
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Upon completion of the [REDACTED] and the [REDACTED] and without taking into account any Shares which may be issued and allotted upon exercise of any options which may be granted under the [REDACTED] Share Option Scheme, (i) SGP BVI, which is directly wholly-owned by Mr. Chua (the spouse of Mrs. Chua), will be interested in approximately [REDACTED]% of the issued share capital of the Company, and (ii) Baccini, which is directly wholly-owned by Mrs. Chua (the spouse of Mr. Chua), will be interested in approximately [REDACTED]% of the issued share capital of the Company. As such, Mr. Chua and Mrs. Chua, who are close associates under the GEM Listing Rules and jointly control our Group, will be together interested in approximately [REDACTED] of the issued share capital of the Company in aggregate. Accordingly, each of SGP BVI, Mr. Chua, Baccini and Mrs. Chua will be regarded as our Controlling Shareholders immediately after the [REDACTED].

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Our Group was co-founded by Mr. Chua and his brother-in-law in January 2000 when the first corporate entity of our Group, Metasurface Technologies, was incorporated. Mr. Chua’s brother-in-law ceased to be a shareholder by 2003. Since incorporation, Mr. Chua and Mrs. Chua have together worked closely to expand our Group’s business. Since 2003 when Mrs. Chua became a Shareholder of Metasurface Technologies, they had been together exercising control over our Group. Their overall management influence and controlling interests over our Group are evidenced by the acting in concert arrangements between them in respect of the affairs of our Group, the details of which are set out in “— Controlling Shareholders and Mr. A Chua acting in concert” below. Upon the [REDACTED], Mr. Chua and Mrs. Chua will continue to exercise their ultimate control over our Group within the boundaries of the GEM Listing Rules, Takeovers Code and all other applicable laws and regulations in Hong Kong and elsewhere. For details of the biographies of Mr. Chua and Mrs. Chua, please see the section headed “Directors and Senior Management — Board of Directors — Executive Directors” in this document.

Each of SGP BVI and Baccini are investment holding entities incorporated in the BVI pursuant to the Reorganisation. Their only business purposes are for holding the interests in our Group.

Controlling Shareholders and Mr. A Chua acting in concert

Since January 2003, when Mr. Chua and Mrs. Chua were both Shareholders of Metasurface Technologies, Mr. Chua and Mrs. Chua have, in exercising and implementing the management and operations of our Group, been acting in concert with each other. These arrangements are long-standing understanding between Mr. Chua and Mrs. Chua. The acting in concert arrangements regarding shareholding interests in our Group also include Mr. A Chua, a nephew of Mr. Chua and Mrs. Chua, who joined our Group in July 2021. He has been serving as the operations director of Metaoptics Technologies (an associated company of our Group) since April 2023 and, between July 2021 and March 2023, served as an employee of Metasurface Technologies responsible for the preparation works for the [REDACTED]. As a private family arrangement and consensus, Mr. A Chua has been a shareholder of Metaoptics Technologies since September 2021, and as at the

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Latest Practicable Date, has shareholding interests in Metaoptics Technologies of approximately 0.82%. He has agreed to consolidate the management, control and operations regarding the Chua family’s shareholding interests in our Group and any associated company. As Mr. A Chua joined the Group at a relatively young age and had little prior experience in corporate governance, Mr. Chua, Mrs. Chua and Mr. A Chua agreed that, as a family consensus, Mr. A Chua shall act in concert with Mr. Chua and Mrs. Chua, especially for voting arrangements and decisions made in respect of any subsidiaries or associated companies of the Group in which Mr. A Chua is a shareholder. As at the Latest Practicable Date, as Mr. A Chua is a shareholder of Metaoptics Technologies only, his acting in concert arrangement applies to Metaoptics Technologies only.

On 29 June 2023, Mr. Chua, Mrs. Chua and Mr. A Chua executed the Deed of AIC Confirmation, a confirmatory deed pursuant to which they have confirmed their acting in concert arrangements in the past as well as their intention to continue to act in the above manner upon [REDACTED] to consolidate their control over our Group until and unless the Deed of AIC Confirmation is terminated in writing. The Deed of AIC Confirmation covers our Company, all of our subsidiaries and all other entities through which they exercise control over our Group, and contains the following salient terms, among others:

- (1) they have agreed to, and shall continue until the termination of the Deed of AIC Confirmation to, consult each other and reach an unanimous consensus among themselves on such matters being the subject matters of any shareholders’ resolution, prior to putting forward such resolution to be passed at any shareholders’ meeting of our Company, our subsidiaries and all other entities they together control or individually control and through which they exercise control over our Group, and have historically voted on such resolutions in the same way;
- (2) they have centralised, and shall continue until the termination of the Deed of AIC Confirmation to centralise, the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of our Company, our subsidiaries and all other entities they together or individually control and through which they exercise control over our Group; and
- (3) they have operated, and shall continue until the termination of the Deed of AIC Confirmation to operate, our Company, our subsidiaries and all other entities they together or individually control and through which they exercise control over our Group as a single business venture.

By virtue of these acting in concert arrangements, Mr. Chua, Mrs. Chua and Mr. A Chua are persons acting in concert with each other under the Takeovers Code. They are also associates of each other within the meanings of the GEM Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our Group can function, operate and carry on our business independently from and does not place undue reliance on our Controlling Shareholders based on the following reasons:

No competition and clear delineation of business

Each of our Controlling Shareholders, our Directors, including our independent non-executive Directors, and our substantial Shareholders has confirmed that as at the Latest Practicable Date, he/she/it does not have and none of his/her/its respective close associates has any business or interest apart from our business which competes or may compete with our business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

Meson Technology

Historically, Meson Technology was incorporated in 2016 and founded by Mr. Chua Hong Kim, the father of Mr. Chua. Mr. Chua Hong Kim transferred his entire shareholding in Meson Technology to Mr. Chua in October 2020 upon his retirement. During the Track Record Period, Meson Technology provided us with specialised services in relation to the oil and gas industry, including (i) pipe care services for our customers in the oil and gas industry, (ii) maintenance and management of inventory and pipe yard, and (iii) skilled labour and personnel to ensure efficient operation of pipe yard. In particular, Meson Technology’s personnel and labour are deployed to our Group’s premises to (i) perform pre-cleaning of oil pipes for pre-production for our customer orders in the oil and gas industry, and (ii) provide on-site technical training assistance to our Group’s staff members in relation to business in the oil and gas industry. In order to streamline the corporate structure for the purpose of the [REDACTED], Mr. Chua had ceased to be a shareholder in Meson Technology since January 2022 after he divested his entire shareholding interests in the company to Mr. Seng Chong How (the “**Purchaser**”). The Purchaser, an independent third party, is an individual introduced to Mr. Chua in 2018 by the parent company of a customer of our Group. The Purchaser, who was then appointed as a consultant to such customer and/or its parent company in the oil and gas industry, had the requisite skills, knowledge and expertise in the oil and gas industry to run Meson Technology’s business. The Purchaser has been employed as a service consultant of Metasurface Technologies since 1 March 2024 to provide technical advice on oil and gas business. To the best of our Directors’ knowledge, save for the abovementioned, the Purchaser has no other past or present relationship (including family, business, employment, trust and financing) with our Company, its subsidiaries, their shareholders, directors or senior management, or any of their respective associates. The Purchaser paid Mr. Chua a consideration of S\$1 for the entire issued shares of Meson Technology, based on commercial negotiations between Mr. Chua and the Purchaser, taking into account Meson Technology was loss making for the financial year ended 31 December 2021.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

During the Track Record Period, our Group procured labour services from Meson Technology in relation to the oil and gas industry on a cost plus administrative charge basis with credit term of 30 days, which is comparable to those offered by our Group’s other independent service providers. Prior to the disposal of Meson Technology by Mr. Chua during the Track Record Period, our Group (namely, Metasurface Technologies and SPW) was the sole customer of Meson Technology. The revenue contribution of our Group to Meson Technology was approximately S\$0.3 million and S\$0.2 million for the years ended 31 December 2022 and 2023, respectively. Our Group had been gradually reducing reliance on services provided by Meson Technology in operations and manufacturing functions for our customers in the oil and gas industry through training internal staff to carry out the relevant operations. As at the Latest Practicable Date, we have ceased procurement of services from Meson Technology.

Management independence

Our Company has a Board and members of senior management that function independently from our Controlling Shareholders and their respective associates. Our Board comprises three executive Directors and three independent non-executive Directors. Our senior management consists of four members. Notwithstanding that Mr. Chua and Mrs. Chua, our Controlling Shareholders, are each an executive Director, our Directors believe that our Directors and members of our senior management are able to manage our business independently from our Controlling Shareholders on the basis of the following reasons:

- (i) with three independent non-executive Directors out of a total of six Directors on our Board, which meets the minimum requirement under the GEM Listing Rules, there will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving a conflict of interest and to protect the interests of our independent Shareholders;
- (ii) chance of actual or potential conflict has been minimised by virtue of the Deed of Non-competition, details of which are set out in “— Deed of Non-competition” in this section below;
- (iii) each of our Directors is aware of his/her fiduciary duties as a Director of our Company, which require, among other things, that he/she acts for the benefit and in the best interests of our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interests to affect the performance of his/her duties as a Director;
- (iv) in the event that there is a potential conflict of interests arising out of any transaction to be considered by the Board, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transaction and shall not be counted in the quorum; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (v) a number of corporate governance measures are in place to avoid any potential conflict of interests between our Company and our Controlling Shareholders, and to safeguard the interests of our independent Shareholders. See “— Corporate Governance Measures” in this section below.

Operational independence

Our Company makes business decisions independently from our Controlling Shareholders. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders and other businesses or companies controlled by our Controlling Shareholders:

- (i) our Group owns all trademarks material to our business operations and therefore is not reliant on any trademarks owned by our Controlling Shareholders. Our Group is not reliant on other businesses or companies controlled by our Controlling Shareholders;
- (ii) our Group is the holder of all relevant licences material to the operation of our business, or has been granted the right to such relevant licences by parties independent from our Controlling Shareholders, and has sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders;
- (iii) our Group has our own administrative and corporate governance infrastructure (including its own accounting, corporate secretarial and human resources departments);
- (iv) our Group has established a set of internal control procedures to facilitate the effective operation of our business;
- (v) we have our own management team to handle our day-to-day operations;
- (vi) all of the properties used as our production facilities are owned by us or leased from independent third parties by our Group; and
- (vii) we do not rely on our Controlling Shareholders for access to customers and suppliers.

Based on the abovementioned arrangements, our Directors are of the view that our Group will be able to operate independently from our Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Related party transactions between our Group and entities controlled or previously controlled by our Controlling Shareholders

During the Track Record Period, no related party transactions were entered into between our Group and our Controlling Shareholders or entities controlled or previously controlled by them, except for our related party transactions with Meson Technology in the amount of approximately S\$21,000 and nil for the years ended 31 December 2022 and 2023, respectively. See note 29 to the Accountant’s Report included in Appendix I to this document. Save as disclosed in note 29 to the Accountant’s Report and “Continuing Connected Transactions” in this document, our Directors have confirmed that no other related party transaction or connected transaction with entities controlled by our Controlling Shareholders is expected to continue upon [REDACTED].

Financial independence

We have our own financial management and accounting systems and the ability to operate independently from our Controlling Shareholders from a financial perspective. We are capable of making financial decisions according to our own business needs. Our Directors also believe that we have sufficient capital, internal resources and credit profile in the case of future external financing needs to support our daily operations independently from our Controlling Shareholders and their respective close associates. Our Directors are of the view that our Group will be financially independent of our Controlling Shareholders and their respective associates upon the [REDACTED] for the following reasons:

- (i) ***Strong financial positions:*** We have been financially sound throughout the Track Record Period. See the section headed “Financial Information” in this document for details.
- (ii) ***Strong credit position:*** Besides having a strong financial position and cash generating operation as mentioned above, based on discussions with relevant lending banks, our Directors confirm that our Group also has a strong credit position on a stand-alone basis. We expect to continue to generate stable cash from our operating activities considering our expected increase in our sales to customers. All the non-trade amounts due to and from our Controlling Shareholders and companies controlled by our Controlling Shareholders [will be] fully settled upon the [REDACTED]. All guarantees, indemnities and other securities provided for our benefit by our Controlling Shareholders [will be released] upon the [REDACTED]. There will be no financial assistance, security and/or guarantee provided by our Controlling Shareholders in favour of our Group upon the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

DEED OF NON-COMPETITION

For the purpose of the [REDACTED], the Controlling Shareholders [have] entered into the Deed of Non-competition, pursuant to which each of the Controlling Shareholders has irrevocably undertaken to our Company (for itself and on behalf of each other member of our Group) that he/she/it would not, and would procure that his/her/its close associates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any business which, directly or indirectly, is or may be in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time (the “**Restricted Business**”).

Each of the Controlling Shareholders has also undertaken to our Company the following:

- (a) to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition or a negative confirmation, as appropriate; and
- (b) to make an annual declaration on compliance with his/her/its undertakings under the Deed of Non-competition in the annual reports of our Company as the independent non-executive Directors think fit and/or as required under the GEM Listing Rules.

The Deed of Non-competition does not apply to:

- (a) any interests in the shares of any member of our Group since the business of such member is not in competition, or likely to be in competition, directly or indirectly, with our Group; and
- (b) interests in the shares of a company other than our Group which shares are listed on a recognised stock exchange provided that:
 - (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company’s consolidated turnover or consolidated assets, as shown in that company’s latest audited accounts; or
 - (ii) the total number of the shares held by the relevant Controlling Shareholders and/or his/her/its close associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and such Controlling Shareholders and his/her/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

(together, where appropriate, with its close associates) whose shareholdings in that company should be more than the total number of shares held by the Controlling Shareholders and his/her/its close associates in aggregate.

The “restricted period” stated in the Deed of Non-competition refers to the period during which (i) our Shares remain [REDACTED] on the Stock Exchange; (ii) the relevant Controlling Shareholders and his/her/its close associate hold an equity interest in our Company; and (iii) the relevant Controlling Shareholders and/or his/her/its close associates jointly or severally are entitled to exercise or control the exercise of not less than 30% (or such other amount as may from time to time be specified in the Takeovers Code as the level for triggering a mandatory general offer) in aggregate of the voting power at general meetings of our Company. In other words, if our Company were no longer [REDACTED] on the Stock Exchange or condition (ii) or (iii) does not hold true in respect of any Controlling Shareholder, the Deed of Non-competition would not apply in respect of such Shareholder. We believe the 30% threshold is justifiable as it is equivalent to the thresholds applied under the GEM Listing Rules and the Takeovers Code for the concept of “control”.

Each of the Controlling Shareholders has jointly and severally, unconditionally and irrevocably undertaken to procure that, during the restricted period, any business investment or other commercial opportunity which competes or is likely to compete either directly or indirectly with the Restricted Business (the “**New Opportunity**”) identified by or offered to him/her/it or any entity controlled by him/her/it, is first referred to our Company in the following manner:

- (a) the relevant Controlling Shareholder is required to refer, or to procure the referral of, the New Opportunity to our Company, and shall give written notice (the “**Offer Notice**”) to our Company of any New Opportunity containing all information reasonably necessary for our Company to consider whether (i) such New Opportunity would constitute competition with our business, and (ii) it is in the interests of our Company and our Shareholders as a whole to pursue such New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs; and
- (b) upon receiving the Offer Notice, our Company shall seek approval from a board committee (comprising all the independent non-executive Directors who do not have an interest in the New Opportunity) (the “**Independent Board**”) as to whether to pursue or decline the New Opportunity. Any Director who has actual or potential interest in the New Opportunity shall not be a member of the Independent Board and shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, or count towards the quorum for, any meeting or part of a meeting convened to consider such New Opportunity:
 - (i) the Independent Board shall consider the financial impact of pursuing the New Opportunity offered, whether the nature of the New Opportunity is consistent with our strategies and development plans and the general market

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

conditions; if appropriate, the Independent Board may appoint independent financial and legal advisers to assist in the decision making process in relation to such New Opportunity;

- (ii) the Independent Board shall, within 20 Business Days of receipt of the Offer Notice, inform the relevant Controlling Shareholder in writing on behalf of our Company its decision whether to pursue or decline the New Opportunity. Such notice period can be extended if mutually agreed in writing;
- (iii) the relevant Controlling Shareholder shall be entitled but not obliged to pursue such New Opportunity if he or she or it has received a notice from the Independent Board declining such New Opportunity or if the Independent Board failed to respond within such 20 Business Days period (or the extended period, where applicable) pursuant to (b)(ii) above; and
- (iv) if there is any material change in the nature, terms or conditions of such New Opportunity pursued by the relevant Controlling Shareholder, he or she or it shall refer such New Opportunity as so revised to our Company, in the manner as outlined in the Deed of Non-competition as if it were a New Opportunity.

Our Independent Board will also review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders, the results of which will be disclosed in our annual/interim/quarterly reports (whenever applicable).

CORPORATE GOVERNANCE MEASURES

Upon the [REDACTED], our Company may enter into connected transactions with certain companies outside our Group controlled by our Controlling Shareholders from time to time. Each of our Controlling Shareholders has undertaken to our Company under the Deed of Non-competition that he/she/it shall not, and shall procure that his/her/its close associates shall not own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes, or may compete, with our business. Our Company will further adopt the following measures to manage the conflict of interests arising from the possible competing business of our Controlling Shareholders and to safeguard the interests of our independent Shareholders:

- (i) in preparation for the [REDACTED], our Company has amended our Articles to comply with the GEM Listing Rules. In particular, our Articles provides that, except for certain exceptions permitted under the Articles, a Director shall not vote on any board resolution approving any contract in relation to which he or his close associates has/have a material interest, nor shall such Director be counted in the quorum present at the meeting. Accordingly, a Director who holds directorship and/or senior management positions in the Controlling Shareholders or any of its associates (other than our Company or any other member of our Group) shall not vote on any board resolution regarding any transactions proposed to be entered into between any member of our Group and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

the Controlling Shareholders or any of their respective associates (other than our Company or any member of our Group), nor shall such Director be counted in the quorum present at such meeting;

- (ii) we have appointed UOB Kay Hian as our compliance adviser, which will provide advice and guidance to us with respect to compliance with the applicable laws and the GEM Listing Rules, including but not limited to various requirements relating to Directors’ duties and internal controls;
- (iii) our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders;
- (iv) each of our Controlling Shareholders has undertaken to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (v) we will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition either through an annual report, or by way of announcement to the public;
- (vi) each of our Controlling Shareholders will make an annual declaration of compliance with the Deed of Non-competition in the annual reports of our Company;
- (vii) the management structure of our Group includes an audit committee, a remuneration committee, and a nomination committee, the terms of reference of each of which will require them to be alert to prospective conflict of interests and to formulate their proposals accordingly; and
- (viii) pursuant to the Corporate Governance Code in Appendix C1 to the GEM Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our costs.

We are expected to comply with the Corporate Governance Code in Appendix C1 to the GEM Listing Rules which sets out principles of good corporate governance in relation to, among others, our Directors, chief executive, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communication with our Shareholders. Our Company will state in our interim and annual reports whether we have complied with such code, and will provide details of, and reasons for, any deviation from it in the corporate governance reports attached to our annual reports.