MICRO-MECHANICS®

2025

FINANCIAL YEAR

ANNUAL REPORT

CONTENTS

CORPORATE PROFILE

Micro-Mechanics is a *Next Generation Supplier* focused on enabling advanced technologies. The Group designs and manufactures consumable tools that reduce defects and improve yields in advanced semiconductor packaging, assembly and testing processes. The Group also manufactures precision components for critical production processes in the wafer-fabrication equipment and other high-tech industries.

Founded in 1983 and listed on the SGX Mainboard (SGX:5DD) in 2003, the Group has become a trusted partner to more than 600 customers worldwide, providing fast, effective and localised support across its five operating facilities in Singapore, Malaysia, China, the Philippines and the USA.

The Group is committed to executing its *Five-Star Factory* initiative, which aims to drive excellence across five key areas – people, customers, workplace safety and efficiency, operations, and innovation – to strengthen its core operating foundation. Together with a focus on financial discipline and strong governance practices, the Group aims to solve high-value problems and deliver sustainable long-term stakeholder returns.

Since listing, Micro-Mechanics has received nearly 40 awards in recognition of its high standards of corporate governance, quality of disclosure, transparency and investor relations.

MISSION STATEMENT

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

EXECUTIVE CHAIRMAN'S STATEMENT

Christopher Reid Borch
Founder and Executive Chairman

Dear stakeholders,

I founded Micro-Mechanics in 1983 with the mission to create *Perfect Parts and Tools, On Time, Every Time*, supported by *People Who Make Everything Happen*. Over the years, this guiding belief has anchored our resilience through industry cycles and enabled us to sharpen our competitive edge amid rapid technological shifts and evolving geopolitical landscapes. In FY2024, we transformed the way we practise this core belief with the launch of the *Five-Star Factory* initiative. This methodology puts excellence driven by *High Performance Teams* at the heart of our operations, laying the groundwork for our continued success for the next 40 years and beyond. We are encouraged that our efforts under this initiative have yielded positive results for the Group so far, with Micro-Mechanics delivering net profit growth of 54.2% year-on-year to S$12.4 million on revenues of S$65.2 million for FY2025.

This strong performance reinforces our commitment to drive sustainable long-term value for our shareholders. We continue to adopt a disciplined approach in capital management to support business growth, taking into consideration financial performance, projected cash flow and capital requirements for business growth and general economic conditions.

We have also consistently exceeded our formal dividend payout ratio policy of 40%, including in FY2025 where the Board has proposed a final dividend of 3.0 cents per share. If approved by shareholders at our Annual General Meeting on 30 October 2025, the Group's total dividend for FY2025 will be 6.0 cents per ordinary share, representing a dividend payout ratio of 67.3%. Moreover, this will also bring cumulative dividends to 134.9 cents per share since listing in 2003, translating into a return of more than 700% based on dividends alone. Including share price appreciation and reinvested dividends, these represent long-term total shareholder returns of over 3,000%. This is testament to our alignment of interests with all shareholders, as well as our track record of delivering sustainable value creation.

Good governance is a cornerstone of how we protect and enhance shareholder value, and our people play a vital role in upholding this in all our business practices. I am proud that our efforts have been consistently recognised over the years, with the Group receiving almost 40 awards for our strong governance practices since listing. We are continuing to build on these achievements, having ranked 30th out of 467 SGX-listed companies in the latest Singapore Governance and Transparency Index published on 13 August 2025. On 1 September 2025, the Group was also awarded Gold for Best Investor Relations amongst companies with market capitalisation of less than S$300 million at the annual Singapore Corporate Awards, validating our commitment to transparent, timely and effective engagements with our stakeholders.

I stepped down as CEO at the start of FY2026, with Kyle Borch succeeding me as part of a carefully planned leadership transition to ensure continuity and support the foundations for long-term growth. As I reflect on FY2025 and my 42 years as CEO, I would like to take this opportunity to express my deepest gratitude to our Board members, senior leadership, employees, customers, suppliers and investors over the years, who have all played an instrumental part in our Journey to Excellence. It has been a tremendous privilege and honour to grow the company together with each and every one of you. As I continue in my role as Executive Chairman, I look forward to our continued partnership as we embark on this exciting next chapter of growth for Micro-Mechanics.

CEO'S STATEMENT

Kyle C. Borch
Chief Executive Officer

To our valued stakeholders,

FY2025 was a year of change with the global semiconductor industry experiencing new technological breakthroughs while heightened geopolitical tensions reordered supply chains worldwide. This presented the opportunity for us to demonstrate resilience as we focused on enabling our customers' success by executing our *Five-Star Factory* initiative and practicing disciplined capital management and good governance. We also embraced change within the Group with a planned leadership transition into my role as CEO, supported by a trusted leadership team to progress our strategic priorities.

Our efforts laid the foundation for a strong performance for FY2025 and our continued growth. Revenue increased 12.6% year-on-year ("yoy") to S$65.2 million, with yoy sales growth in our consumable tools and wafer fabrication equipment ("WFE") segments. Our WFE segment, driven primarily by our USA subsidiary ("MMUS"), achieved a full year profit of S$1.2 million during the year, marking a strong turnaround from the S$2.2 million loss reported in FY2024. This recovery contributed meaningfully to the Group's overall results, with EBITDA rising 23.8% yoy to S$22.7 million. The Group's EBITDA margin also improved from 31.7% to 34.9%, while net profit grew 54.2% yoy to reach S$12.4 million for the financial year – reflecting enhanced operational efficiency and disciplined execution across our businesses.

According to the World Semiconductor Trade Statistics ("WSTS"), the global semiconductor market is expected to grow 9.9% yoy to US$800 billion in 2026. Looking ahead, we remain cautiously optimistic amid ongoing macroeconomic and geopolitical uncertainties. Our focus continues to be addressing our customers' needs regardless of externalities as this is key to creating sustainable long-term value for all our stakeholders. This customer-centric focus is underpinned by three strategic priorities:

Advancing the *Five-Star Factory* initiative

The *Five-Star Factory* initiative strengthens excellence across five key pillars to support our ambition of becoming a *Next Generation Supplier*, capable of meeting increasingly complex manufacturing requirements. Launched in FY2024, this ongoing initiative continues to enhance our ability to meet our customers' needs while sharpening our competitiveness.

As we progress, we remain anchored in two guiding principles. The first is continuing to *Pursue Excellence in Everything We Do*, striving to delight our customers with *Five-Star* solutions that support industry advancement. The second is striving to be the best, rather than the biggest. This means prioritising high-value problems where we can lead the market with innovative solutions, flawless quality, and fast support.

Maintaining profitability at MMUS

We are also pleased to have achieved our first full year of profitability at MMUS, after completing a restructuring plan to recalibrate the plant's engineering and product focus towards more compelling, competitive and higher-value process-critical parts for the WFE industry.

We aim to continue this positive momentum, supported by our focus on enhancing Operational Excellence through optimised costs and improved efficiencies. As customers navigate ongoing tariff uncertainties and look at localising their supply chains, our decentralised structure and expertise in semiconductor solutions uniquely position us to seize opportunities across the semiconductor value chain.

CEO'S STATEMENT

Prioritising disciplined capital management and good governance

Since our founding in 1983, we have consistently prioritised disciplined capital management and good governance to build our operational resilience and deliver long-term sustainable value for our stakeholders. We stayed cash flow positive in FY2025 despite a volatile operating environment, generating S$18.3 million in net cash from our operations. After deducting S$1.2 million of net cash used in investing activities and S$9.9 million of net cash used in financing activities, we ended FY2025 with S$23.3 million in cash and no bank borrowings.

This strong balance sheet provides us with the flexibility to manage any potential risks and invest in our long-term growth. To that end, we are investing in precision and automation equipment to enhance our manufacturing capabilities and productivity for FY2026.

As we look ahead, I am excited to continue the *Journey to Excellence* that started in 1983, working alongside the *People Who Make Everything Happen*. I would like to express my deepest appreciation to our Board of Directors for their guidance and unwavering commitment to advancing our stakeholders' interests. I wish to extend my sincere gratitude to our founder and outgoing CEO, Mr. Christopher Reid Borch, who has laid the foundation for the success we build upon today, and who will continue to provide valuable guidance as Executive Chairman. I am equally grateful to our *High Performance Teams* for their dedication to excellence. Finally, I thank our valued customers and shareholders for their trust and support in Micro-Mechanics. I am fortunate to serve such an extraordinary group of stakeholders in a dynamic industry, and look forward to the many milestones that we will continue to achieve together.

AWARDS AND ACCOLADES

Since becoming a public company in 2003, Micro-Mechanics has received consistent recognition for our corporate governance, transparency and investor relations practices. As a testament to our sound governance practices, the Group ranked 30th out of 467 companies on the Singapore Exchange in the latest *Singapore Governance and Transparency Index* (SGTI) published on 14 August 2025. For more information on the Group's Investor Relations policy, please refer to the Corporate Governance section of this Annual Report.

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

SINGAPORE CORPORATE AWARDS

▲ 2025	Gold Award – Best Investor Relations *(for companies with market capitalization of less than S$300 million)*
▲ 2024	Silver Award – Best Managed Board *(for companies with market capitalization of less than S$300 million)*
▲ 2023	Bronze Award – Best Managed Board *(for companies with market capitalization of S$300 million to less than S$1 billion)*
▲ 2022	Gold Award – Best Investor Relations *(for companies with market capitalization of S$300 million to less than S$1 billion)*
▲ 2021	Corporate Excellence and Resilience Award
▲ 2018	Best CEO Award
▲ 2017	Gold Award – Best Managed Board Gold Award – Best Investor Relations
▲ 2016	Silver Award – Best Managed Board
▲ 2015	Silver Award – Best Managed Board Silver Award – Best Investor Relations
▲ 2014	Silver Award – Best Investor Relations
▲ 2013	Silver Award – Best Investor Relations
▲ 2012	Gold Award – Best Managed Board Silver Award – Best Investor Relations
▲ 2011	Silver Award – Best Investor Relations
▲ 2010	Bronze Award – Best Investor Relations
▲ 2008	Chief Financial Officer of the Year (Sesdaq)

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

AWARDS AND ACCOLADES

INVESTORS' CHOICE AWARDS – SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

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

FORBES

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

THE EDGE SINGAPORE BILLION DOLLAR CLUB (CENTURION CATEGORY)

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

ASIAMONEY CORPORATE GOVERNANCE POLL

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

PRODUCTIVITY AWARDS

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

FINANCIAL HIGHLIGHTS

INCOME STATEMENT SUMMARY

Financial year-ended 30 June

(S$ million)	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	73.7	82.5	67.0	57.9	**65.2**
Gross Profit	40.0	44.0	31.2	27.2	**32.2**
Profit Before Tax	23.2	26.2	13.6	11.5	**16.4**
Net Profit	18.1	19.8	9.8	8.0	**12.4**
EPS (cents)	13.0	14.25	7.03	5.78	**8.92**
Weighted average number of shares in issue	139,031,881	139,031,881	139,031,881	139,031,881	**139,031,881**

BALANCE SHEET SUMMARY

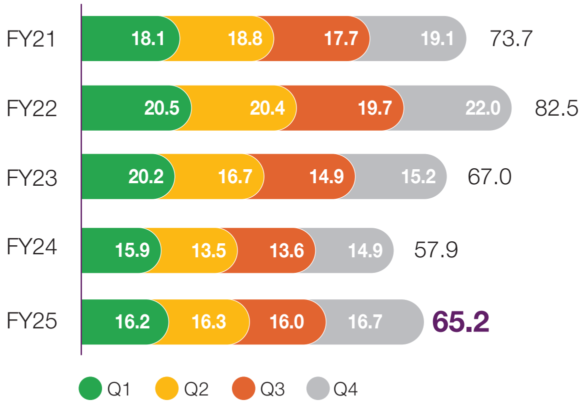
(S$ million)	As at 30 June 2024	As at 30 June 2025
Total Non-Current Assets	24.8	**21.2**
Total Current Assets	32.1	**39.7**
Total Non-Current Liabilities	2.6	**3.2**
Total Current Liabilities	8.2	**8.4**
Shareholders' Equity	46.1	**49.2**
Cash and bank balances	16.6	**23.3**
Trade and other receivables (current)	11.6	**13.3**
Trade and other payables (current)	5.6	**5.8**
Short and Long-term Debt	0.0	**0.0**
NAV per share (cents)	33.1	**35.4**

KEY FINANCIAL RATIOS

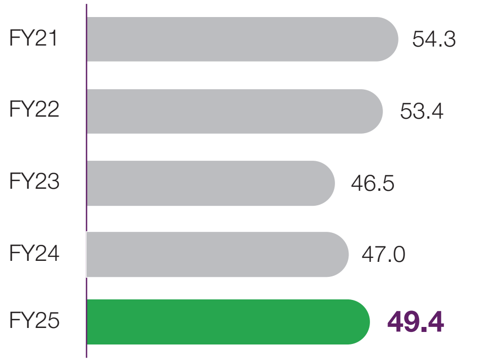
	FY2024	FY2025
Gross Profit Margin	47.0%	**49.4%**
Net Profit Margin	13.9%	**19.0%**
Return on Equity	17.4%	**25.2%**
Dividend Per Share	6.0 cents	**6.0 cents**
Dividend Payout	104%	**67.3%**

FINANCIAL HIGHLIGHTS

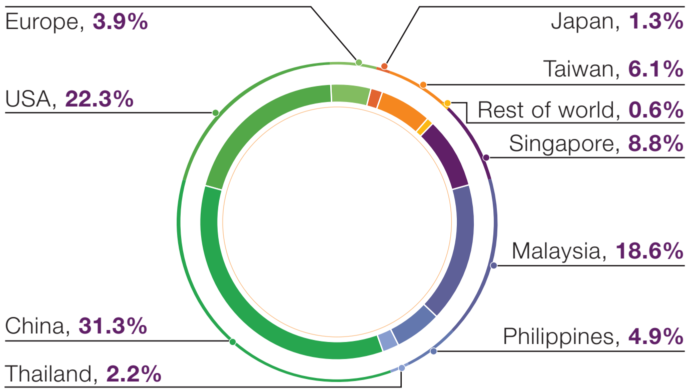
GROUP REVENUE (S$M)



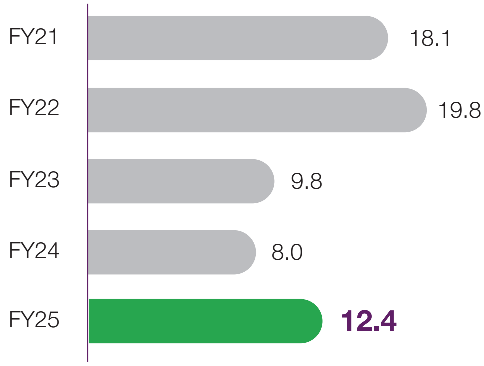
GROUP GROSS PROFIT MARGIN (%)



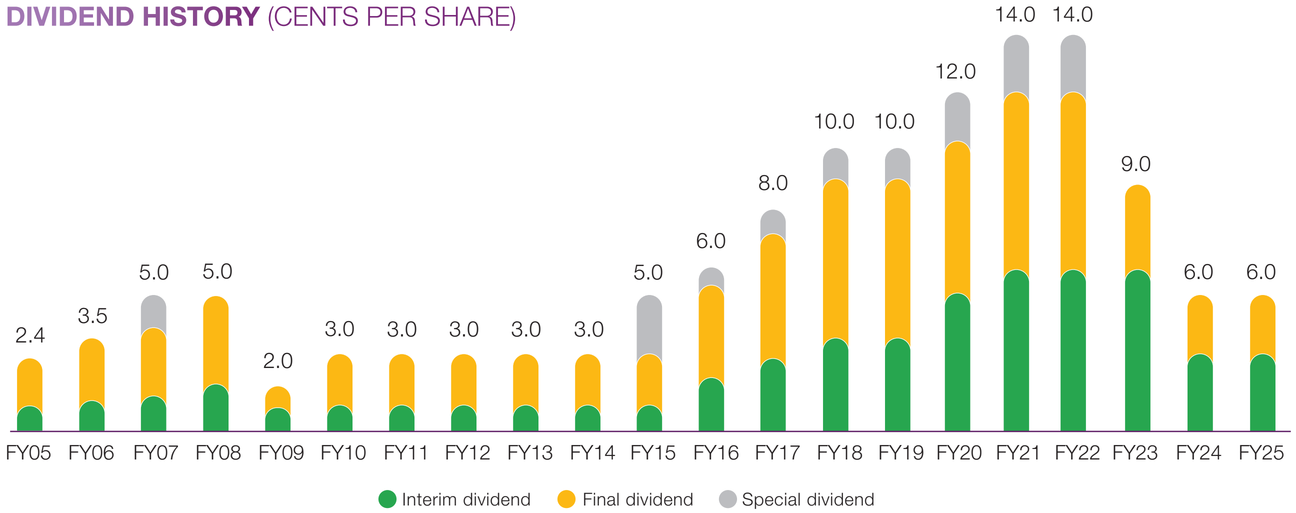
REVENUE BREAKDOWN BY GEOGRAPHICAL MARKET (FY2025)



GROUP NET PROFIT (S$M)



DIVIDEND HISTORY (CENTS PER SHARE)



BOARD OF DIRECTORS

Christopher Reid Borch
Founder & Executive Chairman

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

Kyle Christopher Borch
Chief Executive Officer

Mr. Borch joined Micro-Mechanics in 2018 as a manufacturing engineer at the Group's subsidiary in the USA ("MMUS"). Here he focused on helping to lead an engineering team working to make MMUS a *Center of Excellence* for manufacturing parts used in critical wafer-fabrication processes. Starting from 1 July 2025, Mr. Borch was appointed as Chief Executive Officer of Micro-Mechanics. As Chief Executive Officer of Micro-Mechanics, he oversees the Group's operations and is responsible for creating and steering a new inter-disciplinary team of people from the Group's five worldwide plants focused on accelerating the adoption of continuous improvement, operational excellence, innovation and *Five-Star Factory* initiatives.

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

Kenny Kwan
Lead Independent Director

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

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

BOARD OF DIRECTORS

Kazuo Jozeph Takeda
Independent Director

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

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

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

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

Chua Siew Hwi
Independent Director

Ms. Chua is a seasoned executive with a distinguished track record spanning a broad spectrum of finance and corporate functions. Her expertise encompasses strategic planning, capital management, mergers and acquisitions, financial governance and reporting, enterprise risk management, innovation and digital transformation, and internal audit. Throughout her career, Ms. Chua has successfully collaborated with multidisciplinary teams across a diverse range of industries and global jurisdictions, including government agencies, aviation, financial services, and SGX Main Board listed real estate and hospitality as well as shipping groups.

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

EXECUTIVE OFFICERS

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

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

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

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

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

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

FINANCIAL CONTENTS

CORPORATE INFORMATION

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

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

Kenny Kwan Yew Kwong
Lead Independent Director
First appointed: 14 June 2019
(Email: kennykwan@micro-mechanics.com)
(re-appointed on 30 October 2025)

Kazuo Jozeph Takeda
Independent Director
First appointed: 1 November 2023
(Email: ktakeda@micro-mechanics.com)
(re-appointed on 30 October 2025)

Chua Siew Hwi
Independent Director
First appointed: 1 April 2024
(Email: chuash@micro-mechanics.com)
(re-appointed on 30 October 2025)

Audit Risk Committee
Chua Siew Hwi
Chairperson
Kenny Kwan Yew Kwong
Kazuo Jozeph Takeda

Nominating Committee
Kazuo Jozeph Takeda
Chairperson
Kenny Kwan Yew Kwong
Chua Siew Hwi

Remuneration Committee
Kenny Kwan Yew Kwong
Chairperson
Kazuo Jozeph Takeda
Chua Siew Hwi

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

Nor Hafiza Alwi, FCIS (CSIS, CGI)
Fellow Practising Chartered
Secretary

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

Share Registrar &
Share Transfer Office
Zico Corporate Services Pte Ltd
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

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

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

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

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

ABOUT THIS REPORT

We are pleased to present our annual Environmental, Social and Governance ("**ESG**") report for FY2025. This Report contains data from 1 July 2024 to 30 June 2025 ("**FY2025**"), which aligns with our financial year.

As with previous reports, this report seeks to provide all stakeholders with details about Micro-Mechanics' ESG performance based on regulatory requirements and industry best practices, fundamental to driving sustainable long-term stakeholder value. As a responsible corporate citizen, this report also showcases how Micro-Mechanics is executing on its planned roadmap to becoming a *Next Generation Supplier*. We welcome feedback and suggestions relating to our Report. Any queries or feedback may be directed to investors@micro-mechanics.com.

Reporting Principles and Statement of Use

This Report was prepared with reference to the Global Reporting Initiative ("**GRI**") Standards 2021, which is the most widely adopted global sustainability reporting standard. Since our inaugural report in 2017, the Group has adopted this practice to understand our impact on ESG topics and meet our sustainability reporting obligations. In line with the dynamic and evolving demands of the operating landscape, the Group will be undertaking a review of our emissions boundary in FY2026 to reflect a more robust approach to our reporting.

Our climate-related disclosures have also been aligned with the Task Force on Climate-Related Financial Disclosures ("**TCFD**")[1] recommendations in the four (4) key areas of Governance, Strategy, Risk Management and Metrics and Targets. This enables us to understand the implications of climate-related risks and opportunities on our business and develop mitigation plans where applicable. We are aware of recent SGX announcements concerning the adoption of IFRS ISSB Standards for sustainability and climate-related disclosures. The Group is monitoring these developments and will be assessing our adoption of IFRS ISSB Standards in line with regulatory guidance.

Furthermore, this sustainability report is produced in line with the reporting requirements of Practice Note 7.6 and Rules 711A and 711B of the Singapore Stock Exchange Securities Trading Limited ("**SGX-ST**").

Forward-Looking Statements

This Report presents the Group's future aspirations based on our current industry knowledge and sustainability objectives on a best effort basis. Actual results may differ due to unforeseen circumstances. The Group will provide necessary updates when relevant and as appropriate.

[1] *TCFD fulfilled its remit and was disbanded in Oct 2023. Following the publication of the inaugural ISSB Standards IFRS S1 and IFRS S2, the IFRS Foundation has taken over the responsibilities for monitoring the progress of companies' climate-related disclosures from TCFD.*

Reporting Scope

In defining the reporting scope, we evaluated the significance of potential ESG impacts and selected our key operations as outlined below.

Name of Entities	Principal Activity	Country
Micro-Mechanics (Holdings) Ltd Singapore ("**MMH**")	Parent (The Group)	Singapore
Micro-Mechanics Pte Ltd ("**MMS**")	Manufacture of precision tools	Singapore
Micro-Mechanics Technology (Suzhou) Co. Ltd ("**MMSU**")	Manufacture of precision tools	China
Micro-Mechanics Technology Sdn Bhd ("**MMP**")	Manufacture of precision tools	Malaysia
Micro-Mechanics Technology International, Inc ("**MMPH**")	Manufacture of precision tools	Philippines
Micro-Mechanics Inc ("**MMUS**")	Manufacture of precision components and modules and sale of precision tools	United States of America

Restatements

There are no restatements of information from previous reporting periods.

Assurance

While Micro-Mechanics did not seek any external assurance, the collected data has been internally verified as stipulated by SGX-ST Listing Rule 711B (3). As our ESG programme matures, processes will be further refined and improved to ensure consistency and accuracy of data.

SUSTAINABILITY REPORT

Year ended 30 June 2025

SUSTAINABILITY STRATEGY OVERVIEW

Message from the Board of Directors

The global business landscape is undergoing profound change as stakeholders place increasing importance on sustainability, climate resilience, and responsible corporate conduct. For Micro-Mechanics, these developments underscore the need to integrate ESG considerations into our long-term strategy and daily operations. We believe that doing so not only strengthens our competitiveness but also ensures we continue to deliver sustainable value for all stakeholders.

As such, the Board of Directors (the "**Board**") is pleased to present Micro-Mechanics' FY2025 ESG report. This marks the eighth report since Micro-Mechanics began ESG-related disclosures in 2017. Over the years, we have strengthened our foundation in sustainability, progressing from early initiatives to a more structured and impact-driven approach. While our ESG journey continues, the Board is encouraged by the progress we have made and remains committed to advancing our efforts.

At Micro-Mechanics, we believe that good governance is the cornerstone of our business. Accordingly, we have focused on intentionally aligning our governance practices across our operations from the Board Room to the Shop Floor. As responsible corporate citizens, we also view sustainability as a core business imperative alongside profitability. Thus, we recognise and manage the social and environmental impacts of our operations through robust practice and processes, guided by the Board's diversified expertise.

Our philosophy is anchored in our nine core values, *DO IT RIGHT*, and the five pillars of our *Five-Star Factory initiative – High Performance Teams, Fast, Effective and Local Support, Workplace Efficiency and Safety, Operational Excellence, and Innovation Excellence.* Together, these guiding principles embed sustainability at the heart of how we operate, grow and serve our stakeholders. Ultimately, we believe these will drive positive and tangible outcomes for the business, and strengthen our long-term competitive advantage.

In line with the SGX Mainboard Listing Rules 711(A) and 711(B), our report continues to reference the GRI Standards and now fully applies the TCFD framework. The Board also formally considered climate-related risks and opportunities as part of our operational risk review. The results of these deliberations are presented in this report, reflecting our commitment to climate resilience and transparent disclosure.

We also applied the same disciplined methods used in manufacturing and quality systems to strengthen our ESG programme. Using data analysis and continuous improvement tools, we prioritised projects that were both practical to implement and impactful for the business. One such initiative is the review of washing processes within MMS to reduce solvent use and thereby minimise hazardous waste disposal.

The Board believes that embedding ESG across all parts of our organisation is essential to creating sustainable long-term value for our stakeholders. In the year ahead, we will continue to expand the scope of our ESG initiatives, enhance disclosures, and strengthen alignment with global standards.

Finally, the Board extends its appreciation to everyone who contributed to this report and to our ongoing sustainability journey. Your dedication and collective effort have been vital to the progress we have achieved.

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

Strategic Focus Areas

We have identified three ESG focus areas to guide our sustainability strategy.

1. **Integrity and Governance – Do it Right!**

   We believe in upholding the highest standards of ethical conduct and governance across our operations. By promoting transparency, accountability and taking a firm stance against corruption, we aim to earn the trust of our stakeholders and ensure sustainable growth.

2. **Operational Excellence**

   We aim to achieve *Operational Excellence* by embedding climate resilience and environmental responsibility into our manufacturing processes. As a *Next-Generation Supplier* of high precision, process-critical tools and parts that enable advanced technologies, we aim to optimise energy efficiency, reduce emissions, and manage our use of water and materials responsibly to minimise environmental impact while supporting long-term productivity.

3. **High Performance Teams**

   We value our people and are committed to building *High Performance Teams* by fostering a safe, inclusive, and growth-oriented work environment. From fair employment practices to employee upskilling and safety standards, we support our workforce in their well-being and growth.

Our focus areas are supported by ESG material topics relevant to our stakeholders, outlined in the "**Materiality Assessment**" section in this Report.

STAKEHOLDER ENGAGEMENT

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

Stakeholders	Engagement platforms	Issues of concern	Our Responses	Refer to Section(s)
Investors and shareholders	• Media releases • Quarterly SGX announcements • Quarterly and annual results briefings • Annual General Meeting • The Group's website (Investor Relations section) • Email communications • Ad hoc meetings and conference calls with investor relations consultants	• Economic and financial performance • Business strategy • Relevant disclosures to shareholders	• Provide regular and transparent updates on economic and financial performance • Communicate business strategy clearly to stakeholders • Ensure timely and relevant disclosures to shareholders through multiple channels	• Integrity and Governance – Do it Right!

SUSTAINABILITY REPORT

Year ended 30 June 2025

Stakeholders	Engagement platforms	Issues of concern	Our Responses	Refer to Section(s)
Employees	• Materiality prioritisation sessions • The Group handbook (includes Code of Conduct) • New staff orientation • Annual performance and development reviews • Quarterly 8S audits • Town hall meetings • Anti-bribery policy and training • Staff training sessions • Emergency drills and exercises • Whistleblowing policy	• Employee engagement • Workplace health and safety • Training and development	• Promote workplace health and safety through audits, drills, and training • Support employee growth with training and career development opportunities • Reinforce ethical conduct and compliance through policies, induction programs, and training • Open communication and feedback through structured engagement and reporting channels	• High Performance Teams
Customers	• Customer visits by sales personnel • Participation in industry trade shows • Yearly customer satisfaction surveys • Factory visits by customers	• Product quality • Compliance with the industry product standard • Customer satisfaction	• Ensure consistent product quality and performance • Comply with relevant industry product standards and certifications • Meet material safety compliance requirements such as Restriction of Hazardous Substances (“**RoHS**”), Registration, Evaluation, Authorisation and Restriction of Chemicals (“**REACH**”) • Actively gather and respond to customer feedback to improve satisfaction	• Operational Excellence

Stakeholders	Engagement platforms	Issues of concern	Our Responses	Refer to Section(s)
Suppliers	• Meetings with suppliers • Supplier selection process • Supplier assessment	• Responsible business practices • Product quality assurance	• Ensure responsible business practices within the supply chain • Ensure product quality through supplier collaboration and monitoring • Apply criteria in selecting and evaluating suppliers to align with The Group's standards and expectations	• Operational Excellence
Regulators	• Seminars and updates from local government agencies and reporting standards • Internal compliance processes and training	• Compliance with laws and regulations • Anti-corruption and bribery	• Ensure compliance with all applicable laws and regulations • Maintain a zero-tolerance policy towards corruption and bribery • Monitor and update internal processes to meet regulatory requirements	• Integrity and Governance – Do it Right
Local communities	• Compliance monitoring with local government environmental regulations • Community engagement and support activities	• Social development	• Ensure adherence to local laws on pollution and chemical discharge • Prioritise hiring of local nationals and residents • Actively participate in and support local community development initiatives	• Operational Excellence • High Performance Teams

MATERIALITY ASSESSMENT

The materiality assessment was conducted in consideration of our internal and external stakeholder concerns based on information gathered from our stakeholder engagements and the following steps:

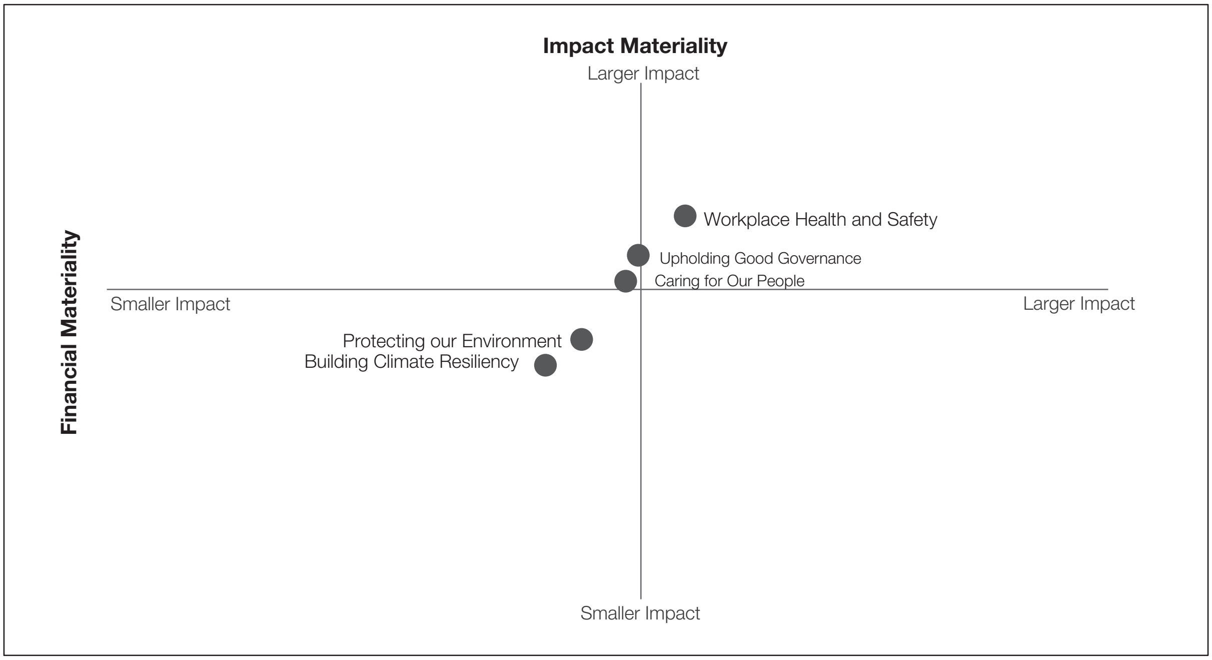
Identify
- Identify factors by comparing our business to industry standards and assessing risks, opportunities, and stakeholder needs.

Rate
- Assess the relevance of each potential factor to the entities within the Group.

Priorities
- Prioritise the most critical factors using a framework that evaluates their significance across the Group.

Validate
- Annually review and validate selected material factors to ensure ongoing relevance.

To ensure that our focus aligns with stakeholder priorities, we have updated our materiality assessment for the period. Using the materiality matrix below, the selected material topics have been assessed.



Based on the assessment's outcome, the Group has identified the following topics as the most significant:

1. **Workplace Health and Safety:** Highlighted as a top priority to ensure the safety and well-being of employees, and to continue to develop *High Performance Teams*.

2. **Upholding Good Governance:** Recognised as critical for maintaining ethical business practices, regulatory compliance and maintaining long-term trust with all stakeholders.

3. **Caring for Our People:** Reflected as important to ensure the growth and development of the employees through fair practices, continuous learning and development and an inclusive workplace.

Focus Areas	Material Topics
Integrity and Governance – Do it Right!	Upholding Good Governance
Operational Excellence	Building Climate Resiliency
	Protecting Our Environment
High Performance Teams	Caring for our People
	Workplace Health and Safety

The Group has considered the relevance and significance of each topic in relation to the business, its stakeholders, and sustainability practices. Through a materiality assessment exercise, the following material topics were removed from the previous year's report as part of a peer benchmarking exercise and review undertaken to streamline the Group's material topics and sharpen their focus areas. The following topics have been removed as standalone material. These topics will be addressed in other parts of the Annual Report, managed through existing compliance processes, or assessed to have a lower material impact relative to the Group's key focus areas.

GRI Topic Standard	Reasons for removal
GRI 201: Economic Performance	Information is disclosed in other sections of the Annual Report.
GRI 207: Tax	Managed through compliance, with limited material relevance.
GRI 301: Materials	Operations have low material intensity, hence lower relative impact.
GRI 308: Supplier Environmental Assessment	Addressed through existing supplier management processes.
GRI 402: Labour/Management Relations	Maintained through compliant labour practices, lower material impact.
GRI 406: Non-discrimination	Embedded in policies and practices and managed as standard compliance.
GRI 409: Forced or Compulsory Labour	Upheld through ethical and legal standards with lower material relevance.
GRI 413: Local Communities	Engagement occurs, but is assessed as limited material relevance.
GRI 414: Supplier Social Assessment	Addressed through existing supplier management processes.
GRI 418: Customer Privacy	Managed under data protection compliance, with lower material relevance.

ESG PERFORMANCE SUMMARY

Governance

Anti-Corruption		
	UOM	Group-Wide
Total number of confirmed incidents of corruption[2]	Number	0

**All values in the ESG Performance Summary are subject to rounding*

Environmental

Energy Consumption	*UOM*	Group-wide	MMS	MMSU	MMUS	MMP	MMPH
Total energy consumption	*GJ*	36,170	10,144	6,601	6,650	9,697	3,078
Total fossil fuel (non-renewable) consumption	*GJ*	479	63	48	0	0	368
Total mobile combustion (Petrol)	*GJ*	422	6	48	0	0	368
Total mobile combustion (Diesel)	*GJ*	57	57	0	0	0	0
Total electricity consumption	*GJ*	35,691	10,081	6,553	6,650	9,697	2,710
Total solar energy (renewable) consumption	*GJ*	4,784	0	0	4,784	0	0
Total energy intensity	*GJ/revenue '000*	0.554	NA	NA	NA	NA	NA
Total fuel consumption intensity	*GJ/revenue '000*	0.007	NA	NA	NA	NA	NA
Total electricity intensity	*GJ/revenue '000*	0.547	NA	NA	NA	NA	NA

**All values in the ESG Performance Summary are subject to rounding*

[2] Confirmed incidences of corruption include instances of employees dismissed/disciplined for corruption, business partners' contracts terminated due to corruption, and number of public legal cases regarding corruption brought against the organisation

GHG Emissions[3]	*UOM*	Group-wide	MMS	MMSU	MMUS	MMP	MMPH
Total GHG Emissions (Scope 1 & 2)	*tCO2e*	5,706	1,190	1,069	613	2,286	548
Total Scope 1 emissions[4]	*tCO2e*	266	36	4	0	201	25
Fugitive emissions	*tCO2e*	233	32	0	0	201	0
Mobile combustion emissions	*tCO2e*	33	4	4	0	0	25
Total Scope 2 emissions[5] (location-based)	*tCO2e*	5,440	1,154[6]	1,065	613	2,085	523
Total Scope 2 emissions (market-based)	*tCO2e*	5,440	1,154	1,065	613	2,085	523
Total Emissions (Scope 1 & 2) intensity	*tCO2e/ revenue '000*	0.088	NA	NA	NA	NA	NA
Water Consumption	***UOM***	**Group-wide**	**MMS**	**MMSU**	**MMUS**	**MMP**	**MMPH**
Total water withdrawal	*megalitres*	11.32	1.13	1.31	0.03	7.90	0.95
Total water discharged	*megalitres*	0.00	0.00	0.00	0.00	0.00	0.00
Total water consumed from all areas	*megalitres*	11.32	1.13	1.31	0.03	7.90	0.95
Waste Generated	***UOM***	**Group-wide**	**MMS**	**MMSU**	**MMUS**	**MMP**	**MMPH**
Total waste generated	*Tonnes*	56.19	8.73	25.39	3.73	1.83	16.51
Hazardous	*Tonnes*	41.31	8.73	18.31	3.73	1.83	8.71
Non-hazardous	*Tonnes*	14.88	0.00	7.08	0.00	0.00	7.80
Total waste diverted from disposal (recycled)	*Tonnes*	10.02	1.11	7.08	0.00	1.83	0.00
Hazardous	*Tonnes*	2.94	1.11	0.00	0.00	1.83	0.00
Non-hazardous	*Tonnes*	7.08	0.00	7.08	0.00	0.00	0.00
Total waste directed to disposal	*Tonnes*	46.17	7.62	18.31	3.73	0.00	16.51
Hazardous	*tonnes*	38.37	7.62	18.31	3.73	0.00	8.71
Non-hazardous	*tonnes*	7.80	0.00	0.00	0.00	0.00	7.80

**All values in the ESG Performance Summary are subject to rounding*

[3] The Group has adopted the GHG Protocol's Corporate Standards to track and report our GHG emissions. The equity share approach was adopted to calculate our emissions.
[4] Scope 1 emissions were derived from fossil fuel consumption, calculated using the IEA Emission Factors (2024) for Singapore and UK DEFRA (2024) for Malaysia, Philippines, China, USA.
[5] Scope 2 emissions were derived from purchased electricity, calculated using country-specific grid emission factors ("**GEF**"), calculated using the IEA Emission Factors (2024) for the Philippines, United States and China. Singapore's GEF was taken from the Energy Market Authority ("**EMA**"), Malaysia's GEF was taken from MyEnergyStats, a Malaysian database managed by the Energy Commission.
[6] Unit for MMS's Scope 2 emissions is tCO2, per EMA's GEF provided.

Social

Employees	UOM	Group-wide	MMS	MMSU	MMUS	MMP	MMPH
Total number of employees	Number	450	120	99	35	123	73
Male	Number	225	59	62	25	49	30
Female	Number	225	61	37	10	74	43
Management	Number	44	14	15	3	9	3
Non-management	Number	406	106	84	32	114	70
Below 30 years old	Number	92	40	15	3	19	15
Between 30 and 50 years old	Number	275	52	81	11	83	48
Above 50 years old	Number	83	28	3	21	21	10
New employees	**UOM**	**Group-wide**	**MMS**	**MMSU**	**MMUS**	**MMP**	**MMPH**
New employee hire rate[7]	Rate	10.9%	11.7%	14.1%	8.6%	13.8%	1.4%
Male	Rate	6.0%	8.3%	9.1%	5.7%	4.9%	0.0%
Female	Rate	4.9%	3.3%	5.1%	2.9%	8.9%	1.4%
Below 30 years old	Rate	5.1%	5.8%	7.1%	2.9%	5.7%	1.4%
Between 30 and 50 years old	Rate	4.7%	4.2%	7.1%	0.0%	7.3%	0.0%
Above 50 years old	Rate	1.1%	1.7%	0.0%	5.7%	0.8%	0.0%
Employee turnovers	**UOM**	**Group-wide**	**MMS**	**MMSU**	**MMUS**	**MMP**	**MMPH**
Turnover rate	Rate	16.2%	16.7%	9.1%	11.4%	17.1%	26.0%
Male	Rate	9.6%	8.3%	9.1%	8.6%	7.3%	16.4%
Female	Rate	6.7%	8.3%	0.0%	2.9%	9.8%	9.6%
Below 30 years old	Rate	8.4%	10.0%	6.1%	5.7%	8.9%	9.6%
Between 30 and 50 years old	Rate	6.9%	5.0%	3.0%	2.9%	7.3%	16.4%
Above 50 years old	Rate	0.9%	1.7%	0.0%	2.9%	0.8%	0.0%

**All values in the ESG Performance Summary are subject to rounding*

[7] New employee hire rate is calculated by taking the total number of employees hired during the reporting period, divided by the total number of employees who remained employed at the Group during the reporting period * 100%

Training and Education	UOM	Group-wide	MMS	MMSU	MMUS	MMP	MMPH
Total hours of training given to employees	Hours	9,440	2,397	871	623	4,026	1,523
Average hours of training given to employees[8]	Hours	17.91	15.98	8.71	14.49	28.35	16.55
Male	Hours	19.45	21.07	8.40	16.98	31.45	17.53
Female	Hours	16.27	11.16	9.21	7.26	26.02	15.66
Occupational Health and Safety	**UOM**	**Group-wide**	**MMS**	**MMSU**	**MMUS**	**MMP**	**MMPH**
Number of fatalities as a result of work-related injury	Number	0	0	0	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)	Number	0	0	0	0	0	0
Number of recordable work-related injuries[9]	Number	3	1	0	0	2	0
Rate of recordable work-related injuries[10]	Rate	0.608	0.781	0.000	0.000	1.666	0.000

**All values in the ESG Performance Summary are subject to rounding*

ESG TARGETS

We are in the process of refining our ESG goals to align with evolving regulatory requirements and business priorities. The updated targets will be disclosed in our next Report.

FOCUS 1: INTEGRITY AND GOVERNANCE – DO IT RIGHT!

Sustainability Governance

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

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

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

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[8] Average training hours took into account employees who have left during the reporting period.
[9] All recordable work-related injuries were categorised as minor injuries
[10] Rate of recordable work-related injuries is calculated as the Number of recordable work-related injuries/Number of hours worked * 200,000

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

Upholding Good Governance

The Group is committed to upholding governance and ethical standards across all our operations. We promote a culture of transparency and take measures to prevent corruption.

Anti-corruption

Micro-Mechanics believes in conducting every aspect of our business with the highest degree of fairness, integrity, and ethical behaviour, and in accordance with the local laws and regulations of the jurisdictions in which we operate. Underpinning this philosophy is our Code of Conduct titled *DO IT RIGHT*, which is based on the nine (9) guiding principles: *Diligence, Ownership, Integrity, Teamwork, Respect, Ingenuity, Governance, Habit and Teamwork*. We have implemented a whistle-blowing policy and conduct internal audits by an independent public accounting firm, separate from our annual financial audits. These measures reinforce our dedication to fostering a culture where every individual, from the shop floor to the boardroom, is committed to doing things the right way in all aspects of our operations.

Additionally, we maintain compliance with the Personal Data Protection Act ("**PDPA**") to protect the personal information of our employees, customers, and business partners. This includes ensuring that data is collected, stored, and used responsibly, with appropriate safeguards in place to prevent unauthorised access or misuse. Alongside data protection, we maintain a zero-tolerance stance on corruption and unethical behaviour. We expect our employees, suppliers, and partners to act with honesty and transparency.

Our strong and rigorous oversight frameworks ensure that we stay aligned with stakeholder interests, enabling us to protect and sustain long-term value. We are proud that these ongoing efforts have been recognised with nearly 40 awards recognising our high standards of corporate governance, quality of disclosure, transparency and investor relations since our listing.

FOCUS 2: OPERATIONAL EXCELLENCE

Resilience to Climate Change

Climate change presents a long-term global challenge that could significantly affect various aspects of the Group's strategies and operations. In response, the Group continually assesses its climate-related risks and opportunities, enabling us to develop resilience further and adapt to the evolving global landscape.

The below assessment encompasses how climate change impacts our business operations and stakeholders based on four (4) fundamental elements: Climate-related Governance, Strategy, Risk Management and Metrics and Targets.

TCFD Recommended Disclosures		FY2025 Status	Summary and Next Steps
Governance	Describe the Board's oversight of climate-related risks and opportunities	Met	The Board of Directors determines the strategic objectives, identifies climate-related risks and opportunities, sets risk appetite and ascertains targets and performance indicators for all the ESG initiatives that are essential to the Group's long-term goals. Management reports to the Board on all the sustainability matters, including climate-related issues that affect the Group's local and overseas markets.
	Describe management's role in assessing and managing climate-related risks and opportunities	Met	
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Met	The identified climate-related risks and opportunities are disclosed in the Sustainability Report. To tackle the financial potential impacts of the identified climate-related risks and opportunities to the Group, a high-level assessment of the corresponding short (i.e. less than 3 years), medium (i.e. 3 to 5 years), and long-term (i.e. more than 5 years) mitigating strategies is being explored and described in the Sustainability Report.
	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	Met	
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	In progress	As part of the Group's phased approach to implementing TCFD reporting, the climate-related scenario analysis will be carried out in subsequent years.

TCFD Recommended Disclosures		FY2025 Status	Summary and Next Steps
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks	In progress	The Group has adopted the same risk management strategy towards climate-related risks as other risk categories. Climate-related risks and opportunities are identified and mitigated through the Group's risk management process. As part of the Group's phased approach to implementing TCFD reporting, the integration of climate-related risks into the organisation's overall risk management will be carried out in subsequent years.
	Describe the organisation's processes for managing climate-related risks	In progress	
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	In progress	
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Met	GHG Emissions Metrics The Group has incorporated these metrics: • Absolute GHG emissions in tCO2e • GHG Emissions intensity in tCO2e/revenue.
	Disclose Scope 1[11], Scope 2[12], and if appropriate, Scope 3[13] GHG emissions, and the related risks	In progress	Scope 1 Scope 1 emissions are provided under the section "**ESG Performance Summary**". Scope 2 Scope 2 emissions are provided under the section "**ESG Performance Summary**". Scope 3 In line with SGX's phased implementation approach for Scope 3 emissions disclosure, the Group will continue to evaluate the need for quantifying Scope 3 emissions.
	Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets	In progress	As part of its phased approach to implementing TCFD reporting, the Group intends to set the targets to be used to manage climate-related risks and opportunities in the subsequent years.

[11] Scope 1 GHG emissions are emissions resulting from the sources owned or controlled by the Group.
[12] Scope 2 GHG emissions resulted from the generation of purchased electricity consumed by the Group
[13] Scope 3 emissions are emissions from sources not owned or controlled by the Group such as the Group's value chain

Climate-related Risks and Opportunities

In line with our commitment to align with the TCFD recommendations, our identification and assessment of climate risks consider:

- **Transition risks:** include changes in policy and legal obligations, technological innovation, changing market demand for products, and changing stakeholder expectations.

- **Physical risks:** risks relating to the physical impacts of climate change (both acute and chronic). Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods, while chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.

The table below presents our analysis of our most significant and relevant climate-related risks. We recognise that the list is not exhaustive, and we will continue to enhance our understanding and responses to these risks.

Climate-related Risks

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

Climate-related Opportunities

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

Building Climate Resiliency

Our approach to building climate resiliency begins with managing energy consumption and GHG emissions, which are key considerations for our factory operations. We are committed to improving energy efficiency and reducing emissions where possible.

By taking these steps, we aim to strengthen our climate resilience, manage costs, and support the transition to a lower-carbon future.

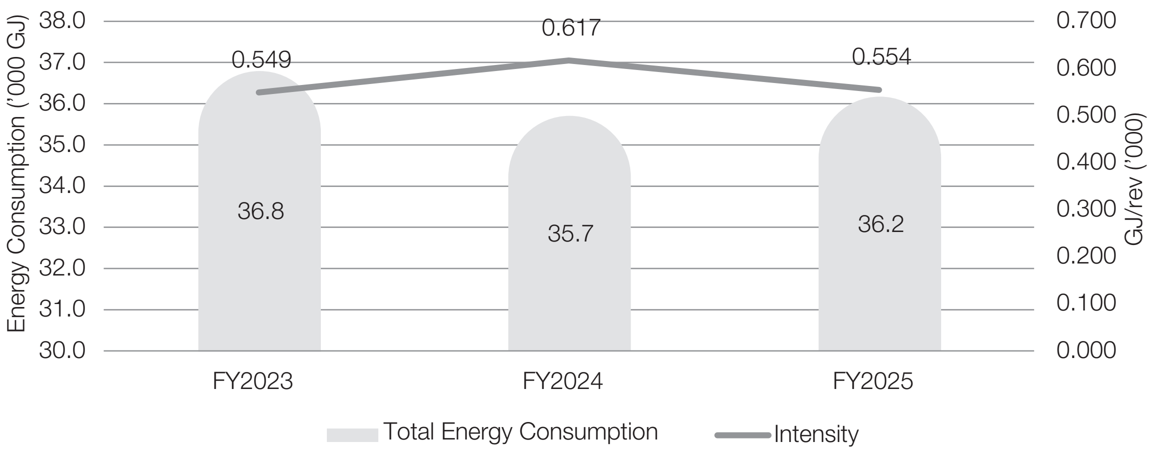
Energy Consumption

At Micro-Mechanics, energy is essential to our operations. Electricity is used to power our machines, light up our offices, and provide air conditioning and heating for our employees working in the factories. In addition, energy is consumed from fuel consumption, such as petrol and diesel, for our Group vehicles. With rising energy costs, it is even more important that we use energy responsibly. Reducing our consumption not only lowers our Cost of Goods Sold ("**COGS**") but also helps to reduce our overall carbon footprint.

In FY2025, the Group consumed a total of 36,170 GJ of energy compared to 35,712 GJ in FY2024. This represents a year-on-year increase of 1.28%. The Group's total energy intensity in FY2025 was 0.554 GJ/revenue ('000), as compared to 0.617 GJ/revenue ('000) in FY2024. The decrease in energy intensity is attributed to the ongoing process improvements aimed at enhancing product quality and operational efficiency. These initiatives helped reduce scrap and rework and minimise unnecessary energy use.

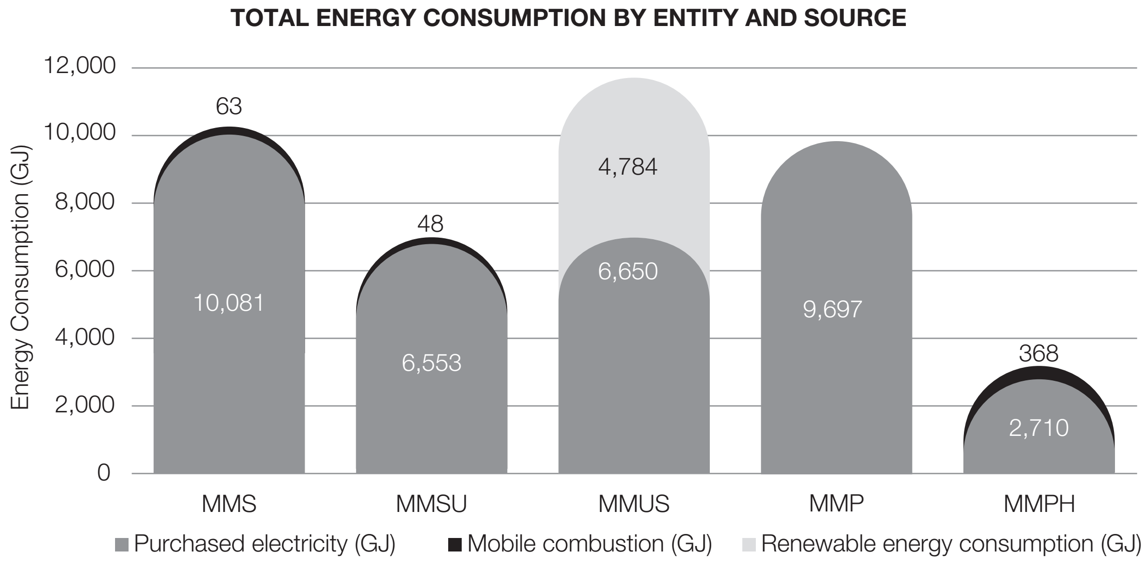
MMUS generated a record 4,784GJ of solar energy, representing 72% of total energy consumption at the facility in FY2025. The construction of additional shade structures equipped with solar panels was also completed. Going forward, we believe the completion of the solar panels' installation and increased reliance on solar will further improve MMUS's energy use mix.

COMPARISON OF ENERGY CONSUMPTION AND ENERGY INTENSITY



**All values in the ESG Performance Summary are subject to rounding*

Furthermore, the Group has enhanced the completeness of our energy data collection, with the inclusion of fuel consumption used for the Group's vehicles. The Group aims to continue to improve the completeness and accuracy of data collection in subsequent reports. A further breakdown of the total energy consumption across the entities and by sources can be seen below.



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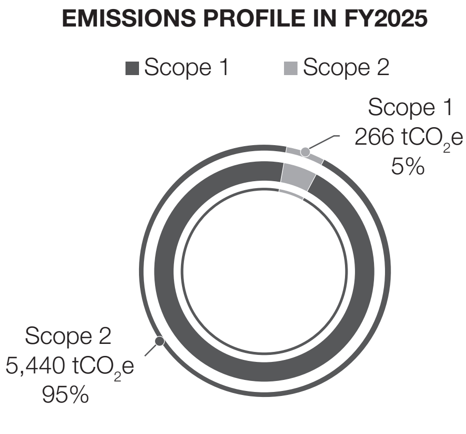
Greenhouse Gas Emissions

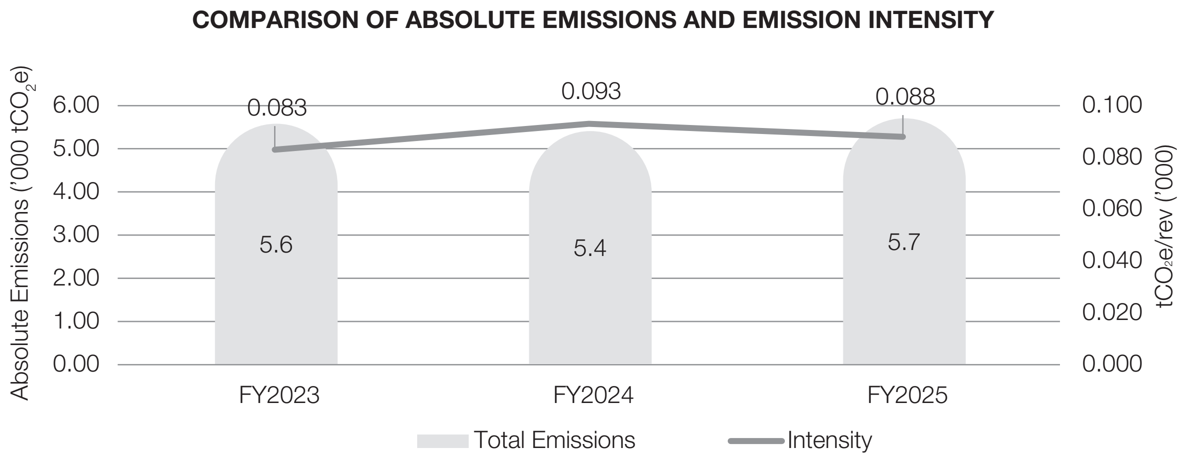
In FY2025, the Group accounted for Scope 1 and Scope 2 emissions, which totalled to 5,706 tCO_2e in FY2025. The Group generated a total of 266 tCO_2e for Scope 1 and 5,440 tCO_2e for Scope 2 emissions, respectively. Scope 2 emissions accounted for majority of the Group's total emissions (95%) as reflected in the emissions profile below.



**All values in the ESG Performance Summary are subject to rounding*

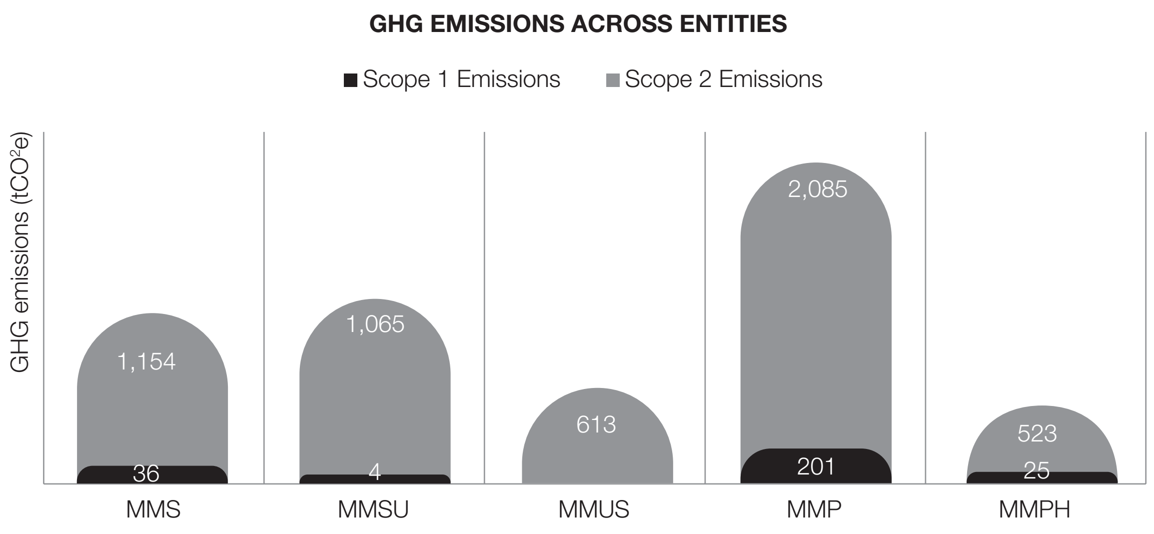
Our Scope 1 emissions included fugitive emissions from refrigerant leakage and dry ice usage, along with emissions from mobile combustion from the usage of fuel from the Group-owned vehicles. Our Scope 2 emissions were derived from the electricity consumed to power our warehouse and office operations.

Overall, the Group's FY2025 emissions increased by 5.5% from 5,706 tCO_2e in FY2025 as compared to 5,410 tCO_2e in FY2024. The Group's combined emissions intensity (Scope 1 and 2) was 0.088 tCO_2e/revenue ('000) in FY2025, 5.4% lower than the emissions intensity in FY2024 of 0.093 tCO_2e/revenue ('000). The decrease in emissions intensity in FY2025 is a result of the increased solar energy included in the Group's energy mix. Hence, despite increased energy consumption to support the Group's operational and production activities, emission intensity has decreased.



All values in the ESG Performance Summary are subject to rounding

This is evident in the breakdown of GHG emissions across Micro-Mechanics' entities, in which MMUS has the lowest level of emissions due to its completion of solar panel installation in FY2025.



All values in the ESG Performance Summary are subject to rounding

Protecting Our Environment

At Micro-Mechanics, we aim to use resources responsibly and reduce the impact of our operations on the environment. This includes managing our water use efficiently and minimising waste through recycling and responsible disposal.

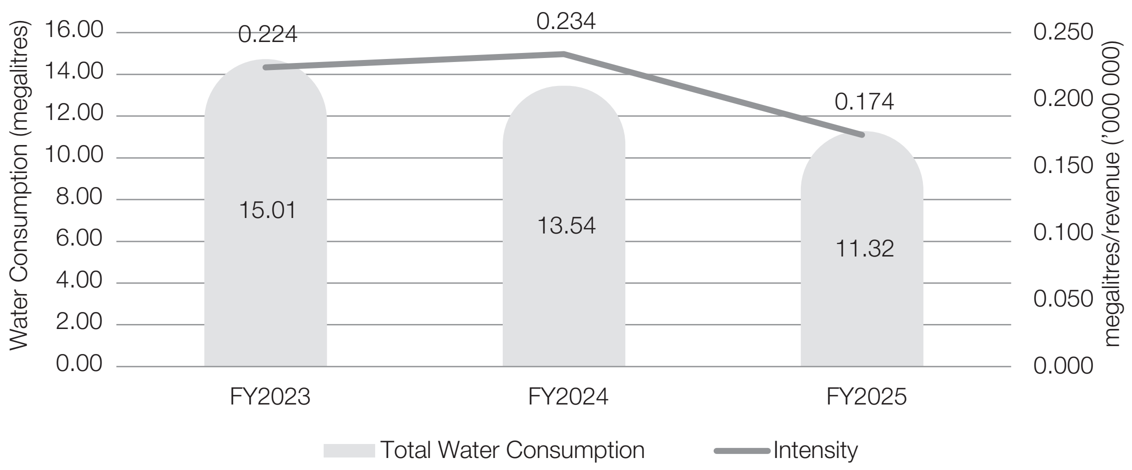
Water Consumption

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

In FY2025, we continued the water conservation measures introduced in FY2024 across our facilities. Following the installation of water-efficient fittings, dual-flush toilets, and leak repairs carried out previously, our sites have seen steady improvements in water efficiency. Ongoing monitoring and maintenance of water systems, including cooling towers and irrigation networks, helped to avoid unnecessary losses and ensure that past issues did not recur. These efforts contributed to an overall reduction in water consumption in FY2025 compared to FY2024.

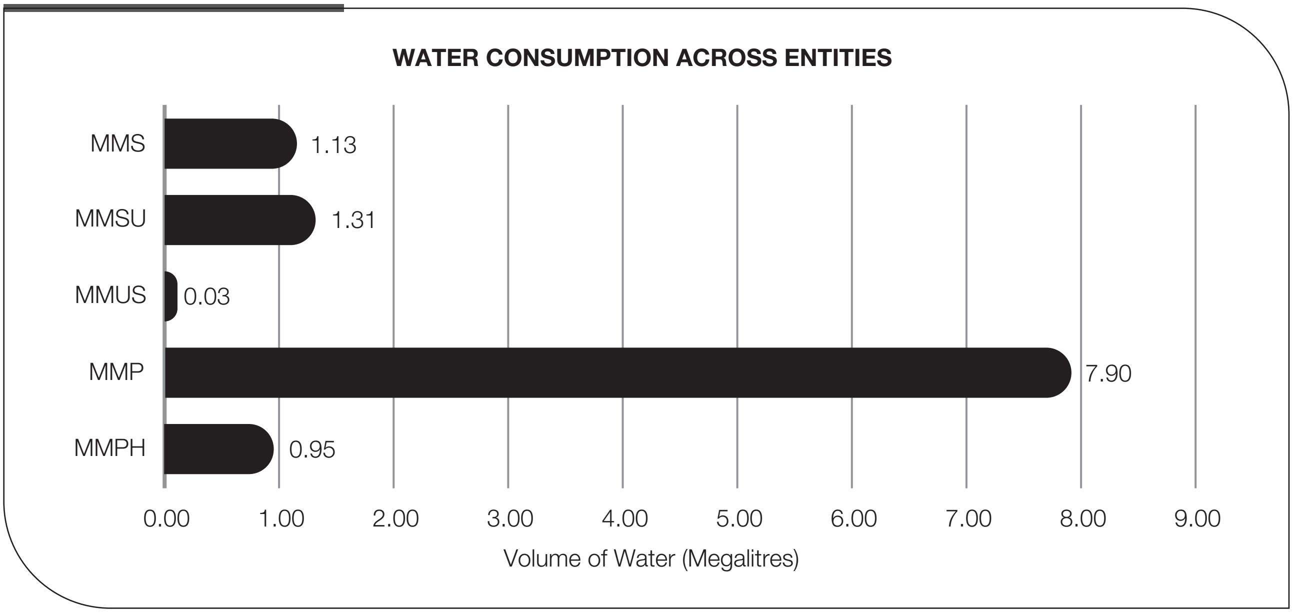
In FY2025, the Group consumed a total of 11.32 megalitres of water, marking a 16.4% decrease from the 13.54 megalitres of water consumed in FY2024 as a result of the Group's ongoing water conservation efforts. The Group's water intensity also decreased by 25.6%, from 0.234 megalitres/revenue ('000 000) in FY2024 to 0.174 megalitres/revenue ('000 000) in FY2025.

COMPARISON OF WATER CONSUMPTION AND WATER INTENSITY



**All values in the ESG Performance Summary are subject to rounding*

The breakdown of consumption across each of the entities is reflected below, with MMP consuming the most water due to its cooling tower operations and larger landscape.

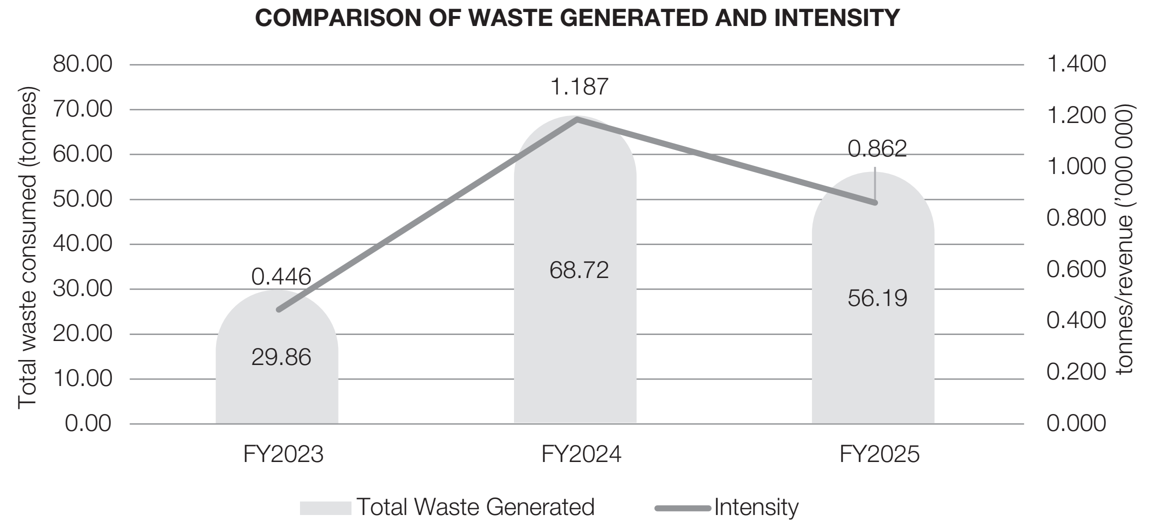


**All values in the ESG Performance Summary are subject to rounding*

Waste

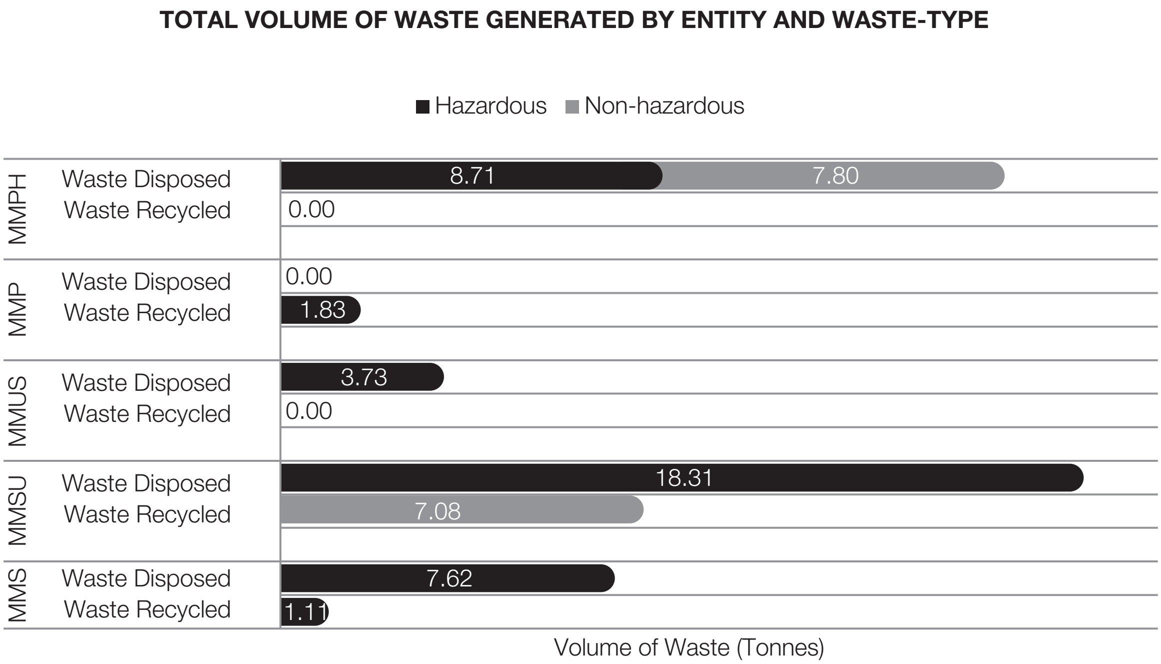
The Group has identified two (2) main waste streams from our manufacturing and operational processes. The waste from our manufacturing processes includes a mix of recyclable and non-recyclable hazardous by-products from the processing of raw materials into products sold to our customers. In comparison, the waste from our operational processes includes a mix of recyclable and non-recyclable non-hazardous waste, such as aluminium cans, plastic bottles and food containers.

In FY2025, the Group generated 56.19 tonnes of waste, of which 10.02 tonnes were recycled, and 46.17 tonnes were diverted to disposal. The volume of waste generated decreased by 18.2% from 68.72 tonnes in FY2024 to 56.19 tonnes in FY2025, resulting from the impact of several improvement measures initiated in FY2024. The waste intensity also decreased by 27.4% from 1.187 tonnes/revenue ('000 000) in FY2024 to 0.862 tonnes/revenue ('000 000) in FY2025. Furthermore, in FY2025, 2.94 tonnes of hazardous waste were recycled, as compared to 0 tonnes of hazardous waste recycled in FY2024.



All values in the ESG Performance Summary are subject to rounding

A further breakdown of our waste disposed of and recycled across each of the entities is seen below.



All values in the ESG Performance Summary are subject to rounding

Through our Waste Awareness and Recycling Programme, employees have become more conscious of the daily waste they generated, which has contributed to a reduction in waste generated and improvements in recycling. In MMUS, the installation of the wastewater evaporator has also reduced the volume of waste coolant disposed of. In addition, further measures have been planned to sell the waste by-products generated in our factories. Collectively, these initiatives have improved waste handling practices and operational efficiency, leading to the reduction observed in FY2025.

FOCUS 3: HIGH PERFORMANCE TEAMS

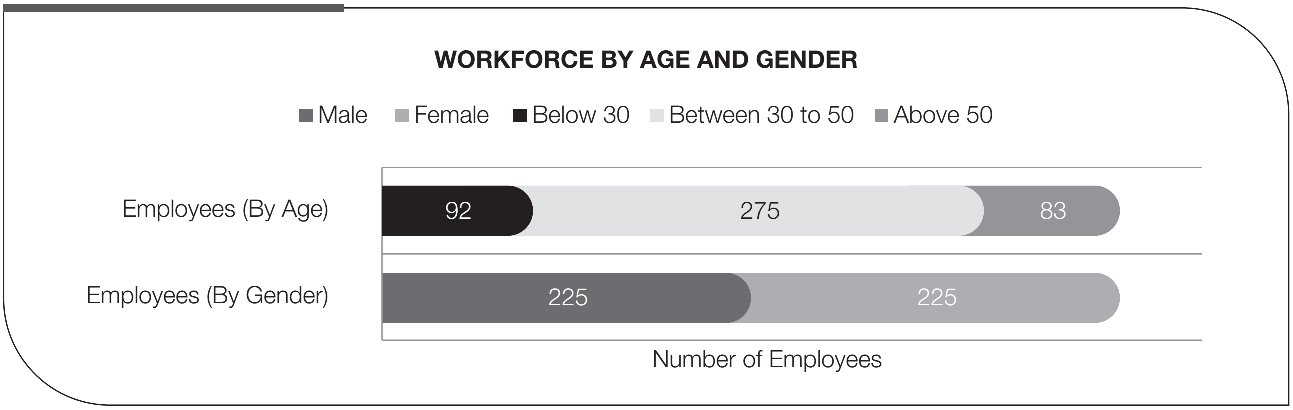
Caring For Our People

In line with our core believe that *People Make Everything Happen*, our people are at the heart of our Group's success. We are committed to creating a fair and supportive workplace where our employees feel valued and respected. This includes promoting fair employment practices, embracing diversity and inclusion, and providing training and education to help our workforce develop their skills.

Fair Employment Practices, Diversity and Equal Opportunities

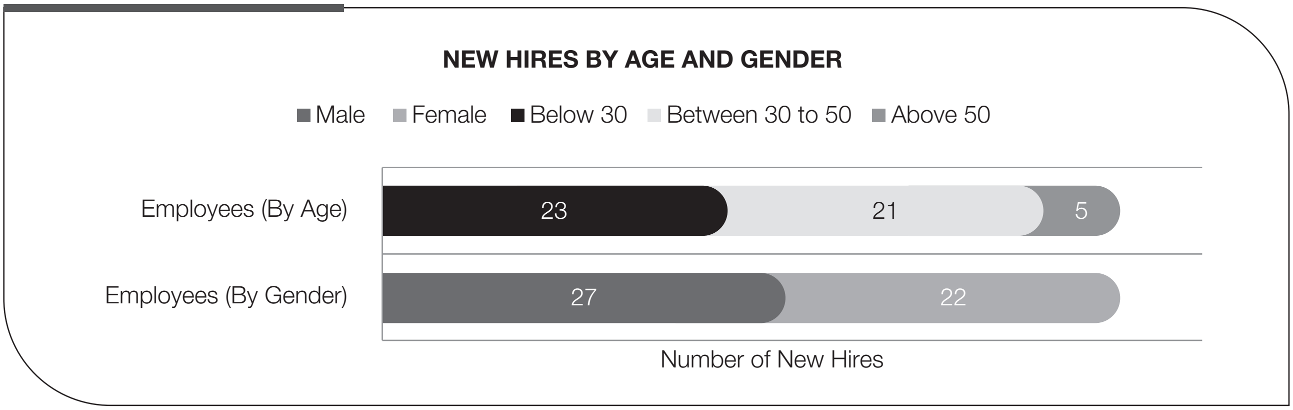
At Micro-Mechanics, our employees are integral to the Group's success. Retaining a dedicated workforce fosters a positive work environment, enhances operational stability, and strengthens stakeholder confidence. We recognise that leadership continuity, industry experience and work-related knowledge are key to long-term growth, and we are committed to rewarding employees based on their performance and contributions.

In FY2025, the Group employed a total of 450 employees, all of whom are permanent employees. The breakdown of our workforce by age and gender is found below.

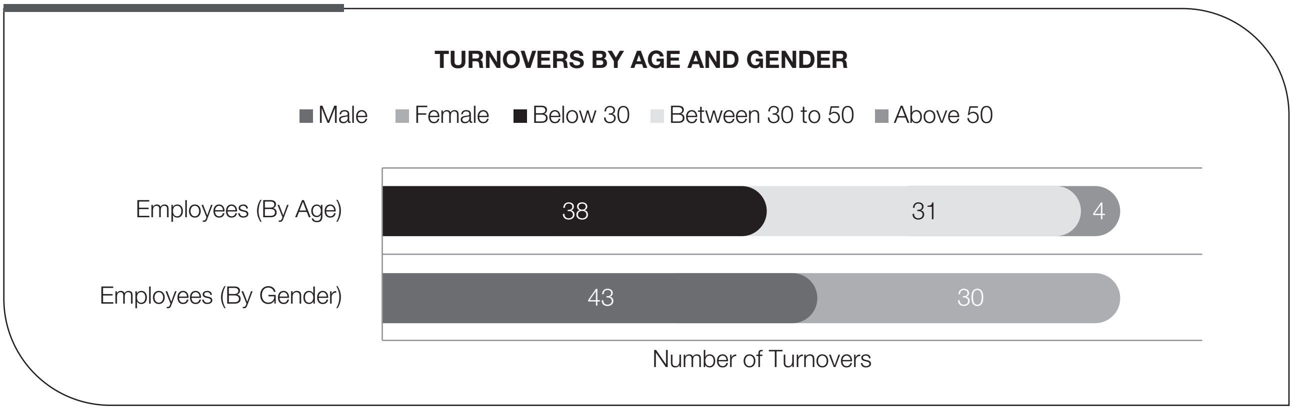


**All values in the ESG Performance Summary are subject to rounding*

In FY2025, the Group's new employee hire rate and turnover rate were 10.9% and 16.2% respectively, with a total of 49 new hires and 73 turnovers across the entities. The breakdown of the new hires and turnovers by age and gender can also be found below.



All values in the ESG Performance Summary are subject to rounding



All values in the ESG Performance Summary are subject to rounding

For a detailed breakdown by entity, please refer to the ESG Performance Summary: Social.

Our five-member (5) Board comprises three (3) independent directors and two (2) non-independent directors, of which four (4) are male and one is (1) female director(s). Out of our five (5) directors, two (2) are aged between 30 to 50 years old, while three (3) are older than 50 years old. Our Group ensures that diversity and equal opportunity are implemented at our leadership level to guide the Group's practice of fair employment principles and merit-based, non-discriminatory recruitment and advancement of employees.

We ensure that applicants and employees are assessed based on their skills, knowledge, and competencies, regardless of age, gender, race, national origin, or religion. By applying fair and equal opportunity employment principles, Micro-Mechanics aims to build an organisation where all employees are respected and valued based on their performance and contributions to the Group.

Training and Education

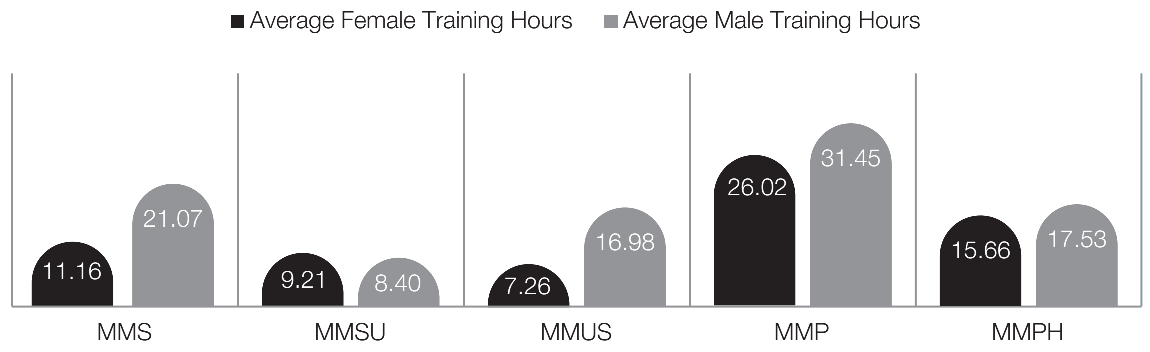
At Micro Mechanics, employees participate in biannual performance and career development reviews. These sessions go beyond performance evaluations by incorporating personalised skill development plans, ensuring that each employee receives the necessary training to excel in their role.

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

We are committed to ensuring that all our employees receive the highest standards of training. In FY2025, our employees attended a total of 9,440 hours of training, with each employee having an average of 17.91 hours of training. Our male employees received an average of 19.45 hours, while our female employees received an average of 16.27 hours.

The breakdown of the average training hours by entity for male and female employees is found below.

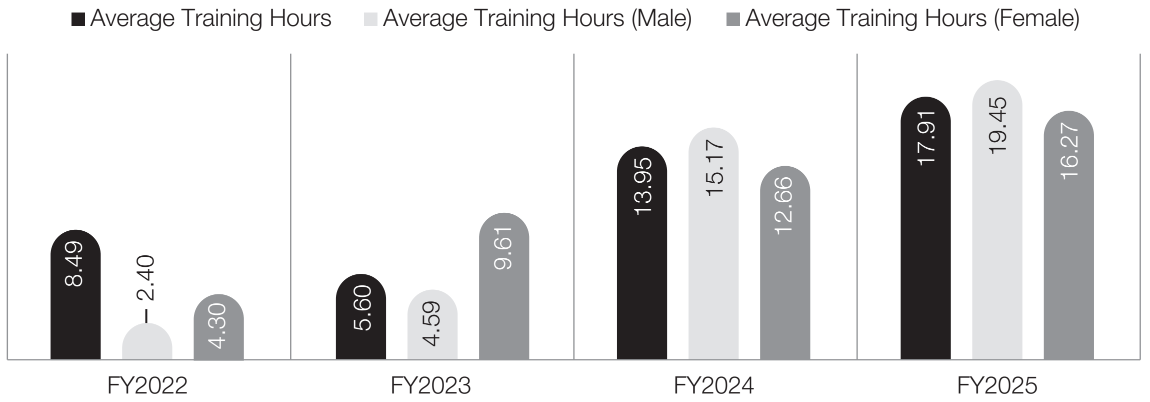
NUMBER OF TRAINING HOURS BY ENTITY AND GENDER



All values in the ESG Performance Summary are subject to rounding

The average training hours in FY2025 increased by 28.4% to 17.91 hours in FY2025 from 13.95 hours in FY2024. Similarly, a year-on-year increase in the average training hours of males and females is also reflected in the chart below, reflecting the Group's commitment to the development of our employees.

COMPARISON OF AVERAGE TRAINING HOURS FROM FY2022 TO FY2025



All values in the ESG Performance Summary are subject to rounding

Workplace Health & Safety

The Group is committed to providing a safe and healthy workplace for all employees. We actively manage risks, promote safety awareness, and foster a culture where well-being is a shared responsibility.

Occupational Health and Safety

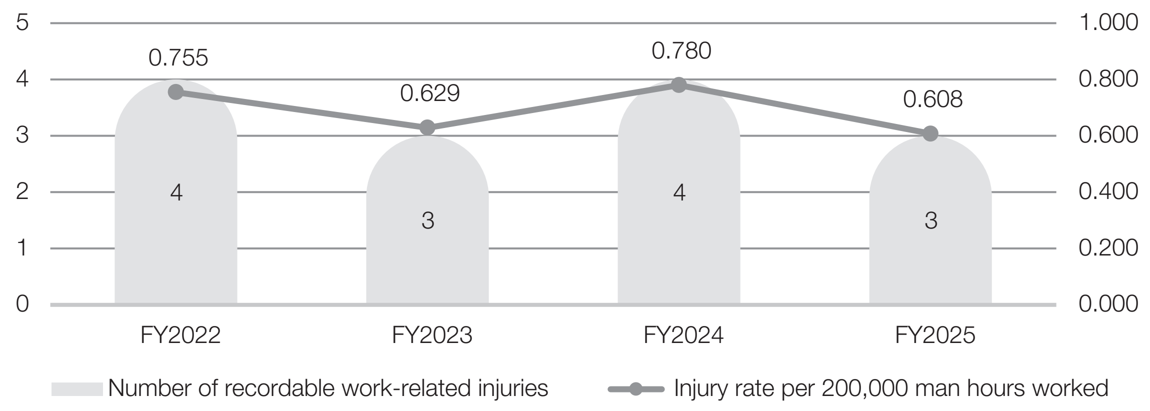
Micro-Mechanics believes that all employees deserve a safe and clean working environment. Prioritising worker health and safety not only enhances productivity but also reduces the costs associated with workplace injuries and illnesses.

We have developed a management framework for all manufacturing facilities to ensure an organised, efficient, and safe work environment for our employees. Our “8S” System, derived from Toyota’s 5S Lean Management methodology, covers all our employees. In addition to the original five (5) “S” steps, “Sort”, “Set in Order”, “Shine”, “Standardise”, and “Sustain”, we have identified additional steps: “Shrink”, “Safety” and “Sync” to improve quality, reduce costs, and promote worker safety. We have also ensured that this framework is aligned with the legal requirements set out by each jurisdiction where we operate.

Each manufacturing facility has its in-house “8S” team responsible for developing and maintaining the 8S system according to its specific requirements. These teams are led by an 8S President, who is responsible for regularly communicating the Group’s health and safety policies and conducting quarterly audits of the working environment. Employees are also encouraged to report any safety issues, near misses, or concerns promptly, allowing potential safety issues to be quickly addressed.

In FY2025, the Group’s rate of recordable work injuries was 0.608, an improvement from FY2024’s rate of 0.780. A total of three (3) recordable minor work injuries occurred across MMS and MMP.

COMPARISON OF RECORDABLE WORK INJURIES FROM FY2022 TO FY2025



**All values in the ESG Performance Summary are subject to rounding*

GRI STANDARDS CONTENT INDEX

Statement of use	Micro-Mechanics (Holdings) Ltd has reported with reference to the GRI Standards 2021 for the period from 1 July 2024 to 30 June 2025
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard/ Other Source	Disclosure		Location
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	Page 13
	2-2	Entities included in the organisation's sustainability reporting	Page 15
	2-3	Reporting period, frequency and contact point	Page 14
	2-4	Restatements of information	Page 15
	2-5	External Assurance	Page 15
	2-6	Activities, value chain and other business relationships	Page 117
	2-7	Employees	Page 24, 38-40
	2-8	Workers who are not employees	Page 24, 38-40
	2-9	Governance structure and composition	Corporate Governance Report Page 47-48
	2-10	Nomination and selection of the highest governance body	Corporate Governance Report Page 57-60
	2-11	Chair of the highest governance body	Page 13
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Report Page 67-73
	2-13	Delegation of responsibility for managing impacts	Corporate Governance Report Page 67
	2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Report Page 47-48
	2-15	Conflicts of interest	Corporate Governance Report Page 56-60
	2-16	Communication of critical concerns	Page 17-19

GRI Standard/ Other Source	Disclosure		Location
	2-17	Collective knowledge of the highest governance body	Corporate Governance Report Page 9-10
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report Page 62-63
	2-19	Remuneration policies	Corporate Governance Report Page 63-65
	2-20	Process to determine remuneration	Corporate Governance Report Page 63-65
	2-21	Annual total compensation ratio	Corporate Governance Report Page 66
	2-22	Statement on sustainable development strategy	Page 14
	2-23	Policy commitments	Page 16-17
	2-24	Embedding policy commitments	Page 16-17
	2-25	Processes to remediate negative impacts	Corporate Governance Report Page 69
	2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance Report Page 70
	2-27	Compliance with laws and regulations	Page 14-15
	2-28	Membership associations	The Group is a member of the Singapore Precision Engineering & Technology Association
	2-29	Approach to stakeholder engagement	Page 17-19
	2-30	Collective bargaining agreements	The Group is not involved in any form of collective bargaining agreements
Focus Areas			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Page 20-21
	3-2	List of material topics	Page 20-21
Integrity and Governance – Do It Right!			
GRI 3: Material Topics 2021	3-3	Management of material topic	Page 25-31
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	

GRI Standard/ Other Source	Disclosure		Location
Operational Excellence			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 302: Energy	302-1	Energy consumption within the organisation	
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	
GRI 303: Water and Effluents	303-2	Management of water discharge-related impacts	
	303-3	Water withdrawal	
	303-4	Water discharge	
	303-5	Water consumption	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Page 32-38
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-4	GHG emissions intensity	
	305-5	Reduction of GHG Emissions	
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	

GRI Standard/ Other Source	Disclosure		Location
High Performance Team			
GRI 3: Material Topics 2021	3-3	Management of material topic	Page 38-41
GRI 401: Employment	401-1	New employee hires and employee turnover	
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-5	Worker training on occupational health and safety	
	403-9	Work-related injuries	
	403-10	Work-related ill health	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	
	404-2	Programs for upgrading employee skills and transition assistance programs	
	404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	

CORPORATE GOVERNANCE

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

This report describes the Company's corporate governance policies, processes and structures for the financial year ended 30 June 2025 ("**FY2025**") with specific reference made to the principles and provisions of the Code. The Company has complied with the core principles of the Code, as well as the provisions that underpin the principles of the Code. Appropriate reasons have been provided for any deviations from any provisions.

HIGHLIGHTS

1. In the latest Singapore Governance and Transparency Index ("**SGTI**") 2024 released on 14 August 2025, Micro-Mechanics ranked 30th out of 467 SGX-listed companies under the general category.

2. With effect from 1 July 2025, Mr Kyle Christopher Borch ("**Mr Kyle Borch**") was appointed the Chief Executive Officer ("**CEO**") of the Company.

3. With effect from 30 June 2025, Mr Christopher Reid Borch ("**Mr Chris Borch**") stepped down as CEO of the Company.

4. With effect from 1 March 2025, Ms Wendy Tan Wei Lee was promoted to Senior Vice President ("**SVP**") of Finance of the Company.

5. With effect from 31 October 2024:

    a. Mr Chris Borch was re-designated from Executive Director & CEO to Executive Chairman & CEO of the Company.

    b. Mr Kenny Kwan Yew Kwong ("**Mr Kenny Kwan**") was appointed as the Lead Independent Director of the Company.

    c. The Audit Committee and Risk Management Committee of the Company were merged and is now known as the Audit and Risk Committee (the "**ARC**").

6. With effect from 1 September 2024, Ms Nor Hafiza Alwi was appointed as Joint Company Secretary of the Company.

BOARD MATTERS

Features of our Board

- Separation of the role of Chairman and CEO.
- Three out of five directors are independent and non-executive ("**Independent Director**").
- The Chairpersons of all the Board committees are Independent Directors.
- All three Independent Directors are not related to and do not have any relationship including immediate family relationships with the other Directors, the Company, its related corporations, and/or its substantial shareholders.
- The two executive directors being Mr Chris Borch and Mr Kyle Borch are father and son respectively.
- There is a diversity of gender, professional backgrounds and expertise, including lawyers, chartered accountants and engineers of varied, ages and nationalities on the Board.

The Board's Conduct on Affairs

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

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

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

During FY2025, as was in the past years, besides having carried out its statutory responsibilities, the Board performed the following role:

a. decides on matters in relation to the Group's activities and business plans which are of significant nature, including approvals of annual budgets, investments, capital expenditures and funding decisions;

b. provide leadership and guide in the formulation of the Group's overall long-term strategic plans/directions and performance objectives;

c. oversees risk management and monitor and evaluate the adequacy and effectiveness of the Group's internal control processes, financial reporting and compliance, including the release of financial results and announcements of material transactions;

d. oversee the business affairs of the Company and monitor the performance of the management and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

e. approves the nominations to the Board and appointments to the various Board committees;

f. approves the framework of remuneration for the Board and key executives as recommended by the Remuneration Committee (the "**RC**");

g. assume responsibilities for good corporate governance and is responsible for setting the right 'tone at the top' in its policies and decisions to ensure that the Company's corporate values and ethical standards are observed and there is proper accountability throughout the Group and that the obligations to its shareholders and other stakeholders are clearly understood and met;

h. provides oversight in the proper conduct of the Group's business, including putting in place a code of conduct and ethics, setting appropriate tone-from-the-top and desired organisational culture and ensuring proper accountability within the Group; and

i. consider sustainability issues, including the integration of sustainability-related matters and the monitoring of sustainability related risks and opportunities, as part of its long-term strategy formulation.

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

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

Provision 1.2
Training
The Board recognizes the importance of appropriate orientation training and continuing education for its directors. Directors are periodically updated on developments and changes in the operating environment, including new or revisions to financial reporting standards affecting the Group on an annual basis by the external auditors. The directors are updated regularly by the Management on business outlook, industry trends and critical success factors. The Company is supportive of Board members' participation in industry conferences and seminars and encourage directors to attend programmes to meet directors' relevant training needs, at the Company's expense.

Newly appointed directors are fully briefed as to the business activities of the Group and its strategic directions. Newly appointed directors receive a formal letter explaining their statutory duties and responsibilities as a director. Pursuant to Rule 210(5)(a) of the Listing Manual, a director who has no prior experience as a director of an entity listed on the SGX-ST must, within one year from the date of his/her appointment to the board, undergo training in the roles and responsibilities of a director of a listed entity organised by institutions such as the Singapore Institute of Directors ("**SID**") as prescribed by the SGX-ST. As a first-time Director of an SGX-ST listed company, Ms Chua Siew Hwi, who was appointed on 1 April 2024, has completed the training courses conducted by the ISCA-SAC within the stipulated one-year period.

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

All directors are required to obtain at least 8 hours of continuous learning every year to maintain, develop or deepen their skills or knowledge of the Company's business or the business, economic and regulatory environment in which the Group operates so as to better discharge their duties as directors. The Company will bear the cost of such continuous development. In FY2025, all the directors confirmed that they had achieved this requirement.

Pursuant to Rule 720(7) of the Listing Manual (which took effect on 1 January 2022), all directors have to undergo training on sustainability matters as prescribed by the SGX-ST. As at the date of this report, all the directors of the Company have attended the mandatory sustainability training.

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

Provision 1.4
Delegated Committees
To assist the Board in discharging its of oversight functions and responsibilities and to enhance the Company's corporate governance framework, the Board has established various Board Committees, namely the Audit and Risk Committee (the "**ARC**"), Nominating Committee (the "**NC**") and Remuneration Committee (the "**RC**") (collectively, the "**Committees**"). These Committees are chaired by independent and non-executive directors and function within clearly defined written terms of reference, setting out the compositions, authorities and operating procedures. These terms are reviewed on a regular basis, along with the Committees structures and membership, to ensure continued relevance, taking into consideration the changes in governance and regulatory environment. Any change to the terms of reference of the any Board Committee requires the specific written approval of the Board. The Board and the Committees meet regularly and, if necessary, on an ad hoc basis.

Provision 1.5
Attendances and number of meetings
The Board meets at least twice a year and when necessary. To facilitate the ease, frequency and speed of the Board and Committees meetings, the Company's Constitution provides for Board/Committees meetings to be conducted and members to attend meetings via any electronic or telegraphic methods of simultaneous communication including via tele-conference or video conference. Apart from Board meetings, matters are also put to the Board for approval and/or notation by way of circulating resolutions in writing together with supporting documentation. The directors attend and actively participate in Board and Committee meetings. Where a director has an interest in a matter which may conflict with his/her duties to the Company, such director declares the interest to the Board and abstains himself/herself from the discussions and decisions involving the issues of conflict.

CORPORATE GOVERNANCE

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

	Board	Audit and Risk Committee^^	Remuneration Committee	Nominating Committee	Risk Management Commitee^^	AGM
Number of meetings held	5	5	4	2	2	1
Christopher Reid Borch	5	5*	4*	2*	2*	1
Kyle Christopher Borch	5	5*	4*	2*	2	1
Kenny Kwan Yew Kwong	5	5	4	2	2	1
Kazuo Jozeph Takeda	5	5	4	2	2*	1
Chua Siew Hwi	5	5	4	2	2	1
Sumitri Mirnalini Menon @ Rabia	2^	2^	1^	1^	2	1
Lai Chin Yee	2^	2^	1^	1^	2	1

* – attendance by invitation of the Committees
^ – Ms Sumitri Mirnalini Menon @ Rabia and Ms Lai Chin Yee retired as independent directors with effect from 30 October 2024
^^ – Risk Management Committee was merged with Audit Committee, and is now known as Audit and Risk Committee, with effective from 31 October 2024

Provision 1.6
Board and Committees meetings
The management provides the Board with financial, marketing, human resource and asset management reports and financial highlights on a monthly basis. In addition, the Board receives quarterly financial reports with budget variance analysis as well as the announcement of the Company's quarterly results.

Every quarter, there are Board meetings and Committees meetings which include all the independent directors when the management will provide updates about the Company's business and financial environment, as well as for review and approval of transactions according to the Internal Guideline and Listing Manual. With effect from 31 October 2024, the Audit Committee and Risk Management Committee were merged into a single committee, known as the Audit and Risk Committee (i.e. ARC).

The Board and the Committees are furnished with complete, adequate and reliable Board/Committees papers and information in a timely manner prior to each meeting. This ensures that directors have sufficient time to review and consider the materials, seek further information or clarification where necessary, and make informed decisions in the proper and effective discharge of their duties and responsibilities. Detailed Board papers prepared for each meeting are normally circulated one week in advance of each meeting. The Board papers include sufficient information from management on financial, business and corporate issues to enable the directors to properly consider these matters before the meetings. The Board's annual evaluation exercise indicate that Board members are satisfied with the arrangements made by and support received from the company secretary.

Provision 1.7
Direct access to management team
The directors have separate, unfettered and direct access to the management team, the company secretary, the internal auditor and the external auditors at all times. Additionally, the directors are encouraged to visit our overseas subsidiaries to meet in person with our management teams there.

The company secretary and/or her representative attends and records minutes of all Board/Committees meetings. She assists with the Board in ensuring proper procedures are followed and that it complies with the Companies Act 1967 of Singapore, the Company's Constitution and other applicable rules and regulations. The directors have full access to the company secretary with regard to any corporate issues or any matters of concern. The appointment or the removal of the company secretary is subject to the approval of the Board.

The Board as a whole or an individual Board member may also obtain independent professional advice, if necessary, at the Company's expense.

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

There is a strong and independent element on the Board. To ensure an independent Board, the Board ensures that all Independent Directors are not related to any officers of the Company. As at the date of this report, the Board comprises five members, the majority of whom are independent and non-executive, namely Mr Kenny Kwan, Ms Chua Siew Hwi and Mr Kazuo Jozeph Takeda. Each of the Board Committee is chaired by an Independent Director. There are no alternate directors on the Board.

The Board has adopted a concept of independence that is in line with the definition of an "independent" director set out in the Code, having regard also to the relevant provisions of the Listing Manual and where relevant, the Practice Guidance accompanying the Code (the "**Practice Guidance**"). Under the Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholder or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. Under Rule 210(5)(d) of the Listing Manual, a director will not be independent (i) if such individual is employed by the issuer or any of its related corporations in the current or any of the past three financial years; (ii) if such individual has any immediate family member who is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the issuer; or (iii) if such individual has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing), and such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. Please also refer to the policy on the independence of independent directors set out under Provision 4.4 below.

Provisions 2.2 and 2.3

Independent directors make up majority of the Board as the Board Chairman is not independent, given that he is an Executive Director and an immediate family member of the CEO. Non-executive directors also make up a majority of the Board. All Board Committees are chaired by an Independent Director. In accordance with the Company's Constitution, the Chairperson of the meeting shall have a second or casting vote in the event of an equality of votes on any matter.

The roles of Independent Directors include constructively challenging management's proposed strategies and reviewing management's performance against agreed goals. To ensure independence and objectivity, the Chairpersons of the Board Committees are all Independent Directors. The members of the ARC, NC and RC are all Independent Directors. Management and executive directors are invited for meetings only on an as-needed basis. These arrangements enable the Board and the Board Committees to discharge their responsibilities objectively and in the best interests of the Company.

Provision 2.4

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

The Board currently comprises three independent and non-executive directors and two executive directors. The independent directors comprise a lawyer, a fellow chartered accountant and a consultant with engineering background. The composition of the Board is diverse, its members being of different gender and nationalities and possessing different skill sets and experience.

The Company has in place a Board Diversity Policy to achieve the optimal balance and mix in its composition. The Board Diversity Policy endorses the principle that its Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business so as to mitigate against groupthink and to ensure that the Group has the opportunity to benefit from all available talents. In reviewing Board composition and succession planning, the NC considers the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant qualities. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

The Company continues to be receptive to achieving greater gender diversity and representation on the Board to complement the core competencies of the Board as a whole. As this is an on-going process, the Board has not set a specific target for board diversity. The Board will seek to incorporate diversity aspects as and when the opportunity arises, instead of adhering to a fixed timeline for diversity targets. The Board will ensure that it has the flexibility to improve its diversity without compromising board efficiency. The NC will deliberate and determine, from time to time, the need for progressive renewal of the Board composition and bearing in mind the salient factors set out under the Code and all other relevant provisions and make its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

Range of Board Diversity

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

Independence

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

Gender

The Board shall comprise persons of different gender. In recognition of the importance and value of gender diversity in the composition of the Board, the Company is committed to equality and equal opportunity and its selection process and appointments at all levels of the organisation, including the Board, is unbiased in all respects including gender. From a gender diversity perspective, the Board has a female representation, being our ARC Chairperson, who is also an Independent Director of the Company. As this is an on-going process, the Board has not set a specific target for board diversity, however, the Company undertakes to have at least one female representation on the Board and if external search consultants are used to search for candidates for Board appointments, it will include a requirement to present female candidates.

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

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

Age
The Board shall, as far as may be practicable, comprise directors from different generations allowing for the wisdom of experience as well as the agility and ability to navigate a rapidly changing world and considerable disruption. Currently, the age of our Board members ranges from early thirties to late-sixties who have served the Board for different tenures. The Company will continue to monitor age distribution and consider generational diversity in succession planning.

The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity on the Board. The Board is also of the view that its current composition comprises persons who, as a group, provide the appropriate balance and diversity of skills, experience and knowledge of the Company, as well as complementary competencies in industry knowledge and customer-based experience, to meet the Group's needs. The Company remains committed to merit-based Board appointments and and believes that doing so will be consistent with achieving a diversity of perspectives as described above. Such diversity enhances the quality of Board deliberations by broadening perspectives, mitigating conformity bias, and promoting thoughtful, constructive engagement among directors.

For relevant particulars of the Board members, please refer to pages 9 to 10.

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

The NC is of the view that the current Board size is adequate, taking into consideration the nature and scope of the Group's operations. The directors contribute positively to the Company with their expertise and knowledge in business, accounting, finance, law and management. They also bring with them impartial judgement and independence in decision making at the Board level and every director shares equal responsibility on the Board. The Board is also of the view that its current composition comprises persons who, as a group, provide the appropriate balance and diversity of skills, experience and knowledge of the Company, as well as complementary competencies in industry knowledge and customer-based experience, to meet the Group's needs. The Company will continue to decide on appointments to the Board having regard to the merit of candidates and believes that doing so will be consistent with achieving a diversity of perspectives as described above, so as to avoid groupthink and foster constructive debate.

Separation of the roles of Chairman and Chief Executive Officer

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

Provision 3.1

The roles of the executive Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. Mr Chris Borch is the Executive Chairman of the Board of Directors and Mr Kyle Borch is the CEO of the Group. Even though the Chairman and the CEO are related to one another, the Board has a strong independent group of Directors to look after shareholders' interests.

Provision 3.2

The major responsibilities of the Executive Chairman are:

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

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

Provision 3.3

Taking cognisance that the Chairman of the Board is an Executive Director and an immediate family member of the CEO and thus not independent, the Board has designated and appointed Mr Kenny Kwan as the Lead Independent Director. He serves as a sounding board for the Chairman and as an intermediary between the independent Directors and the Chairman. The role of the Lead Independent Director is to co-ordinate and to lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. Mr Kenny Kwan is available to all stakeholders should they have concerns which cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels with the Chairman or the Management.

Board Membership

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

Provision 4.1

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

As part of the Group's succession planning, Mr Chris Borch has agreed to serve in a mentoring capacity for one year to support a smooth leadership transition. This arrangement facilitates the deliberate handover of the CEO role to Mr Kyle Borch and underscores the Group's commitment to leadership continuity through a structured executive transition.

Board renewal is a continuous process and is a crucial element of the Group's corporate governance process. In this regard, the NC reviews annually the composition of the Board and Board Committees, which includes size and appropriate mix of expertise and experience and recommends to the Board the selection and appointment of new directors with a view to identifying any gaps in the Board's skills set taking into consideration the Group's strategy and business operations. The NC will seek to refresh the Board's membership progressively and in an orderly manner, to avoid losing institutional memory.

The NC evaluates the Board's effectiveness as a whole, and the contribution of each director to the Board and Committees. The Board has adopted a system of evaluating the effectiveness of the Board and individual director's performance. For more details, please refer to Provisions 5.1 and 5.2 of this report.

With effect from 1 July 2010, all directors are required to obtain at least 8 hours continuing education each financial year by attending or participating in seminars or courses which may be relevant to their skills, the Company's business, the business or regulatory environment, so as to better discharge their duties as directors. In addition, independent directors are encouraged to visit one or more of the Group's facilities outside Singapore and attend our in-house training programs offered by the Group to its employees in order to more fully understand the Group's business and day-to-day operations. The Company is prepared to pay for the cost of such continuing education. During FY2025, all directors met the continuing education target.

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

Provision 4.2

The NC has three members, all of whom including the Chairperson, are independent and non-executive directors. As at 30 June 2025, the members are:

Chairperson	:	Kazuo Jozeph Takeda
Member	:	Kenny Kwan Yew Kwong
Member	:	Chua Siew Hwi

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

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

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

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

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

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

– to review and make recommendations to the Board on the training and professional development programmes for the Board and the directors;

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

– to review the Board's succession plan, in particular, the appointment and/or replacement of the Chairman, CEO and key management personnel; and

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

Provision 4.3

Process for Selection and Appointment of New Directors

The NC is responsible for identifying candidates (whether in the event of a vacancy or to add to the Board) and reviewing all nominations for the appointments of new directors. When an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria to identify candidates with the appropriate expertise and experience for the appointment as new director. The selection criterion includes integrity, independence, leadership skills, diversity of competencies, expertise required, industry experience, time commitment, and financial literacy. The NC and each individual director will try to source for suitable candidates based on their networks and are empowered to engage external parties, such as professional search firms and institutions, to identify potential candidates or to undertake research on or assessment of candidates as they deem necessary.

The NC shall have recourse to both internal sources as well as external sources to draw up a list of potential candidates. Internal sources include the Company's own directors and management. The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for approval and appointment as director.

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

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

The professional profiles and expertise of the Board members are disclosed in the annual report.

Process for Re-appointment of Directors

The role of the NC also includes the responsibility of reviewing the re-nomination of directors who retire by rotation, taking into consideration the director's integrity, independence mindedness, contribution and performance (such as attendance record, preparedness and participation at meetings) and any other parameters as may be determined by the NC.

All directors, including the Executive Chairman, submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years, which is in compliance with Rule 720(5) of the Listing Manual that requires all directors to submit themselves for re-nomination and re-election at least once every three years. Pursuant to Article 97 of the Company's Constitution, one-third of the Board are to retire from office by rotation and be subject to re-appointment at the Company's AGM. In addition, Article 103 of the Company's Constitution stipulates that a director newly appointed by the Board during the financial year must retire and submit himself/herself for re-appointment at the next AGM following his/her appointment. Thereafter, the director is subject to be re-appointed at least once every three years at the Company's AGM.

The names of the Retiring Directors who are seeking re-election at the forthcoming AGM to be held on 30 October 2025 are stated in paragraph above and additional information on the Retiring Directors is set out on pages 80 to 85 of this Annual Report.

Provision 4.4
The NC is charged with determining the independence of the directors as set out under Provision 2.1 above.

The NC and the Board, in its deliberation of the independence of a director, takes into account the existence of relationships or circumstances, including those identified by Rule 210(5)(d)(i), (ii) and (iv) of the Listing Manual, Provision 2.1 of the Code and its accompanying Practice Guidance, that are relevant in determining a director's independence. The NC conducted its annual review of the directors' independence for FY2025 and the Board, having taken into account the views of the NC, is satisfied that the Company had complied with Rule 210(5)(c) of the Listing Manual which requires independent directors to make up at least one-third of the Board.

The process of determining whether a director is independent includes the use of a declaration form on independence which each independent director is required to complete and submit to the NC for its annual review. The results of the self-assessment are then collated by the company secretary and reported to the NC and the Board.

For FY2025, the NC assessed the independence of Mr Kenny Kwan, Ms Chua Siew Hwi and Mr Kazuo Jozeph Takeda and was satisfied that the criteria stipulated in the policy set out below and there was no relationship or other factors (such as financial assistance, past association, business dealings, relationship with the Group or the Group's management), which would impair or compromise their independent judgement or which would deem them not to be independent. The Board, after taking into consideration the views of the NC, is of the view that they are in fact independent and non-executive directors in accordance with the Code and Listing Manual and that no individual or small group of individual dominates the Board's decision-making process. Each Independent Director had abstained from the determination of his/her own independence.

During FY2025, there was no alternate director appointed on the Board.

For key information relating to the directors, please refer to the particulars of the directors as set out on pages 9 to 10. The dates of first appointment and last re-appointment of each director are provided in the Corporate Information section on page 13.

Policy on the independence of independent directors

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

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

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

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

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

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

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

A director is independent if the director:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The policy and criteria mentioned above.

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

Provision 4.5
Directors' Time Commitments

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

The NC ensures that new directors are aware of their duties and obligations. For re-nomination and re-appointment of directors, the NC takes into consideration the competing time commitments faced by directors and their ability to devote appropriate time and attention to the Group. Each director is required to confirm annually to the NC as to whether he/she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/her duties as a director of the Company.

Based on the directors' annual confirmation and the directors' commitments to the Company, which are also evident in their level of attendance and participation at Board and Board Committee meetings, the NC and the Board are of the view that all the directors were able to diligently discharge their duties as directors of the Company in FY2025.

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

During FY2025, all directors attended the AGM and all Board and Committee meetings. (For details, please refer to Provision 1.5 of this report.)

Directorships

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

	Present Directorships	Present Principal Commitment	Past Directorships (preceding 3 years)
Christopher Reid Borch	Nil	Nil	Nil
Kyle Christopher Borch	Nil	Nil	Nil
Kenny Kwan Yew Kwong	Nil	• A&O Sherman (Partner) • M1 Network Pte Ltd (Director)	Keppel DC Reit Management Ltd
Kazuo Jozeph Takeda	Nil	• Kaz and Effect Solution LLC (CEO) • University of Southern California, Industrial and Systems Engineering (Industry Advisory Board member) • Institute of Industrial and Systems Engineering (National Leadership Committee Assistant Regional VP) • Institute of Industrial and Systems Engineering, Los Angeles Chapter 23 (Board Member, Secretary, Treasurer) • California Polytechnic University San Luis Obispo, Industrial and Manufacturing Engineering (Industry Advisory Board member) • University of Washington, Industrial and Systems Engineering (External Advisory Board member)	Nil

	Present Directorships	Present Principal Commitment	Past Directorships (preceding 3 years)
Chua Siew Hwi	Nil	• Changi Airport Group (Singapore) Pte Ltd (Senior Vice President Enterprise Performance) • Institute of Singapore Chartered Accountant (Committee Member of CFO Committee) • Institute of Engineers Singapore (Committee Member of Finance Committee)	Nil

Board Performance

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

Provisions 5.1 and 5.2
Board Evaluation
The Board, through the NC, has implemented a formal annual evaluation process to assess the effectiveness of the Board, its Committees, and individual Directors. The Board regards this evaluation process as an important mechanism to promote constructive feedback and enhance Board effectiveness. The evaluation framework is designed to support dialogue among Directors and identify areas for improvement. It covers Board composition and independence, governance processes, advisory and oversight roles, risk and crisis management, compliance, and Committee performance. Director contributions are tracked through meeting attendance and assessed across indicators such as leadership, strategic insight, engagement, communication, and interaction with peers and stakeholders. This process is a key component of the Company's commitment to high standards of corporate governance and continuous improvement.

Each Director is requested to complete a structured evaluation questionnaire covering various performance criteria. For the Board and its Committees, the assessment includes Board size and composition, access to information, decision-making processes, accountability, and the discharge of responsibilities in accordance with their respective terms of reference. Individual Directors are evaluated on attendance, preparation, participation, analytical skills, domain knowledge, and overall contribution to Board and Committee deliberations, as appropriate.

To maintain objectivity, members of the NC abstain from deliberations or voting on matters relating to their own performance or re-nomination. The evaluation exercise is facilitated by the joint company secretary who is the Company's independent corporate secretarial agent. Directors submit their completed forms confidentially via email to the joint company secretary, who collates and reviews the responses. A consolidated summary of the evaluation outcomes is presented to the NC Chairperson, who in turn submits the findings and any recommendations to the Board for discussion.

The NC has reviewed the overall performance of the Board, Board Committees and individual director for FY2025 and is satisfied that the Board as a whole and Board Committees have met the performance evaluation criteria and objectives, and each director has contributed effectively and demonstrated commitment to their respective roles, including commitment of time for the Board and Board Committees meetings and any other duties in FY2025. The Board is satisfied that all Committees have discharged their responsibilities effectively, with full attendance and active engagement by their members.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Provision 6.1

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

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

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

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

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

– to review service contracts of the executive directors; and

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

Provision 6.2

The RC has three members, all of whom including the Chairperson, are independent and non-executive directors. As at 30 June 2025, the members are:

Chairperson	:	Kazuo Jozeph Takeda
Member	:	Kenny Kwan Yew Kwong
Member	:	Chua Siew Hwi

Provision 6.3

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

Effective from the financial year ended 30 June 2021, a clawback provision has been included into the service contracts. It allows the Company to reclaim bonuses that have been paid in the event of mis-statement of financial results in its audited accounts. The provision is legally binding against the executive directors even after they have left the Company for a period not exceeding two years. The clawback provision will take effect only when the mis-statement of financial results is material, that is, more than 5%.

Provision 6.4

The Company did not appoint any remuneration consultant during the financial year under review. However, the RC emphasized that conducting further market comparisons would be beneficial to ensure the competitiveness of the remuneration and compensation. The RC also highlighted the importance of understanding current market trends and considering prevailing benchmarks to determine the appropriate percentile positioning for compensation payouts.

Level and Mix of Remuneration

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

Provision 7.1

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

For all Company employees (including key management personnel), the PBI is linked to the performance of the relevant subsidiary and its achievement of established targets approved by the RC such as financial performance, operational efficiency, and people development. For executive directors, the PBI is linked to the performance of the Group and the achievement of established targets that are the same as the employees. The Company also has a Sales Incentive scheme for its sales and marketing teams structured on pre-defined targets. Executive directors and key management personnel are not entitled to the Sales Incentive.

Cap on bonuses to employees and executive directors

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

Provision 7.2

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

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

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

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

– the base director's fee + 10% for Lead Independent Director

During FY2025, all independent and non-executive directors attended all Board and Committees meetings.

The base director's fee was revised in the financial year ended 30 June 2019 after benchmarking with peer listed companies that were then of similar market capitalization i.e. in the range of S$250 million. Prior to that, the base director's fee had not been revised since the Company's IPO in 2003.

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

Provision 7.3
The Group's practice is to conduct an annual salary review for all employees, including key management personnel, which is based on the individual performance as well as the Company's performance. We also review and adjust the salary scale for each position in line with the market on an annual basis.

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

Disclosure on Remuneration

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

Provision 8.1
The Board supports and is keenly aware of the need for transparency. However, after careful deliberation and considerable debate, the Board is of the view that full disclosure of the key management personnel is not in the best interests of the Company. Inter alia, the Board took into account the very sensitive nature of the matter, the relative size of our Company, the competitive business environment we operate in and the irrevocable negative impact such disclosure may have on the Company.

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

The breakdown of the level and mix of remuneration of each director and the key management personnel in FY2025 is as follows:

Name of Executive Director	Director's fee (%)	Salary (%)	Bonus (%)	Allowances/ Benefits (%)	Total S$
Kyle Christopher Borch (CEO)	11	43	25	21	534,383
Christopher Reid Borch (Director of Innovation & Business Development)	13	46	37	4	455,949

Remuneration band & name of Independent and Non-Executive Director	Director's fee (%)	Salary (%)	Bonus (%)	Allowances/ Benefits (%)	Total S$
Kenny Kwan Yew Kwong	100	–	–	–	73,000
Kazuo Jozeph Takeda	100	–	–	–	66,000
Chua Siew Hwi	100	–	–	–	72,000

Remuneration of Key Management Personnel (who are not directors or CEO)

Remuneration band & name of key management personnel	Salary (%)	Bonus (%)	Allowances/ Benefits (%)	Total (%)
S$250,000 to S$500,000				
Wendy Tan Wei Lee	54	35	11	100
Shen Zi Quan	68	29	3	100
Looi Sek Mun	69	21	10	100
Below S$250,000				
Goh King Kang	70	25	5	100
Richie Cajili Manuel	85	10	5	100

The aggregate remuneration paid to the top 5 key management personnel is S$1,260,975.

Provision 8.2

Save for Mr Chris Borch and Mr Kyle Borch who are father and son, there are no employees of the Company who are substantial shareholders of the Company or are immediate family members of a director or the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2025.

Provision 8.3

The remuneration package for executive directors and key management personnel includes base salary and variable bonus (performance bonus incentive) as well as benefits such as car allowances. The Company did not have any share-based incentives in place during FY2025.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1

Risk Management

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

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

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

Financial risk management is discussed in Note 22 to the financial statements set out on pages 130 to 136.

On 30 October 2024, the Board consolidated the Audit Committee and Risk Management Committee and renamed it as Audit and Risk Committee (the "**ARC**"). Thereafter, the responsibility of overseeing the Company's risk management framework, policies and processes is assumed by the ARC with the assistance of the internal auditors. The ARC is guided by the following terms of reference relating to risk management and assist the Board to:

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

– ensure the management maintains a sound system of risk management;

– recommend and review the implementation of risk management framework;

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

– review the Group's risk profiles regularly; and

– review breaches of risk appetite and tolerances.

The ARC references internationally recognised frameworks-including ISO 31000 (Risk Management), the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") model, and the ISO27000 – Information Security Management Systems series on its IT governance.

At the management level, an Enterprise Risk Management Working Committee has been established, comprising key personnel responsible for developing and implementing the enterprise risk management framework. This Committee reports regularly to the ARC on risk matters and mitigation strategies.

The ARC, in turn, reports to the Board, which reviews and approves the Company's risk tolerance levels and overarching risk policies. The Board oversees the adequacy and effectiveness of the Company's risk management and internal control systems, and remains fully committed to upholding high standards of corporate governance, independence, and risk oversight. To reinforce this commitment, the Company will implement targeted measures such as increasing training hours in risk management for Board members and senior management, and engaging independent third parties to periodically review and benchmark governance practices against market best practices.

Accountability
Provision 9.2
The Board is accountable to the shareholders, while the management is accountable to the Board. In fulfilling its responsibilities, the Board is committed to ensuring timely, reliable, and fair disclosure of material information in accordance with the SGX Listing Manual. Financial results are announced quarterly, half-yearly, and annually, with the quarterly and half-yearly results released within 30 days of the relevant financial period. All financial results are certified by the Chief Executive Officer and the Senior Vice President of Finance.

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

To reinforce management's accountability, the Board receives monthly updates comprising a consolidated statement of comprehensive income, consolidated statement of financial position, and other relevant management reports. These updates enable the Board to maintain effective oversight of the Company's financial health and operational performance.

The Board has received written assurances from:

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

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

Pursuant to the requirements as set out in Rule 1207(10) of the Listing Manual, and based on the Group's established management controls, internal control policies and procedures, reviews conducted by both external and internal auditors, written representation and assurance from CEO and the SVP of Finance, and the absence of any concerns arising from whistleblowing incidents, the Board – with the concurrence of the ARC – is of the opinion that the Group's risk management and internal control systems are adequate and effective as at 30 June 2025. These systems address financial, operational, compliance and information technology risks that are relevant and material to the Group's operations.

The Board remains committed to upholding a sound system of risk management and internal controls that supports the Group's strategic objectives and safeguards stakeholder interests. It recognises that the control environment must evolve in response to changing business conditions, regulatory developments, and emerging risks. Management, under the guidance of the Board and ARC, will continue to review and enhance internal policies, procedures, and control mechanisms. Appropriate resources and expertise will be allocated to ensure the Group maintains a resilient governance framework that promotes operational integrity, regulatory compliance, and long-term value creation.

Areas of concern

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

Earthquake Damage in California – California is an earthquake prone area. The Group's factory in the USA is situated in Morgan Hill, California. Following a review of available insurance options, the Board has determined that the high deductibles associated with earthquake coverage render such policies commercially ineffective. Moreover, secondary risks such as post-earthquake flooding are not insurable in this region. After due consideration, the management has decided not to insure against earthquake-related damage. Instead, the management has and shall continue to take proactive measures to mitigate potential damages and loss through employee education training programs and by proper bracing and anchoring of the contents in the plant. As at 30 June 2025, our USA operations recorded an annual revenue of approximately S$14.8 million and had total assets of approximately S$12.5 million.

Audit Committee

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

Provision 10.1
The ARC's written terms of reference were revised and adopted on 25 January 2025 which describe its major responsibilities as follow:

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

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

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

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

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

- to review the adequacy, effectiveness, independence, scope and results of the external auditors annually including the nature and extent of non-audit services provided by the external auditors;

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

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

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

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

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

- to review the corporate governance processes; and

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

The ARC has reviewed the non-audit services performed by the external auditors and is satisfied that the provision of such services has not affected the independence of the external auditors. The ARC has recommended their re-appointment at the forthcoming AGM. The aggregate amount of fees paid to the external auditors for the year is S$244,803 and S$19,679 for non-audit service fees.

Certain subsidiaries within the Group are audited by external auditors other than the Company's appointed auditors. The ARC has reviewed and is satisfied that the internal controls maintained by these subsidiaries are adequate and the scope of audit performed by the respective component auditors is adequate. To ensure consistency and reliability in financial reporting, the Company's external auditors also conduct periodic site visits to its subsidiaries. The ARC has reviewed and is satisfied that the Group's external auditors, as the principal auditors, have established appropriate procedures to assess, review and rely on the work performed by the component auditors. The Company has complied with Rules 712 and 716 of the Listing Manual in relation to the appointment of its external auditors for the Company and its subsidiaries.

It is the Company's established practice for its external auditor to present the ARC with their audit plan, including any change of accounting standards that may impact the financial statements of the Group prior to the commencement of the audit. It is also the responsibility of the SVP of Finance to update the Board on any changes in accounting standards which may have an impact on the financial statements. For the financial year under review, changes in accounting standards did not have a material effect on the Group's financial statements.

Whistle Blowing Policy

On 12 April 2025, the Board formally adopted a revised and comprehensive Whistleblowing Policy, which has been disseminated across the Group and incorporated into the Company Handbook. The Whistle Blowing Policy is also publicly accessible via the corporate website of the Company. The Board believes that this policy will, inter alia, act as a deterrent to malpractice and wrongdoing, foster a culture of openness and transparency, and strengthens the Group's overall risk management framework.

The ARC Chairperson and ARC members serve as designated Whistle Blowing Officers. They are responsible for investigating and resolving all concerns raised under the policy. The ARC Chairperson shall inform the CEO, the SVP of Finance and/or the ARC members of any complaints or concerns received, while maintaining confidentiality, unless the ARC determines that disclosures would be inappropriate in the circumstances.

While the policy encourages whistleblowers to identify themselves when raising a concern or providing information, all reports are treated with strict confidentiality and disclosed only on a "need to know" basis for investigative purposes. The ARC Chairperson retains discretion over whether to reveal the identity of the whistleblower and such disclosure will only occur with the whistleblower's consent. This safeguard is intended to prevent misuse of the reporting channel, including malicious reporting or bad-faith allegations made anonymously.

The policy covers all and any improprieties and wrongdoings:

– affecting the financial position of the Company;

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

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

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

Protecting the whistle blower:

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

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

Anonymous allegations:

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

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

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

Provision 10.2
The ARC comprises three members, all of whom including the Chairperson are independent and non-executive directors. As at 30 June 2025, the members are:

Chairperson	:	Chua Siew Hwi
Member	:	Kenny Kwan Yew Kwong
Member	:	Kazuo Jozeph Takeda

All members of the ARC bring extensive senior-level experience across the financial, legal, and/or commercial sectors. Collectively, they possess the requisite financial acumen and professional judgment to effectively discharge the ARC's responsibilities. The Chairperson, a Fellow Chartered Accountant of Singapore, is a seasoned leader with a strong track record spanning finance and corporate functions, including operations, information technology, human resources, enterprise risk management, and internal audit. Mr Kenny Kwan, a member of the ARC, contributes relevant financial management expertise, particularly in capital markets transactions, mergers and acquisitions, and general corporate advisory.

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

Provision 10.4
The internal auditor reports directly to the ARC.

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

The internal audit function is outsourced to CLA Global TS Holdings Pte. Ltd. ("**CLA**"), a reputable firm appointed by the ARC since August 2011.

The recruitment and appointment of the internal auditor were undertaken by the ARC following a review of suitable candidates identified through internal and external channels, including recommendations from the external auditor and the company secretary. The appointed internal auditor is independent and has no affiliations with substantial shareholders, directors, the CEO, or the SVP of Finance.

The internal auditor has unrestricted access to all Company documents, records, properties, and personnel, including direct access to the ARC. The internal auditor meets with the ARC half yearly to present internal audit findings and recommendations. The ARC approves the internal audit schedule and plan, and monitors the internal auditor's activities on an ongoing basis. Outsourcing the internal audit function to CLA supports continuity, objectivity, and independence, thereby reinforcing sound corporate governance.

The ARC conducts an annual review of the internal audit plan in consultation with the internal auditor and assesses the effectiveness of the internal audit function. The lead internal auditor is a qualified accountant with extensive experience in internal audit. All audit work is conducted in accordance with the standards set by the Institute of Internal Auditors. For FY2025, the ARC is of the view that the internal audit function remains independent, effective and adequately resourced.

Provision 10.5

In the financial year under review, the ARC met with the external auditor and internal auditor in the absence of executive directors and senior management. All ARC meetings were conducted without the presence of executive directors and senior management, unless their attendance was specifically requested by the ARC for matters requiring their inputs or clarifications.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Provision 11.1

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

Provision 11.2

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

Provision 11.3

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

Provision 11.4

If shareholders are unable to attend the meetings, the Constitution of the Company allows shareholders to appoint not more than two proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries to appoint more than two proxies to attend, speak and vote at general meetings. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 72 hours before the time set for the general meetings. The Company's Constitution does not currently provide for voting in absentia (such as voting via mail, email, or fax). This is because, the authentication of shareholder identity and other related security and integrity issues remain a concern. As such, the Company has decided for the time being not to implement voting in absentia.

Provision 11.5

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

Provision 11.6

Effective from the financial year ended 30 June 2016, the Company has instituted a formal dividend policy which is to declare 40% or more of the Group's net profit according to the audited report.

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

Engagement with Shareholders

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

Provision 12.1

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

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

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

In line with the Company's commitment to transparency and timely communication with shareholders, the Board has resolved to continue the voluntary announcement of quarterly financial results via SGXNet, notwithstanding the removal of this requirement under the SGX Listing Manual. The Board believes that regular financial disclosures promote informed stakeholder engagement and reflect the Company's commitment to high standards of corporate governance and accountability.

Provisions 12.2 and 12.3

The Company is committed to maintaining transparent, consistent, and timely communication with shareholders and the investment community. To facilitate this, a dedicated investor relations email address investor@micro-mechanics.com is provided, along with publicly available contact details of the Company's Investor Relations ("**IR**") team. IR contact information is consistently disclosed in the Company's annual reports, SGXNet announcements, and corporate website to ensure accessibility and responsiveness.

The IR function is led by the CEO, who oversees the Company's investor relations strategy. He is supported by the Senior Vice President of Finance and an external professional IR firm engaged to strengthen communications with investors and analysts.

In addition to regulatory disclosures via SGXNet, the Company maintains a practice of publishing Frequently Asked Questions ("**FAQs**") on its corporate website. These FAQs are designed to provide shareholders and the public with accessible and relevant information regarding the Group's operations, performance, and strategic direction. The Company also makes timely announcements via SGXNet to inform shareholders and the market of any material changes or developments in its business that may reasonably be expected to affect the price or value of its shares.

Investor Relations Practices and Guidelines

The main objectives of the Company's IR team are to:

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

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

The Company conducts its IR on the following principles:

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

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

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

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

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

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

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Provision 13.1

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

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

Provision 13.2

Customers

Focusing on the needs of customers is a critical success factor for our business. The Group remains committed to building long-term, value-driven relationships with our global customer base. As of FY2025, we serve approximately 600 customers worldwide, with our top 10 customers primarily in the United States, China, and Malaysia. Most of these customers have partnered with the Group for over a decade, reflecting sustained trust and mutual value creation. These three markets collectively contributed 72% of Group revenue, underscoring their strategic importance to our business. To strengthen engagement and responsiveness, we have embedded Customer Relationship Management ("**CRM**") tools within our Enterprise Resource Planning ("**ERP**") system. This integration enables seamless coordination across functions and enhances our ability to deliver timely, tailored solutions.

Our sales team and R&D team conducts regular customer visits, offering technical solutions and sharing updates on our latest capabilities. We also run an annual Customer Satisfaction Survey to have a better understanding evolving needs and expectations. In addition, the Group actively participates in industry trade shows and exhibitions, showcasing our latest products and services to both existing and prospective customers. These platforms serve as valuable opportunities to strengthen brand visibility, deepen customer relationships, and expand market reach.

Employees

Employee engagement is another critical success factor for our business. Our people are the Group's most valuable asset. We are committed to fostering a workplace culture that promotes integrity, inclusiveness, and continuous development. All new employees undergo a structured orientation programme, led by our Human Resources team, which includes a detailed walkthrough of the Company Handbook, with emphasis on the Code of Conduct. This ensures that every employee understands the Group's values, culture, and their rights and responsibilities from the outset.

Training will be provided to make sure that all employees are able to carry out their respective jobs competently.

We are committed to providing our employees with opportunities to develop their potential through relevant training programs. The focus of such training programs is skills-upgrading and education in areas directly related to an employee's present work and/or future development. During FY2025, about 527 confirmed employees received formal and structured training of 9,440 hours, excluding on-the-job training, which is approximately 17.91 hours per employee. In the previous year, training provided amounted to 7,224 hours. Our target is to provide 16 training hours per employee.

We conduct biannual performance and development dialogues, known as Sync Card sessions, where employees engage with their supervisors to review progress, discuss career pathways, and identify development opportunities.

To align individual contributions with corporate objectives, the Group has implemented a Performance-Based Incentive ("**PBI**") Scheme, reviewed on a half-yearly basis. Employees are clearly informed of performance targets and reward criteria, reinforcing transparency and shared accountability.

We are committed to maintaining a diverse and inclusive workforce, and to providing a safe and healthy work environment that supports employee well-being and productivity.

Suppliers

Our suppliers are key to our performance in terms of quality and cycle time. We are committed to cultivating trust-based, mutually beneficial relationships with our supply chain partners, many of whom have worked with the Group for over a decade.. To uphold high standards across our supply network, we encourage our suppliers to adopt the Reference Business Alliance ("**RBA**") principles. These principles serve as a benchmark for our preferred evaluation criteria, covering covering key areas such as social responsibility, environmental stewardship, and ethical business conduct – in line with best practices for the electronics industry. We conduct annual performance assessments of our suppliers, complemented by a structured review of supply chain continuity risks. This approach enables us to proactively manage operational resilience while reinforcing our commitment to responsible sourcing.

The Group continues to strengthen supplier engagement through transparent communication, shared expectations, and alignment with our long-term business objectives

Shareholders

The Group is committed to maintaining open, consistent, and transparent communication with our shareholders and the broader investment community. We recognise the importance of ensuring that stakeholders have a clear understanding of our business model, strategic priorities, operational performance, and corporate culture.

Our dedicated Investor Relations (IR) team plays a key role in facilitating this engagement, serving as a bridge between the Group and the capital markets. Through regular updates, briefings, and disclosures, we aim to foster trust and support informed decision-making among our shareholders.

Further details on our shareholder engagement practices are outlined in Provisions 12.1, 12.2, and 12.3 under the Engagement with Shareholders section of this report.

Regulators

The Group is firmly committed to full compliance with all applicable laws and regulations in the jurisdictions where we operate. The Board and Management uphold a zero-tolerance policy towards corruption and any form of legal or regulatory non-compliance. We recognise that breaches not only pose operational and legal risks but also undermine the trust and reputation we have built with our stakeholders.

To ensure continued alignment with evolving regulatory landscapes, the Board is regularly updated on changes to laws and regulations that may impact the Group's operations. This enables timely oversight and informed decision-making.

We actively promote regulatory awareness and ethical conduct across the organisation. All employees are provided with relevant guidance and training to support compliance and responsible behaviour. As part of this commitment, the Group has obtained and adheres to key certifications, including International Traffic in Arms Regulations ("**ITAR**") – ensuring compliance with U.S. export control laws applicable to defense-related products and services.

Local Communities
The Group strives to build positive relationships with the communities where we operate. We support local communities by prioritising employment of locals wherever feasible. Only locals are employed in our operation in USA, the Philippines and China. In addition, we also initiated participation in social and charitable activities with some local communities. During FY2025, our subsidiaries in Malaysia made donations and sponsored charitable activities.

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

Please refer to our Sustainability Report regarding engagement with stakeholders.

Other matters:

Anti-corruption
The Group maintains a zero tolerance policy towards bribery or corruption in any form. Employees are strictly prohibited from soliciting or offering or accepting bribes or incentives whether in the form of money or gifts or favours in any form whatsoever. Any unsolicited gift(s) having an aggregate value in excess of S$200 must immediately be disclosed to a director. Proven violation shall result in the immediate termination proceedings and, where appropriate, be reported to the relevant local authority. Customers/suppliers entertainment shall be limited to modest breakfast, lunch or dinner engagement, in line with our commitment to ethical business conduct.

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

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

Interested Person Transactions

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

For the financial year ended 30 June 2025, the Group has made rental payment of US$561,372 (30 June 2024: US$561,372) and solar-generated electrical services payment of US$210,000 (30 June 2024: US$210,000) to Sarcadia LLC, a controlling shareholder of the Company and a family company set up by Mr Chris Borch, an executive director of the Company.

Except for the above, there was no other interested person transaction entered into with any director, CEO, or controlling shareholders and their respective associates as defined in Chapter 9 of the Listing Manual.

List of Certifications:

	Name of certification	Validity until
MM-Singapore	ISO9001-2015 Quality Management System	2-Dec-25
	bizSafe Level 3	28-Dec-25
MM-Malaysia	ISO9001-2015 Quality Management System	31-Oct-25
MM-Philippines	ISO9001-2015 Quality Management System	14-Jan-26
MM-China	ISO9001-2015 Quality Management System	7-Apr-26
MM-USA	AS9100 Quality Management System for aviation, space and defense organization	21-Nov-25
	International Traffic in Arms Regulation	31 Jul-26

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Christopher Reid Borch	Kyle Christopher Borch
Date of initial appointment	25 June 1996	1 January 2023
Date of last re-appointment (if any)	30 October 2023	30 October 2023
Age	69	33
Country of principal residence	USA	USA
The Board's comments on this re-election/appointment	After reviewing the recommendation of the Nominating Committee and Mr. Borch's performance and contribution and experience (as set out below), the Board has approved that Mr. Borch stands for re-election as Executive Director.	After reviewing the recommendation of the Nominating Committee and Mr Kyle Borch's performance and contribution and experience (as set out below), the Board has approved that Mr Kyle Borch stands for re-election as Executive Director.
Whether appointment is executive, and if so, the area of responsibility	• Executive Director • Executive Chairman	• Executive Director • Group CEO
Job title (e.g. Lead ID, AC Chairman, AC Member, etc)	• Executive Director • Executive Chairman	• Executive Director • Group CEO
Professional qualification	Undergraduate degree from Furman University and MBA from The Wharton School at the University of Pennsylvania	• Double Masters of Science degrees in Mechanical Engineering and Engineering Management from the University of Southern California (Year 2018) • Bachelor of Science in Physics with a minor in Mathematics from the University of California Los Angeles (Year 2014)

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Christopher Reid Borch	Kyle Christopher Borch
Working experience and occupation(s) during the past 10 years	Executive Director/Group CEO, Micro-Mechanics (Holdings) Ltd	1. Executive Director/Group Deputy CEO, Micro-Mechanics (Holdings) Ltd (current) 2. Manufacturing Engineer started from August 2018 and promoted to Engineering Section Manager, Micro-Mechanics Inc (August 2018 to December 2022) 3. Engineer and Machinist, USC Undergraduate Fabrication Lab (October 2015 to May 2018) and also worked as Haptics Product Design Intern at Apple Inc (May 2017 – August 2017) 4. Engineering Intern, NASA Jet Propulsion Laboratory (May 2016-August 2016) 5. R&D Mechanical Engineer, Agilent Technologies Inc (July 2014 to July 2015 – 3 days a week) and CNC Programmer and Apprentice, Micro-Mechanics, Inc. (July 2014 to August 2015 – 2 days a week)
Shareholding interest in the listed issuer and its subsidiaries ***(latest shares balance or as at 30 June 2025?)***	Yes 18,485,169 ordinary shares in Micro-Mechanics (Holdings) Ltd (Direct Interest) 41,900,000 ordinary shares in Micro-Mechanics (Holdings) Ltd (Deemed Interest)	Yes 3,925,000 ordinary shares in Micro-Mechanics (Holdings) Ltd (Direct Interest) 41,800,000 ordinary shares in Micro-Mechanics (Holdings) Ltd (Deemed Interest)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes, elder son Kyle Christopher Borch, Executive Director and CEO	Mr Kyle Borch is the eldest son of Mr Christopher Borch

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Christopher Reid Borch	Kyle Christopher Borch
Conflict of interests (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code.		
Past (for the last 5 years)	Nil	Nil
Present	Nil	Nil
Information required Disclose the following matters concerning an appointment of director.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Christopher Reid Borch	Kyle Christopher Borch
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Christopher Reid Borch	Kyle Christopher Borch
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Name of Director	Christopher Reid Borch	Kyle Christopher Borch
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

DIRECTORS' STATEMENT
Year ended 30 June 2025

We are pleased to submit this annual report to the members of Micro-Mechanics (Holdings) Ltd. (the "Company") together with the audited financial statements for the financial year ended 30 June 2025.

In our opinion:

(a) the financial statements set out on pages 94 to 139 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2025 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

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

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

Directors

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

Christopher Reid Borch
Kyle Christopher Borch
Chua Siew Hwi
Kazuo Jozeph Takeda
Kwan Yew Kwong, Kenny

Directors' interests

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21 July 2025
		Ordinary shares	
Micro-Mechanics (Holdings) Ltd			
Christopher Reid Borch	60,385,169	60,385,169	60,385,169
Kyle Christopher Borch	41,685,256	41,685,256	45,725,000

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

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

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

Share options

During the financial year, there were:

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

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

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

Audit Committee

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

- Chua Siew Hwi (Chairman), Independent director
- Kwan Yew Kwong, Kenny, Independent director
- Kazuo Jozeph Takeda, Independent director

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

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

The Audit Committee also reviewed the following:

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

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

DIRECTORS' STATEMENT

Year ended 30 June 2025

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

Auditors

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

On behalf of the Board of Directors

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

27 August 2025

INDEPENDENT AUDITORS' REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Micro-Mechanics (Holdings) Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 94 to 139.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2025, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

(Refer to Note 4 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
The Group has PPE and ROU assets with a carrying amount of $20.7 million (2024: $23.9 million). While MMUS's CGU had generated profits in the current financial year, the CGU had been in loss-making position for the past few financial years. Management identified this as an impairment indicator on the PPE and ROU assets within this CGU. Accordingly, the Group performed an impairment assessment on MMUS's PPE and ROU assets by estimating the recoverable amount of the CGU based on value in use ("VIU") method. The determination of the recoverable amount involves estimation uncertainty, and is a key focus area of our audit.	Our procedures in relation to management's impairment assessment included, among others: • Reviewed management's assessment of existence of impairment indicators, which among others, include observable indicators that the assets value has declined, any adverse economic effect on the CGU and evidence of obsolescence. • Obtained an understanding of management's computation and assumptions used in determining the recoverable amount of MMUS. • Assessed the reasonableness of management's key assumptions made in the discounted cash flow ("DCF") model by comparing the key assumptions in the DCF model against available market data and/or historical performances of MMUS. • Performed sensitivity analysis on the DCF model. • Reviewed the disclosures included in the financial statements against the requirements of the accounting standards. We found management's process of assessing for impairment indicators to be appropriate, estimates used to determine recoverable amounts to be balanced and disclosures to be adequate.

Other information

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

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

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by a subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 August 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	Group 2025	Group 2024	Company 2025	Company 2024
		$	$	$	$
Assets					
Property, plant and equipment	4	18,723,133	22,299,885	–	–
Right-of-use assets	4	2,023,633	1,670,348	–	–
Investment property	5	–	266,013	–	–
Subsidiaries	6	–	–	29,095,544	29,095,544
Trade and other receivables	8	390,038	519,079	–	–
Deferred tax assets	12	13,636	19,795	–	–
Non-current assets		21,150,440	24,775,120	29,095,544	29,095,544
Inventories	7	3,135,468	3,905,905	–	–
Trade and other receivables	8	13,275,453	11,610,943	503,347	1,155,110
Cash and bank balances	9	23,283,594	16,567,727	9,354,448	6,026,177
Current assets		39,694,515	32,084,575	9,857,795	7,181,287
Total assets		60,844,955	56,859,695	38,953,339	36,276,831
Shareholders' equity					
Share capital	10	14,782,931	14,782,931	14,782,931	14,782,931
Reserves	11	34,430,260	31,288,616	23,276,494	20,728,191
Total equity		49,213,191	46,071,547	38,059,425	35,511,122
Liabilities					
Deferred tax liabilities	12	1,434,528	1,429,220	357,938	239,363
Provisions	14	865,399	834,652	–	–
Lease liabilities	15	923,763	332,073	–	–
Non-current liabilities		3,223,690	2,595,945	357,938	239,363
Trade and other payables	13	5,791,767	5,554,951	527,525	524,644
Lease liabilities	15	1,139,053	1,439,487	–	–
Current tax liabilities		1,477,254	1,197,765	8,451	1,702
Current liabilities		8,408,074	8,192,203	535,976	526,346
Total liabilities		11,631,764	10,788,148	893,914	765,709
Total equity and liabilities		60,844,955	56,859,695	38,953,339	36,276,831

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2025

	Note	2025	2024
		$	$
Revenue	16	65,210,675	57,888,378
Cost of sales		(32,992,161)	(30,702,288)
Gross profit		32,218,514	27,186,090
Other income		326,821	413,618
Distribution expenses		(3,008,726)	(2,873,181)
Administrative expenses		(9,531,672)	(9,127,651)
Other operating expenses		(3,438,028)	(3,742,594)
Results from operating activities		16,566,909	11,856,282
Finance income		228,460	193,393
Finance expense		(442,588)	(516,063)
Net finance expense		(214,128)	(322,670)
Profit before tax	17	16,352,781	11,533,612
Tax expense	18	(3,957,313)	(3,495,496)
Profit for the year		12,395,468	8,038,116
Profit attributable to:			
Owners of the Company		12,395,468	8,038,116
Profit for the year		12,395,468	8,038,116
Earnings per share:			
Basic and diluted earnings per share (in cents)	19	8.92	5.78
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from foreign operations		(911,556)	(93,027)
Item that will not be reclassified to profit or loss:			
Remeasurement on retirement benefits	14	(746)	27,182
Related tax	12	388	(864)
Other comprehensive income for the year, net of tax		(911,914)	(66,709)
Total comprehensive income for the year		11,483,554	7,971,407
Total comprehensive income attributable to:			
Owners of the Company		11,483,554	7,971,407
Total comprehensive income for the year		11,483,554	7,971,407

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2025

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2025

	Share capital $	Foreign currency translation reserve $	Accumulated remeasurement on retirement benefits $	Statutory reserve $	Accumulated profits $	Total $
At 1 July 2024	14,782,931	(2,096,610)	33,553	1,263,008	32,088,665	46,071,547
Total comprehensive income for the year						
Profit for the year	–	–	–	–	12,395,468	12,395,468
Other comprehensive income						
Foreign currency translation differences	–	(910,745)	(811)	–	–	(911,556)
Remeasurement on retirement benefits, net of tax	–	–	(358)	–	–	(358)
Total other comprehensive income	–	(910,745)	(1,169)	–	–	(911,914)
Total comprehensive income for the year	–	(910,745)	(1,169)	–	12,395,468	11,483,554
Transactions with owners, recognised directly in equity						
Interim dividend of 3.0 cents per share (tax-exempt) in respect of current financial year	–	–	–	–	(4,170,955)	(4,170,955)
Final dividend of 3.0 cents per share (tax-exempt) in respect of previous financial year	–	–	–	–	(4,170,955)	(4,170,955)
Total transactions with owners	–	–	–	–	(8,341,910)	(8,341,910)
At 30 June 2025	14,782,931	(3,007,355)	32,384	1,263,008	36,142,223	49,213,191

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2025

	2025	2024
	$	$
Cash flows from operating activities		
Profit for the year	12,395,468	8,038,116
Adjustments for:		
Depreciation of property, plant and equipment	6,162,677	6,496,591
Depreciation of investment property	3,446	13,075
Gain on disposal of property, plant and equipment	(5,598)	(14,187)
Property, plant and equipment written off	23,286	9,045
Doubtful debts written off	–	3,891
Interest income	(228,460)	(193,393)
Interest expense on lease liabilities	84,170	170,526
Inventories written off	165,655	214,437
Service cost from retirement benefits	29,827	31,176
Interest cost from retirement benefits	33,204	29,051
Unwind of discount on reinstatement costs	19,491	18,450
Tax expense	3,957,313	3,495,496
	22,640,479	18,312,274
Changes in:		
Inventories	545,282	196,750
Trade and other receivables	(1,862,307)	(396,128)
Trade and other payables	657,786	(63,683)
Cash generated from operations	21,981,240	18,049,213
Retirement benefits paid	(40,127)	–
Tax paid	(3,660,202)	(3,471,333)
Net cash generated from operating activities	18,280,911	14,577,880
Cash flows from investing activities		
Interest received	211,628	193,423
Purchase of property, plant and equipment	(1,445,912)	(2,461,573)
Proceeds from disposal of property, plant and equipment	5,605	22,627
Net cash used in investing activities	(1,228,679)	(2,245,523)
Cash flows from financing activities		
Deposit released/(pledged)	14,578	(13,827)
Dividends paid	(8,341,910)	(8,341,910)
Interest paid	(84,170)	(170,526)
Payment of lease liabilities	(1,484,344)	(1,401,550)
Net cash used in financing activities	(9,895,846)	(9,927,813)
Net increase in cash and cash equivalents	7,156,386	2,404,544
Cash and cash equivalents at beginning of the year	16,409,971	14,122,013
Effect of exchange rate fluctuations on cash held	(434,013)	(116,586)
Cash and cash equivalents at end of the year (Note 9)	23,132,344	16,409,971

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 August 2025.

1 DOMICILE AND ACTIVITIES

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

The financial statements of the Group as at and for the year ended 30 June 2025 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

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

2 BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

Impairment on non-financial assets

The Group and the Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there is any objective evidence or indication that the non-financial assets may be impaired. This determination and derivation of the relevant inputs requires significant judgement. The impairment assessment takes into account the market value of the asset, changes to the technological, market, economic or legal environment in which the Group and the Company operates, market interest rates, evidence of obsolescence or physical damage to the asset and changes to the expected usage to the asset. When value in use calculations is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Judgement and estimates are required in the determination of appropriate inputs to derive at forecasted cash flows and the discount rate.

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

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

2.5 CHANGES IN MATERIAL ACCOUNTING POLICIES

New accounting standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 July 2024:

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

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

3 MATERIAL ACCOUNTING POLICIES

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

3.1 Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transactions gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

• Leasehold properties	50 to 60 years
• Plant and equipment	5 to 10 years
• Furniture, fittings and office equipment	5 years
• Motor vehicles	5 years

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

3.4 Leases

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

(i) As a lessee

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Leases (continued)

(i) As a lessee (continued)

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

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

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

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

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

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

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

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

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Leases (continued)

(i) As a lessee (continued)

Short term leases and leases of low-value assets

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

(ii) As a lessor

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

3.5 Inventories

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

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

3.6 Financial instruments

(i) Non-derivative financial assets

Classification, subsequent measurement and derecognition

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

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

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Classification, subsequent measurement and derecognition (continued)

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

Financial assets at amortised cost

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

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

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

Financial assets: Business model assessment

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

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

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

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

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(ii) Non-derivative financial liabilities

Classification, subsequent measurement and derecognition

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

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

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

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

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

(iii) Offsetting

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

(iv) Cash and cash equivalents

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

(v) Share capital

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(vi) Derivative financial instruments

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

Non-trading derivatives

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

3.7 Impairment

(i) Non-derivative financial assets

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

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

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

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

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

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

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

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

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

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets (continued)

Measurement of ECLs

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

Credit impaired financial assets

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

(ii) Non-financial assets

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

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

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

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

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.8 Employee benefits

(i) Defined contribution plans

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

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

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

(ii) Defined benefit plans

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

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

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

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.8 Employee benefits (continued)

(iii) Short-term benefits

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

(iv) Unconsumed leave

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

3.9 Provisions

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

3.10 Income tax

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

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that
  - is not a business combination; and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss; and (ii) does not give rise to equal taxable and deductible temporary differences;

3 MATERIAL ACCOUNTING POLICIES (continued)

3.10 Income tax (continued)

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

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

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

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

3.11 Revenue

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

3.12 Finance income and finance expense

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

3.13 Dividends

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

3.14 Government grants

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

3.15 Earnings per share

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.16 Segment reporting

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

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

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

3.17 New accounting standards and interpretations not adopted

A number of new accounting standards and amendments to standards are effective for annual periods beginning after 1 July 2024 and earlier application is permitted. However, the Group has not early adopted the new or amended accounting standards in preparing these financial statements.

(i) SFRS(I) 18: *Presentation and Disclosure in Financial Statements*

SFRS(I) 18 will replace SFRS(I) 1-1: *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as other.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.17 New accounting standards and interpretations not adopted (continued)

(ii) Other accounting standards

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

- SFRS(I) 19: *Subsidiaries without Public Accountability: Disclosures*
- Amendments to SFRS(I) 1-21: *Lack of Exchangeability*
- Amendments to SFRS(I) 9 and SFRS(I) 7): *Classification and Measurement of Financial Instruments*
- Amendments to SFRS(I) 9 and SFRS(I) 7: *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to SFRS(I)s – Volume 11

4 PROPERTY, PLANT AND EQUIPMENT

Group	**Leasehold properties**	**Plant and equipment**	**Furniture, fittings and office equipment**	**Motor vehicles**	**Assets under construction**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Cost						
At 1 July 2023	17,697,695	65,966,960	6,740,893	174,239	56,831	90,636,618
Additions	1,442,904	1,246,382	301,421	8,675	–	2,999,382
Disposals	(15,545)	(1,366,589)	(387,466)	(8,482)	–	(1,778,082)
Reclassification	53,925	–	–	–	(53,925)	–
Translation differences	(33,570)	(216,348)	(50,972)	(2,684)	–	(303,574)
At 30 June 2024	19,145,409	65,630,405	6,603,876	171,748	2,906	91,554,344
Additions	1,949,699	762,837	380,981	–	–	3,093,517
Disposals	–	(261,681)	(508,884)	(48,466)	–	(819,031)
Derecognition due to termination of lease	(81,182)	–	–	–	–	(81,182)
Reclassification from investment property (Note 5)	625,439	78,025	90,866	–	–	794,330
Translation differences	(280,838)	(1,496,158)	(19,287)	(11,387)	(177)	(1,807,847)
At 30 June 2025	21,358,527	64,713,428	6,547,552	111,895	2,729	92,734,131

4 PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)	**Leasehold properties**	**Plant and equipment**	**Furniture, fittings and office equipment**	**Motor vehicles**	**Assets under construction**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Accumulated depreciation and impairment loss						
At 1 July 2023	10,502,179	46,967,413	5,503,197	99,195	–	63,071,984
Depreciation	1,835,296	4,220,301	414,777	26,217	–	6,496,591
Disposals	(15,543)	(1,351,760)	(384,812)	(8,482)	–	(1,760,597)
Translation differences	(23,600)	(160,080)	(38,963)	(1,224)	–	(223,867)
At 30 June 2024	12,298,332	49,675,874	5,494,199	115,706	–	67,584,111
Depreciation	1,906,559	3,828,465	406,273	21,380	–	6,162,677
Disposals	–	(253,812)	(493,461)	(48,465)	–	(795,738)
Derecognition due to termination of lease	(81,182)	–	–	–	–	(81,182)
Reclassification from investment property (Note 5)	353,525	78,024	86,358	–	–	517,907
Translation differences	(216,678)	(1,169,175)	(5,134)	(9,423)	–	(1,400,410)
At 30 June 2025	14,260,556	52,159,376	5,488,235	79,198	–	71,987,365
Carrying amounts						
At 1 July 2023	7,195,516	18,999,547	1,237,696	75,044	56,831	27,564,634
At 30 June 2024	6,847,077	15,954,531	1,109,677	56,042	2,906	23,970,233
At 30 June 2025	7,097,971	12,554,052	1,059,317	32,697	2,729	20,746,766

Property, plant and equipment comprise owned and leased assets.

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

	Group	
	2025	**2024**
	$	**$**
Property, plant and equipment – owned	18,723,133	22,299,885
Right-of-use assets	2,023,633	1,670,348
	20,746,766	23,970,233

4 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group Leasehold properties 2025 $	 2024 $
Cost		
At 1 July	6,102,665	5,126,895
Additions	1,870,808	974,287
Derecognition due to termination of lease	(81,182)	–
Translation differences	(159,728)	1,483
At 30 June	7,732,563	6,102,665
Accumulated depreciation		
At 1 July	4,432,317	3,007,719
Depreciation	1,424,328	1,426,116
Derecognition due to termination of lease	(81,182)	–
Translation differences	(66,533)	(1,518)
At 30 June	5,708,930	4,432,317
Carrying amounts	2,023,633	1,670,348

Impairment assessment

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

5 INVESTMENT PROPERTY

	Group 2025 $	 2024 $
Cost		
At 1 July	755,002	759,986
Reclassification to property, plant and equipment (Note 4)	(794,330)	–
Translation differences	39,328	(4,984)
At 30 June	–	755,002
Accumulated depreciation		
At 1 July	488,989	479,028
Depreciation	3,446	13,075
Reclassification to property, plant and equipment (Note 4)	(517,907)	–
Translation differences	25,472	(3,114)
At 30 June	–	488,989
Carrying amounts	–	266,013

5 INVESTMENT PROPERTY (continued)

In October 2024, the Group transferred its investment property to property, plant and equipment, because it was ceased to earn rental income and is now owner-occupied. At the date of reclassification, the Group reclassified its cost and accumulated depreciation to property, plant and equipment for its subsequent accounting.

Measurement of fair value

In 2024, the fair value of investment property was determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair value of the Group's investment property annually.

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

The Group's valuation technique used in measuring the fair value of investment property is based on market comparison technique. The fair value was determined by analysing comparable sales of similar properties located in the general vicinity and adjusted for factors affecting the value.

Amounts recognised in profit or loss

	Group	
	2025	**2024**
	$	**$**
Rental income (Note 17)	32,811	124,484
Direct operating expenses	(3,528)	(14,259)

Operating lease

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

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

	Group	
	2025	**2024**
	$	**$**
Less than one year	–	20,791

6 SUBSIDIARIES

	Company	
	2025	**2024**
	$	**$**
Equity investments, at cost	35,527,955	35,527,955
Less: Impairment losses	(6,432,411)	(6,432,411)
	29,095,544	29,095,544

6 SUBSIDIARIES (continued)

The details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and business	Percentage of equity held by the Group 2025 %	2024 %
Micro-Mechanics Pte Ltd[1]	Manufacturing of precision tools	Singapore	100	100
Micro-Mechanics Technology Sdn Bhd[2]	Manufacturing of precision tools	Malaysia	100	100
Micro-Mechanics Technology International, Inc.[3]	Manufacturing of precision tools	The Philippines	100	100
Micro-Mechanics Technology (Suzhou) Co. Ltd[2]	Manufacturing of precision tools	People's Republic of China	100	100
Micro-Mechanics Inc.[4] ("MMUS")	Manufacturing of precision components and modules and sale of precision tools	United States of America	100	100

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

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

Impairment assessment

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

7 INVENTORIES

	Group	
	2025	2024
	$	$
Raw materials	755,462	963,665
Work-in-progress	1,295,582	1,646,602
Finished goods	1,084,424	1,295,638
	3,135,468	3,905,905

During the year, raw materials and changes in finished goods and work-in-progress recognised in cost of sales amounted to $22,359,986 (2024: $19,950,111).

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025	2024	2025	2024
	$	$	$	$
Trade receivables	12,454,636	10,848,092	–	–
Amount due from a subsidiary (non-trade)	–	–	460,311	1,134,410
Other receivables	29,057	16,145	23,477	2,934
Deposits	390,038	416,488	–	–
Advances to suppliers	32,974	133,288	–	–
Prepayments	681,414	675,659	19,559	17,766
GST receivables	72,937	39,597	–	–
Forward exchange contracts	4,435	753	–	–
Total	13,665,491	12,130,022	503,347	1,155,110
Comprise of:				
Non-current	390,038	519,079	–	–
Current	13,275,453	11,610,943	503,347	1,155,110
	13,665,491	12,130,022	503,347	1,155,110

The Group's non-current trade and other receivables of $390,038 (2024: $519,079) was arising from security deposits.

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

9 CASH AND BANK BALANCES

	Group		Company	
	2025	2024	2025	2024
	$	$	$	$
Cash at banks and on hand	16,058,469	12,442,190	3,354,448	3,526,177
Short-term deposits	7,225,125	4,125,537	6,000,000	2,500,000
Cash and bank balances	23,283,594	16,567,727	9,354,448	6,026,177
Less: Deposits pledged	(151,250)	(157,756)		
Cash and cash equivalents in the consolidated statement of cash flows	23,132,344	16,409,971		

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

10 SHARE CAPITAL

	Group and Company	
	2025	2024
	$	$
Issued and fully paid ordinary shares, with no par value		
139,031,881 ordinary shares at beginning and end of the year	14,782,931	14,782,931

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

Capital management

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

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

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

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for the statutory reserve as disclosed in Note 11.

10 SHARE CAPITAL (continued)

Dividends

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

For the year ended 30 June

	Group and Company	
	2025	**2024**
	$	**$**
Paid by the Company to owners of the Company		
Final tax-exempt dividend paid of 3.0 cents (2024: 3.0 cents) per share in respect of previous financial year	4,170,955	4,170,955
Interim tax-exempt dividend paid of 3.0 cents (2024: 3.0 cents) per share in respect of current financial year	4,170,955	4,170,955
	8,341,910	8,341,910

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

	Group and Company	
	2025	**2024**
	$	**$**
Final proposed tax-exempt dividend of 3.0 cents (2024: 3.0 cents) per share	4,170,955	4,170,955

11 RESERVES

Foreign currency translation reserve

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

Accumulated remeasurement on retirement benefits

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

Statutory reserve

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

12 DEFERRED TAX ASSETS AND LIABILITIES

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

Group	At 1 July	Recognised in profit or loss (Note 18)	Recognised in other comprehensive income	Translation differences	At 30 June
	$	$	$	$	$
2025					
Property, plant and equipment	1,518,435	(10,567)	–	21,921	1,529,789
Right-of-use assets	96,849	(64,669)	–	–	32,180
Lease liabilities	(102,977)	66,676	–	–	(36,301)
Others	(102,882)	(1,788)	(388)	282	(104,776)
	1,409,425	(10,348)	(388)	22,203	1,420,892
2024					
Property, plant and equipment	1,666,473	(144,893)	–	(3,145)	1,518,435
Right-of-use assets	–	96,849	–	–	96,849
Lease liabilities	–	(102,977)	–	–	(102,977)
Others	(97,045)	(7,591)	864	890	(102,882)
	1,569,428	(158,612)	864	(2,255)	1,409,425

During the year, the Company's deferred tax liabilities of $118,575 (2024: $33,160) for temporary differences related to investments in subsidiaries was recognised in profit or loss.

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

	Group		Company	
	2025	2024	2025	2024
	$	$	$	$
Deferred tax liabilities	1,434,528	1,429,220	357,938	239,363
Deferred tax assets	(13,636)	(19,795)	–	–
Net deferred tax liabilities	1,420,892	1,409,425	357,938	239,363

13 TRADE AND OTHER PAYABLES

	Group		Company	
	2025	2024	2025	2024
	$	$	$	$
Trade payables	797,405	924,392	–	–
Other payables	623,992	837,131	55,572	32,544
Amount owing to a subsidiary	–	–	878	–
Accrued expenses	4,252,881	3,703,769	471,075	492,100
Advances from customers	116,996	68,469	–	–
Forward exchange contracts	493	21,190	–	–
	5,791,767	5,554,951	527,525	524,644

Accrued expenses consist of payroll related accruals, withholding tax payables and other accruals.

In 2024, included in other payables was an amount relating the purchase of property, plant and equipment of $223,203.

14 PROVISIONS

	Group	
	2025	2024
	$	$
Non-current		
Reinstatement costs	365,032	345,541
Retirement benefits	500,367	489,111
	865,399	834,652

Provision for reinstatement costs

	Group	
	2025	2024
	$	$
At 1 July	345,541	327,091
Unwind of discount on reinstatement costs	19,491	18,450
At 30 June	365,032	345,541

Reinstatement costs relate to cost of dismantling and removing assets and restoring the premises to its original condition as stipulated in the operating lease agreements. The Group expects to incur the liability upon termination of the leases.

Provision for retirement benefits

The Group has an unfunded, non-contributory defined benefits retirement plan covering its permanent employees. Costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is 30 June 2025.

14 PROVISIONS (continued)

Provision for retirement benefits (continued)

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

	Group	
	2025	**2024**
	$	**$**
At 1 July	489,111	484,398
Included in profit or loss		
Current service cost	29,827	31,176
Interest cost	33,204	29,051
	63,031	60,227
Included in other comprehensive income		
Remeasurements arising from:		
Experience adjustment	10,594	(38,975)
Change in financial assumptions	(9,848)	11,793
	746	(27,182)
Benefits paid (direct payments)	(40,127)	–
Translation differences	(12,394)	(28,332)
At 30 June	500,367	489,111

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

	Group	
	2025	**2024**
	%	**%**
Discount rate	6.62	6.82
Salary increase rate	5.00	5.00

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

The weighted-average duration of the retirement benefits obligation is 10.6 (2024: 11.7) years.

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

14 PROVISIONS (continued)

Provision for retirement benefits (continued)

Funding Policy

Benefit claims under the retirement benefits obligation are paid directly by the Group when they become due. The Group is not expected to make contributions in 2025.

Sensitivity analysis

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

	2025		2024	
Group	**1% Increase**	**1% Decrease**	**1% Increase**	**1% Decrease**
	$	**$**	**$**	**$**
Discount rate	(48,884)	57,091	(52,766)	62,168
Salary increase rate	57,452	(50,023)	62,691	(54,083)

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

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

Maturity profile

No future benefits payments are expected until the financial year 2027.

15 LEASES

Leases as lessee

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

Right-of-use assets

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

15 LEASES (continued)

Leases as lessee (continued)

Lease liabilities

	Group	
	2025	**2024**
	$	**$**
Maturity analysis – contractual undiscounted cash flows		
Less than one year	1,286,721	1,510,035
One to two years	756,881	337,264
Two to three years	61,694	–
Total undiscounted lease liabilities	2,105,296	1,847,299
Lease liabilities included in the consolidated statement of financial position		
Current	1,139,053	1,439,487
Non-current	923,763	332,073
Total	2,062,816	1,771,560

Amounts recognised in profit or loss

	Group	
	2025	**2024**
	$	**$**
Interest on lease liabilities	84,170	170,526
Expenses relating to short term leases	6,830	6,496
Expenses related to leases of low value assets, excluding short term leases of low value assets	8,398	4,176

Amounts recognised in consolidated statement of cash flows

	Group	
	2025	**2024**
	$	**$**
Total cash outflow for leases	1,583,742	1,582,748

15 LEASES (continued)

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

	Group	
	2025	**2024**
	$	**$**
At 1 July	1,771,560	2,196,191
Changes from financing cash flows		
Payment of lease liabilities	(1,484,344)	(1,401,550)
Interest paid	(84,170)	(170,526)
Total changes from financing cash flows	(1,568,514)	(1,572,076)
Other changes		
New leases	1,870,808	974,287
Interest expense	84,170	170,526
Translation differences	(95,208)	2,632
Total other changes	1,859,770	1,147,445
At 30 June	2,062,816	1,771,560

16 REVENUE

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

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

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

17 PROFIT BEFORE TAX

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

	Group	
	2025	2024
	$	$
Other income:		
– Gain on disposal of property, plant and equipment	5,598	14,187
– Government grants	29,171	70,006
– Rental income	32,811	124,484
– Others	259,241	204,941
	326,821	413,618
Staff costs:		
– Salaries, bonuses and other costs	20,286,650	20,760,282
– Contribution to defined contribution plans	2,077,645	2,049,967
	22,364,295	22,810,249
Audit fees:		
– auditors of the Company	188,000	165,500
– other member firms of the auditors of the Company	56,803	50,891
– other auditors	88,845	69,739
Non-audit fees:		
– auditors of the Company	15,600	13,800
– other member firms of the auditors of the Company	4,088	4,308
– other auditors	34,526	16,441
Depreciation of property, plant and equipment	6,162,677	6,496,591
Depreciation of investment property	3,446	13,075
Directors' remuneration:		
– directors of the Company	1,263,333	1,181,878
– other directors	606,711	528,676
Doubtful debts written off	–	3,891
Expenses relating to short term leases	6,830	6,496
Expenses related to leases of low value assets, excluding short term leases of low value assets	8,398	4,176
Inventories written off	165,655	214,437
Property, plant and equipment written off	23,286	9,045
Finance income:		
– Interest income	228,460	193,393
Finance expense:		
– Bank charges	92,326	89,284
– Foreign currency exchange losses, net	246,601	237,803
– Interest on lease liabilities	84,170	170,526
– Unwind of discount on restoration cost provision	19,491	18,450
	442,588	516,063

18 TAX EXPENSE

	Group	
	2025	2024
	$	$
Current tax expense		
Current year	4,047,340	3,752,208
Changes in estimates related to prior years	(79,679)	(98,100)
	3,967,661	3,654,108
Deferred tax expense (Note 12)		
Origination and reversal of temporary differences	(41,018)	(169,366)
Changes in estimates related to prior years	30,670	10,754
	(10,348)	(158,612)
Tax expense	3,957,313	3,495,496
Reconciliation of effective tax rate		
Profit before tax	16,352,781	11,533,612
Tax using the Singapore tax rate at 17%	2,779,973	1,960,714
Effect of tax rate in foreign jurisdictions	929,416	802,214
Effect of tax incentives granted	(10,533)	(40,353)
Non-deductible expenses	295,936	272,670
Non-taxable income	(28,491)	(22,877)
Current year losses for which no deferred tax asset is recognised	–	365,606
Changes in estimates related to prior years	(49,009)	(87,346)
Recognition of tax effect of previously unrecognised tax losses	(199,701)	–
Withholding tax paid in foreign jurisdictions	172,497	245,513
Others	67,225	(645)
Tax expense	3,957,313	3,495,496

Unrecognised deferred tax assets

During the year, Micro-Mechanics Inc. recorded a profit before tax of US$888,703 (equivalent to $1,174,710) [2024: loss before tax of US$1,595,903 (equivalent to $2,150,626)]. The tax losses brought forward are subject to agreement with the tax authorities and compliance with tax regulations in the jurisdiction in which the subsidiary operate. Cumulative deferred tax assets with respect to taxable losses of US$9,026,919 (equivalent to $11,506,614) [2024: US$9,915,622 (equivalent to $12,681,324)] have not been recognised because it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits.

Tax losses of US$7,200,468 (equivalent to $9,178,437) [2024: US$8,089,171 (equivalent to $10,353,146)] expire in 2032 to 2038 (2024: 2030 to 2038), and the remaining tax losses do not expire under current tax legislation.

19 EARNINGS PER SHARE

Basic and diluted earnings per share

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

	Group	
	2025	**2024**
	$	**$**
Profit attributable to ordinary shareholders		
Profit for the year, attributable to the owners of the Company	12,395,468	8,038,116
Weighted-average number of ordinary shares		
Number of shares outstanding during the year	139,031,881	139,031,881

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

20 RELATED PARTIES

Key management personnel compensation

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

Key management personnel compensation comprised:

	Group	
	2025	**2024**
	$	**$**
Short-term benefits of key management personnel	2,461,149	2,173,605
Defined contribution and defined benefit plans	63,158	67,982
	2,524,307	2,241,587

Transactions with key management personnel

The Group has an agreement with Sarcadia LLC, a shareholder of the Company and a company which is controlled by Christopher Reid Borch, a director of the Company, for the lease of a premise which is used as the office of Micro-Mechanics, Inc. The Group entered into an additional agreement with Sarcadia LLC in 2019 for the provision of electrical services. During the year, the Group made lease payments of $742,036 (2024: $756,499) and electrical services payments of $277,583 (2024: $282,994) to Sarcadia LLC. As at 30 June 2025, the amount of lease liability recognised for the lease of building is $1,473,335 (2024: $727,034). The balance is not secured and is payable under normal payment terms.

21 COMMITMENTS

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

	Group	
	2025	2024
	$	$
Capital commitments:		
– authorised but not contracted for	113,772	–

22 FINANCIAL RISK MANAGEMENT

Overview

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

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

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

Risk management framework

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

Credit risk

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

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

Trade receivables

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

22 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

Exposure to credit risk

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

	Group		Company	
	2025	2024	2025	2024
	$	$	$	$
Distributors	185,684	154,092	–	–
Direct customers	12,268,952	10,694,000	–	–
Subsidiaries	–	–	460,311	1,134,410
	12,454,636	10,848,092	460,311	1,134,410

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

	Group		Company	
	2025	2024	2025	2024
	$	$	$	$
Singapore	1,094,752	1,221,061	–	–
Europe	272,121	327,327	–	–
Japan	127,666	106,358	–	–
Malaysia	2,709,471	2,133,267	–	–
People's Republic of China	4,896,210	4,436,852	–	–
Philippines	460,040	337,032	460,311	1,134,410
Taiwan	705,728	663,040	–	–
Thailand	200,547	234,408	–	–
United States of America	1,926,480	1,337,124	–	–
Others	61,621	51,623	–	–
	12,454,636	10,848,092	460,311	1,134,410

Expected credit loss assessment for customers

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

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

22 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

Expected credit loss assessment for customers (continued)

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

	Group		Company	
	2025	2024	2025	2024
	$	$	$	$
Current	9,729,689	8,646,126	–	–
Past due 1 to 30 days	2,283,355	1,796,958	–	–
Past due 31 to 60 days	406,081	362,561	–	–
Past due more than 60 days	35,511	42,447	460,311	1,134,410
	12,454,636	10,848,092	460,311	1,134,410

Other financial assets at amortised cost

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

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

Cash and bank balances

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

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

Liquidity risk

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

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

The Group maintains the line of credit amounting to $1,000,000 (2024: $2,000,000) overdraft facility that is unsecured. Interest would be payable at 1.25% (2024: 1.25%) above the DBS Bank Prime rate. At the reporting date, the Group has no outstanding payable on the line of credit.

22 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk

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

	Carrying amount $	Contractual cash flows $	Within 1 year $
Group			
2025			
Forward exchange contracts	3,942		
– Gross payments		(2,854,892)	(2,854,892)
– Gross receipts		2,858,834	2,858,834
	3,942	3,942	3,942
Trade and other payables *	(2,440,200)	(2,440,200)	(2,440,200)
2024			
Forward exchange contracts	(20,437)		
– Gross payments		(2,849,574)	(2,849,574)
– Gross receipts		2,829,137	2,829,137
	(20,437)	(20,437)	(20,437)
Trade and other payables *	(2,822,081)	(2,822,081)	(2,822,081)
Company			
2025			
Trade and other payables	(527,525)	(527,525)	(527,525)
2024			
Trade and other payables	(524,644)	(524,644)	(524,644)

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

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

Market risk

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

Currency risk

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

22 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Currency risk (continued)

As at 30 June 2025, the Group had outstanding foreign exchange contracts with notional amounts of approximately $2,858,834 (2024: $2,829,137) to manage exposure to foreign currency fluctuation.

Exposure to currency risk

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

	USD $	JPY $	PHP $
Group			
2025			
Trade and other receivables	2,618,110	127,666	–
Cash and bank balances	668,068	13,149	–
Trade and other payables	(45,051)	(1,463)	–
Net exposure	3,241,127	139,352	–
2024			
Trade and other receivables	2,125,717	106,358	–
Cash and bank balances	742,417	12,757	–
Trade and other payables	(111,060)	(3,557)	–
Net exposure	2,757,074	115,558	–
Company			
2025			
Trade and other receivables	–	–	460,311
Cash and bank balances	76,990	–	–
Net exposure	76,990	–	460,311
2024			
Trade and other receivables	–	–	1,134,410
Cash and bank balances	82,389	–	–
Net exposure	82,389	–	1,134,410

22 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

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

	2025	**2024**
	$	**$**
Group		
USD	(324,113)	(275,707)
JPY	(13,935)	(11,556)
Company		
USD	(7,699)	(8,239)
PHP	(46,031)	(113,441)

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

Interest rate risk

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

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

Measurement of fair values

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

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

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

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

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

22 FINANCIAL RISK MANAGEMENT (continued)

Measurement of fair values (continued)

Accounting classifications and fair values

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

	Note	Group		Company	
		2025	2024	2025	2024
		$	$	$	$
Financial assets measured at amortised cost					
Trade and other receivables#	8	12,873,731	11,280,725	483,788	1,137,344
Cash and bank balances	9	23,283,594	16,567,727	9,354,448	6,026,177
		36,157,325	27,848,452	9,838,236	7,163,521
Financial assets measured at fair value					
Forward exchange contracts – asset	8	4,435	753	–	–
Financial liabilities measured at amortised cost					
Trade and other payables*	13	(2,440,200)	(2,822,081)	(527,525)	(524,644)
Financial liabilities measured at fair value					
Forward exchange contracts – liability	13	(493)	(21,190)	–	–

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

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

Valuation techniques

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

23 SEGMENT REPORTING

During the year, the Group revised the reportable segments in accordance with SFRS(I) 8: *Operating Segments*, following a change in internal reporting for decision making and performance analysis. The corresponding information for the prior period has been restated. The change in reportable segments of the Group has not resulted in any changes in the measurement of profit or loss for each reportable segment.

The Group has the following three (2024: five) reportable segments, which are the Group's strategic business units. The strategic business units are managed separately due to the requirement of different marketing strategies. For each of the strategic business units, the Group's Executive Directors review internal management reports regularly.

The following describes the operations in each of the Group's reportable segments:

- Consumable tools – focus on the design and manufacturing of miniature consumable tools used in the assembly and testing of semiconductors; and

- Wafer fabrication equipment ("WFE") parts – focus primarily on making parts for semiconductor wafer fabrication equipment.

- Corporate and others – pertaining to corporate functions and others.

In prior year, the reportable segments were identified by geographical location as follows:

- Singapore: Includes manufacturing and distributing of precision tools.

- Malaysia: Includes manufacturing and distributing of precision tools.

- The Philippines: Includes manufacturing and distributing of precision tools.

- United States of America: Includes manufacturing of precision components and modules for WFE parts and sale of precision tools.

- People's Republic of China: Includes manufacturing and distributing of precision tools.

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

23 SEGMENT REPORTING (continued)

Information about reportable segments

	Consumable tools $	WFE parts $	Corporate and others $	Total $
2025				
External revenue	50,425,069	14,785,606	–	65,210,675
Inter-segment revenue	2,239	734	(2,973)	–
Total revenue	50,427,308	14,786,340	(2,973)	65,210,675
Segment profit/(loss) before tax	16,364,728	1,130,991	(928,810)	16,566,909
Finance income	53,342	80,707	94,411	228,460
Finance expense	(373,217)	(36,987)	(32,384)	(442,588)
Tax expense	(3,659,466)	(1,506)	(296,341)	(3,957,313)
Profit/(Loss) for the year	12,385,387	1,173,205	(1,163,124)	12,395,468
Segment assets	38,936,026	12,511,445	9,397,484	60,844,955
Segment liabilities	8,349,382	2,389,346	893,036	11,631,764
Other segment information:				
Capital expenditure	1,172,269	50,440	–	1,222,709
Depreciation	4,218,306	1,947,817	–	6,166,123
Non-current assets	15,536,195	5,614,245	–	21,150,440
2024 (restated)				
External revenue	47,726,908	10,161,470	–	57,888,378
Inter-segment revenue	10,294	1,455	(11,749)	–
Total revenue	47,737,202	10,162,925	(11,749)	57,888,378
Segment profit/(loss) before tax	14,745,989	(2,154,121)	(735,586)	11,856,282
Finance income	67,861	100,510	25,022	193,393
Finance expense	(322,061)	(97,015)	(96,987)	(516,063)
Tax expense	(3,209,023)	(4,080)	(282,393)	(3,495,496)
Profit/(Loss) for the year	11,282,766	(2,154,706)	(1,089,944)	8,038,116
Segment assets	39,704,975	11,107,843	6,046,877	56,859,695
Segment liabilities	8,488,261	1,534,178	765,709	10,788,148
Other segment information:				
Capital expenditure	1,702,586	322,509	–	2,025,095
Depreciation	4,304,815	2,204,851	–	6,509,666
Non-current assets	18,401,818	6,373,302	–	24,775,120

23 SEGMENT REPORTING (continued)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on geographical location of the assets.

	Group	
	2025	**2024**
	$	**$**
Revenue		
Singapore	5,725,603	4,974,523
Malaysia	12,138,393	9,448,356
Philippines	3,196,138	3,202,591
People's Republic of China	20,400,917	20,104,966
Taiwan	3,949,062	3,474,354
United States of America	14,573,982	11,640,813
Others	5,226,580	5,042,775
	65,210,675	57,888,378
Non-current assets		
Singapore	7,783,625	9,518,125
Malaysia	3,718,544	3,996,332
Philippines	1,389,137	1,511,706
People's Republic of China	2,644,889	3,375,655
United States of America	5,614,245	6,373,302
	21,150,440	24,775,120

Major customers

Revenues from one customer of the Group's Wafer Fabrication Equipment Parts segments represents $6,293,896 (2024: $6,150,114) of the Group's total revenue.

SHAREHOLDERS' STATISTICS

As at 12 September 2025

SHARE CAPITAL

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

Based on the information available to the Company as at 12 September 2025, the percentage of shareholding held in the hands of the public is approximately 49.51% which is more than 10% of the issued ordinary shares of the Company. Therefore Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with. The Company did not have any treasury shares or subsidiary holdings (as defined in the Listing Manual) as at 12 September 2025.

SUBSTANTIAL SHAREHOLDERS AS AT 12 SEPTEMBER 2025

Name	Shareholdings beneficially held by the substantial shareholder		Other shareholdings in which the substantial shareholder is deemed to have an interest	
	No. of Shares	%	No. of Shares	%
1 Christopher Reid Borch	18,485,169*	13.30%	41,900,000**	30.14%
2 Sarcadia LLC	41,800,000*	30.07%	–	–
3 Andrea W. Borch***	–	–	41,800,000	30.07%
4 Kyle Christopher Borch***	3,925,000*	2.82%	41,800,000	30.07%
5 Tyler Campbell Borch***	1,675,000*	1.20%	41,800,000	30.07%
6 Cameron Louis Borch***	1,675,000*	1.20%	41,800,000	30.07%
7 Allison Ruth Borch***	1,675,000*	1.20%	41,800,000	30.07%

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

*** Deemed to be interested in 41,800,000 shares held by Sarcadia LLC and 100,000 shares held by his children (under joint tenant account).*

**** Deemed to be interested in 41,800,000 shares held by Sarcadia LLC under its nominee account.*

ANALYSIS OF SHAREHOLDERS BY RANGE AS AT 12 SEPTEMBER 2025

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued share capital
1 – 99	18	0.85	547	0.00
100 – 1,000	586	27.58	401,767	0.29
1,001 – 10,000	1,137	53.50	4,954,205	3.56
10,001 – 1,000,000	369	17.36	23,159,547	16.66
1,000,001 and above	15	0.71	110,515,815	79.49
Total	**2,125**	**100.00**	**139,031,881**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 12 SEPTEMBER 2025

	Name	No. of Shares	% of Issued share capital
1	Citibank Nominees Singapore Pte Ltd	79,167,280	56.94
2	Low Ming Wah	6,270,701	4.51
3	DBS Nominees Pte Ltd	6,183,150	4.45
4	Lam Yen Yong	3,404,000	2.45
5	Chew Kwai Yoke	2,740,500	1.97
6	Tan Eng Yam Holdings Pte Ltd	1,602,700	1.15
7	Tan Boon Khak Holdings Pte Ltd	1,541,100	1.11
8	Raffles Nominees (Pte) Limited	1,375,016	0.99
9	Tan Leng Oei	1,360,700	0.98
10	Tan Seck Wei	1,320,700	0.95
11	Maybank Securities Pte Ltd	1,230,869	0.89
12	HSBC (Singapore) Nominees Pte Ltd	1,193,000	0.86
13	Yeap Lam Yang	1,089,000	0.78
14	IFAST Financial Pte Ltd	1,032,050	0.74
15	OCBC Securities Private Ltd	1,005,049	0.72
16	Lim Yong Wah	967,300	0.70
17	BPSS Nominees Singapore (Pte) Ltd	914,999	0.66
18	United Overseas Bank Nominees Pte Ltd	766,800	0.55
19	Yeo Seng Chong	700,000	0.50
20	Phillip Securities Pte Ltd	685,640	0.49
Total		**114,550,554**	**82.39**

NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Ninth Annual General Meeting (the "**AGM**" or the "**Meeting**") of the Company will be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Thursday, 30 October 2025 at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2025 together with the Directors' Statement and the Auditors' Report thereon. **[Resolution 1]**

2. To approve a tax exempt (one-tier) final dividend of three cents per ordinary share for the financial year ended 30 June 2025. **[Resolution 2]**

3. To approve the payment of Directors' fees of S$393,000 for the financial year ended 30 June 2025. (2024: S$430,000) **[Resolution 3]**

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

5. To re-elect Mr Kyle Christopher Borch, a Director retiring pursuant to Regulation 97 of the Company's Constitution. **[Resolution 5]**
   (See Explanatory Note 1)

6. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 6]**

7. To transact any other business that may be transacted at an AGM.

SPECIAL BUSINESS

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

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

   That pursuant to Section 161 of the Companies Act 1967 ("**Act**"), the Constitution and the SGX-ST Listing Manual, authority be and is hereby given to the Directors of the Company to: **[Resolution 7]**

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

   (ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares issued other than on a pro-rata basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:–

(a) new Shares arising from the conversion or exercise of convertible securities or from the exercise of share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and

(b) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 2)

By Order of the Board

Tan Wei Lee
Nor Hafiza Alwi
Company Secretaries
30 September 2025
Singapore

Explanatory Notes:

1. Ordinary Resolution 4 – Mr Christopher Reid Borch ("**Mr Chris Borch**"), an Executive Director and Chairman of the Board of the Company is the father to Mr Kyle Christopher Borch ("**Mr Kyle Borch**"), the Executive Director and Chief Executive Officer ("**CEO**") of the Company. Upon re-election as a Director of the Company, Mr Chris Borch will remain as the Executive Director and Chairman of the Board. Save as disclosed, Mr Chris Borch does not have any relationship including immediate family relationships with the other Directors, the Company and substantial shareholders.

   Ordinary Resolution 5 – Mr Kyle Borch, an Executive Director and CEO of the Company is the son to Mr Chris Borch, Executive Director and Chairman of the Board of the Company. Upon re-election as a Director of the Company, Mr Kyle Borch will remain as the Executive Director and CEO of the Company. Save as disclosed, Mr Kyle Borch does not have any relationship including immediate family relationships with the other Directors, the Company and substantial shareholders.

   Further information on the abovementioned directors can be found under the sections titled "Board of Directors", "Corporate Information", "Corporate Governance" and "Additional Information for Directors Seeking Re-election" in the Company's Annual Report 2025.

2. Ordinary Resolution 7 – If passed, will empower the Directors from the date of this AGM until the date of the next AGM to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments up to an aggregate number not exceeding 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings, if any, in the capital of the Company, with a sub-limit of 10% for issues other than on a pro-rata basis.

Notes:

1. A printed copy of this notice of AGM (the "**Notice**") will be sent to the shareholders. Printed copy of the Company's annual report ("**AR**") will not be sent to shareholders, instead, it will be made available to shareholders by electronic means via publication on the Company's website at the URL https://micro-mechanics.listedcompany.com/ and made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements. Shareholders have the right to elect whether to receive the AR in physical copy by completing the Request Form sent together with the Notice. Please refer to and read the instructions set out in the Request Form carefully.

2. A proxy need not be a member of the Company.

3. The instrument appointing proxy(ies) must be submitted to the Company in the following manner:

   (a) if submitted via email, be received by the Company's Share Registrar, B.A.C.S. Private at main@zicoholdings.com; or

   (b) if submitted personally or by post, be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896

   in either case, by **2.00 p.m.** on **27 October 2025** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   Shareholders are strongly encouraged to submit Proxy Forms electronically via email.

4. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specify in the instrument.

   (c) CPF and SRS investors:

      (i) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

      (ii) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM that is by **2.00 p.m.** on **21 October 2025**, in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit the Proxy Forms to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

5. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depository to be entitled to attend and vote at the AGM.

7. The appointment of a proxy(ies) shall not preclude a shareholder from attending, speaking and voting in person at the AGM. If a shareholder attends the AGM in person, the appointment of a proxy(ies) shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy(ies) to the AGM.

IMPORTANT INFORMATION

8. Attendance

   The AGM is being convened and will be held physically ("**Physical Meeting**").

9. Voting

   Voting on the resolutions tabled at the AGM will be by poll in accordance with the Constitution of the Company.

10. Submission of Questions in Advance

   Shareholders may submit their questions related to the resolutions of the AGM by:

   (a) email to investor@micro-mechanics.com; or
   (b) post to the registered office at 31 Kaki Bukit Place, Eunos Techpark, Singapore 416209.

   When submitting questions by post or via email, shareholders should also provide the following details: (i) the shareholder's full name; (ii) the shareholder's email address; and (iii) the manner in which the shareholder holds shares in the Company (e.g., via CDP, CPF or SRS) for verification purposes.

   All questions must be submitted by **2.00 p.m.** on **8 October 2025** ("**Cut-Off Time**").

   The Company will endeavor to address all substantial and relevant questions received from shareholders by the Cut-Off Time and publish its response on SGXNET and the Company's website not later than 25 October 2025. Where substantial and relevant questions are unable to be answered prior to the AGM, the Company will address them at the AGM.

   Verified shareholders and proxy(ies) attending the Physical Meeting will be able to ask questions in person at the AGM venue.

   The Company will publish the minutes of the AGM on SGXNET and the Company's website within one month after the date of the AGM, and the minutes will include the responses to the questions referred to above.

NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or submitting any question prior to the AGM in accordance with the Notice of AGM dated 30 September 2025, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes: (i) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof); (ii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; (iii) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF RECORD DATE FOR DIVIDEND PAYMENT

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

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 77 Robinson Road, #06-03, Robinson 77, Singapore 068896 up to 5.00 p.m. on 7 November 2025 will be registered to determine shareholders' entitlements to the said dividend.

Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 7 November 2025 will be entitled to the proposed dividend.

The proposed dividend, if approved by the shareholders at the AGM of the Company to be held on 30 October 2025, will be paid on 18 November 2025.

MICRO-MECHANICS (HOLDINGS) LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 199604632W)

PROXY FORM

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act 1967 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in Micro-Mechanics (Holdings) Ltd., this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 2.00 p.m. on 21 October 2025.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of Annual General Meeting dated 30 September 2025.

I/We ______________________________ NRIC/Passport/Co. Registration No. ______________

of ____ (Address)

being a member/members of **MICRO-MECHANICS (HOLDINGS) LTD.** hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her/them, the Chairman of the Meeting, as *my/our proxy(ies) to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**" or the "**Meeting**") of the Company to be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on **Thursday, 30 October 2025** at **2.00 p.m.** and at any adjournment thereof. Where a member appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

*I/We direct *my/our proxy(ies) to vote for or against, or to abstain from voting on, the Resolutions to be proposed at the AGM as indicated hereunder.

No.	Ordinary Resolutions	For	Against	Abstain
1.	Adoption of the Audited Financial Statements for the financial year ended 30 June 2025 together with the Directors' Statement and the Auditors' Report thereon.			
2.	Approval of tax exempt (one-tier) final dividend of three cents per ordinary share for the financial year ended 30 June 2025.			
3.	Approval of Directors' fees of S$393,000 for the financial year ended 30 June 2025.			
4.	Re-election of Mr Christopher Reid Borch as a Director of the Company.			
5.	Re-election of Mr Kyle Christopher Borch as a Director of the Company.			
6.	Re-appointment of KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
7.	Authority to allot and issue shares in the capital of the Company.			

Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolution(s), please mark an "X" in the relevant box provided. Alternatively, please indicate the number of votes "For", "Against" or "Abstain" for each Resolution in the boxes provided.

Dated this ______ day of ______________ 2025

Total no. of Shares in	No. of Shares
(a) Depository Register	
(b) Register of Members	

____

Signature(s) of Member(s)/
Common Seal of Corporate Member(s)

* Delete where applicable

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF

NOTES FOR PROXY FORM

1. A member should insert the total number of shares held by him. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specify in the instrument.

   (c) CPF or SRS investors:

      (i) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

      (ii) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM that is by 2.00 p.m. on 21 October 2025, in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit the Proxy Forms to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

3. A proxy need not be a member of the Company.

4. The instrument appointing proxy(ies) must be submitted to the Company in the following manner:

   - if submitted via email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com; or

   - if submitted personally or by post, be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896,

   in either case, by **2.00 p.m.** on **27 October 2025** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

5. The instrument appointing a proxy shall be signed by the appointor or his attorney. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid. In the case of a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

6. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the meeting.

7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy if the member, being the appointor, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the AGM, as certified by The Central Depository (Pte) Limited to the Company.

8. The appointment of a proxy(ies) shall not preclude a member from attending, speaking and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy(ies) shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy(ies) to the AGM.

Personal data privacy

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 September 2025.

CORPORATE DIRECTORY

SUBSIDIARIES

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