



**Issuer:** Sarine Technologies Limited

**Security:** Sarine Technologies Limited

**Meeting details:**

Date: 30 April 2019

Time: 3.00 p.m.

Venue: Wangz Business Centre, The Penthouse #44-01, Suntec Tower One, 7 Temasek Blvd., Singapore 038987

**Company Description**

Sarine Technologies Limited is an Israel-based Company engaged in developing, manufacturing, marketing and selling precision technology products for processing of diamonds and gemstones. The Company's products provide solutions for every stage of rough diamond manufacturing process from geometrical modelling and internal inclusion mapping of the rough stone, through determining the derivable polished gems, based on true dollar value, through laser cutting and shaping. The Company's DiaMension family of products, including the DiaMension HD (high definition), are used in gemological institutes for the qualification and grading of a polished diamond's proportions. The Company's DiaExpert family of platforms includes DiaExpert, DiaExpert Atom, DiaExpert Nano 6.5, DiaExpert XL, DiaExpert-Eye, DiaScan S+, DiaMobile XL and DiaMark Z, and the Advisor software. The Company's systems assist the manufacturer to cut and polish the rough stones.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=U77](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=U77))

**Q1.** As noted in the chairman’s statement, an important shift in the market dynamics happened when DeBeers disrupted its own business by launching the Lightbox line of jewellery that is based on lab-grown diamonds. Lab-grown diamonds got a further boost by the U.S. Federal Trade Commission (FTC)’s decision to recognise a diamond, regardless of the source, and removing the previously specified “natural” origin from the definition of a diamond.

- (i) Can the board help shareholders understand the company’s strategy in response to this shift in the industry?**
- (ii) Has the board carried out scenario planning at the board level to plan for a day when lab-grown diamonds are equally consumed and appreciated as natural diamonds?**
- (iii) What is the worst-case scenario and what can the company do today to prepare for the worst?**

**Q2.** Would the board/management provide shareholders with better clarity on the following operational matters?

- (i) Installed base:** The group had an installed base of 410 Galaxy® family systems as of 31 December 2018, after delivering 65 Galaxy® family systems to customers and service centres in 2018. **Would management elaborate further if customers are charged a base fee regardless of usage? What is the retention rate?**
- (ii) The Sarine Profile™ and the Sarine Diamond Journey™:** **Would management help shareholders understand how it is marketing The Sarine Profile™ and the Sarine Diamond Journey™? Has the group been targeting the retailers to generate demand for Sarine Diamond Journey™ service? Or has it been more efficient to get buy-in from midstream players? What is the current market share and how much more runway is there for the group?**

**Q3.** In August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (“2018 CG Code”). As a consequence of the revised 2018 CG Code, the Singapore Exchange has made amendments to its Listing Rules which came into effect on 1 January 2019, except for the rules on the 9-year tenure for independent directors and the requirement for independent directors to comprise one-third of the board which come into effect on 1 January 2022. Under the revised Listing Rules, the term of an independent director will be limited to nine years after which the long tenured directors will be subject to a two-tier vote by shareholders.

Three of the company’s four independent directors, namely Chan Kam Loon (also lead independent director), Yehezkel Pinhas Blum and Ms. Valerie Ong Choo Lin have served on the board beyond nine years from the date of their first appointment.

Ms. Valerie Ong Choo Lin and Mr. Yehezkel Pinhas Blum are also designated as External Directors under the Israeli Companies Law which provides for the external directors to be appointed for three-year terms, and that the Company may not terminate them during such three-year term except where, according to information made available to the company, such External Directors no longer qualify to serve as External Directors.

- (i) In view of the Israeli Companies Law, has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board?**

While the board has stated its opinion that its current size is adequate, it may consider the addition of up to two additional directors in the future, optimally from the retail polished diamond trade or other relevant fields of expertise, taking into account the optimal board's size on the one hand, and the benefits of diversity and complementary expertise on the board on the other hand.

- (ii) Would the board elaborate further on the search and nomination process for directors, especially independent directors? In this instance, how would the NC identify potential candidates with experience from the retail polished diamond trade?**