



## ELLIPSIZ LTD

Company Registration No. 199408329R  
(Incorporated in the Republic of Singapore)

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### ACQUISITIONS OF SHARES IN ISE CAPITAL MANAGEMENT PTE. LTD. (“ICM”)

- SUPPLEMENTAL DEED IN RELATION TO THE YY ACQUISITION (AS DEFINED BELOW)
  - THE FURTHER ACQUISITIONS OF SHARES IN ICM
  - COMPLETION OF THE ACQUISITIONS (AS DEFINED BELOW)
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## 1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Ellipsiz Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 18 November 2021 (the “**Announcement**”) in relation to the entry into of a conditional sale and purchase agreement on 18 November 2021 (the “**YY SPA**”) with Ms Yayoi Yoshikawa (“**YY**”) for the acquisition of 20,000 ordinary shares in the capital of ICM (“**Shares**”), representing 20% of the issued Shares, for an aggregate consideration of S\$2,000,000 (the “**YY Acquisition**”).

Unless otherwise defined herein, all capitalised terms used herein shall have the same meanings as ascribed to them in the Announcement.

## 2. SUPPLEMENTAL DEED TO THE YY SPA

2.1 Further to the Announcement, the Board wishes to announce that the Company has today entered into a supplemental deed (“**Supplemental Deed**”) with YY to amend and supplement the terms of the YY SPA. Except to the extent as amended and supplemented by the provisions of the Supplemental Deed, the terms and conditions of the YY SPA remain in full force and effect.

2.2 Pursuant to the Supplemental Deed, the principal amendments made to the YY SPA are as follows:

### 2.2.1 Variation to the number of Shares to be acquired

The number of Shares to be acquired from YY by the Company (or the Company’s nominee as it may direct) has been amended from 20,000 Shares representing 20% of the issued Shares to 13,333 Shares representing 13.333% of the issued Shares (the “**YY Shares**”).

### 2.2.2 Variation to the consideration amount

Due to the reduction in the number of Shares to be acquired from YY, the aggregate consideration payable by the Company for the YY Acquisition has been correspondingly reduced from S\$2,000,000 to S\$1,333,300 (the “**YY Consideration**”).

## 3. FURTHER ACQUISITIONS BY THE COMPANY

3.1 In addition to the YY Acquisition, the Board is pleased to announce that the Company has on

today:

- 3.1.1 entered into a sale and purchase agreement (the “**IH SPA**”) with Mr Ise Hikonobu (“**IH**”) to acquire from him an aggregate of 6,667 Shares (the “**IH Shares**”), representing 6.667% of the issued Shares (the “**IH Acquisition**”); and
- 3.1.2 acquired, by way of share transfer, from Mr Chandra Das (“**CD**”) an aggregate of 20,000 Shares (the “**CD Shares**”), representing 20% of the issued Shares (the “**CD Acquisition**”).
- 3.2 The YY Acquisition, IH Acquisition and CD Acquisition are collectively referred to as the “**Acquisitions**”. The YY Shares, IH Shares and CD Shares are collectively referred to as the “**Sale Shares**”.

#### **4. INFORMATION ON ICM AND RATIONALE FOR THE ACQUISITIONS**

4.1 The information on ICM is set out in the Announcement.

#### **4.2 Rationale for the Acquisitions**

##### 4.2.1 Foray into agri-food industry

The IH Acquisition and the CD Acquisition, together with the YY Acquisition, allow the Company to make its foray into the agri-food industry leveraging on agri-technologies and partner with an established player and market leader in the egg business. It serves as a foothold from which there could be potential opportunities for the Company to consider the agri-food sector and increasing its investment in this business in the future.

##### 4.2.2 Additional source of income for the Group

Following the divestment of the probe card business in 2017, the Group’s main sources of income are from its core distribution & services solutions (“**DSS**”) and automated precision services solutions businesses.

Egg is a staple food item. The demand for eggs in Singapore in the year of 2020 was about 2.2 billion eggs annually<sup>1</sup> (which works out to about 6 million eggs per day). The investment in ICM enables the Group to widen its income streams so as to buffer business cycles stemming from the semiconductor and electronics industry.

##### 4.2.3 Enhancement of the Group’s risk management

The Group is exposed to the cyclical nature of the semiconductor and electronics industry that it operates in. The industry is highly cyclical due to significant fluctuations in supply and demand of semiconductors. Furthermore, as a distributor, the DSS segment continues to face intense competition from other leading players in the industry and risk of loss of distributorships and service contracts. The investment in ICM enables the Group to broaden its operations and reduce its concentration of risks in the semiconductor and electronics industry.

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<sup>1</sup> Singapore Food Statistics 2021-<https://www.sfa.gov.sg/docs/default-source/publication/sq-food-statistics/singapore-food-statistics-2021.pdf> (page 6)

#### 4.2.4 Collaboration with top egg producer

The investment in ICM opens up a unique opportunity for the Group to collaborate with ISE Japan, the top egg producer in Japan and one of the largest in the world, to produce high quality eggs for Singapore's local consumption. ISE Japan has over 100 years of experience in the production and sale of high-quality eggs.

#### 4.2.5 Alignment with Singapore's "30 by 30" food security goal

Singapore imports over 90% of its food for local consumption due to land scarcity. Singapore faces challenges such as disruptions in food supply and increases in food prices as a result of the heavy reliance on imports. In March 2019, the Singapore Food Agency ("**SFA**") announced the "30 by 30" goal, that is, for Singapore to produce 30% of its nutritional needs locally by 2030<sup>2</sup>.

Currently, the 3 local egg farms import day-old-chicks ("**DOC**") from overseas. The fourth egg farm to be developed by ISE Foods Holdings Pte. Ltd. ("**IFH**"), the 70% owned subsidiary of ICM, encompasses the establishment of the first DOC hatchery in Singapore which enables IFH to be self-sufficient in its DOC supply. The increase in local eggs supply and the local source for DOC are in line with the vision to strengthen and safeguard food security in Singapore. The investment in ICM will enable the Group to contribute positively and directly to the nation-wide movement towards sustainability development.

### 5. **SALIENT TERMS OF THE ACQUISITIONS**

The salient terms of the YY Acquisition were set out in the Announcement. The salient terms of the IH Acquisition and the CD Acquisition are set out below.

The aggregate consideration for the IH Shares is S\$666,700 (the "**IH Consideration**") and the aggregate consideration for the CD Shares is S\$2,000,000 (the "**CD Consideration**"). The IH Consideration and CD Consideration shall be satisfied in cash by the Company from its internal resources.

The IH Consideration and the CD Consideration were arrived at after arm's length negotiations between the Company and IH and CD respectively on a willing-buyer willing-seller basis taking into account, *inter alia*, the potential of IFH in being granted four plots of land (the "**Land**") and requisite licences to develop and operate the fourth egg farm in Singapore, and the participation with an established industry player in the business. IFH had received the letter of offer for the lease of the first three plots of land from SFA. No valuation was commissioned on the IH Shares and CD Shares.

### 6. **COMPLETION OF THE ACQUISITIONS**

The Board also wishes to announce that the Acquisitions were completed today by Ellipsiz Agro Investments Pte. Ltd., a Singapore wholly-owned subsidiary incorporated by the Company on 27 June 2022 with an initial paid-up share capital of S\$100 comprising 100 ordinary shares of S\$1 each. ICM is now a 40% associated company (as defined in the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**")) of the Company.

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<sup>2</sup> Singapore Food Statistics 2021-<https://www.sfa.gov.sg/docs/default-source/publication/sq-food-statistics/singapore-food-statistics-2021.pdf> (page 3)

## 7. DEVELOPMENT AND INFORMATION OF THE FARMS

- 7.1 The Farms will be developed in phases starting with the construction of the egg layer farm, followed by the DOC hatchery, parent layer farm and parent pullet farm. It is expected that such development of the Farms will be funded in phases by a combination of (i) equity of IFH, (ii) external financing to be taken by IFH and (iii) shareholders' loans to be extended to IFH. The Company expects that it will contribute to fundings of the foregoing (i) and (iii) by way of shareholders' loans to ICM.
- 7.2 The Land on which the Farms will be developed has a total approximate area of 13 hectares and a lease period of 30 years. The egg layer farm is estimated to commence operation in 2024, followed by the DOC hatchery, parent layer farm and parent pullet farm by the end of 2026. Each of the Farms will deploy state-of-the-art technologies and environmentally-sustainable practices.

## 8. FINANCIAL EFFECTS OF THE ACQUISITIONS

### 8.1 Book value, Net tangible asset value and Net loss

The book value and net tangible asset value of the ICM group based on its unaudited consolidated management accounts as at 31 May 2022 were approximately S\$221,000.

The net loss before income tax and non-controlling interests of the ICM group, based on its unaudited consolidated management accounts for the 5 months ended 31 May 2022 was approximately S\$193,000. Based on the Company's 40% interest in ICM, the net loss attributable to the Company was approximately S\$77,000.

### 8.2 Pro forma Financial Effects

**FOR ILLUSTRATIVE PURPOSES ONLY:** The *pro forma* financial effects of the Acquisitions on the Group set out below are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Acquisitions on the Group's net tangible assets ("**NTA**") per ordinary share in the issued share capital of the Company ("**EL Share**") and the Group's earnings per EL Share ("**EPS**"), nor do they reflect the future financial performance and/or position of the Company and/or the Group after completion of the Acquisitions.

The following *pro forma* financial effects of the Acquisitions have been prepared based on the audited financial statements of the Group for the financial year ended 30 June 2021 ("**FY2021**"), being the most recently completed financial year, with the following assumptions:

- (a) for the purposes of illustrating the financial effects of the Acquisitions on the Group's NTA, it is assumed that the Acquisitions had been completed on 30 June 2021;
- (b) for the purposes of illustrating the financial effects of the Acquisitions on the Group's EPS, it is assumed that the Acquisitions had been completed on 1 July 2020; and
- (c) the transaction costs in relation to the Acquisitions are disregarded for the purposes of computing the financial effects.

### 8.3 NTA per EL Share

	Before the Acquisitions	After the Acquisitions
NTA (S\$'000)	102,421	98,642
Number of EL Shares ('000)	166,668	166,668
NTA per EL Share (cents)	61.45	59.18

### 8.4 EPS

	Before the Acquisitions	After the Acquisitions
Net profit attributable to shareholders (S\$'000)	3,050	2,865
Weighted average number of EL Shares ('000)	166,668	166,668
EPS (cents)	1.83	1.72 <sup>(1)</sup>

**Note:**

- (1) The Farms have not commenced operations. The EPS is computed based on (i) ICM's unaudited consolidated management accounts for the 5 months ended 31 May 2022 extrapolated to 12 months; and (ii) the Group's EPS for FY2021.

## 9. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Acquisitions as computed on the bases set out in Rule 1006 of the Listing Manual and the latest announced consolidated financial statements of the Group for the financial period ended 31 December 2021 are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable
(b)	The net profits attributable to the Sale Shares, compared with the Group's net profits.	(3.6)% <sup>(1)</sup>
(c)	The aggregate value of the YY Consideration, IH Consideration and CD Consideration, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	8.1% <sup>(2)</sup>
(d)	The number of equity securities issued by the Company as consideration for the Acquisitions, compared with the number of equity securities previously in issue.	Not applicable <sup>(3)</sup>

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures</b>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable <sup>(4)</sup>

**Notes:**

- (1) The Farms have not commenced operations. The relative figure is based on (i) ICM's unaudited consolidated management accounts for the 5 months ended 31 May 2022 extrapolated to 6 months; and (ii) the Group's unaudited net profits of S\$2,568,000 for the 6 months ended 31 December 2021.
- (2) Based on (i) the aggregate consideration of S\$4 million for the Acquisitions; (ii) the volume weighted average price of S\$0.295 per share on 29 June 2022, being the last trading day immediately preceding the date of the Acquisitions; and (iii) 166,668,285 EL Shares (excluding treasury shares).
- (3) Not applicable as no equity securities will be issued by the Company in connection with the Acquisitions.
- (4) Not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed on the basis set out in Rule 1006(c) above exceeds 5% but does not exceed 20%, the Acquisitions constitute a discloseable transaction under Rule 1010 of the Listing Manual.

## **10. SERVICE AGREEMENT**

No person is proposed to be appointed as a director of the Company in connection with the Acquisitions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER**

None of the Directors or the controlling shareholder and their respective associates has any interest, direct or indirect, in the Acquisitions (other than through their respective shareholdings in the Company, if any).

## **12. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Supplemental Deed and the IH SPA are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office<sup>3</sup> of the Company at 54 Serangoon North Avenue 4, #05-02, Singapore 555854 for a period of three months from the date of this announcement.

## **BY ORDER OF THE BOARD**

Chow Ching Sian  
Johnie Tan Wee Liang  
Company Secretaries  
30 June 2022

<sup>3</sup> Prior appointment with the Company will be appreciated.