

CIRCULAR DATED 24 DECEMBER 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY AND CONSIDER IT IN ITS ENTIRETY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Metech International Limited (the “**Company**”) held through The Central Depository (Pte) Limited (the “**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting (“**EGM**”) and the attached proxy form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the share capital of the Company represented by physical share certificate(s), please forward this Circular and the attached notice of EGM and proxy form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been prepared with assistance and legal advice from WongPartnership LLP, and has been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this Circular, including the correctness of any statements or opinions made or reports contained in this Circular.

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METECH INTERNATIONAL LIMITED

(Company Registration No. 199206445M)

(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (I) THE PROPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE GROUP TO INCLUDE MANUFACTURING AND DISTRIBUTION OF LAB-GROWN DIAMONDS (ALSO KNOWN AS SUPER-HARD MATERIAL) AND SUCH OTHER RELATED ACTIVITIES THAT ARE NECESSARY, RELATED OR INCIDENTAL THERETO; AND**
- (II) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE OF THE COMPANY.**

Important Dates and Times:

Last date and time for lodgement of Proxy Form	:	8 January 2022 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	11 January 2022 at 10.30 a.m.
Place of Extraordinary General Meeting	:	Meeting to be held by way of electronic means

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless otherwise stated or the context otherwise requires:

- “AAA”** : The asset acquisition agreement between XDC and JV Company dated 19 October 2021
- “ACRA”** : The Accounting & Corporate Regulatory Authority of Singapore
- “Aggregated Transactions”** : Has the meaning as ascribed to it in Section 4 of this Circular
- “AGM”** : The annual general meeting of the Company
- “AGT”** : Asian Green Tech Pte. Ltd.
- “Approval Date”** : Has the meaning as ascribed to it in Section 8.1 of this Circular
- “Apzenith”** : Apzenith Capital Pte. Ltd.
- “Associate”** : (a) In relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) In relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Average Closing Price”** : Has the meaning ascribed to it in Section 8.4 of this Circular
- “Blufu Water”** : Has the meaning ascribed to it in Section 2.1 of this Circular
- “Board”** : The board of Directors as at the date of this Circular
- “Catalist Rules”** : The Catalist rules of the SGX-ST
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to the Shareholders dated 24 December 2021

<u>“Companies Act”</u>	: The Companies Act (Chapter 50 of Singapore), as may be amended or modified from time to time
<u>“Company”</u>	: Metech International Limited
<u>“Constitution”</u>	: The Memorandum of Association of the Company and/or the Articles of Association of the Company
<u>“Controlling Shareholder”</u>	: Shall have the meaning ascribed to it in the Catalist Rules
<u>“date of the making of the offer”</u>	: Has the meaning as ascribed to it in Section 8.4 of this Circular
<u>“Directors”</u>	: The directors of the Company as at the date of this Circular, and each a <u>“Director”</u>
<u>“EGM”</u>	: The extraordinary general meeting of the Company, notice of which is set out on page 37 of this Circular
<u>“Equipment”</u>	: Has the meaning as ascribed to it in Section 2.2 of this Circular
<u>“First Major Transaction”</u>	: Has the meaning as ascribed to it in Section 4 of this Circular
<u>“FY2021”</u>	: Has the meaning as ascribed to it in Section 12 of this Circular
<u>“Group”</u>	: The Company and its subsidiaries
<u>“IGI”</u>	: International Gemological Institute
<u>“Initial Funding”</u>	: Has the meaning as ascribed to it in Section 6.3 of this Circular
<u>“JV”</u>	: The joint venture between AGT and XDC
<u>“JVA”</u>	: The joint venture agreement entered into between AGT and XDC on 24 September 2021
<u>“JV Board”</u>	: The board of directors of the JV Company
<u>“JV Company”</u>	: Asian Eco Technology Pte. Ltd., the joint venture company incorporated by AGT and XDC pursuant to the JVA
<u>“JV Shareholder”</u>	: A shareholder of the JV Company
<u>“Latest Practicable Date”</u>	: 24 December 2021, being the latest practicable date prior to the printing of this Circular
<u>“Market Day(s)”</u>	: A day or days on which the SGX-ST is open for securities trading
<u>“Market Purchase”</u>	: Has the meaning as ascribed to it in Section 8.3(a) of this Circular

<u>“Maximum Purchase Shares”</u>	: Has the meaning as ascribed to it in Section 12.2 of this Circular
<u>“MOU”</u>	: Memorandum of understanding
<u>“Notice of EGM”</u>	: The notice of the EGM which is set out on page 37 of this Circular
<u>“Off-Market Purchase”</u>	: Has the meaning as ascribed to it in Section 8.3(b) of this Circular
<u>“Ordinary Resolutions”</u>	The ordinary resolutions as set out in the Notice of EGM
<u>“Parties”</u>	: AGT and XDC collectively
<u>“PRC”</u>	: The People’s Republic of China
<u>“Proposed Diversification”</u>	: The diversification of the Group’s core business to include the Proposed New Business
<u>“Proposed New Business”</u>	: Manufacturing and distribution of lab-grown diamonds and such other related activities that are necessary, related or incidental thereto
<u>“Proposed Share Buyback Mandate”</u>	: The proposed adoption of the Share Buyback Mandate by way of ordinary resolution
<u>“Relevant Period”</u>	: The period commencing from the date on which the resolution in relation to the Proposed Share Purchase Mandate is passed at the EGM and expiring on the conclusion of the next AGM or on the date by which such AGM is required to be held, whichever is the earlier, after the date the resolution relating to the Proposed Share Buyback Mandate is passed
<u>“ROE”</u>	: Return on equity
<u>“Securities Account”</u>	: A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent
<u>“SFA”</u>	Securities and Futures Act (Chapter 289, Rev Ed 2006)
<u>“SGX-ST”</u>	: Singapore Exchange Securities Trading Limited
<u>“Share Buyback”</u>	: The purchase of Shares by the Company pursuant to the terms of the Proposed Share Buyback Mandate
<u>“Shareholders”</u>	: The registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term <u>“Shareholders”</u> shall, where the context admits, mean the persons named as depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited

<u>“Shares”</u>	: The ordinary shares in the share capital of the Company
<u>“Share Buyback Mandate”</u>	: The general mandate given by Shareholders to authorize the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
<u>“SIC”</u>	: Securities Industry Council
<u>“Substantial Shareholders”</u>	: Persons who hold directly or indirectly 5% or more of the issued Shares excluding treasury shares in the Company
<u>“Take-over Code”</u>	: The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
<u>“Treasury Shares”</u>	: Shares that were or are treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled
<u>“Valuation”</u>	: Has the meaning ascribed to it in Section 6.4(a) of this Circular
<u>“XDC”</u>	: X Diamond Capital Pte. Ltd.
<u>Currencies, Units and Others</u>	
<u>“US\$”</u>	: United States dollar, being the lawful currency of the United States of America
<u>“%” or “percent”</u>	: Per centum or percentage

The terms “**depositor**”, “**depository agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act (Chapter 289 of Singapore).

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any word or term used in this Circular which is defined under the Companies Act, the Catalist Rules or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

METECH INTERNATIONAL LIMITED

(Company Registration No. 199206445M)

(Incorporated in the Republic of Singapore)

Directors

Mr. Chay Yiowmin	(Independent Non-Executive Chairman)
Ms. Samantha Hua Lei	(Executive Director and Deputy Chief Executive Officer)
Mr. Ricky Sim Eng Huat	(Independent Director)
Mr. Chng Hee Kok	(Independent Director)
Mr. Tan Siji Macarthur	(Non-Independent Non-Executive Director)

Registered Office

100G Pasir Panjang Road
#04-07 Interlocal Centre
Singapore 118523

Date: 24 December 2021

To: The Shareholders of the Company

Dear Sir/Madam,

1. INTRODUCTION

- 1.1 The Board is convening an extraordinary general meeting to be held via electronic means on 11 January 2022 at 10.30 a.m. ("**EGM**") to seek the approval of Shareholders for:
- (a) the Proposed Diversification; and
 - (b) the Proposed Share Buyback Mandate.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to, and seek Shareholders' approval for, the Proposed Diversification, and the Proposed Share Buyback Mandate at the EGM.
- 1.3 The Circular has been prepared solely for the purposes set out herein and may not be relied upon by any person (other than the Shareholders to whom this Circular is dispatched by the Company) or for any other purpose.

2. EXISTING CORE BUSINESS AND THE PROPOSED DIVERSIFICATION

2.1. Core Business

The Company was incorporated in 1992 and was listed on the Catalist Board of the SGX-ST in 2015. Prior to 2019, the Group was offering customized and flexible electronic waste (e-waste) management solutions that help customers fulfil their environmental responsibilities in the Singapore, United States of American and Malaysia. In or around April 2019, the said electronic waste business was disposed of and the Group exited from the entire electronic waste business pursuant to the Shareholders' approval given at the EGM on 12 April 2019.

At present, the Group continues to utilize its extensive industry knowledge and business networks in its supply-chain management business by capitalising on the Group's reputation and experience in the recycling industry, where the Group provides general wholesale trading

of metal products as well as management and advisory of recycling and supply chain services.

The Group has established a joint venture with Jurong Barrels & Drums Industries Pte Ltd to explore the provision of environmental services globally, with a focus on water treatment in the PRC. Currently, the joint venture is pursuing various oil-water separation projects in the PRC using a Singapore-based innovation.

The Group also has a 60% equity interest in Blufu Water (Xinmin) Co., Ltd. ("**Blufu Water**"), which is principally involved in management of wastewater treatment plants owned by the PRC government. The projects undertaken by Blufu Water are sewage treatment, water pollution control, resource recycling service technology, environmental protection consultancy and technological developments, among others.

2.2. Background to the Proposed Diversification

On 24 September 2021, the Company announced that Asian Green Tech Pte. Ltd ("**AGT**"), a wholly-owned subsidiary of the Company, has on 24 September 2021 entered into a joint venture agreement ("**JVA**") with X Diamond Capital Pte. Ltd. ("**XDC**") to establish a joint venture, in line with the Group's strategy to expand into the environmental and sustainability business. Pursuant to the JVA, AGT and XDC incorporated the JV Company on 27 September 2021, and AGT subscribed for 255,000 ordinary shares in the paid-up and issued share capital of the JV Company, for a consideration of S\$255,000 thus acquiring 51% of the JV Company with the intention of first commencing the business on a small-scale basis in order to evaluate the feasibility and potential growth of the Proposed New Business further and in detail. The JV Company is principally engaged in the business of manufacturing and distribution of lab-grown diamonds, and such other activities that are necessary or incidental thereto.

A lab-grown diamond (also known as super-hard material) is a diamond that is chemically, physically and optically identical to a mined diamond. Lab-grown diamonds are considered as a sustainable source, cheaper alternative and perfect substitute of mined diamonds. While diamonds are more widely known to be used in jewellery, diamonds are also commonly used for industrial applications in, amongst others, medical equipment, aerospace, semiconductors as they are extremely effective at polishing, cutting and drilling.

Due to its inherent properties, diamond is considered to be the most optimal semiconductor, outmatching the capabilities of silicon. Diamond-based semiconductors use less energy while delivering better performance of and improving thermal performance within a device. They are also more environmentally friendly than silicon.

Further, diamonds have been shown to have superior carrier mobility and breakdown electric field and thermal conductivity, which is one of the most important properties to power electronic devices. Diamond can also be used in several medical applications due to its unique mechanical and bio-compatible properties.

The JV Company will be manufacturing and supplying lab-grown diamonds / super-hard materials for, and exploring and pursuing opportunities related to, the aforementioned uses and purposes of lab-grown diamonds / super-hard materials.

In preparation for the commencement of the Proposed New Business, the Group has entered into an asset acquisition agreement dated 19 October 2021 with XDC (the "**AAA**") to acquire five (5) sets of MPCVD machines (the "**Equipment**") that are required for the JV Company to carry out its business at a consideration of RMB 22 million.

The Equipment was customised by XDC and sold to the Group together with the relevant trade secrets for the operation of the Equipment to produce the lab-grown diamonds / super-hard

materials of which the quality is satisfactory to and approved by the Expertise Team. The sale consideration for the Equipment was arrived at and agreed between the parties after taking into account the selling price of a standard equipment for producing lab-grown diamonds, the customisation made by XDC to such equipment and the relevant trade secrets for the operation and manufacturing process.

Following the incorporation of the JV Company and the commencement of its business, the joint venture partners have started preparing for the Proposed New Business. In particular, between 8 October 2021 and 9 December 2021, the Group:

- (a) entered into non-binding memorandums of understanding (“**MOU**”) / collaboration agreement with various entities in different jurisdictions (i.e. China, India, Korea, Europe) to distribute and/or supply lab-grown diamonds produced by the JV Company;
- (b) entered into non-binding strategic collaboration with various entities in different jurisdictions (i.e. China and Europe) to develop, promote and/or manufacture, among other things, industrial applications for surgical tools, semiconductors, cables and wires with super-hard materials;
- (c) entered into a lease agreement for an industrial property in Singapore for lab-grown diamond production on small-scale basis;
- (d) procured International Gemological Institute (“**IGI**”) to certify lab-grown diamonds produced by the JV Company.

After exploring deeper into and having done more research on the lab-grown diamonds industry and market, the management of the Group has since evaluated the feasibility of the Group’s expansion into the business of manufacturing and distribution of lab-grown diamonds and sees strong growth potential in and great feasibility of the Proposed New Business. The management therefore proposes to diversify the Group’s core business to include the Proposed New Business and further invest in and develop the Proposed New Business.

2.3. Details of the Proposed Diversification

Upon the approval of Shareholders for the Proposed Diversification being obtained at the EGM, the Group intends to diversify its core business to include the Proposed New Business, which includes, among others, the following activities, as and when appropriate opportunities arise:

- (a) expansion into the business of manufacturing and distributing lab-grown diamonds / super-hard materials;
- (b) acquiring equipment and manufacturing facilities for the purpose of carrying out the business of manufacturing and distributing lab-grown diamonds / super-hard materials; and
- (c) carrying out research and development in connection with the Proposed New Business.

The Company also proposes, as part of the Proposed New Business, to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares or interests in any entity that engages in the Proposed New Business in order to diversify the products and services offered.

Notwithstanding that the Proposed New Business shall be primarily conducted in Singapore, the Group does not plan to restrict the Proposed New Business to any specific geographical market as each investment will be evaluated and assessed by the Board on its merits. The

Group may also explore other joint ventures, partnerships, cooperation and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Proposed New Business as and when the opportunity arises.

The decision on whether an investment should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of the respective business, amount of investment required and risks associated with such an investment, nature of expertise required and economic conditions, taking into account the opportunities available.

Any business activities as aforesaid (including those listed in (a) to (c) above) shall upon approval of the Proposed Diversification by the Shareholders at the EGM, constitute part of the ordinary course of business of the Group (where it does not change the risk profile of the Group), and the Company will make the requisite announcements to update Shareholders in accordance with the requirements of the Catalist Rules.

2.4. Operation and Management for the Proposed New Business

2.4.1. Board of Directors of the JV Company

As set out in the JV Announcement, while AGT will operate and manage the JV Company, XDC will provide technical support to the JV Company. Accordingly, the board of directors of the JV Company (the “**JV Board**”) will comprise up to five (5) directors (excluding alternate directors), with AGT having the right to appoint three (3) directors and XDC shall have the right to appoint two (2) directors.

The JV Board currently comprises the following members:

- (a) Ling Ee Dee;
- (b) Samantha Hua Lei;
- (c) Yang Hanyu; and
- (d) Deng Yiming.

2.4.2. Key Management Personnel / Management Team of the JV Company

The JV Company will be led by an experienced management team, comprising six (6) industry experts, including a professor, two (2) doctors, an academic leader and two (2) researchers (the “**Expertise Team**”), which has been researching on and manufacturing lab-grown diamonds for more than five (5) years with XDC. The Expertise Team will be working alongside many other entrepreneurial executives as well as technical experts.

The aforementioned key personnel in the Expertise Team will be entering into services agreements with the JV Company for a minimum term of three (3) years with restraint of trade restrictions for a period of five (5) years from the date of termination of such services agreements.

Although the Proposed New Business is different from the existing business of the Group, the Board recognises that the relevant experience and expertise required can be acquired and developed internally or externally, by way of the JV and other such joint ventures or partnerships, by the Group over time.

The JV Board will continue to evaluate the manpower and expertise required for the Proposed New Business and the JV Board and the Group will consider hiring additional staff or in-house or external consultants and professional advisers as and when required in connection with the Proposed New Business. The JV Board may also outsource certain functions where appropriate and in doing so, the JV Board will take into account the specific expertise and competencies necessary for the Proposed New Business.

2.5. Funding for the Proposed New Business

The Group intends to fund the Proposed New Business by issuing shares in the Company through a private placement, internal resources, bank borrowings and debt / bond issues. The Directors will determine the optimal mix of such funding and bank borrowings, taking into account the cash flow of the Group and the prevailing bank financing costs.

Any issuance of Shares will be made pursuant to the general mandate (if any) granted by Shareholders at annual general meetings. In the event that the limits under such general mandate would be exceeded, Shareholders' approval would be separately sought prior to the issuance of the Shares.

2.6. Future Plans

In respect of the Group's existing business, the Group remains committed to them so long as its continuity is in the best interest of the Group. The Group will continue to evaluate and grow its existing businesses as well as explore and venture into new business opportunities whenever they arise.

In respect of the Proposed New Business, the Group has plans to:

- (a) carry out lab-grown diamond / super-hard material production capacity by leveraging on the JV Company's in-house technological know-how, equipment and capabilities and business networks;
- (b) expand its value propositions within the global lab-grown diamond value-chain that encompasses both Business-to-Business model and Business-to-Consumer operating model; and
- (c) diversify its products and services and expand its technological capabilities through investments, mergers, joint ventures and/or strategic collaborations.

2.7. Internal Controls and Risk Management of the Proposed New Business

To address the risks presented by the Proposed Diversification, the members of the Audit Committee, with the assistance of the internal auditors and external auditors, will be tasked with the responsibility of overseeing the risk management activities of the Company in relation to the Proposed New Business following the Proposed Diversification. The Audit Committee will be required to approve appropriate risk management procedures and measurement methodologies and be involved in identifying and managing the various business risks for the Proposed New Business.

The Board will endeavor to ensure that the risk management systems implemented are commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the Proposed New Business, and will review such risk management systems periodically to assess adequacy.

2.8. Conflict of Interest

All directors and key management personnel are required to undergo an annual conflict of interest declaration exercise so as to identify any potential material risks of insider trading or inappropriate relations that may contravene the Group's code of conduct. Any director or key management personnel found to have conflicting interests would be immediately evaluated and excluded from critical processes that may significantly impact the Company's results or corporate sustainability.

3. **RATIONALE FOR THE PROPOSED DIVERSIFICATION**

The reasons for adding the Proposed New Business to the Group's core business are further elaborated below:

3.1. Expansion of the Group's Environmental and Sustainability Business

As mentioned at Section 2.2 of this Circular, a lab-grown diamond is a diamond that is chemically, physically and optically identical to a mined diamond. Lab-grown diamonds are considered as a sustainable source, cheaper alternative and perfect substitute of mined diamonds. While diamonds are more widely known to be used in jewellery, diamonds / super-hard materials are also commonly used for industrial applications in, amongst others, medical equipment, aerospace, semiconductors as they are extremely effective at polishing, cutting and drilling.

Furthermore, lab-grown diamonds / super-hard materials have the edge over mined diamonds with regards to their purity and hardness, with lab-grown diamonds / super-hard materials found to be ten times more durable than natural diamonds. The US Department of Energy reports that diamond-based components reduce energy losses by up to 90%¹.

Lab-grown diamond production has ballooned in recent years, with 6-7 million carats produced in 2020 alone. Many of the household jewellery brands such as Pandora, Swarovski², Chow Tai Fook³ have tapped into the lab-grown diamond market.

¹ This information is extracted from the article entitled "The sparkling rise of the lab grown diamond" published by the BBC dated 10 February 2020, accessible at <https://www.bbc.com/future/article/20200207-the-sparkling-rise-of-the-lab-grown-diamond>. The BBC has not consented to the inclusion of the above information in this Circular and is therefore not liable for the relevant information. While our Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

² This information is extracted from the article entitled "Swarovski Consolidates Its Lab-Grown Brands" published by Rapport Diamonds.net dated 16 July 2018, accessible at <https://www.diamonds.net/News/NewsItem.aspx?ArticleID=62549&ArticleTitle=Swarovski+Consolidates+Its+Lab-Grown+Brands>. Rapport Diamonds.net has not consented to the inclusion of the above information in this Circular and is therefore not liable for the relevant information. While our Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

³ This information is extracted from the article entitled "Chow Tai Fook Tests Lab-Grown Brand" published by Rapport Diamonds.net dated 19 October 2021, accessible at <https://www.diamonds.net/News/NewsItem.aspx?ArticleID=67913&ArticleTitle=Chow%2bTai%2bFook%2bTests%2bLab-Grown%2bBrand>. Rapport Diamonds.net has not consented to the inclusion of the above information in this Circular and is therefore not liable for the relevant information. While our Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

While the lab-grown diamond market is still a tiny industry as compared to diamond mining (which peaked at 152 million carats in 2017 and currently stands around 111 million carats)⁴, according to Statista, the market size of lab-grown diamonds is forecasted to increase its value to approximately US\$29.2 billion by 2025 and grow to nearly 19.2 million carats by 2030.⁵ The lab-grown segment is developing rapidly due to technological advancements, generational shift in consumer preferences and rising acceptance across the value chain.

The Group's entry into the JVA for the Proposed New Business is in line with the Group's strategy to expand into the environmental and sustainability business. As lab-grown diamonds / super-hard materials are created with better technology and lower production costs, this is a sustainable solution to the declining supply of mined diamonds.

There are also opportunities to integrate renewable energy in such manufacturing activities, hence it is aligned with the Group's environmental and sustainability business model.

3.2. New Growth Drivers for the Group

The world, including the millennial generation, has become more conscious and concerned about the environmental, sustainability and ethical impact of mined diamonds. As such, there are strong market prospects in lab-grown diamonds as it is a more sustainable way of producing diamonds.

The Group's involvement in the Proposed New Business will allow it to create its own quality diamonds in Singapore and establish new channels to make it accessible to a wider consumer base.

The inclusion of the Proposed New Business can provide the Group with a more diversified business and income base for future growth. The Proposed New Business has the potential to provide additional sources of stable income for the Group in the future. As such, the Board considers it commercially prudent and appropriate for the Group to include the Proposed New Business as part of its core business, with a view to sustaining and enhancing Shareholders' value and returns.

At present, the JV Company has entered into various MOUs and collaborative agreements with entities in different jurisdictions:

- (a) MOU to supply India-based Lucinu Jewellery Ltd. with lab-grown diamonds;
- (b) MOU to supply India-based Maitri Diamond with lab-grown diamonds;
- (c) Collaboration agreement to supply KDT DIAMOND Co., Ltd, one of the largest diamond distribution and manufacturing companies in Korea, with lab-grown diamonds and explore joint venture arrangement to develop the lab-grown diamonds business in Korea;

⁴ This information is extracted from the article entitled "Lab-Grown Diamond Production to Commence in Singapore" published by Business Today dated 23 October 2021, accessible at <https://www.businesstoday.com.my/2021/10/23/lab-grown-diamond-production-to-commence-in-singapore/>. Business Today has not consented to the inclusion of the above information in this Circular and is therefore not liable for the relevant information. While our Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

⁵ This information is extracted from the article entitled "Lab-grown diamond industry - statistics & facts" published by Statista dated 24 March 2021, accessible at <https://www.statista.com/topics/7108/lab-grown-diamond-industry/#dossierKeyfigures>. Statista has not consented to the inclusion of the above information in this Circular and is therefore not liable for the relevant information. While our Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (d) Collaboration agreement to supply Swiss-based Selene Jewelry with lab-grown diamonds and Selene Jewelry will be appointed as the JV Company's main distributor of its lab-grown diamonds in Europe;
- (e) Collaboration agreement with China-based medical equipment manufacturer, Shenzhen Rui Ji Healthcare, to develop and manufacture surgical tools with lab-grown diamonds / super-hard materials;
- (f) Collaboration agreement with China-based high-tech enterprise, Xi'An Demengte Semiconductor Technology Co., Ltd, to develop industrial applications for semiconductors with lab-grown diamonds / super-hard materials;
- (g) Collaboration agreement with one of China's largest scientific instrument distributors, Hua Pu Technology, to develop industrial applications for semiconductors with lab-grown diamonds;
- (h) Strategic collaboration agreement with National Testing Centre for gold and silver jewellery (Tianjin) ("**NTGS**") for NTGS to certify lab-grown diamonds produced by the JV Company;
- (i) Collaboration agreement with IGI for IGI to certify the lab-grown diamonds produced by the JV Company;
- (j) Collaboration agreement with China's integrated cable manufacturer, Guang Dong Chang Jiang Cables, to develop industrial applications for cables and wires with lab-grown diamonds / super-hard materials and to supply Guang Dong Chang Jiang Cables with lab-grown diamonds / super-hard materials;
- (k) Strategic collaboration agreement with China's Guangzhou Diamond Exchange ("**GZDE**") to promote healthy and sustainable development of the lab-grown diamond market in China via new initiatives and supply lab-grown diamonds through GZDE platform;
- (l) Collaboration agreement to procure from Ningbo Crysdiem Industrial Technology Co., Ltd, the lab-grown diamonds / super-hard materials as part of its supply chain and production strategy;
- (m) Collaboration agreement with a technology subsidiary of Han's Laser Technology Industry Group Co. Ltd to research and develop new laser-based robotics and machine automation solutions for industrial applications using lab-grown diamonds / super-hard materials; and
- (n) Collaboration agreement with TEINYO to jointly research and develop (i) photodetector technology in healthcare rehabilitation applications using lab-grown diamonds and (ii) automation and artificial intelligence technology in robot for production of lab-grown diamonds / super-hard materials.

In light of the above, the Group envisions and believes that the Proposed New Business is likely to take off and will become an additional source to diversify and expand the Group's income base for future growth.

The Group also believes that the Proposed Diversification into the Proposed New Business creates opportunity for geographical diversification. The Group intends to explore investment and business opportunities with no geographical limit. The Proposed Diversification allows the Group to be flexible in seeking out and capturing such opportunities and be adaptable to the fluidity of investment deals around the world.

3.3. First Mover Advantage in Singapore

The Group will have first mover advantage in producing lab-grown diamonds in Singapore. The JV Company has in-house technological know-how, equipment and capabilities to produce the highest grade of lab-grown diamonds that are used for jewellery production and ability to scale up rapidly with stable energy supply and to quickly expand overseas sales channels with Singapore's free trade agreements.

The production of lab-grown diamonds in Singapore will be led by an experienced management team which has been producing lab-grown diamonds for more than five (5) years. In addition, the Group has signed various memorandums of understanding to supply lab-grown diamonds for jewellery production and other industrial applications in overseas markets.

3.4. Marketability / Strong Pipeline of Sales

The Group has been in discussions and entered into memorandums of understanding and collaboration agreement with various distributors and manufacturers from different jurisdictions to supply, develop and/or promote lab-grown diamonds / super-hard materials.

To this end, the Group will continue to engage potential distributors, manufacturers, buyers and parties interested in lab-grown diamonds / super-hard materials from all over the world to increase growth and sales of the Proposed New Business. The Company will make further announcement(s) as and when significant / material agreements have been entered into.

4. **FLEXIBILITY TO ENTER INTO TRANSACTIONS RELATING TO THE PROPOSED NEW BUSINESS IN THE ORDINARY COURSE OF BUSINESS UPON APPROVAL BY SHAREHOLDERS**

Upon the approval by Shareholders of the Proposed Diversification, any acquisition which is in, or in connection with, the Proposed New Business, may be deemed to be in the Company's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Company may, in its ordinary course of business, enter into transactions relating to the Proposed New Business which will not change the risk profile of the Company, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the Proposed New Business arise, even where they cross the thresholds of a "major transaction". This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to the Company which may be time-sensitive in nature.

In accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first major transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval.

For the avoidance of doubt, notwithstanding Shareholders' approval being sought for the Proposed Diversification:

- (a) in respect of a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or results in a change in control of the Company, the transaction would be classified as a very substantial acquisition or reverse takeover respectively. Rule 1015 of the Catalist Rules would apply and such transaction must be, among others, made conditional upon approval by Shareholders in general meeting and the approval of the SGX-ST;
- (b) in respect of a transaction which constitutes an “interested person transaction” as defined under the Catalist Rules, Chapter 9 of the Catalist Rules would apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Catalist Rules;
- (c) the First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders’ approval, if applicable; and
- (d) Paragraph 2 of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, among others, made conditional upon approval by Shareholders at a general meeting.

Rule 1005 of the Catalist Rules states that “the sponsor may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction. The SGX-ST retains the discretion to determine whether the aggregation was correctly applied, and/or to direct the sponsor to aggregate other transactions”.

5. RISKS IN RELATION TO THE PROPOSED DIVERSIFICATION

The following is a list of key risk factors that are associated with the Proposed Diversification. The risks described below are not intended to be exhaustive. There may be additional risks not presently known to the Group or are currently not deemed to be material. If any of such risks develops into actual events, the business, results of operations, financial condition and prospects of the Group could be materially and adversely affected.

5.1. The Group has no prior track record and operating history in the Proposed New Business

As the Group does not have a proven track record in carrying out the Proposed New Business, there is no assurance that the Proposed New Business will be commercially successful and that the Group will be able to derive sufficient revenue to offset the capital and start-up costs as well as operating costs arising from the Proposed New Business. The Proposed New Business may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Proposed New Business also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Proposed New Business effectively, the overall financial position and profitability of the Group may be adversely affected.

5.2. The Group may not have the ability or sufficient expertise to execute the Proposed Diversification

The Group’s ability to successfully diversify into the Proposed New Business is dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the Proposed New Business. There is no assurance that the Group’s existing experience and expertise will be sufficient for the Proposed New Business, or that the Group will be able to hire

employees with the relevant experience and knowledge. The Group may not be able to successfully implement the Proposed New Business and this may adversely affect the Group's financial performance and profitability.

While the Group has planned the Proposed Diversification based on the Group's understanding of the current market outlook and general economic situation, there is no assurance that such plans will be commercially successful or that the actual outcome of the Proposed Diversification will match the Group's expectation. In such event, the Group's business financial condition, results of operations and prospects may be materially and adversely affected.

5.3. The Group's success in carrying out the Proposed New Business depends on the Group's ability to attract highly skilled personnel

The Group's success to carry out the Proposed New Business will depend on its ability to attract, train, retain and motivate skilled employees and professionals in the relevant fields of expertise and with the relevant track record for the Proposed New Business. If the Group is unable to attract, retain and/or motivate the necessary highly skilled personnel, there may be a material adverse effect on the Group's business, growth prospects, fee income, results of operations and/or financial condition. The Group's ability to attract, train, retain and motivate skilled employees and professionals is dependent on the Group's ability to offer attractive remuneration and incentive, among other benefits. Efforts to attract, train, retain and motivate such personnel may result in significant additional expenses, which could adversely affect the financial condition of the Group.

5.4. The Group will be dependent on certain key personnel for the success of the Proposed New Business

The Group's success in the Proposed New Business will be highly reliant on the contributions and technical expertise of XDC and the Expertise Team. The success and growth in the Proposed New Business will also depend, to a large extent, on the Group's and/or the JV Company's ability to retain and motivate other key management personnel in such business.

While the Expertise Team will be entering into services agreement with the JV Company, the loss of service of any of the members of the Expertise Team without suitable and timely replacement, or the inability to attract and retain other qualified personnel, would have an adverse impact on the Group's prospects, operations and financial performance.

5.5. The Group is exposed to risks associated with acquisitions, joint ventures or strategic alliances

Depending on available opportunities, feasibility and market conditions, the Group's expansion into the Proposed New Business is via a joint venture with XDC and may involve acquisitions, joint ventures and/or strategic alliances with third parties. Participation in acquisitions, joint ventures, strategic alliances or other investment opportunities involves numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed in such acquisitions, joint ventures, strategic alliances or opportunities. Furthermore, the Group may rely on joint venture partners at the initial stage of its foray into the Proposed New Business and there is a risk that if any of the joint venture partners is unable to deliver its obligations or commitments under the joint venture (such as failing to perform according to the expertise expected of the joint venture partner or failing to meet the financial obligations), it may cause delay in the completion of the Group's development projects and/or result in additional costs to the Group. In such events, the Group's financial performance may be adversely affected.

5.6. The Group may face intense competition from existing competitors and new market entrants in the Proposed New Business

The Proposed New Business is highly competitive, with strong competition from established industry participants who may have larger financial resources or stronger track records. The Group may not be able to provide comparable services at lower prices or respond more quickly to market trends than potential or existing competitors who may have larger financial resources and stronger track records. In the event that the Group is unable to be competitive, the Group's financial position and performance will be adversely affected.

5.7. The Group may not be able to comply with environmental law, regulations and government policies

The Group's manufacturing operations will be subject to the relevant environmental laws and regulations in the regions that the manufacturing segment of the Proposed New Business may operate. Such environmental laws and regulations may impose requirements in relation to the emission control and proper waste management.

There is no assurance that the measures implemented by the Group to comply with the relevant environmental laws will be sufficient. In the event that environmental laws, regulations or government policies are amended and more stringent requirements are imposed on the Group, the Group may incur corresponding increased costs and expenses to comply with such requirements. Furthermore, the Group may be unknowingly in breach of applicable environmental laws and regulations. Any failure by the Group to comply with the applicable environmental laws and regulations may lead to claims, liabilities or the suspension of its operations, and thereby materially adversely affect the Group's business, financial condition, results of operations and/or prospects.

5.8. The Group is subject to risks associated with technological changes

With continual research and development, new technology may be developed to produce the same lab-grown diamonds that the Group may manufacture, but at a lower production cost per unit. If the Group is unable to adopt such new technology and more cost-efficient manufacturing techniques for its production lines while its competitors are able to do so, the Group may not be able to price its products competitively against its other competitors. This may result in the Group being unable to establish its market share, and the Group's business, financial condition, results of operations and/or prospects may be adversely affected.

5.9. The Proposed New Business is subject to applicable government regulations, including licensing requirements

The Group may be required to obtain certain licences and permits issued by various government authorities and regulatory agencies, and such licences and permits are essential for the conduct of the Proposed New Business. There is no assurance that the Group will be able to obtain such licences, approvals and permits in a timely manner or at all.

These licences and permits are also generally subject to a variety of conditions which are either stipulated in the licences and permits themselves or under the particular legislation and/or regulations. The continuation of these licences and permits may be subject to periodic examinations and/or random inspections by the relevant authorities to ensure that the Group's premises comply with all relevant regulations of the issuing authority. Any breach or material non-compliance with the regulations of the issuing authorities may result in suspension, withdrawal or termination of the relevant licences and permits, financial penalties or cessation of the Group's operations.

In the ordinary course of business, the Group may be required to renew various licences and permits, and the renewal processes may inadvertently be delayed due to administrative lag. The Group cannot guarantee that, upon the expiration of any of its licences and permits, it will be able to renew all necessary licences and permits in the future in a timely manner or at all or that the Group will not be subject to suspension, withdrawal or termination of its licences and permits. Any failure to secure renewal, or any loss, of a required licence or permit, would materially and adversely affect the Group's business, financial condition, results of operations and/or prospects.

5.10. General Risks of Doing Business Overseas

There are inherent general risks in doing business overseas. These general risks include unexpected changes in regulatory requirements, social and political stability, potentially adverse tax consequences, legal uncertainty regarding liability, tariffs and other trade barriers, variable and unexpected changes in local law, any of which could materially affect the supply and distribution of the lab-grown diamonds produced overseas. These risks may affect the Group's business and financial condition.

6. **JOINT VENTURE**

6.1. Information on XDC

XDC is an exempt private company incorporated in Singapore on 13 May 2019 and has an issued and paid-up capital of S\$1,000,000 comprising 1,000,000 ordinary shares. The shareholders of XDC are:

- (a) Mr Deng Yiming, who holds 400,000 ordinary shares representing 40% of its issued and paid-up capital;
- (b) Ms Xu Kang, who holds 350,000 ordinary shares representing 35% of its issued and paid-up capital; and
- (c) Mr Yang Hanyu, who holds 250,000 ordinary shares representing 25% of its issued and paid-up capital.

The principal activities of XDC are the wholesale of jewellery made from precious metal and stones and the manufacture of piezo-electric devices.

To the best knowledge of the Board, prior to the JV, XDC, its directors and its shareholders are independent of the Group, the Company, its Directors, Substantial Shareholders and their respective associates.

6.2. Experience and Track Record of XDC

XDC has a wholly-owned subsidiary company in China, Guangdong Diamond Technology Co. Ltd (collectively, "**XDC Group**"). XDC Group specialises in the research and development of microwave plasma application technology and the production, manufacturing and commercialisation of equipment and products related to such technology. XDC Group has a strong core technical team, with Mr. Deng Yiming as the founder, who also has many years of entrepreneurial and management experience in the semiconductor retail industry.

XDC Group has its own core technology advantages. It uses highly efficient microwave plasma chemical vapour deposition method which requires low cost to activate and decompose carbon source into free carbon atoms. The carbon atoms are then gradually supersaturated and precipitated into substrate (seed crystal) and grow into diamonds that are identical with the structure and composition of natural diamonds. The main products of XDC Group are inch wide, high-quality single crystal diamonds and high-quality large particle single crystal diamonds.

XDC Group has been researching on lab-grown diamonds since 2017, with its R&D and production base that was established in Dongguan, China. XDC Group produced its first IGI-certified lab-grown diamond in or around April 2019. XDC started producing, supplying and distributing lab-grown diamonds in or around September 2019. In 2020, XDC Group raised its enterprise management standards and industry influence to obtain “ISO9001” management system certification, AAA enterprise qualification and other industry certifications. XDC Group is continually increasing its R&D capacity to maintain its position of being one of the leading companies in the microwave plasma application technology industry domestically and internationally.

Integrating a fusion on Asian and Western cultures, XDC Group created the brand “X DIAMOND” to break into the C-end retail market in line with the concept of environmental protection and sustainability. The products of X DIAMOND are made of low carbon-emission lab-grown diamonds. XDC Group integrates recyclable materials and lab-grown diamonds in the products of X DIAMOND to create a distinct lifestyle jewellery brand. X DIAMOND brings consumers (particularly younger consumers) affordable diamond jewellery with fashionable design, and the concept of advocating science and technology with environmental protection.

X DIAMOND has already taken off in its business globally, with an upcoming physical store located at Singapore’s ION Orchard shopping mall. X DIAMOND will soon have geographical presence all over world as an international brand, with physical stores launching in USA, Dubai, South Korea, Shanghai, Chongqing, Hong Kong and Europe. In the meantime, X DIAMOND also has official online stores on Etsy, Ebay, JD mall and T-mall etc. To promote and grow the brand and set a new benchmark for the jewellery industry, X DIAMOND has also established its social media presence via Facebook, Instagram, Wechat etc.

The JV Company will be selling and supplying lab-grown diamonds to X DIAMOND. Further, X DIAMOND will be undertaking retail sales of diamonds and jewellery products produced and manufactured by the JV Company at its physical store at ION Orchard.

Although transactions between the JV Company and XDC Group do not amount to interested person transactions as defined under Chapter 9 of the Catalist Rules, as directors of the JV Company nominated by XDC Group are also shareholders and directors of XDC Group, the board of the JV Company should ensure that all transactions carried out between the JV Company and XDC Group are on an arm’s length basis and at the best interest of the JV Company.

6.3. Business, Formation and Share Capital of the JV Company

Pursuant to the JVA, the Parties intend to jointly develop the Proposed New Business and the Parties agree to procure the incorporation of the JV Company under the name “Asian Eco Technology Pte Ltd” (or such other name as the Accounting and Corporate Regulatory Authority of Singapore shall permit and which the Parties have agreed upon). The JV Company is now an indirectly-held subsidiary of the Company upon its incorporation.

The JV Company will be principally engaged in the Proposed New Business.

The JV Company will have an initial issued and paid-up share capital of S\$500,000 (“**Initial Funding**”) divided into 500,000 ordinary shares, which shall be subscribed for by the Parties in the following share capital contributions, numbers and shareholding percentages:

Shareholder	Amount of share capital contribution	Number of ordinary shares	Percentage of entire issued share capital
AGT	S\$255,000	255,000	51%
XDC	S\$245,000	245,000	49%

6.4. Use of Initial Funding

The Parties agreed that the following purposes shall be made by the JV Company using the Initial Funding:

- (a) In the event that a valuation on the Equipment is required by the Company, the SGX-ST, the sponsor of the Company or otherwise pursuant to any law or any government authority or agency having jurisdiction over the JV Company and XDC or pursuant to rules and regulations of any recognized stock exchange on which the securities of the JV Company and XDC or any of its Affiliates (as defined in the AAA) are listed (and in the case of the JV Company, this refers to the applicability of the Catalyst rules of the SGX-ST in view that the JV Company is an Affiliate (as defined in the AAA) of the Company, the Parties shall jointly appoint a qualified and independent valuer to conduct a valuation on the Equipment (“**Valuation**”) and determine the Fair Market Value (as defined in the AAA) of the Equipment and issue a report on, amongst other things, the Valuation addressed to the JV Company.; and
- (b) The purchase in relation to the technology for production of lab-grown diamonds / super-hard materials by the JV Company, which such technology shall be held in the JV Company’s sole name.

6.5. Shareholders’ Undertakings and Board Composition

The undertakings of Parties are as follows:

- (a) AGT shall operate and manage the JV Company; and
- (b) XDC shall provide technical support to the JV Company.

Pursuant to the JVA, XDC will cease production of lab-grown diamonds / super-hard materials and will be shifting its production operations to the JV Company.

As mentioned at Section 2.4 of this Circular, the JV Board shall comprise up to five (5) directors (excluding alternate directors), whereby AGT shall have the right to appoint three (3) directors and XDC shall have the right to appoint two (2) directors.

The right of a shareholder of the JV Company (“**JV Shareholder**”) to nominate a director for the appointment to the JV Board under Clause 4.2 of the JVA shall include the right of that JV Shareholder to remove such director from office at any time, and the right to determine from time to time, the period which such person shall hold office as director.

Notwithstanding the foregoing, if at any time the shareholding percentage of a JV Shareholder falls below 25%, such JV Shareholder shall cease to have any rights to nominate a director for appointment to the JV Board in accordance with Clause 4.2 of the JVA.

6.6. Dividend

Subject to the requirements of:

- (a) the Company’s working capital;
- (b) approved business plans; and

- (c) approved capital expenditure,

and subject to any applicable laws and regulations, the directors of the JV Company may pass a JV Board resolution to declare dividends out of the profits of the JV Company which are available for distribution under applicable laws and regulations, after provision for tax paid, accrued or due for each financial year. Where applicable, any such dividend shall be paid to the JV Shareholders within one (1) month from the delivery by the auditor of the JV Company of the audited financial statements of the JV Company for the relevant financial year.

6.7. Rationale for the JV

The Group's entry into the JV is in line with the Group's strategy to expand into the environmental and sustainability business. As lab-grown diamonds / super-hard materials are created without the need for mining, they are a more sustainable way of producing diamonds and aligned with the Group's environmental and sustainability business model.

6.8. Financial Impact

AGT's subscription of shares in the JV Company will be funded through internal resources, bank borrowings and/or equity fund raising (as appropriate). In the event that there are any equity fund raising undertaken by the Company in relation to the subscription of the shares in the JV Company, the Company will make a separate announcement on its financial impact in due course.

7. **THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE**

7.1. Background

Any purchase or acquisition of Shares by the Company will have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Constitution, the Catalist Rules, and such other laws and regulations as may, for the time being, be applicable. Pursuant to Article 3(B) of the new constitution of the Company (the "**Constitution**"), the Company is permitted to, subject to and in accordance with the Companies Act, purchase or otherwise acquire its issued Shares on such terms and subject to such conditions as the Company may prescribe in a general meeting. The Company is required to obtain the approval of its Shareholders at a general meeting should it wish to purchase or acquire its own Shares.

Part XI of Chapter 8 of the Catalist Rules also provides that a company may purchase its own shares if it has obtained the prior specific approval of shareholders in a general meeting. Accordingly, approval is being sought from the Shareholders at the EGM for the Proposed Share Buyback Mandate. An ordinary resolution will be proposed, pursuant to which the Proposed Share Buyback Mandate will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire Shares according to the terms of the Proposed Share Buyback Mandate.

If approved by the Shareholders at the EGM, the authority conferred by the Proposed Share Buyback Mandate will take effect from the date of the EGM and continue in force until the earlier of the conclusion of the next AGM or the date by which the next AGM is required by law to be held, unless prior thereto, purchases or acquisitions of Shares by the Company pursuant to the Proposed Share Buyback Mandate have been carried out to the full extent mandated, or the authority conferred by the Proposed Share Buyback Mandate is revoked or varied by Shareholders in general meeting. The Proposed Share Buyback Mandate will be put to Shareholders for renewal at each subsequent AGM of the Company.

7.2. Rationale for the Proposed Share Buyback Mandate

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) in line with international practice, the Proposed Share Buyback Mandate will provide the Company with greater flexibility in managing its capital and maximising return to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Proposed Share Buyback Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;
- (b) in managing its business, the Group strives to increase Shareholders' value by improving, *inter alia*, the return on equity ("ROE") and a Share Buyback is one way by which the ROE may be enhanced;
- (c) Share Buybacks may help mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence which are not otherwise caused by general market factors or sentiments and/or the fundamentals of the Company;
- (d) the Proposed Share Buyback Mandate will enable the Directors to utilise the Shares which are purchased or acquired thereunder and held as treasury shares to be sold for cash or transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, which may be less dilutive than if new Shares were issued for this purpose; and
- (e) the Proposed Share Buyback Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Proposed Share Buyback Mandate is in force.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Proposed Share Buyback Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole.

8. AUTHORITY AND LIMITS OF THE PROPOSED SHARE BUYBACK MANDATE

The authority and limitations placed on the purchases of Shares by the Company under the Proposed Share Buyback Mandate are summarised below:

8.1. Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company pursuant to the Proposed Share Buyback Mandate shall not exceed 10% of the issued ordinary share capital of the Company as at the date of the EGM at which the Proposed Share Buyback Mandate is approved (the "**Approval Date**") (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered excluding any treasury shares that may be held by the Company from time to time). Shares which are held as Treasury Shares will be disregarded for purposes of computing the 10% limit. As at the Latest Practicable Date, the Company did not hold any Treasury Shares.

For illustrative purposes only, on the basis of the existing issued and paid-up capital of the Company as at the Latest Practicable Date, of approximately S\$191,533,062 comprising 149,221,405 Shares (excluding Treasury Shares and subsidiary holdings), and assuming that

no further Shares are issued on or prior to the AGM, not more than approximately 14,922,140 Shares (representing approximately 10% of the issued ordinary share capital of the Company as at that date excluding Treasury Shares and subsidiary holdings currently held) may be purchased or acquired by the Company pursuant to the Proposed Share Buyback Mandate.

8.2. Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earliest of:

- (a) the date on which the next AGM is held or required by law to be held, whichever is earlier;
- (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Proposed Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Proposed Share Buyback Mandate is revoked or varied by Shareholders in general meeting.

The Proposed Share Buyback Mandate may be renewed at each subsequent AGM or other general meetings of the Company.

8.3. Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases, transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stock brokers appointed by the Company for the purpose ("**Market Purchase**"); and/or
- (b) off-market purchases otherwise than on a securities exchange, in accordance with an "equal access scheme" as defined in Section 76C of the Companies Act and which will satisfy all conditions prescribed by the Constitution, the Companies Act and the Catalyst Rules ("**Off-Market Purchase**").

In an Off-Market Purchase, the Directors may impose such terms and conditions, which are not inconsistent with the Proposed Share Buyback Mandate, the Catalyst Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s).

An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or otherwise acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (A) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (B) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Buyback;
- (d) the consequences, if any, of Share Buybacks by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Buyback, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share Buyback made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

8.4. Maximum Purchase Price

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition (the "**Maximum Price**").

For the purposes of determining the Maximum Price:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action during the relevant five-day period and the day on which the purchases are made;

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

9. STATUS OF PURCHASED SHARES

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are acquired or purchased by the company to be held, and is

held by the Company as Treasury Shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act), will be automatically de-listed by the SGX-ST, and the certificates in respect thereof will be cancelled and destroyed by the Company as soon as practicable following the settlement of any such purchase or acquisition.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, as the Directors deem fit in the interest of the Company at that time.

10. TREASURY SHARES

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the provisions on treasury shares under the Companies Act are summarized below:

10.1. Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

In the event that the number of treasury shares held by the Company exceeds 10% of the total number of issued Shares, the Company shall dispose of or cancel the excess Shares within six (6) months of the day on which such contravention occurs, or such further period as the Accounting & Corporate Regulatory Authority of Singapore (“ACRA”) may allow.

10.2. Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company’s assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed.

The Treasury Shares may be sub-divided or consolidated, so long as the total value of the Treasury Shares after such sub-division or consolidation is the same as the total value of the Treasury Shares before sub-division or consolidation, as the case may be.

10.3. Disposal and Cancellation

Where Shares are held as Treasury Shares, the Company may at any time (but subject always to the Take-over Code):

- (a) sell the Treasury Shares for cash;
- (b) transfer the Treasury Shares for the purposes of or pursuant to an employees’ share scheme;
- (c) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the Treasury Shares; or

sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

10.4. Reporting Obligation under the Catalist Rules

Pursuant to Rule 704(31) of the Catalist Rules, the Company must immediately announce any sale, transfer, cancellation and/or use of Treasury Shares held by it stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of Treasury Shares sold, transferred, cancelled and/or used;
- (iv) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of Treasury Shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

11. **SOURCE OF FUNDS FOR SHARE BUYBACK**

The Company may only apply funds for the purchase or acquisition of the Shares in accordance with the Constitution and the applicable laws in Singapore.

Pursuant to the Companies Act, any payment made by the Company in consideration for the purchase or acquisition of its own Shares may only be made out of the Company's capital or profits so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

The Company may use internal and external sources of funds to finance the Company's Share Buybacks. The Directors will only make Share Buybacks in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

12. **FINANCIAL EFFECTS OF THE PROPOSED SHARE BUYBACK MANDATE**

The financial effects on the Company and the Group arising from purchases and acquisitions of Shares which may be made pursuant to the Proposed Share Buyback Mandate will depend on, *inter alia*, whether the Shares are purchased out of capital and/or profits of the Group, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Group and the Company, based on the audited financial statements of the Group for the financial year ended 30 June 2021 ("FY2021"), adjusted with proceed received from allotment of shares due to placement and exercise of warrants and use of proceed for general working capital purpose, are based on the assumptions set out below:

12.1. Purchase or Acquisition out of Capital or Profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

For the purpose of computing the financial effects of the acquisitions or purchases of Shares by the Company, the transaction costs incurred are assumed to be insignificant and are ignored.

12.2. Number of Shares Purchased or Acquired

As at the Latest Practicable Date, the issued capital of the Company comprised 149,221,405 Shares (excluding Treasury Shares and subsidiary holdings).

For illustrative purposes only, based on 149,221,405 Shares (excluding Treasury Shares and subsidiary holdings) in issue as at the Latest Practicable Date, and assuming that no further Shares are issued, purchased and kept as Treasury Shares on or prior to the EGM, the Company may purchase or acquire up to the maximum limit of 10% of its issued Shares, resulting in approximately 14,922,140 Shares pursuant to the Proposed Share Buyback Mandate ("**Maximum Purchase Shares**").

12.3. Maximum Price Paid for Shares Purchased or Acquired

Assuming that the Company purchases or acquires or made an offer to purchase the Maximum Purchase Shares, the maximum amount of funds (excluding related expenses of the purchase or acquisition) required for the purchase or acquisition of the 14,922,140 Shares,

- (i) in the case of Market Purchases by the Company under the Maximum Price of S\$0.3875 (being the price equivalent to 5% above the Average Closing Price of the Shares over the last five (5) consecutive Market Days on the SGX-ST preceding the Latest Practicable Date on which transactions in the shares were recorded) is approximately S\$5,782,329 (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees); and
- (ii) in the case of Off-Market Purchases by the Company under the Maximum Price of S\$0.4428 (being the price equivalent to 20% above the Average Closing Price of the Shares over the last five (5) consecutive Market Days on the SGX-ST preceding the Latest Practicable Date on which transactions in the shares were recorded) is approximately S\$6,607,524 (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees).

12.4. Illustrative Financial Effects

For illustrative purposes only, based on the assumptions set out above, and based on the audited financial statements of the Company and the Group for FY2021, and assuming that the Company had on the Latest Practicable Date purchased the Maximum Number of Shares pursuant to the Proposed Share Buyback Mandate, the financial effects of:

- (a) the purchase of the Maximum Number of Shares by the Company at the Maximum Price pursuant to the Proposed Share Buyback Mandate by way of purchases made out of capital and held as treasury shares; and
- (b) the purchase of the Maximum Number of Shares by the Company at the Maximum Price pursuant to the Proposed Share Buyback Mandate by way of purchases made out of capital and cancelled.

The financial effects are prepared on the following assumptions:

- (a) the Company has 149,221,405 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date, and no further additional Shares are issued on or after the Latest Practicable Date and that no Shares were allotted or issued pursuant to the exercise of options or vesting of awards;
- (b) transaction costs are disregarded;
- (c) the consideration for the purchase or acquisition of Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) is financed entirely out of capital,

and based on the FY2021 audited financial statements, adjusted with proceed received from allotment of shares due to placement and exercise of warrants and use of proceed for general working capital purpose, the effects of the purchase or acquisition of such Shares by the Company on the financial position of the Company and the Group are set out below.

- (i) FY2021 audited financial statements and as at Latest Practicable Date

	Group		Company		
	As at 30 June 2021	As at Latest Practicable Date	As at 30 June 2021	As at Latest Practicable Date	
	S\$'000	S\$'000	S\$'000	S\$'000	
Total equity	1,910	10,202	1,959	10,251	
Net tangible assets	1,910	10,202	1,959	10,251	
Current assets	2,197	8,126	2,483	8,412	
Current liabilities	337	337	524	524	
Loss attributable to shareholders	(1,207)	(1,207)	(1,167)	(1,167)	
Share Capital					
Number of Shares	100,040	149,221	100,040	149,221	
Weighted average number of shares	100,040	149,221	100,040	149,221	
Financial Ratios					
Net Tangible Asset per Share	cents	1.91	6.84	1.96	6.87
Gearing Ratio	times	N/A	N/A	N/A	N/A
Current Ratio	times	6.52	24.11	4.74	16.05
Basic Loss per share	cents	(1.21)	(0.81)	(1.17)	(0.78)

- (ii) Market and Off-Market Purchases made out of capital

	Group			Company		
	As at Latest Practicable Date	After Market Purchase	After Off Market Purchase	As at Latest Practicable Date	After Market Purchase	After Off Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total equity	10,202	4,420	3,594	10,251	4,469	3,643
Net tangible assets	10,202	4,420	3,594	10,251	4,469	3,643
Current assets	8,126	2,344	1,518	8,412	2,630	1,804
Current liabilities	337	337	337	524	524	524
Loss attributable to shareholders	(1,207)	(1,207)	(1,207)	(1,167)	(1,167)	(1,167)
Share Capital						
Number of Shares	149,221	134,299	134,299	149,221	134,299	134,299
Weighted average number of shares	149,221	134,299	134,299	149,221	134,299	134,299
Financial Ratios						
Net Tangible Asset per Share	cents	6.84	3.29	2.68	6.87	3.33
Gearing Ratio	times	N/A	N/A	N/A	N/A	N/A
Current Ratio	times	24.11	6.96	4.50	16.05	5.02
Basic Loss per share	cents	(0.81)	(0.90)	(0.90)	(0.78)	(0.87)

Notes:

- (1) Net tangible asset equals total equity less intangible assets and non-controlling interests. Net tangible asset per Share equals net tangible asset divided by the number of Shares (excluding treasury shares) as at Latest Practicable Date.
- (2) Gearing ratio equals total debt divided by total equity.
- (3) Current Ratio equals current assets divided by current liabilities.
- (4) Basic loss per share equals loss attributable to shareholders of the Group and Company divided by the number of Shares (excluding treasury shares) as at Latest Practicable Date.

The actual impact will depend on the number and price of the Shares bought back. The Directors do not propose to exercise the Proposed Share Buyback Mandate to such an extent that it would have a material adverse effect to the financial position of the Company or the Group. The purchase of Shares will only be effected after assessing the relative impact of a share buyback taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as trading liquidity, share market conditions and performance of the Shares).

Shareholders should note that the financial effects illustrated above, based on the respective aforesaid assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group of FY2021, and is not necessarily representative of the future financial performance of the Company and the Group.

It should be noted that although the Proposed Share Buyback Mandate would authorise the Company to purchase or otherwise acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire 10% of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, trading liquidity, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution.

13. CATALIST RULES

The Catalist Rules specify that a listed company shall announce all purchases or acquisitions of its shares to SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8D of the Catalist Rules) currently requires the inclusion of details, including but not limited to, the total number of shares purchased, total number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable and the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of the announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

While the Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Proposed Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by SGX-ST, the

Company and its officers should not purchase or acquire any Shares through Market purchases pursuant to the Proposed Share Buyback Mandate during the period commencing one (1) month before the announcement of the company's half year and full year financial statements (if not required to announce quarterly financial statements).

Rule 723 of the Catalist Rules requires a listed company to ensure that at least 10% of the total number of any class of its listed securities must be held by public shareholders. The "public", as defined under the Catalist Rules, are persons other than the Directors, Substantial Shareholders, Chief Executive Officers or Controlling Shareholders of the Company and its subsidiaries, as well as associates of such persons. As at the Latest Practicable Date, 81,718,135 Shares representing 54.76% of the issued Shares are held by public Shareholders. In the event that the Company purchases the maximum of 10% of its issued ordinary share capital from such public Shareholders, the resultant percentage of the issued Shares held by the public Shareholders would be reduced to approximately 44.76%.

Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Proposed Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading. The Company will not carry out any Share buyback unless at least 10% of its listed securities can be maintained in the hands of public Shareholders and that the number of Shares remaining in the hands of the public will not fall to such to a level as to cause market illiquidity or to affect orderly trading.

14. INTERESTED PERSONS

The Company is prohibited from knowingly buying Shares on the SGX-ST from an Interested Person (that is a Director, the Chief Executive Officer of the Company or Controlling Shareholder of the Company or any of their respective Associates), and an Interested Person is prohibited from knowingly selling his Shares to the Company.

15. TAKE-OVER CODE OBLIGATIONS

Appendix 2 of the Take-over Code ("**Appendix 2**") contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

15.1. Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**"). If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14.

Rule 14.1 of the Take-over Code requires, *inter alia*, except with the consent of the Securities Industry Council ("**SIC**") where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting

in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately, on the basis set out in this Rule, to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

Pursuant to Appendix 2 to the Take-over Code, an increase in the percentage of voting rights in a company by a shareholder and parties acting in concert with him as a result of any acquisition of shares by the company will be treated as an acquisition for the purpose of Rule 14. As such, a shareholder or group of shareholders acting in concert could obtain or consolidate effective control of the company and become obliged to make an offer under Rule 14.

15.2. Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following individuals will, *inter alia*, be presumed to be acting in concert:

- (a) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trust;
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders of the Company, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under

Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

15.3. Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

- (a) the voting rights of such Directors and their concert parties would increase to 30% or more; or
- (b) if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, and the voting rights of such Directors and their concert parties would increase by more than one per cent (1%) in any period of six (6) months.

In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its own Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Proposed Share Buyback Mandate.

As at the Latest Practicable Date, none of the Directors or Substantial Shareholders of the Company are obliged to make a general offer to other Shareholders under Rule 14 and Appendix 2 to the Take-over Code as a result of a purchase by the Company of the maximum limit of 10% of the total number of issued Shares pursuant to the Proposed Share Buyback Mandate. The Directors are not aware of any Shareholder(s) who may have to make a general offer to the other Shareholders as a result of a purchase of Shares by the Company pursuant to the Proposed Share Buyback Mandate.

Shareholders are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a takeover would arise by reason of any share buybacks or acquisitions by the Company pursuant to the Proposed Share Buyback Mandate.

15.4. Timing of Purchases

While the Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Proposed Share Buyback Mandate at any time after a price-sensitive matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Catalist Rules on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of one (1) month before the announcement of the Company's half-year and full-year financial results and ending on the date of announcement of the relevant financial results.

15.5. Share buybacks in the previous twelve (12) months

The Company has not purchased any Shares within the twelve (12) months preceding the Latest Practicable Date.

15.6. Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company or to whom may be subject to tax whether in or outside Singapore should consult their own professional advisers.

16. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are as follows:

No.	Directors	Direct Interest		Deemed Interest	
		Number of Shares	%	Number of Shares	%
1.	Samantha Hua Lei	213,000	0.14%	-	-
2.	Tan Siji Macarthur	2,546,793	1.71%	2,370,769	1.59%

No.	Substantial Shareholders	Direct Interest		Deemed Interest	
		Number of Shares	%	Number of Shares	%
1.	Lim Hean Heng	18,780,000	12.59%	-	-
2.	Simon Eng	14,393,677	9.65%	2,766,769	1.85%
3.	Wu Yongqiang	20,727,300	13.89%	-	-
4.	Ng Eng Tiong	10,842,500	7.27%	-	-

Notes:

- (1) Mr. Tan Siji Macarthur has 2,546,793 Shares under his personal CDP account.
- (2) Mr. Tan Siji Macarthur is deemed interested in 24,000 Shares held by his spouse.
- (3) Mr. Tan Siji Macarthur is a shareholder of Apzenith Capital Pte. Ltd. ("**Apzenith**"), holding 33% shareholding in Apzenith. By virtue of Section 4 of the Securities and Futures Act (Cap. 289), Mr. Tan Siji Macarthur is deemed to be interested in the 2,346,769 ordinary shares held under Apzenith.
- (4) Mr. Simon Eng has 13,003,377 Shares under his nominee account with Citibank Nominees Singapore Pte Ltd and 1,390,300 Shares registered under his SRS account.
- (5) Mr. Simon Eng is deemed interested in 420,000 Shares held by his spouse.
- (6) Mr. Simon Eng is a shareholder of Apzenith Capital Pte. Ltd. ("**Apzenith**"), holding 67% shareholding in Apzenith. By virtue of Section 4 of the Securities and Futures Act (Cap. 289), Mr. Simon Eng is deemed to be interested in the 2,346,769 ordinary shares held under Apzenith.
- (7) Wu Yongqiang has 19,360,000 Shares under his personal CDP account, 1,365,300 Shares under his nominee account with IFAST Financial Pte Ltd and 2,000 Shares under his nominee account with Phillip Securities Pte Ltd.

Save as expressly stated above, none of the Directors or Substantial Shareholders of the Company has any interests (direct or indirect) in the Proposed New Business proposed to be included as part of the core business of the Group as well as the Proposed Share Purchase Mandate (other than by reason of their shareholding interests in the Company) as at the Latest Practicable Date.

17. DIRECTORS' RECOMMENDATIONS

After having considered and reviewed the rationale and the risk factors of the Proposed Diversification, the Directors are collectively of the opinion that the Proposed Diversification is in the interests of the Company and the Group, and accordingly recommend that Shareholders vote in favour of the ordinary resolutions (as set out in the Notice of EGM) relating to the Proposed Diversification to be proposed at the EGM.

Having fully considered the rationale, benefit and the information relating to the Proposed Share Buyback Mandate, the Directors, having fully considered, *inter alia*, the terms and the rationale of the Proposed Share Buyback Mandate as set out in this Circular, are of the opinion that the Proposed Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the resolution to be proposed at the EGM, being the resolution relating to the Proposed Share Buyback Mandate.

18. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 37 of this Circular, will be convened by way of electronic means on the date and time as set out in the Notice of EGM, for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions to approve the Proposed Diversification of the core business of the Group to include the Proposed New Business and the Proposed Share Buyback Mandate as set out in this Circular.

19. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders will find enclosed with this Circular, the Notice of the EGM and a Proxy Form.

19.1. Conduct of EGM

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has put in place alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions before or at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the Notice of EGM dated 24 December 2021 which has been uploaded on SGXNet on the same day. The announcement and Notice of EGM may also be assessed at the Company's website at <https://www.metechinternational.com/html/index.php>.

19.2. Pre-Registration

Shareholders who wish to attend the EGM via live audio-visual webcast or live audio-only stream must pre-register by stating their emails, full names, NRIC/Passport Nos./Company Registration Nos. and address to <https://globalmeeting.bigbangdesign.co/metechinternational2021egm/> by 10.30 a.m. on 8 January 2022 (the "**Registration Cut-Off Date**") to enable the Company to verify their respective status as Shareholders.

Following the verification, authenticated Shareholders will receive a confirmation email by 10 January 2022. The email will contain login credentials and instructions to access the live audio-visual webcast or audio-only of the EGM proceedings. Shareholders who do not receive an email by 12.00 p.m. on 10 January 2022 but have registered by 10.30 a.m. on 8 January 2022,

should contact the Company's Share Registrar at the following email address: shareregistry@incorp.asia.

Shareholders must not forward the abovementioned email instructions to other persons who are not members and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the live webcast.

19.3. Submitting questions in advance of EGM

Shareholders will not be able to ask questions during the live audio-visual webcast of the EGM proceedings. Therefore, it is important for Shareholders to pre-register and submit their questions in advance of the EGM:

- (a) via email to: shareholder@metechinternational.com;
- (b) via the EGM website: <https://globalmeeting.bigbangdesign.co/metechinternational2021egm/>; or
- (c) via post, to the Company's registered address at 100G Pasir Panjang Road #04-07, Interlocal Centre, Singapore 118523.

All questions must be submitted by no later than 10.30 p.m. on 8 January 2022 to the Company.

For verification purpose, when submitting any questions via email, members MUST provide the Company with their particulars (comprising full name (for individuals)/company name (for corporates), email address, contact number, NRIC/passport number/company registration number, shareholding type and number of shares held), failing which the submission will be treated as invalid.

The Company will endeavour to address the substantial queries from members prior to the EGM and upload the Company's responses on the SGXNet. Where substantial and relevant questions submitted by members are unable to be addressed prior to the EGM, the Company will address them at the EGM. The minutes of the EGM, including responses to substantial queries from the members which are addressed during the EGM, shall thereafter be published on SGXNet and the Company's corporate website at <https://www.metechinternational.com/html/index.php>, within one (1) month from the date of the EGM.

Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS Investors, can submit their questions in relation to any resolution set out in the Notice of EGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents by no later than 5.00 p.m. on 31 December 2021, so that the necessary arrangements can be made by the relevant agents for their participation in the EGM.

19.4. Submission of Proxy Form

Shareholders will only be able to vote at the EGM by appointing the Chairman of the EGM as proxy to vote on their behalf. Shareholders (other than CDP) holding Shares who wish to vote, should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, must appoint the Chairman of the EGM as their proxy by completing and submitting the duly completed Proxy Form to the Company in the following manner:-

- (a) via email to: shareholder@metechinternational.com;
- (b) via post, to the Company's registered address at 100G Pasir Panjang Road #04-07, Interlocal Centre, Singapore 118523,

in either case, not less than seventy-two (72) hours by 10.30 a.m. on 8 January 2022 before the time for holding the EGM and at any adjournment thereof.

In appointing the Chairman of the EGM as Proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting in the Proxy Form, failing which the appointment will be treated as invalid.

If the appointor is a corporate, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.

A member who wishes to submit an instrument of proxy by (a) and (b) must first download the Proxy Form, which is available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> or the Company's website at the URL <https://www.metechinternational.com/html/index.php>, complete and sign the Proxy Form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation, members are strongly encouraged to submit completed Proxy Forms electronically by email.

Investors who hold Shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS investors, and wish to appoint the Chairman of the EGM as proxy, should approach their respective agents to submit their votes by 5.00 p.m. on 31 December 2021 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by 10.30 a.m. on 8 January 2022.

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly complete, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case the appointor submits more than one instrument of proxy).

A depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited at least seventy-two (72) hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote on any or all of the resolution at the EGM by appointing the Chairman of the EGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the SFA, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the EGM. Any Shareholder who is holding his/ her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the EGM will not be entitled to attend and vote at the EGM. Accordingly, even if such shareholder deposits his/her proxy form seventy-two (72) hours before the EGM, the Chairman of the EGM who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the EGM.

In view of the current COVID-19 situation, members are strongly encouraged to submit completed Proxy Forms electronically by email.

20. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries that, to the

best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification and the Proposed Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

21. INSPECTION OF DOCUMENTS

The following documents will be available for inspection at the Company's registered office at 100G Pasir Panjang Road #04-07, Interlocal Centre, Singapore 118523 during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Constitution of the Company; and
- (b) the annual report of the Company for the financial year ended 30 June 2021.

Yours faithfully

For and on behalf of
the Board of Directors of
METECH INTERNATIONAL LIMITED

Samantha Hua Lei
Executive Director and Deputy CEO
24 December 2021

METECH INTERNATIONAL LIMITED
(Company Registration No. 199206445M)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Metech International Limited (the "**Company**") will be held by way of electronic means on 11 January 2021 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications the following ordinary resolutions:

*All capitalised terms used in this Notice of EGM which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 24 December 2021 (the "**Circular**") in relation to the Proposed Diversification into the Proposed New Business and the Proposed Share Buyback Mandate.*

ORDINARY RESOLUTION 1

THE PROPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE GROUP TO INCLUDE THE PROPOSED NEW BUSINESS

THAT:

- (a) approval be and is hereby given for the diversification by the Company and its subsidiaries of its core business to include the Proposed New Business that involve activities described in **Section 2** of the Circular, and any other activities related to the Proposed New Business;
- (b) the Company be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares/interests in any entity that is in the Proposed New Business on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to any such investment, purchase, acquisition or disposal; and
- (c) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document and deed(s), as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this ordinary resolution as they or he may think fit.

ORDINARY RESOLUTION 2

THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

THAT:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the directors of the Company (the "**Directors**") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) an on-market purchase ("**Market Purchase**") transacted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or
- (ii) an off-market purchase ("**Off-Market Purchase**") effected pursuant to an equal access scheme (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buyback Mandate**");

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by an ordinary resolution of shareholders of the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this ordinary resolution and expiring on the earliest of:
 - (i) the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is earlier;
 - (ii) the date on which the authority conferred by the Share Buyback Mandate, if renewed, is revoked or varied by Shareholders in general meeting; or
 - (iii) the date on which Share Buybacks are carried out to the full extent mandated;
- (d) in this ordinary resolution:

"**Maximum Limit**" means 10% of the issued Shares as at the date of the passing of this ordinary resolution;

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duty, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 5% above the average of the closing market prices of the Shares over the last five (5) consecutive Market Days on the SGX-ST, on which transactions in the Shares recorded immediately preceding the day of the Market Purchase and deemed to be adjusted for any corporate action occurring during such 5-Market Day period and the day on which the purchases are made; and
- (ii) in the case of an Off-Market Purchase, 20% above the average of the closing market prices of the Shares over the last five (5) consecutive Market Days on the SGX-ST, on which transactions in the Shares recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

- (e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution.

BY ORDER OF THE BOARD

Samantha Hua Lei
Executive Director and Deputy CEO
24 December 2021
Singapore

Notes:

- (a) Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on 11 January 2022 at 10.30 a.m. for the purpose of considering and if thought fit, passing, with or without any modifications, the ordinary resolutions relating to the Proposed Diversification of the core business of the Group to include the Proposed New Business and the Proposed Share Buyback Mandate as set out in the Circular
- (b) Printed copies of this Notice of EGM, the Circular and the Proxy Form will not be sent to Shareholders. Instead, this Notice of EGM, the Circular and the Proxy Form may be accessed at the Company's website at the URL <https://www.metechinternational.com/html/index.php>. This Notice of EGM, the Circular and the Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
- (c) Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant comments, queries and/or questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out at **Section 19** of the Circular.
- (d) **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.** The Proxy Form may be accessed at the Company's website at the URL <https://www.metechinternational.com/html/index.php> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting 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 Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- (e) The Chairman of the Meeting, acting as proxy, need not be a Shareholder of the Company.
- (f) The Proxy Form must be submitted to the Company in the following manner:
 - (i) via email to: shareholder@metechinternational.com; or
 - (ii) via post, to the Company's registered address at 100G Pasir Panjang Road #04-07, Interlocal Centre, Singapore 118523,

in either case, not less than seventy-two (72) hours by 10.30am on 8 January 2022 before the time for holding the EGM and at any adjournment thereof. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

METECH INTERNATIONAL LIMITED
 (Company Registration No. 199206445M)
 (Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Metech International Limited's shares, this Circular is forwarded to them at the request of the CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Extraordinary General Meeting as Observers have to submit their requests through their respective Agent Banks so that their respective Agent Banks may register, in the required format with the Company by the timeframe specified (Please refer to Note 8 on the required format and timeframe).

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 24 December 2021.

I/We,

of

being a member/members of Metech International Limited (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "**EGM**") of the Company to be held by way of electronic means on 11 January 2022 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy to vote for or against, or to abstain from voting on, the ordinary resolutions proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the appointment of the Chairman of the Meeting as proxy for the ordinary resolutions shall be treated as invalid.

No.	Resolution relating to:	No. of votes 'For'*	No. of votes 'Against**	No. of votes 'Abstain**
1.	The Proposed Diversification of the core business of the Group to include the Proposed New Business			
2.	The Proposed Share Buyback Mandate			

**If you wish to exercise all your votes 'For', 'Against' or 'Abstain', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this day of 2021 / 2022.

.....
Signature of Shareholder(s)
 or, *Common Seal of Corporate Shareholder*

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

*Delete where inapplicable

Notes:

- (a) Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on 11 January 2022 at 10.30 a.m. for the purpose of considering and if thought fit, passing, with or without any modifications, the ordinary resolutions relating to the Proposed Diversification of the core business of the Group to include the Proposed New Business and the Proposed Share Buyback Mandate as set out in the circular to shareholders of the Company dated 24 December 2021 (the “Circular”).
- (b) Printed copies of the Notice of EGM, the Circular and this Proxy Form will not be sent to Shareholders. Instead, the Notice of EGM, the Circular and this Proxy Form may be accessed at the Company’s website at the URL <https://www.metechinternational.com/html/index.php>. The Notice of EGM, the Circular and the Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
- (c) Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant comments, queries and/or questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out at **Section 19** of the Circular.
- (d) **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.** The Proxy Form may be accessed at the Company’s website at the URL <https://www.metechinternational.com/html/index.php> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting 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 Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- (e) Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
- (f) The Chairman of the Meeting, acting as proxy, need not be a member of the Company.
- (g) The Proxy Form must be submitted to the Company in the following manner:
- (i) via email to: shareholder@metechinternational.com; or
- (ii) via post, to the Company’s registered address at 100G Pasir Panjang Road #04-07, Interlocal Centre, Singapore 118523,
- in either case, not less than seventy-two (72) hours by 10.30am on 8 January 2022 before the time for holding the EGM and at any adjournment thereof. A Shareholder who wishes to submit this Proxy Form must first download, complete and sign this Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**
- (h) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- (i) 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.
- (j) Agent Banks acting on the request of CPF investors who wish to attend the EGM as Observers are required to submit in writing, a list with details of the investors’ names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company’s registered office at 100G Pasir Panjang Road #04-07, Interlocal Centre, Singapore 118523 or be scanned and sent to the Company’s email address at shareholder@metechinternational.com, not later than seventy-two (72) hours before the time set for the EGM.

General:

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a Shareholder of the Company entitled to attend, speak and vote at the EGM unless his name appears on the Depository Register 72 hours before the time fixed for holding the EGM.

Personal data privacy:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the EGM and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM and/or any adjournment thereof, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.