds are placed with reputable licensed banks and financial institutions.

The Group's policy is to obtain the most favourable interest rates available.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

26. Financial risk management objectives and policies (cont'd)

(a) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 (2023: 100) basis points higher/lower with all other variables held constant, the Group's and the Company's profit before tax would have been \$239,000 (2023: \$169,000) and \$18,000 (2023: \$1,000) lower/higher respectively arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in currency other than the respective functional currencies of Group entities, primarily United States Dollar ("USD").

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies (Note 16) for working capital purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, namely Malaysia, United States, Mainland China, Taiwan and Philippines. The Group's net investments in foreign operations are not hedged as these currency positions are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the increase/(decrease) in the Group's profit before tax to a reasonably possible change in the USD exchange rate against SGD and Ringgit Malaysia ("RM") with all other variables held constant:

	Group	
	2024	2023
	\$'000	\$'000
USD/SGD - strengthened 1% (2023: 1%)	12	20
USD/SGD - weakened 1% (2023: 1%)	(12)	(20)
USD/RM - strengthened 1% (2023: 1%)	38	36
USD/RM - weakened 1% (2023: 1%)	(38)	(36)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's cash and short-term deposits, operating cash flows, availability of banking facilities and debt maturity profile are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

26. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
31 July 2024			
<u>Financial assets:</u>			
Investment securities	4,559	–	4,559
Trade and other receivables	15,535	522	16,057
Cash and short-term deposits	95,081	–	95,081
Total undiscounted financial assets	115,175	522	115,697
<u>Financial liabilities:</u>			
Trade and other payables	(14,980)	–	(14,980)
Lease liabilities	(1,807)	(2,869)	(4,676)
Loans and borrowings (excluding lease liabilities)	(13,620)	(9,054)	(22,674)
Total undiscounted financial liabilities	(30,407)	(11,923)	(42,330)
Total net undiscounted financial assets/(liabilities)	84,768	(11,401)	73,367

Group	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
31 July 2023				
<u>Financial assets:</u>				
Investment securities	3,519	–	–	3,519
Trade and other receivables	19,209	468	–	19,677
Cash and short-term deposits	88,674	–	–	88,674
Total undiscounted financial assets	111,402	468	–	111,870
<u>Financial liabilities:</u>				
Trade and other payables	(14,283)	–	–	(14,283)
Lease liabilities	(1,732)	(1,466)	(580)	(3,778)
Loans and borrowings (excluding lease liabilities)	(12,066)	(17,836)	–	(29,902)
Total undiscounted financial liabilities	(28,081)	(19,302)	(580)	(47,963)
Total net undiscounted financial assets/(liabilities)	83,321	(18,834)	(580)	63,907

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

26. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

Company	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
31 July 2024			
<u>Financial assets:</u>			
Investment securities	382	–	382
Trade and other receivables	3,285	–	3,285
Loans to a subsidiary	266	479	745
Cash and short-term deposits	19,775	–	19,775
Total undiscounted financial assets	23,708	479	24,187
<u>Financial liabilities:</u>			
Trade and other payables	(1,108)	–	(1,108)
Lease liabilities	(57)	(37)	(94)
Loans and borrowings (excluding lease liabilities)	(1,983)	(98)	(2,081)
Total undiscounted financial liabilities	(3,148)	(135)	(3,283)
Total net undiscounted financial assets/(liabilities)	20,560	344	20,904
31 July 2023			
<u>Financial assets:</u>			
Investment securities	338	–	338
Trade and other receivables	1,636	–	1,636
Cash and short-term deposits	20,047	–	20,047
Total undiscounted financial assets	22,021	–	22,021
<u>Financial liabilities:</u>			
Trade and other payables	(1,033)	–	(1,033)
Lease liabilities	(51)	(94)	(145)
Loans and borrowings (excluding lease liabilities)	(231)	(338)	(569)
Total undiscounted financial liabilities	(1,315)	(432)	(1,747)
Total net undiscounted financial assets/(liabilities)	20,706	(432)	20,274

As at the end of financial year, the contractual expiry of the Company's corporate guarantees matured within 3 years. This was based on the earliest period in which the corporate guarantee contracts could be called. The maximum amount of the corporate guarantee contracts are disclosed in Note 26(d)(ii).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

26. Financial risk management objectives and policies (cont'd)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits and derivatives), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- internal credit rating
- external credit rating as and when necessary
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations

The Group determined that its financial assets are credit-impaired when:

- there is a significant difficulty of the debtors
- a breach of contract such as a default or past due event
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

The Group categorises a receivable for potential write-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan. Where receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- (i) the carrying amount of each class of financial assets recognised in the statement of financial position, including derivatives with positive fair values; and
- (ii) a nominal amount of \$917,000 (2023: \$807,000) relating to corporate guarantees provided by the Company to the financial institutions for one of its subsidiaries' loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

26. Financial risk management objectives and policies (cont'd)

(d) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables, net of allowance, at the end of the reporting period is as follows:

Group	2024		2023	
	\$'000	% of total	\$'000	% of total
By country:				
Singapore	2,041	15	2,010	11
Malaysia	6,836	50	10,985	61
Mainland China	3,512	25	4,050	23
Other Asian markets*	181	1	143	1
United States	479	4	578	3
Others	730	5	237	1
	13,779	100	18,003	100
By industry sectors:				
Burn-in and testing	13,779	100	18,003	100

* Classified under "Other Asian markets" are Taiwan, Thailand, and Vietnam.

At the end of the reporting period, approximately:

- (i) 72% (2023: 76%) of the Group's trade receivables were due from 4 (2023: 4) major customers who are in the semiconductor industry; and
- (ii) 94% (2023: 92%) of the Company's receivables were balances with related parties.

Trade receivables

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company determine expected credit losses of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

26. Financial risk management objectives and policies (cont'd)

(d) Credit risk (cont'd)

Trade receivables (cont'd)

	Trade receivables past due			Total \$'000
	1 to 90 days \$'000	91 to 180 days \$'000	More than 180 days \$'000	
Group				
As at 31 July 2024				
Trade receivables	1,011	118	522	1,651
Allowance for impairment	–	–	(407)	(407)
Trade receivables - net	1,011	118	115	1,244
As at 31 July 2023				
Trade receivables	1,206	–	418	1,624
Allowance for impairment	–	–	(418)	(418)
Trade receivables - net	1,206	–	–	1,206
Company				
As at 31 July 2024				
Trade receivables	213	178	747	1,138
As at 31 July 2023				
Trade receivables	234	226	11	471

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to market price risk arising from its investments in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and Bursa Malaysia Securities Berhad in Malaysia, and are classified as held for trading. The Group does not have exposure to commodity price risk.

The Group's objective is to manage investment returns and equity price risk by investing in companies operating mainly in Singapore and Malaysia which are publicly traded.

Sensitivity for market price risk

At the end of the reporting period, if the share price of the quoted equity instruments had been 5% (2023: 5%) higher/lower with all other variables held constant, the Group's and the Company's profit before tax would have been \$228,000 (2023: \$176,000) and \$19,000 (2023: \$17,000) higher/lower respectively, arising as a result of higher/lower fair value gain on investment securities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

27. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 July 2024 and 2023.

As disclosed in Note 18, a subsidiary of the Group is required by the Foreign Enterprise Law of the People's Republic of China ("PRC") to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 July 2024 and 2023.

The Group will continue to be guided by prudent financial policies of which gearing is an important aspect. The Group includes within net debt, loans and borrowings less cash and short-term deposits. Capital includes equity attributable to owners of the Company less statutory reserve fund.

		Group	
	Note	2024	2023
		\$'000	\$'000
Cash and short-term deposits	16	95,081	88,674
Less: Loans and borrowings	19	(25,995)	(31,691)
Net cash		<u>69,086</u>	<u>56,983</u>
Total equity attributable to owners of the Company		73,875	72,274
Less: Statutory reserve fund		(860)	(860)
		<u>73,015</u>	<u>71,414</u>

At the end of the reporting period, the Group's cash and short-term deposits exceed its loans and borrowings. Therefore, gearing ratio is not meaningful to the Group.

28. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has the following reportable business segments:

- (i) burn-in and testing segment is in the business of burn-in and test related activities.
- (ii) others segment involves Group-level corporate services, treasury and investments functions, business of trading in and distribution of high-technology electronic products (which does not meet any of the quantitative thresholds for disclosure under SFRS(I) 8 *Operating Segments*), and consolidation adjustments which are not directly attributable to particular business segment above.

Except as indicated above, no other operating segment has been aggregated to form the above reportable operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

28. Segment information (cont'd)

Key management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at terms agreed between the related parties, in a manner similar to transactions with third parties.

	Burin-in and testing \$'000	Others \$'000	Consolidated \$'000
2024			
Revenue:			
External customers	82,035	–	82,035
Results:			
Segment (loss)/profit	2,184	(84)	2,100
Interest income			2,641
Finance costs			(1,405)
Profit before tax			3,336
Income tax expense			(1,076)
Profit for the year			2,260
Other information:			
Depreciation of property, plant and equipment	15,049	94	15,143
Additions to property, plant and equipment	11,565	16	11,581
2023			
Revenue:			
External customers	88,308	–	88,308
Results:			
Segment (loss)/profit	(4,252)	61	(4,191)
Interest income			1,782
Finance costs			(782)
Loss before tax			(3,191)
Income tax expense			(405)
Loss for the year			(3,596)
Other information:			
Depreciation of property, plant and equipment	13,392	168	13,560
Additions to property, plant and equipment	16,038	159	16,197

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2024

28. Segment information (cont'd)

(a) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets**	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Singapore	13,316	4,757	1,258	1,368
Malaysia	45,221	56,604	45,415	50,123
Mainland China	13,883	17,810	4,115	3,820
Other Asian markets*	1,145	1,832	286	1,020
United States	3,725	5,136	271	231
Others	4,745	2,169	–	–
	82,035	88,308	51,345	56,562

* Classified under "Other Asian markets" are Taiwan, Thailand, Vietnam, Philippines, India and South Korea.

** Non-current assets consist of property, plant and equipment.

(b) Information about major customers

The Group's customer base includes 4 (2023: 4) customers from burn-in and testing segment, with whom transactions have exceeded 10% of the Group's revenue. Revenue generated from these customers amounted to approximately \$62 million (2023: \$64 million).

29. Litigation

On 1 May 2019, a complaint was filed in District Court in Midland, County, Texas by Weatherford International, LLC and Weatherford U.S. L.P. ("Claimants") against KES (USA) Inc., a predecessor entity of the Company's wholly-owned subsidiary, KES Systems, Inc. (the "Case").

The Claimants alleged that KESU Systems & Service, Inc., a predecessor entity of KES (USA) Inc., along with several other defendant companies and the City of Midland, caused or contributed to environmental contamination at a certain property located in Midland, and seek reimbursement under Texas law for the cost of cleaning up such alleged contamination (the "Claim").

Following the Supreme Court of Texas ruling against the Petitioners (Weatherford) in Weatherford v. City of Midland with regard to their appeal concerning the Motion to Dismiss filed by the City of Midland (a named co-defendant in the Case and the Respondent in the appeal), the District Court in Midland, Texas has reactivated the Case and scheduled a trial date of 5 May 2025.

KES Systems, Inc. continues to believe that Claimants' allegations are without merit and will seek opportunities to remove itself from the Case.

30. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 July 2024 were approved in accordance with a resolution of the directors on 27 September 2024.

SHAREHOLDERS' INFORMATION

As at 27 September 2024

Class of shares : Ordinary shares
 Voting rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	Number of shareholders	%	Number of Shares	%
1 – 99	3	0.10	84	0.00
100 – 1,000	1,019	34.77	996,316	0.81
1,001 – 10,000	1,491	50.87	6,865,554	5.59
10,001 – 1,000,000	405	13.82	21,118,188	17.20
1,000,001 and above	13	0.44	93,825,858	76.40
Total	2,931	100.00	122,806,000	100.00

SUBSTANTIAL SHAREHOLDER

(as recorded in the Register of Substantial Shareholders)

Name	Number of Shares	%
Samuel Lim Syn Soo	67,466,666	54.94

TOP 20 SHAREHOLDERS

No.	Name	Number of Shares	%
1.	Samuel Lim Syn Soo	67,466,666	54.94
2.	DBS Nominees (Private) Limited	4,180,700	3.40
3.	United Overseas Bank Nominees (Private) Limited	4,180,500	3.40
4.	Citibank Nominees Singapore Pte Ltd	2,812,300	2.29
5.	Phillip Securities Pte Ltd	2,805,592	2.28
6.	Tan Teoh Khoon	2,130,000	1.73
7.	OCBC Nominees Singapore Private Limited	1,942,200	1.58
8.	Ang Ah Beng	1,901,500	1.55
9.	Goh Guan Siong (Wu YuanXiang)	1,466,800	1.19
10.	Raffles Nominees (Pte.) Limited	1,466,800	1.19
11.	OCBC Securites Private Limited	1,225,900	1.00
12.	UOB Kay Hian Private Limited	1,217,800	0.99
13.	Maybank Securities Pte. Ltd.	1,029,100	0.84
14.	Tan Chin Wah	801,000	0.65
15.	CGS INTL Securities Singapore PL	712,500	0.58
16.	IFast Financial Pte. Ltd.	703,100	0.57
17.	Gordon Cai Zhen Qiang or Wilson Cai WeiCheng	650,000	0.53
18.	Rajbhushan Buddhiraju or Anshu Kumar	527,000	0.43
19.	Yeo Wei Huang	501,000	0.41
20.	Lee Chin Ing (Li JingYing)	500,000	0.41
	Total	98,220,458	79.96

SHAREHOLDERS' INFORMATION

As at 27 September 2024

DIRECTORS' INTEREST AS AT 21 AUGUST 2024

Name of Directors	Number of Shares Held	
	Direct	Deemed
Samuel Lim Syn Soo	67,466,666	–
Kenneth Tan Teoh Khoon	2,130,000	–
Timothy Brooks Smith	–	–
Daniel Soh Chung Hian	–	–
Sandy Foo Fei Ying	–	–

FREE FLOAT

As at 27 September 2024, approximately 43.3% of the issued ordinary shares of the Company were held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Sixth Annual General Meeting (“AGM”) of Sunright Limited (the “Company”), will be held at Meeting Room 330, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593, on Friday, 22 November 2024 at 10.00 a.m., for the following purposes: -

Ordinary Business

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 July 2024 and the Auditor’s Report thereon. **Resolution 1**
2. To re-elect the following directors retiring by rotation under Article 87 of the Company’s Constitution and who, being eligible, offer themselves for re-election.
 - (a) Mr Kenneth Tan Teoh Khoon **Resolution 2**
 - (b) Ms Sandy Foo Fei Ying **Resolution 3**

[See Explanatory Notes below]
3. To elect Dr. Babak Alizadeh Taheri as Director. **Resolution 4**

[See Explanatory Notes below]
4. To approve the payment of Directors’ fees of S\$150,000 (2023: S\$175,700), in respect of the financial year ended 31 July 2024. **Resolution 5**
5. To re-appoint Messrs Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**
6. To transact any other business which may properly be transacted at an annual general meeting.

By Order of the Board

Adeline Lim Kim Swan
Company Secretary
25 October 2024

Explanatory Notes:

Resolution 2 – Mr Kenneth Tan Teoh Khoon, upon re-election as Director of the Company, will remain as a member of the Nominating Committee.

Resolution 3 – Ms Sandy Foo Fei Ying, upon re-election as Director of the Company, will remain as a member of the Audit and Risk Committee, Nominating Committee and Remuneration Committee. She is considered an Independent Non-Executive Director.

Resolution 4 – Dr. Babak Alizadeh Taheri, upon election as Director of the Company, is considered independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST. He will also be a member of the Audit and Risk Committee, Nominating Committee and Remuneration Committee.

Detailed information on Mr Kenneth Tan Teoh Khoon, Ms Sandy Foo Fei Ying and Dr. Babak Alizadeh Taheri who are proposed for re-election/election at the AGM can be found under “Board of Directors” and “Additional Information on Directors Seeking Re-Election/Election at the AGM” in the Company’s Annual Report 2024.

NOTICE OF ANNUAL GENERAL MEETING

Important Notes:

1. **Format of Meeting.** The AGM will be held in a **wholly physical format**. Members and proxy(ies) have to attend the AGM in person as there will be **no option to participate virtually**.
2. **Notice of AGM and Proxy Form.** Printed copies of this Notice of AGM and accompanying Proxy Form will not be sent to members. Instead, they will be published on and can be accessed at the Company's website, at the URL https://www.sunright.com/eng/investor_relations.htm and SGX website, at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Submission of Substantial and Relevant Questions Relating to the Agenda of the AGM**

Members may **submit the questions in advance of the AGM**, in the following manner:

- (a) by posting to Sunright Limited, c/o Complete Corporate Services Pte Ltd, 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
- (b) by email to sunright-agm@complete-corp.com,

in either case, by **10.00 a.m. on 2 November 2024**.

When submitting questions by post or via email, please also provide your full name, NRIC (last 3 numerical digits and checksum)/Passport (last 4 numerical digits)/Company Registration No., address and the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

The Company will endeavour to address the substantial and relevant questions and publish on its website, at the URL https://www.sunright.com/eng/investor_relations.htm and SGX website, at the URL <https://www.sgx.com/securities/company-announcements> **after trading hours on 15 November 2024**. If there are subsequent clarifications sought, or follow-up questions (which are related to the resolutions to be tabled for approval at the AGM) received after the cut-off time for the submission of questions which have not already been addressed prior to the AGM, these may be addressed at the AGM.

Where substantially similar questions are received, the Company will consolidate these questions. As such, not all questions will be addressed individually.

Members, duly appointed proxy(ies) and corporate representatives can also ask the questions at the AGM itself.

4. **Voting.** All the resolutions will be put to vote at the AGM (and at any adjournment thereof) by way of a poll.
5. **Appointment of Proxy(ies)**
 - (i) A member is entitled to appoint proxy(ies) to attend, speak and vote at the AGM on his/her/its behalf. A proxy needs not be a member of the Company.
 - (ii) A member (who is not a Relevant Intermediary) is entitled to appoint not more than two proxies. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Singapore Companies Act 1967.
 - (iii) A member who is a Relevant Intermediary, is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
 - (iv) Where a member appoints proxy(ies), he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the proxy(ies) may vote or abstain from voting at his/her/its discretion.
 - (v) A member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.
 - (vi) The **Proxy Form must be duly completed, signed and submitted** in the following manner:
 - (a) by posting to Sunright Limited, c/o Complete Corporate Services Pte Ltd, 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
 - (b) by email to sunright-agm@complete-corp.com.

NOTICE OF ANNUAL GENERAL MEETING

in either case, **by 10.00 a.m. on 19 November 2024**, being 72 hours before the time appointed for holding the AGM. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant Proxy Form, to the AGM.

(vii) CPF/SRS investors who hold the Company's shares:

- (a) may attend the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 12 November 2024.

6. Any reference to a time of day is made by reference to Singapore time.

7. **Annual Report 2024.** Printed copy will not be sent to members. Instead, it will be published on and can be accessed at the Company's website, at the URL https://www.sunright.com/eng/investor_relations.htm and SGX website, at the URL <https://www.sgx.com/securities/company-announcements>. Nonetheless, a limited number has been printed for shareholders.

For members who still wish to receive a printed copy, he/she/it may submit his/her/its request by downloading the Request Form from the Company's website at the URL https://www.sunright.com/eng/investor_relations.htm. The duly completed Request Form must be submitted to and reach the Company no later than 5 November 2024.

Other Notes:

1. Printed copies of the Annual Report 2024 may be collected at the AGM (subject to availability), on a first come, first served basis.
2. The Company will record or take photograph during the AGM for its record archival and minutes purposes. By participating in the AGM, member(s), proxy(ies) and corporate representatives will be deemed to have consented to the Company's recording and/or taking photographs of him or her at the AGM.
3. We seek your understanding that **no refreshment will be served at the AGM.**

Personal Data Privacy:

By submitting the Proxy Form appointing proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company accepts and agrees that all personal data provided to the Company is subject to its Privacy Policy, which is available at www.sunright.com.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/ELECTION AT THE AGM

(pursuant to Rule 720(6) and Appendix 7.4.1 of the Listing Manual of the SGX-ST)

Mr Kenneth Tan Teoh Khoon and Ms Sandy Foo Fei Ying are the retiring Directors who are seeking re-election at the AGM under Ordinary Resolutions 2 and 3 as set out in the Notice of AGM dated 25 October 2024.

Dr. Babak Alizadeh Taheri is seeking election at the AGM under Ordinary Resolution 4 as set out in the Notice of AGM dated 25 October 2024.

Name of Director	Kenneth Tan Teoh Khoon	Sandy Foo Fei Ying	Babak Alizadeh Taheri
Date of Appointment	12 January 1994	1 February 2021	NA
Date of last re-appointment	21 November 2022	22 November 2021	NA
Age	67	51	62
Country of principal residence	Singapore	Singapore	United States of America
The Board's comments on this re-election / appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	<p>The re-election of Mr Kenneth Tan as Director, was recommended by the Nominating Committee and approved by the Board; after taking into consideration his outstanding service as an Executive Director, his wide industry and institutional knowledge, his qualifications and experience, and his strong contributions to the Group.</p> <p>Mr Kenneth Tan had abstained from making any recommendation and/or deliberating in respect of his own nomination.</p> <p>Upon re-election, Mr Kenneth Tan will continue to serve as a member of the Nominating Committee.</p> <p>The Board is of the view that the present Board composition provides an appropriate balance and diversity of skillsets, gender, age, tenure, experience and expertise as well as level of independence to enable it to provide effective leadership and direction.</p>	<p>The re-election of Ms Sandy Foo as Director, was recommended by the Nominating Committee and approved by the Board; after taking into consideration her qualifications, professional expertise and experience, and her contributions to the Board.</p> <p>Ms Sandy Foo had abstained from making any recommendation and/or deliberating in respect of her own nomination.</p> <p>Upon re-election, Ms Sandy Foo will continue to serve as a member of the Audit and Risk Committee, Nominating Committee and Remuneration Committee.</p> <p>The Board is of the view that the present Board composition provides an appropriate balance and diversity of skillsets, gender, age, tenure, experience and expertise as well as level of independence to enable it to provide effective leadership and direction.</p>	<p>The Board had considered the Nominating Committee's recommendation and assessment on Dr. Babak Alizadeh Taheri and is satisfied that he will, if elected as a Director, provide fresh perspective, diversity and expertise that will be beneficial to the Company.</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/ELECTION AT THE AGM

(pursuant to Rule 720(6) and Appendix 7.4.1 of the Listing Manual of the SGX-ST)

Name of Director	Kenneth Tan Teoh Khoon	Sandy Foo Fei Ying	Babak Alizadeh Taheri
Whether appointment is executive, and if so, the area of responsibility	Executive 1. General management responsibilities. 2. Business management in joint ventures, product line acquisitions and divestments, legal and contract negotiations. 3. Corporate, financial and treasury functions. 4. Board level functions and strategy development. 5. Corporate affairs and investor relations.	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc.)	<ul style="list-style-type: none"> – Executive Director – Member of Nominating Committee 	<ul style="list-style-type: none"> – Independent Non-Executive Director – Member of Audit and Risk Committee – Member of Nominating Committee – Member of Remuneration Committee 	<ul style="list-style-type: none"> – Independent Non-Executive Director
Professional qualifications	Bachelor of Accountancy from the National University of Singapore and a Fellow Member of the Institute of Singapore Chartered Accountants	LLB (Hons), National University of Singapore	Bachelor of Science in Engineering, San Francisco State University, Master of Science in Electrical Engineering, San Jose State University, and Ph.D. in Biomedical Engineering, University of California, Davis
Working experience and occupation(s) during the past 10 years	Company Director	Lawyer since 1997	<ul style="list-style-type: none"> – Aug 2019 to Present: Chief Executive Officer (“CEO”) and Director of Silvaco Group, Inc. – Jun 2016 to Present: Advisory Board Chair of Electrical Engineering Department at the University of California, Davis – Jan 2000 to Present: CEO and President of Integrated Biosensing Technologies – Jun 2021 to May 2022: Director, Parisi House on The Hill

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/ELECTION AT THE AGM

(pursuant to Rule 720(6) and Appendix 7.4.1 of the Listing Manual of the SGX-ST)

Name of Director	Kenneth Tan Teoh Khoon	Sandy Foo Fei Ying	Babak Alizadeh Taheri
			<ul style="list-style-type: none"> – 2019 to 2021: Director, ESDA Alliance – Oct 2018 to Aug 2019: Chief Technology Officer (“CTO”) and Executive Vice President of Products, Silvaco Inc. – Jan 2012 to Jan 2018: Advisory Board, MEMS World Summit – May 2016 to May 2017: Acting CTO and advisor to CEO, Novasentis, Inc. – May 2012 to May 2015: Vice President/General Manager of Sensor Division, Freescale Semiconductor, Inc.
Shareholding interest in the listed issuer and its subsidiaries	Sunright Limited – 2,130,000 shares	No	No
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	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other principal commitments including directorships			
Past (for the last 5 years):	<u>Directorships</u> <ul style="list-style-type: none"> – Kestronics (M) Sdn. Bhd. – Kestronics Philippines, Inc. – KES Systems & Service (Shanghai) Co., Ltd 	<u>Directorships</u> Nil	<u>Directorships</u> <ul style="list-style-type: none"> – Parisi House on The Hill – ESDA Alliance <u>Major Appointments (other than Directorships)</u> <ul style="list-style-type: none"> – Silvaco Inc.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/ELECTION AT THE AGM

(pursuant to Rule 720(6) and Appendix 7.4.1 of the Listing Manual of the SGX-ST)

Name of Director	Kenneth Tan Teoh Khoon	Sandy Foo Fei Ying	Babak Alizadeh Taheri
Present:	<u>Directorship in Listed Company</u> – KESM Industries Berhad	<u>Directorship in Listed Company</u> Nil	<u>Directorship in Listed Company</u> – Silvaco Group, Inc.
	<u>Directorships in Non-Listed Companies</u> – KES Systems & Service (1993) Pte Ltd – KES Systems & Service (M) Sdn. Bhd. – KES Systems & Service Philippines Inc. – KEST Systems and Service Ltd. – KES International Sdn. Bhd. – KES Systems, Inc. – KESM Test (M) Sdn. Bhd. – KESP Sdn. Bhd. – KESM Industries (Tianjin) Co., Ltd	<u>Directorship in Non-Listed Company</u> Nil <u>Major Appointments (other than Directorships)</u> – Partner, Rajah & Tann LLP – Member of the Law Society’s Continuing Professional Development Committee – Speaker for Singapore Institute of Directors’ Listed Entity Director Programmes – Council Member of the Institute of Valuers and Appraisers, Singapore – Assistant Honorary Secretary, Governing Council Dover Park Hospice	<u>Directorship in Non-Listed Company</u> – Silvaco Japan Co., Ltd. <u>Major Appointments (other than Directorships)</u> – CEO and President, Integrated Biosensing Technologies – Advisory Board Chair, Electrical Engineering Department at the University of California, Davis
	<u>Major Appointment (other than Directorships)</u> Nil		

Information required

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

- 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?
- 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?
- Whether there is any unsatisfied judgement against him?
- 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?

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/ELECTION AT THE AGM

(pursuant to Rule 720(6) and Appendix 7.4.1 of the Listing Manual of the SGX-ST)

- (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?
- (f) Whether at any time during the last 10 years, judgement 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?
- (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?
- (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?
- (i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?
- (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
 - (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
 - (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?
- (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?

Mr Kenneth Tan Teoh Khoon's, Ms Sandy Foo Fei Ying's and Dr. Babak Alizadeh Taheri's responses to the above-mentioned items (a) to (k) were all "No".



SUNRIGHT LIMITED

Co. Reg. No.197800523M
(Incorporated in the Republic of Singapore)

FORTY-SIXTH ANNUAL GENERAL MEETING (“AGM”) PROXY FORM

IMPORTANT

1. Relevant intermediary as defined in Section 181 of the Singapore Companies Act 1967 may appoint more than two proxies to attend, speak and vote at the AGM.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of proxy(ies) to attend, speak and vote on a member’s behalf, at the AGM.
4. By submitting this Proxy Form, the member accepts and agrees that all personal data provided to the Company is subject to its Privacy Policy, which is available at www.sunright.com.

I/We _____ (Full Name), NRIC/Passport/Company Registration No. _____
of _____ (Full Address)
being a member/members of Sunright Limited (the “Company”), hereby appoint

Name	NRIC/Passport Number	Proportion of Shareholdings (see Note 3)	
		Number of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings (see Note 3)	
		Number of Shares	%
Address			

or failing either or both of the persons referred to above, the Chairman of the AGM, as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM to be held at Meeting Room 330, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 22 November 2024 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy(ies) to vote for or against, or abstain from voting the resolutions proposed at the AGM as indicated hereunder. If no specific direction in respect of a resolution is given or in the event of any item arising not summarised below, my/our proxy(ies) may vote or abstain from voting at his/her discretion.

Resolutions	For*	Against*	Abstain*
Ordinary Business			
1. Adoption of the Directors’ Statement and Audited Financial Statements together with the Auditor’s Report thereon			
2. Re-election of Mr Kenneth Tan Teoh Khoon as Director			
3. Re-election of Ms Sandy Foo Fei Ying as Director			
4. Election of Dr. Babak Alizadeh Taheri as Director			
5. Approval of Directors’ fees			
6. Re-appointment of Auditor and authorisation for Directors to fix their remuneration			

* You may tick (✓) within the relevant box to vote for or against, or abstain from voting, in respect of all your shares for each resolution. Alternatively, you may indicate the number of shares that you wish to vote for or against, and/or abstain from voting, for each resolution in the relevant box.

Dated this _____ day of _____ 2024

Total Number of Shares Held	
------------------------------------	--

Signature(s)/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF



IMPORTANT: PLEASE READ THE FOLLOWING NOTES.

Notes:

1. If a member has ordinary shares in the Company entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of ordinary shares. If a member has ordinary shares in the Company registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of ordinary shares. If a member has ordinary shares entered against his/her/its name in the Depository Register and ordinary shares registered in the Register of Members, he/she/it should insert the aggregate number of ordinary shares. If no number is inserted, this Proxy Form shall be deemed to relate to all the ordinary shares held by the member.
2. A member is entitled to appoint proxy(ies) to attend, speak and vote at the AGM on his/her/its behalf. A proxy needs not be a member of the Company.
3. A member (who is not a Relevant Intermediary) is entitled to appoint not more than two proxies. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.

“Relevant Intermediary” has the meaning as ascribed to it in Section 181 of the Singapore Companies Act 1967.
4. A member who is a Relevant Intermediary, is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
5. Where a member appoints proxy(ies), he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the proxy(ies) may vote or abstain from voting at his/her/its discretion.
6. A member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.
7. The **Proxy Form must be duly completed, signed and submitted** in the following manner:
 - (a) by posting to Sunright Limited, c/o Complete Corporate Services Pte Ltd, 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
 - (b) by email to sunright-agm@complete-corp.com,in either case, by **10.00 a.m. on 19 November 2024**, being 72 hours before the time appointed for holding the AGM.
8. Appointment of proxy(ies) shall not preclude a member from attending, speaking and voting at the AGM. The appointment of proxy(ies) shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person(s) appointed under the relevant Proxy Form, to the AGM.
9. The Proxy Form must be signed under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
10. Where Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which it may be treated as invalid.
11. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Singapore Companies Act 1967.
12. In the case of joint holders of shares, any one of such persons may vote, but if more than one of such persons be present at the AGM, the person whose name stands first on the Register of Members or in the Depository Register (as the case may be) shall alone be entitled to vote.
13. Any alteration made to the Proxy Form should be initialled by the appointor who signs it.
14. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged or submitted if the member, being the appointor, is not shown to have ordinary shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
15. Any reference to a time of day is made by reference to Singapore time.

SUNRIGHT LIMITED
(COMPANY REG. NO. 197800523M)

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