ELLIPSIZ LTD

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

MINUTES OF THE 29TH ANNUAL GENERAL MEETING

Date	:	22 October 2024, Tuesday
Time	:	3.00 p.m.
Venue	:	1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162

Present : <u>Directors</u>
Mr David Ong Kim Huat (Chairman)
Mr Kenneth Ho Siew Keong
Mr Amos Leong Hong Kiat
Mr Clement Leow Wee Kia
Ms Iris Wu Hwee Tan
Mr Adrian Lum Wen-Hong

<u>Company Secretary</u>
Mr Lim Poh Yeow

<u>Shareholders</u>
As set out in the attendance records maintained by the Company

<u>In attendance</u>
Mr Joseph Kang Boon Teck, Chief Executive Officer, ISE Foods Holdings Pte Ltd
Mr Tony Gung Kwun Yuan, President, Distribution & Services Solutions
Mr Joseph Tan Soon Seng, Ernst & Young LLP (Auditor)
Mr Kenneth Tang, Chang See Hiang & Partners (Legal Advisor)
Mr Poon Foo Keong, B.A.C.S. Private Limited (Share Registrar)
Ms Sharon Lee, CitadelCorp Pte Ltd (Scrutineer)

1. <u>INTRODUCTION</u>

Ms Jasmine Su, the Emcee, introduced the Board of Directors, Company Secretary, Management, Auditor and Legal Advisor to the Meeting. She informed the Meeting that voting would be conducted via real-time electronic voting system. A video clip on how to cast a vote was played and shareholders and proxies present tested the voting system via a test resolution. Thereafter, the floor of the Annual General Meeting ("**AGM**") was handed over to the Chairman.

2. <u>WELCOME REMARKS BY CHAIRMAN</u>

The Chairman greeted and welcomed everyone attending the Meeting for their presence.

3. **QUORUM**

The Company Secretary confirmed that a quorum was present, and the Chairman declared the Meeting open.

4. **NOTICE OF MEETING**

The Notice of AGM dated 7 October 2024 convening the AGM was agreed to be taken as read.

5. **PROCEDURES**

The Chairman informed the Meeting of the following:

(a) all resolutions tabled at the Meeting would be voted by poll and counted based on votes cast at the Meeting and also specified in the proxy forms received by the Company at least 72 hours before the Meeting. The votes in the proxy forms had been counted by the polling agent and verified by the Scrutineer;

(b) he had been appointed as proxy by a number of shareholders to vote on their behalf at the Meeting;

(c) shareholders and proxies would have the opportunity to pose questions to the panel after all the agenda items set out in the Notice of AGM had been introduced;

(d) Convene SG Pte Ltd had been appointed as the polling agent and CitadelCorp Pte Ltd had been appointed as the Scrutineer; and

(e) the real-time voting system was opened and shareholders and proxies could cast their votes anytime during the course of the Meeting. Voting would end after the questions and answers segment of the Meeting was over and the results of the voting would be announced shortly after.

6. **BUSINESSES OF THE AGM**

The following businesses to be transacted at the AGM were introduced:

6.1 ORDINARY BUSINESS

6.1.1 Resolution 1 – To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2024 and the Auditor's Report thereon.

6.1.2 Resolution 2 – To re-elect Mr Kenneth Ho Siew Keong, an Executive Director who was first appointed by the Board of Directors of the Company on 1 August 2024, in accordance with Article 107 of the Company's Constitution.

6.1.3 To note the retirement of Mr Clement Leow Wee Kia who was retiring as an Independent Director pursuant to Rule 210(5)(d)(iv) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

(Mr Clement Leow Wee Kia did not seek re-election and would retire as an Independent Director at the conclusion of the AGM. He would step down from his position as the Chairman of both the Nominating Committee and Remuneration Committee and a member of the Audit and Risk Committee.)

6.1.4. To note the retirement of Mr Amos Leong Hong Kiat who was retiring as an Independent Director pursuant to Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST.

(Mr Amos Leong Hong Kiat did seek re-election and would retire as an Independent Director at the conclusion of the AGM. He would step down from his position as the Chairman of the Audit and Risk Committee and a member of both the Nominating Committee and Remuneration Committee.)

6.1.5 Resolution 3 – To approve the declaration of a final tax-exempt (one-tier) dividend of 1.00 cent per ordinary share for the financial year ended 30 June 2024.

Upon approval, the dividend would be paid on 21 November 2024.

6.1.6 Resolution 4 – To approve the payment of Directors' fees of $335,062 for the financial year ending 30 June 2025, to be paid quarterly in arrears.

6.1.7 Resolution 5 – To re-appoint Ernst & Young LLP as the Auditor of the Company and to authorise the Directors to fix their remuneration.

6.2 <u>SPECIAL BUSINESS</u>

6.2.1 Resolution 6 – To approve a general mandate to be granted to the Directors to:

(a) (i) allot and issue shares in the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, the "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that the conditions set out in the Notice of AGM were met.

6.2.2 Resolution 7 – To approve the renewal of the Share Purchase Mandate.

7. <u>QUESTIONS AND ANSWERS</u>

7.1 The Chairman proceeded to open the floor for questions relevant to the agenda of the AGM.

7.2 Shareholder A raised several concerns and questions about the egg farm project:

(a) She noted the Company's recent announcement on the significant increase in development costs and sought clarification as to why, despite the Company's extensive preparation and feasibility studies on the project, development costs had increased. She commented that the Company still cited the COVID-19 pandemic, inflationary pressures, and supply chain disruptions as reasons causing the delays, even though these situations, in her view, had improved this year. She also asked whether construction of the farm had started and what the amount of increase in costs was.

(b) She expressed concerns on the recoverability of the $12.7 million loan extended to the subsidiary and disappointment on the decision to venture into this project given that a re-evaluation of its viability would now be required.

(c) Noting that the Company was earning interest income while maintaining a strong cash position, she commented that the project was capital-intensive and enquired about its payback period as well as the expected returns.

(d) She referred to the Group's performance in financial year 2017 where the profit was approximately $10 million and highlighted that the Company had failed to maximise the use of the proceeds from the sale of its probe card business. After rewarding shareholders with some dividends, the Company went into egg farming which was a challenging business landscape in Singapore. She quoted a recent report about a multi-storey fish tech farm in Singapore which was sold at a significant loss.

(e) She commented that the Company lacked focus, as it had recently announced its venture into the golf simulator business, and suggested that the Company should concentrate on its core semiconductor business instead of diversifying into other capital-intensive businesses. She cited the strong share prices of United Microelectronics Corporation and AEM Holdings Ltd as evidence of the bright prospect of the semiconductor industry. Although the semiconductor industry was cyclical in nature, established companies like United Monolithic Semiconductors, with its advanced technology, could be well-positioned to benefit from market upswings. She asked if the Company had doubts about its own technology skills, which explained its need to diversify.

(f) She questioned the growth potential and profitability of the egg business in Singapore and whether such business could be scaled up, considering the country's stable population and its reliance on imported eggs from Malaysia. Furthermore, local suppliers like Chew’s had surplus capacity. She did not see exporting to Malaysia or Indonesia to be viable, considering that both neighbouring countries were largely self-sufficient in egg production, and was of the view that the egg farming business offered limited growth potential and was not a strategic fit for the Company.

(g) Considering the Group’s cash reserve of $50 million, she suggested returning excess capital to shareholders for them to decide on their own capital allocation. She expressed that venturing into the egg farm project had adversely affected shareholder value, as reflected by the Company’s shares trading at a substantial discount to net tangible assets and at a 10-year low, indicating the market's negative outlook on this project. She asked whether the Company had plans to initiate a share buyback.

The Chairman thanked the shareholder for her comprehensive assessment and the pertinent questions she had raised. He acknowledged her concerns and assured her that the Company remains committed to the semiconductor segment which would always be its core business. The Company would continue to grow its semiconductor business notwithstanding experiencing fluctuations due to the industry's cyclical nature. However, to enhance its resilience to such cyclical demands, the Company must explore opportunities to diversify into a more defensive business as a strategic initiative. This approach aims to leverage the Company's resources to establish a stable income stream for the Group.

The Chairman reiterated that the Board remains prudent and transparent in the Company’s foray into the egg farm project in Singapore. Timely announcements had been made via SGXNet to update shareholders. He highlighted the recent media coverage on the challenges faced by the agro-farming industry and the Company. Whilst the COVID-19 pandemic was over, its lingering effects were still being felt. Inflation continued to weight heavily, affecting both the Company and the public at large. The Company had also been severely impacted by supply chain disruptions and the Red Sea crisis presenting a unique set of challenges for the Group.

The Company had carefully evaluated and deliberated before venturing into the egg farm business, ensuring that proper due diligence was conducted. Consultants were also engaged to study its feasibility and bio-security concerns. The Company had also been actively engaging the relevant government agency for further support.

The Chairman explained that construction of the egg farm would take approximately two to three years followed by additional time needed to stabilise the operations before any returns on the investment could be expected. He noted that a gestation period is inevitable for new projects to reach fruition, emphasising that the primary focus at present is on completing the farm's construction.

7.3 Shareholder A asked if the Company would invest more money in the egg farm project.

The Chairman emphasised the Board's commitment to protecting shareholder value and maintaining financial prudence in all decision-making processes. By ensuring transparency and accuracy in project-related disclosures through SGXNet, the Board aims to reinforce trust and confidence among stakeholders.

Additionally, the acknowledgment of industry challenges, such as escalating costs and biosecurity threats stemming from rising disease incidents, demonstrates the Board's awareness of external risks that could impact operations and profitability. These considerations influence the Board's strategy emphasising rigorous evaluation of investments to balance growth opportunities with risk management.

To address these issues, extensive discussions are ongoing between ISE Foods Holdings Pte Ltd ("**IFH**") and Singapore Food Agency (SFA). IFH was also working with a consultant which had highlighted the need for more land for biosecurity requirements. As a result, the development of the egg farm has been delayed to address these concerns.

The Chairman further elaborated that IFH had signed a licensing and technical support agreement with ISE Foods Japan, one of the world's largest egg producers. As part of this collaboration, a technical staff was seconded from Japan to Singapore to assist with the project. He reiterated the importance of ensuring the project's viability, which necessitated the current review. With the combined efforts of all parties including the government, the Company is confident that the project would progress positively.

The Chairman then invited IFH's CEO, Joseph Kang ("**JK**"), to share further insights.

JK acknowledged the concerns on the progress of the egg farm being behind schedule. He explained that IFH had been actively reviewing and refining its plans in consultation with experts. During the past twenty-four months of planning, there had been a rise in disease outbreaks like the bird flu and the impacts of climate change. He referenced recent newspaper article about a local farmer having to scale back production due to these hurdles. IFH recognised the importance of addressing these issues from the outset to minimise potential disruptions to the farm's operations. In response to the shareholder's concern about rising costs, JK explained that SFA had acknowledged this to be an issue and IFH was actively engaging with SFA to seek solutions to the various challenges.

IFH was finalising its plan for submission to SFA for approval and hoped to provide shareholders with an update soon. In response to the shareholder's question about the expected returns, JK shared that the project remained viable and would provide a stable income stream for the Group.

The Chairman shared that based on available statistics, Singaporeans consumed approximately 2.2 billion eggs annually. Addressing the shareholder's point on a recent media article of a local egg farm facing surplus of eggs produced, while there could be other factors attributing to this scenario, he explained that currently more than 70% of eggs in Singapore were imported. The need to enhance food security in Singapore would mean a need for the government to reduce reliance on imports, increase local production and expand sources. The Board viewed IFH's entry into the sector as being aligned with Singapore's "30 by 30" food security vision.

7.4 Shareholder B enquired why, after three years, the Company was still discussing construction. He recalled that three years ago, ISE Japan had expressed enthusiasm about bringing ISE eggs to Singapore and was prepared to invest a hundred million dollars, which led him to assume they were fully knowledgeable about the project. Considering that costs would have been lower before the Russia-Ukraine war, he could not understand why discussions on construction and the need for additional land were still ongoing and there was no progress on the project. He also asked if IFH had been paying rent all this time.

The Chairman explained that the project encompassed four interconnected plots of land, with facilities designed to function cohesively. IFH needed to ensure that every aspect including equipment requirements and biosecurity considerations were considered in the architectural drawings. With the need for more land and rising development costs, further planning was necessary, and a consultant was brought in to advise. He emphasised the importance of careful assessment prior to the commencement of construction as halting the project midway could have dire consequences. He invited JK to further elaborate on these points.

JK explained that IFH had been alienated a 10-hectare plot of land to build a farm to produce one million eggs daily and land premium had been paid. Although IFH already had a plan for the design and layout of the farm to achieve this capacity, there were biosecurity concerns and the costs to build were high. IFH was then faced with having to make a crucial decision on whether to start construction ignoring biosecurity concerns or to work on an alternative plan. IFH then decided that it was imperative to approach SFA and propose for the egg farm to be developed in phases and at the same time explore ways to reduce development costs. Given the size of the investment, a cautious approach must be adopted.

Regarding the funding from ISE Japan, the Chairman clarified that ISE Japan does not have any equity interest in the farm and hence will not be providing any funding. Notwithstanding the Group's healthy cash position, IFH is actively seeking alternative funding sources.

7.5 Shareholder B also wanted to know the amount of construction costs. He asked whether SFA had provided any grants to IFH so far and whether the costs would be shared among the shareholders, that is, if the Company would bear only 56% of the development costs based on its shareholding interest. Even so, he noted that almost the Group's entire existing cash reserve of $50 million would be needed for the project.

JK shared that as recently updated in an announcement via SGXNet, IFH was still reviewing the development costs and was in discussions with SFA for additional funding. No grant had been received from SFA so far.

The Chairman shared that IFH, having conducted its due diligence, was working on an initial amount of $110 million to complete the egg farm project. This amount has since increased due to reasons elaborated earlier.

The Chairman explained that the Company would be expected to fund the development costs proportionately based on its shareholding interest. However, he highlighted that the project will not be funded entirely from the Group's cash reserve as a portion of the funding would be partly covered by SFA grants and bank loans.

7.6 Shareholder B enquired whether the funding from the government would take the form of capital injection, which would dilute the Company's shareholding interest in IFH and resulting in the Temasek-linked funds owning more shares in IFH.

The Chairman explained that government funding would not take the form of capital injection but rather grants under the Agrifood Cluster Transformation Fund. He added that discussions with SFA regarding these grants are ongoing, and further details will be disclosed upon confirmation of the support. Additionally, SFA will assist IFH in its discussions with banks to secure loans that will partially finance the development costs.

The Chairman added that IFH will continue to actively engage SFA to address these issues. He noted that it was fortunate that construction had not yet begun, as this would have resulted in significant cash outflows. Once the additional land is confirmed and the grant secured, IFH would decide on its next step. He anticipated that a decision would be reached within the next year. The Board is committed to maintaining transparency with shareholders regarding the rationale behind its decision. Staying optimistic, the Board expressed hope of advancing this project as soon as possible.

7.7 Shareholder B mentioned that he had raised a question in the previous annual general meeting regarding the source of IFH's day-old chicks, and the response given then was that IFH was still exploring and had not finalised its options. He wanted to follow up on this question to see if the source had since been finalised. He also asked whether there would be concerns about IFH's ability to obtain the supply and what had happened to its plans to source the supply from Hungary and other Eastern European countries.

JK replied that SFA's policies had always been for farmers to diversify their sources for day-old chicks. Most local farms purchased their day-old chicks from Malaysia. IFH was exploring sources from Indonesia, Thailand, and even Japan as it did not want to be dependent on a single breed. The strategy was to have diversified sources for day-old chicks of different breeds.

JK explained that the supply of day-old chicks would not pose any issues as IFH was actively engaging with breeders. European countries were considered alternative sources and obtaining supplies from neighbouring Asian countries was highly recommended due to the longer distance in transportation from European countries.

In summing up, the Chairman acknowledged shareholders' concerns about costs and related issues and gave the Board's assurance that IFH is actively working to optimise construction costs. While this might lead to deviations from the original plan, the priority is to be prudent and ensure that right actions were taken. The Company remained committed to exercising sound judgment as the interests of stakeholders were paramount. The Board's policy was to closely monitor progress, hold regular meetings to address any emerging issues, and ensure transparency in operations. This stance would not change.

7.8 Shareholder B raised a question on the indoor golf simulator business which was recently announced. He believed discussions on the project could have started earlier and expressed disappointment why the annual report did not provide information on this new venture. Based on feedback from his golf contacts, the business did not appear promising to him as there were several existing operators in the market. He noted that the registered share capital of the joint venture partner, UPlay Ventures Pte Ltd ("**UPlay**"), was only $100,000 and questioned whether the full $5 million investment would come solely from the Company.

Shareholder A also wanted to know how the Board had reached a consensus that the indoor golf simulator business was a worthwhile venture for the Company, and if the Company had conducted a thorough market survey, an assessment of demand, a projection of returns and an evaluation of whether the current joint venture structure was advantageous to the Company.

In reply to Shareholder B, the Chairman clarified that the decision on the investment was finalised just before the AGM and as announced, the Company's investment was $5 million.

In reply to Shareholder A, the Chairman explained that for any business propositions, the Company would not simply jump into the venture without conducting a thorough evaluation and due diligence. He highlighted that Uplay is an affiliate of NTUC Club and thus offers a strong proposition of a large membership base to tap on and well positioned club facilities.

7.9 Shareholder B enquired whether the Company had received assurance that it would be able to tap into the large membership base across all clubs under the umbrella of NTUC Club.

The Chairman explained that it would not be feasible to target all clubs at once. Instead, the focus would be on leveraging those most suitable and effectively marketing the Company's services to these members as well as the broader public. The Company had made its evaluation and gathered that the collaboration with UPlay would be a good partnership. UPlay offered golf and many other activities to its members. He then invited a fellow Board member, Adrian Lum Wen-Hong ("**AL**"), to provide more details.

AL shared that the Company had asked itself the same question asked by the shareholders before deciding to venture into the golf simulator business. Due diligence, market studies, and evaluations were conducted before the Company decided that this was a viable business opportunity which would not assume excessive risks.

On the $5 million investment, he clarified that the Company was prepared to invest up to that amount, though the actual amount required might be lower.

7.10 Shareholder B asked why $5 million was needed when the equipment that could be procured from Amazon was relatively inexpensive, with each system costing no more than $80,000. He also asked what assurance did UPlay provide regarding this venture, specifically, did they guarantee that the Company would be able to secure the desired locations for its centres within NTUC clubhouse.

AL clarified that the capital expenditure would encompass several key components beyond just the golf simulator machines. The investment also covered costs for renovations, reinstatements, and the fitting out of the centres.

Given the evolving landscape of land use in Singapore, where the government was actively reclaiming land for more optimal usage, golf courses were facing challenges. Nevertheless, the golfer population in Singapore, both young and old, had remained steady and were even increasing. Many golfers were seeking enhanced experiences leading them to embrace digital platforms which underscored the relevance of investing in indoor golf simulator business.

AL believed that the venture would stand out from other indoor golfing facilities in two major ways. Firstly, the formidable alliance with UPlay would strengthen the Company's position in the market. Secondly, in ensuring that the Company would stay at the forefront of innovation, the technology it would be acquiring for the simulators would be more advanced than earlier purchases.

Hence, the $5 million investment was necessary to establish a strong foundation for the business that would effectively meet the needs of today's golfers.

Management had approached this venture from a commercial perspective to ensure that it was both commercially viable and sustainable. Simply increasing the number of outlets might not be beneficial as having too many locations too close to each other could lead to internal competition. Basically, management would assess each location on its own merits and sought to find a balance where there would be enough outlets to meet consumer demand without oversaturating its own market.

7.11 Shareholder A raised the following questions:

(a) She enquired about the Group's plans for the Bintan land and whether there was any intention to build a resort as such development would deplete cash reserves. She viewed the prospects in Indonesia as good and especially with the appointment of the new president, she believed tourism would be enhanced.

(b) She expressed concern on whether the Company would cease paying the one-cent dividend having to preserve cash for expansion and operational needs for the egg farm and indoor golf simulator projects. In her view, it would likely take three to four years for the egg farm to generate any meaningful results. While the Company had maintained strong cash reserve, she was concerned that with the pursuit of these projects, particularly the egg farm, the cash and cash equivalents would soon be exhausted.

The Chairman shared that the land in Bintan presents a prospect for the Company to explore potential business opportunities. He concurred with the shareholder that tourism in Bintan holds potential. The Company is still assessing its options and if promising opportunities arose, the Company would update shareholders accordingly. For now, the primary focus remains on completing the development of the egg farm and to commence operations. The Company's priority is to solidify its core businesses and ensure that its current investments and long-term strategies are properly established.

On behalf of the Board, the Chairman assured shareholders that the Company remains dedicated to ensuring the Group's stability. The dividend was a gesture of the Company's appreciation to shareholders for their continued support.

7.12 When there were no further questions, the Chairman thanked the shareholders and closed the session.

8. VOTING

The Chairman invited shareholders and proxies who had not cast their votes for the Resolutions to proceed to do so. A further one minute was provided for the casting of votes.

9. POLL RESULTS

The Chairman informed the Meeting that votes had been counted and verified and declared the results of the poll as follows:

Resolution No.	Total number of Ordinary Shares represented by votes for and against a resolution	For		Against	
		Number of Ordinary Shares	%	Number of Ordinary Shares	%
Ordinary Resolution 1 Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2024 and the Auditor's Report thereon	102,678,645	102,668,245	99.99	10,400	0.01
Ordinary Resolution 2 Re-election of Mr Kenneth Ho Siew Keong as a Director	102,675,145	102,497,345	99.83	177,800	0.17
Ordinary Resolution 3 Declaration of a final tax-exempt (one-tier) dividend of 1.00 cent per ordinary share	102,675,145	102,667,145	99.99	8,000	0.01
Ordinary Resolution 4 Approval of Directors' fees of $335,062 for the financial year ending 30 June 2025, to be paid quarterly in arrears	102,124,545	102,046,245	99.92	78,300	0.08
Ordinary Resolution 5 Re-appointment of Ernst & Young LLP as Auditor of the Company and authorising the Directors to fix their remuneration	102,124,545	102,092,845	99.97	31,700	0.03
Ordinary Resolution 6 Approval of authority to issue new shares	102,124,545	101,876,445	99.76	248,100	0.24
Ordinary Resolution 7 Approval of Share Purchase Mandate	102,124,545	102,106,445	99.98	18,100	0.02

10. CLOSE OF AGM

There being no other business, the Chairman thanked the shareholders and proxies for their attendance and votes, and declared the Meeting closed at 4.10 p.m.

Confirmed as a true record of the proceedings

David Ong Kim Huat
Chairman of the Meeting