

CIRCULAR DATED 2 OCTOBER 2018

THIS CIRCULAR IS ISSUED BY ELLIPSIZ LTD (“COMPANY”). THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

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 all your issued ordinary shares in the capital of the Company, you should forward this Circular together with the Annual Report, Notice of Annual General Meeting and the attached Proxy Form immediately to the purchaser or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.



ELLIPSIZ LTD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED ADOPTION OF A SHARE PURCHASE MANDATE

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Form	:	16 October 2018 at 2.30 p.m.
Date and time of Annual General Meeting	:	18 October 2018 at 2.30 p.m.
Place of Annual General Meeting	:	1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore (769162)

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Act” or “Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“AGM”	:	The annual general meeting of the Company to be held on 18 October 2018
“AGM Notice”	:	The notice of the AGM which is enclosed with the Annual Report
“Annual Report”	:	The annual report of the Company for the financial year ended 30 June 2018
“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; and (b) in relation to a Substantial Shareholder or a 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
“Board” or “Board of Directors”	:	The board of directors of the Company, as at the date of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 2 October 2018
“Company”	:	Ellipsiz Ltd
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding Treasury Shares and subsidiary holdings in the company; or (b) in fact exercises control over a company
“Constitution”	:	The constitution of the Company
“Director”	:	A director of the Company
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended or ending 30 June, as the case may be
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	11 September 2018, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“NTA”	:	Net tangible assets

“Proxy Form”	:	The proxy form in respect of the AGM which is enclosed with the Annual Report
“Securities Account”	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as may be amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase Mandate”	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Circular, Resolution 12 of the AGM Notice as well as the rules and regulations set forth in the Companies Act and the Listing Rules
“Shareholder(s)”	:	Registered holder(s) of Shares except that where the registered holder is CDP, the term “Shareholder(s)” in relation to Shares held by CDP shall mean the person(s) named as Depositors in the Depository Register maintained by CDP and to whose Securities Account(s) such Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person (including a corporation) who has an interest, directly or indirectly, in 5% or more of the total number of voting Shares
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Treasury Shares”	:	Has the meaning ascribed to it in Section 4 of the Act
“\$” and “cents”	:	Singapore dollars and cents respectively
“%” or “per cent”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any word defined under the Companies Act or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa.

Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

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

Any reference to a time of a day in this Circular is a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof and/or their respective percentages are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

ELLIPSIZ LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 199408329R

Directors:

Chng Hee Kok (*Chairman and Independent Director*)
Kelvin Lum Wen-Sum (*Chief Executive Officer and Executive Director*)
Amos Leong Hong Kiat (*Independent Director*)
Clement Leow Wee Kia (*Independent Director*)
Iris Wu Hwee Tan (*Non-independent Non-executive Director*)
Adrian Lum Wen-Hong (*Non-independent Non-executive Director*)

Registered Office:

54 Serangoon North Avenue 4
#05-02
Singapore (555854)

Date: 2 October 2018

To: The Shareholders of Ellipsiz Ltd

Dear Sir/Madam

PROPOSED ADOPTION OF A SHARE PURCHASE MANDATE

1. BACKGROUND

- 1.1 **AGM** The Board intends to seek Shareholders' approval for the proposed adoption of a Share Purchase Mandate at the AGM. The proposed adoption of the Share Purchase Mandate is set out as an ordinary resolution in the AGM Notice accompanying the Annual Report.
- 1.2 **Purpose of Circular** The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the abovementioned proposed adoption of the Share Purchase Mandate at the AGM.

2. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

- 2.1 **Introduction** The Board is proposing to seek Shareholders' approval at the AGM for the proposed adoption of the Share Purchase Mandate. Any purchase or acquisition of its Shares by the Company has to be made in accordance with, and in the manner prescribed by the Companies Act, the Listing Manual, the Constitution and such other laws and regulations as may for the time being be applicable.

It is a requirement under the Listing Manual and the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders. Accordingly, approval is being sought from Shareholders at the AGM for the Share Purchase Mandate.

- 2.2 **Rationale for the Share Purchase Mandate** The rationale for the Share Purchase Mandate is set out below.
- 2.2.1 The Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its Shares at any time, subject to market conditions, during the period the Share Purchase Mandate is in force.
- 2.2.2 The Share Purchase Mandate will enable the Company to undertake purchases or acquisitions of Shares and to hold such purchased or acquired Shares in treasury. Treasury Shares may be used in the manner provided in the Companies Act.
- 2.2.3 The Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to 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 Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner. A share purchase programme will also allow management to manage and minimise the dilution impact (if any) associated with share schemes.

2.2.4 Share purchase programmes help buffer short-term price volatility and off-set the effects caused by short-term speculators and investors and, in turn, bolster shareholder confidence and employee morale.

2.3 While the Share Purchase Mandate would authorise purchases or acquisitions of Shares up to the 10% limit described in paragraph 2.4.1 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and no purchases or acquisitions of Shares would be made, in circumstances which would have or may have a material adverse effect on the financial position of the Company or result in the Company being de-listed from the SGX-ST. Further, no share purchase or acquisition is permitted if the Company is insolvent.

2.4 **Authority and Limits of the Share Purchase Mandate** The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if approved at the forthcoming AGM, are set out below.

2.4.1 **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 which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date the Share Purchase Mandate is approved by Shareholders. Any Shares which are held as Treasury Shares will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, based on a total of 167,128,185 issued Shares as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the AGM, and no Shares are held by the Company as Treasury Shares on or prior to the AGM, not more than 16,712,818 Shares may be bought by the Company pursuant to the proposed Share Purchase Mandate.

2.4.2 **Duration of Authority**

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date the Share Purchase Mandate is approved up to the earliest of:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held; or
- (b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied in a general meeting of the Company; or
- (c) the date on which the purchases or acquisitions of Shares are carried out to the full extent authorised under the Share Purchase Mandate.

The Share Purchase Mandate may be renewed at each annual general meeting or other general meeting of the Company.

2.4.3 **Manner of Purchase or Acquisition**

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

- (a) an on-market purchase ("**On-Market Purchase**"), transacted on the SGX-ST through the ready market and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) an off-market purchase ("**Off-Market Purchase**"), effected pursuant to an equal access scheme or schemes as may be determined or formulated by the Board as it may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual.

Companies Act Requirements for Off-Market Purchase In an Off-Market Purchase, the Board may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as it considers fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Companies Act, 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 acquire the same percentage of their Shares;
- (ii) all of those 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 (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares and (3) if applicable, differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid.

Listing Manual Requirements for Off-Market Purchase Further, under the Listing Manual, if the Company wishes to make an Off-Market Purchase, it must issue an offer document to all Shareholders containing at least the following information:

- (i) terms and conditions of the offer;
- (ii) period and procedures for acceptances;
- (iii) the reasons for the proposed share purchase;
- (iv) the consequences, if any, of the share purchase by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any share purchases made by the Company in the previous twelve months (whether On-Market Purchase or Off-Market Purchase), 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
- (vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.4.4 **Maximum Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duty, clearance fees and other related expenses) to be paid for a Share will be determined by the Board. However, the purchase price to be paid for the Shares as determined by the Board must not exceed the maximum price as set out below:

- (a) in the case of an On-Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares.

“**Average Closing Price**” means the average of the last dealt prices of a Share for the five Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of the On-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 in the case of an On-Market Purchase, deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.5 **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 held by the Company as Treasury Shares. 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.

2.6 **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 and the Listing Manual are summarised below.

2.6.1 **Maximum Holdings**

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

2.6.2 **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 shall not be entitled to receive dividends or any other distribution of the Company's assets in respect of any Treasury Shares. The Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

However, the allotment of Shares as fully paid bonus Shares in respect of Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

2.6.3 **Disposal and Cancellation**

Where Shares are held as Treasury Shares, the Company may at any time:

- (a) sell any of the Treasury Shares for cash;
- (b) transfer any of the Treasury Shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer any of the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel any of the Treasury Shares; or
- (e) sell, transfer or otherwise use any of the Treasury Shares for such other purposes as the Minister for Finance may by order prescribe.

2.6.4 **Rule 704(28) of the Listing Manual**

Pursuant to Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of Treasury Shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (e) 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
- (f) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

2.7 **Source of Funds** The Companies Act permits the Company to purchase or acquire its own Shares out of capital as well as from its profits, so long as it is, in each case, solvent.

The Company intends to use the internal sources of funds of the Group and/or external borrowings to finance the Company's purchase or acquisition of Shares. The Board does not propose to exercise the Share Purchase Mandate to such extent that it would materially adversely affect the working capital requirements of the Group.

2.8 **Financial Effects** It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the proposed Share Purchase Mandate on the NTA per share and EPS, as the resultant effect would depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, 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.

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 any expenses incurred directly in the purchase or acquisition of Shares) 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 dividends by the Company will not be reduced.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2018, are based on the assumptions set out below.

2.8.1 **Number of Shares Acquired or Purchased**

Based on the number of issued and paid-up Shares as at the Latest Practicable Date and assuming no further Shares are issued, no Shares are purchased or acquired by the Company and no Shares are held by the Company as Treasury Shares, on or prior to the AGM, the purchases or acquisitions by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 16,712,818 Shares.

2.8.2 Maximum Price Paid for Shares Acquired or Purchased

In the case of On-Market Purchase by the Company and assuming that the Company purchases or acquires 16,712,818 Shares at the maximum price of \$0.511 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 16,712,818 Shares is \$8,540,250.

In the case of Off-Market Purchase by the Company and assuming that the Company purchases or acquires 16,712,818 Shares at the maximum price of \$0.536 for one Share (being the price equivalent to 110% of the Average Closing Price of the Shares for the five Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 16,712,818 Shares is \$8,958,070.

2.8.3 Whether Purchased Shares are Cancelled or Held in Treasury

If the Company chooses not to hold the purchased Shares in treasury, such Shares shall be cancelled and the total number of issued Shares of the Company shall be reduced accordingly.

The Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

Where the purchased Shares are held in treasury, the total number of issued Shares of the Company remains unchanged.

2.8.4 Illustrative Financial Effects

For illustrative purposes only and on the basis of the assumptions set out above, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and the Group for FY2018, are prepared, assuming the following:

- (a) the Share Purchase Mandate had been effective on 1 July 2017;
- (b) the purchase or acquisition of the maximum of 16,712,818 Shares by the Company pursuant to the Share Purchase Mandate by way of On-Market Purchase was made equally out of profits and capital and cancelled or held in treasury;
- (c) the purchase or acquisition of the maximum of 16,712,818 Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchase was made equally out of profits and capital and cancelled or held in treasury;
- (d) the said purchase or acquisition took place as at the beginning of the financial year on 1 July 2017;
- (e) there being no further issuance of Shares after the Latest Practicable Date.

Scenario 1(A)**On-Market purchase of up to a maximum of 10% made equally out of profits (5%) and capital (5%) and cancelled**

	Group		Company	
	Per Audited Financial Statements \$'000	Proforma after Share Purchase \$'000	Per Audited Financial Statements \$'000	Proforma after Share Purchase \$'000
At 30 June 2018				
Share capital	89,566	85,296	89,566	85,296
Other reserves	(5,309)	(5,309)	7,535	7,535
Distributable profits				
– reserved for FY2018 proposed dividend ⁽¹⁾	5,014	5,014	5,014	5,014
– available for acquisition of Shares under Share Purchase Mandate	35,447	30,814	14,660	10,027
Shareholders' equity	124,718	115,815	116,775	107,872
Total borrowings ⁽²⁾	–	2,989	–	2,989
Cash and cash equivalents ⁽³⁾	73,244	67,330	56,627	50,713
Net cash	73,244	64,341	56,627	47,724
Current assets	94,397	88,483	63,783	57,869
Current liabilities	13,673	16,662	6,483	9,472
NTA	109,303	100,400	116,775	107,872
Profit attributable to Shareholders	9,068	8,705	35,594	35,231
Number of Shares as at 30 June 2018 ('000)	167,128	150,415	167,128	150,415
Weighted average number of Shares outstanding during the financial year ended 30 June 2018 ('000)	167,128	150,415	167,128	150,415
Financial ratios				
NTA per Share (cents) ⁽⁴⁾	65.40	66.75	69.87	71.72
Current ratio (times) ⁽⁵⁾	6.90	5.31	9.84	6.11
Gearing (%) ⁽⁶⁾	Net Cash	Net Cash	Net Cash	Net Cash
EPS (cents) ⁽⁷⁾	5.43	5.79	n.m. ⁽⁸⁾	n.m. ⁽⁸⁾

Notes

⁽¹⁾ Assumed that the proposed final tax-exempt (one-tier) dividend of 2.00 cents per Share and the proposed final special tax-exempt (one-tier) dividend of 1.00 cent per Share are approved at the AGM. The dividend payable was determined based on the number of issued Shares as at 30 June 2018.

⁽²⁾ Assumed that the purchase of Shares was financed by internal funds of \$5,551,000 (65%) and bank borrowings of \$2,989,000 (35%).

⁽³⁾ Interest expense on the additional bank borrowings is assumed to be \$179,000 (at 6% per annum) and loss of interest income as a result of the utilisation of internal funds is assumed to be \$184,000 (at 4% per annum, net of tax).

⁽⁴⁾ NTA per Share equals to NTA (equity attributable to Shareholders of the Company less intangible assets) divided by the number of Shares outstanding as at 30 June 2018.

⁽⁵⁾ Current ratio equals current assets divided by current liabilities.

⁽⁶⁾ Gearing equals to total borrowings net of cash and cash equivalents divided by shareholders' equity.

⁽⁷⁾ EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the financial year ended 30 June 2018.

⁽⁸⁾ Not meaningful.

Scenario 1(B)**On-Market purchase of up to a maximum of 10% made equally out of profits (5%) and capital (5%) and held in treasury**

	Group		Company	
	Per Audited Financial Statements \$'000	Proforma after Share Purchase \$'000	Per Audited Financial Statements \$'000	Proforma after Share Purchase \$'000
At 30 June 2018				
Share capital	89,566	89,566	89,566	89,566
Other reserves	(5,309)	(5,309)	7,535	7,535
Distributable profits				
– reserved for FY2018 proposed dividend ⁽¹⁾	5,014	5,014	5,014	5,014
– available for acquisition of Shares under Share Purchase Mandate	35,447	35,084	14,660	14,297
Treasury Shares	–	(8,540)	–	(8,540)
Shareholders' equity	124,718	115,815	116,775	107,872
Total borrowings ⁽²⁾	–	2,989	–	2,989
Cash and cash equivalents ⁽³⁾	73,244	67,330	56,627	50,713
Net cash	73,244	64,341	56,627	47,724
Current assets	94,397	88,483	63,783	57,869
Current liabilities	13,673	16,662	6,483	9,472
NTA	109,303	100,400	116,775	107,872
Profit attributable to Shareholders	9,068	8,705	35,594	35,231
Number of Shares as at 30 June 2018 ('000)	167,128	150,415	167,128	150,415
Weighted average number of Shares outstanding during the financial year ended 30 June 2018 ('000)	167,128	150,415	167,128	150,415
Financial ratios				
NTA per Share (cents) ⁽⁴⁾	65.40	66.75	69.87	71.72
Current ratio (times) ⁽⁵⁾	6.90	5.31	9.84	6.11
Gearing (%) ⁽⁶⁾	Net Cash	Net Cash	Net Cash	Net Cash
EPS (cents) ⁽⁷⁾	5.43	5.79	n.m. ⁽⁸⁾	n.m. ⁽⁸⁾

Notes

⁽¹⁾ Assumed that the proposed final tax-exempt (one-tier) dividend of 2.00 cents per Share and the proposed final special tax-exempt (one-tier) dividend of 1.00 cent per Share are approved at the AGM. The dividend payable was determined based on the number of issued Shares as at 30 June 2018.

⁽²⁾ Assumed that the purchase of Shares was financed by internal funds of \$5,551,000 (65%) and bank borrowings of \$2,989,000 (35%).

⁽³⁾ Interest expense on the additional bank borrowings is assumed to be \$179,000 (at 6% per annum) and loss of interest income as a result of the utilisation of internal funds is assumed to be \$184,000 (at 4% per annum, net of tax).

⁽⁴⁾ NTA per Share equals to NTA (equity attributable to Shareholders of the Company less intangible assets) divided by the number of Shares outstanding as at 30 June 2018.

⁽⁵⁾ Current ratio equals current assets divided by current liabilities.

⁽⁶⁾ Gearing equals to total borrowings net of cash and cash equivalents divided by shareholders' equity.

⁽⁷⁾ EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the financial year ended 30 June 2018.

⁽⁸⁾ Not meaningful.

Scenario 1(C)

Off-market purchase of up to a maximum of 10% made equally out of profits (5%) and capital (5%) and cancelled

	Group		Company	
	Per Audited Financial Statements \$'000	Proforma after Share Purchase \$'000	Per Audited Financial Statements \$'000	Proforma after Share Purchase \$'000
At 30 June 2018				
Share capital	89,566	85,087	89,566	85,087
Other reserves	(5,309)	(5,309)	7,535	7,535
Distributable profits				
– reserved for FY2018 proposed dividend ⁽¹⁾	5,014	5,014	5,014	5,014
– available for acquisition of Shares under Share Purchase Mandate	35,447	30,587	14,660	9,800
Shareholders' equity	124,718	115,379	116,775	107,436
Total borrowings ⁽²⁾	–	3,135	–	3,135
Cash and cash equivalents ⁽³⁾	73,244	67,040	56,627	50,423
Net cash	73,244	63,905	56,627	47,288
Current assets	94,397	88,193	63,783	57,579
Current liabilities	13,673	16,808	6,483	9,618
NTA	109,303	99,964	116,775	107,436
Profit attributable to Shareholders	9,068	8,687	35,594	35,213
Number of Shares as at 30 June 2018 ('000)	167,128	150,415	167,128	150,415
Weighted average number of Shares outstanding during the financial year ended 30 June 2018 ('000)	167,128	150,415	167,128	150,415
Financial ratios				
NTA per Share (cents) ⁽⁴⁾	65.40	66.46	69.87	71.43
Current ratio (times) ⁽⁵⁾	6.90	5.25	9.84	5.99
Gearing (%) ⁽⁶⁾	Net Cash	Net Cash	Net Cash	Net Cash
EPS (cents) ⁽⁷⁾	5.43	5.78	n.m. ⁽⁸⁾	n.m. ⁽⁸⁾

Notes

⁽¹⁾ Assumed that the proposed final tax-exempt (one-tier) dividend of 2.00 cents per Share and the proposed final special tax-exempt (one-tier) dividend of 1.00 cent per Share are approved at the AGM. The dividend payable was determined based on the number of issued Shares as at 30 June 2018.

⁽²⁾ Assumed that the purchase of Shares was financed by internal funds of \$5,823,000 (65%) and bank borrowings of \$3,135,000 (35%).

⁽³⁾ Interest expense on the additional bank borrowings is assumed to be \$188,000 (at 6% per annum) and loss of interest income as a result of the utilisation of internal funds is assumed to be \$193,000 (at 4% per annum, net of tax).

⁽⁴⁾ NTA per Share equals to NTA (equity attributable to Shareholders of the Company less intangible assets) divided by the number of Shares outstanding as at 30 June 2018.

⁽⁵⁾ Current ratio equals current assets divided by current liabilities.

⁽⁶⁾ Gearing equals to total borrowings net of cash and cash equivalents divided by shareholders' equity.

⁽⁷⁾ EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the financial year ended 30 June 2018.

⁽⁸⁾ Not meaningful.

Scenario 1(D)**Off-market purchase of up to a maximum of 10% made equally out of profits (5%) and capital (5%) and held in treasury**

	Group		Company	
	Per Audited Financial Statements \$'000	Proforma after Share Purchase \$'000	Per Audited Financial Statements \$'000	Proforma after Share Purchase \$'000
At 30 June 2018				
Share capital	89,566	89,566	89,566	89,566
Other reserves	(5,309)	(5,309)	7,535	7,535
Distributable profits				
– reserved for FY2018 proposed dividend ⁽¹⁾	5,014	5,014	5,014	5,014
– available for acquisition of Shares under Share Purchase Mandate	35,447	35,066	14,660	14,279
Treasury Shares	–	(8,958)	–	(8,958)
Shareholders' equity	124,718	115,379	116,775	107,436
Total borrowings ⁽²⁾	–	3,135	–	3,135
Cash and cash equivalents ⁽³⁾	73,244	67,040	56,627	50,423
Net cash	73,244	63,905	56,627	47,288
Current assets	94,397	88,193	63,783	57,579
Current liabilities	13,673	16,808	6,483	9,618
NTA	109,303	99,964	116,775	107,436
Profit attributable to Shareholders	9,068	8,687	35,594	35,213
Number of Shares as at 30 June 2018 ('000)	167,128	150,415	167,128	150,415
Weighted average number of Shares outstanding during the financial year ended 30 June 2018 ('000)	167,128	150,415	167,128	150,415
Financial ratios				
NTA per Share (cents) ⁽⁴⁾	65.40	66.46	69.87	71.43
Current ratio (times) ⁽⁵⁾	6.90	5.25	9.84	5.99
Gearing (%) ⁽⁶⁾	Net Cash	Net Cash	Net Cash	Net Cash
EPS (cents) ⁽⁷⁾	5.43	5.78	n.m. ⁽⁸⁾	n.m. ⁽⁸⁾

Notes

⁽¹⁾ Assumed that the proposed final tax-exempt (one-tier) dividend of 2.00 cents per Share and the proposed final special tax-exempt (one-tier) dividend of 1.00 cent per Share are approved at the AGM. The dividend payable was determined based on the number of issued Shares as at 30 June 2018.

⁽²⁾ Assumed that the purchase of Shares was financed by internal funds of \$5,823,000 (65%) and bank borrowings of \$3,135,000 (35%).

⁽³⁾ Interest expense on the additional bank borrowings is assumed to be \$188,000 (at 6% per annum) and loss of interest income as a result of the utilisation of internal funds is assumed to be \$193,000 (at 4% per annum, net of tax).

⁽⁴⁾ NTA per Share equals to NTA (equity attributable to Shareholders of the Company less intangible assets) divided by the number of Shares outstanding as at 30 June 2018.

⁽⁵⁾ Current ratio equals current assets divided by current liabilities.

⁽⁶⁾ Gearing equals to total borrowings net of cash and cash equivalents divided by shareholders' equity.

⁽⁷⁾ EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the financial year ended 30 June 2018.

⁽⁸⁾ Not meaningful.

The financial effects set out above are based on the respective aforementioned assumptions and are for illustrative purposes only. In particular, the above analyses are based on historical audited FY2018 numbers and are not necessarily representative of future financial performance. In addition, the actual impact is dependent on the actual number and price of the Shares to be purchased or acquired by the Company.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

- 2.9 **Listing Manual Notifications** Rule 886 of the Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares no later than 9.00 a.m. (a) in the case of an On-Market Purchase, on the Market Day following the day on which the On-Market Purchase was made; and (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase. The notification of such share purchase or acquisition to the SGX-ST shall be in the form of Appendix 8.3.1 to the Listing Manual and shall include, amongst others, details such as the total number of shares purchased or acquired, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, 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.
- 2.10 **No Purchases During Price Sensitive Periods** The Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times. However, as a listed company would be considered an “insider” in relation to any proposed purchase or acquisition of its shares, the Company will not undertake to purchase or acquire Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision of the Board 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 will not purchase or acquire any Shares during the period commencing one month immediately preceding the announcement of the Company’s full-year results and the period of two weeks immediately preceding the announcement of its first, second and third quarter results.
- 2.11 **Companies Act Notifications** The Companies Act stipulates that, within 30 days of the passing of a Shareholders’ resolution to approve any purchase or acquisition of Shares, the Directors shall lodge a copy of such resolution with ACRA. Within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA a notice of the purchase or acquisition in the prescribed form. Such notification shall include, *inter alia*, the date of the purchase or acquisition, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company’s issued ordinary share capital before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, and whether the Shares were purchased or acquired out of the profits or the capital of the Company.
- 2.12 **Listing Status of Shares** The Listing Manual requires a listed company to ensure that at least 10% of equity securities of any class that is listed is at all times held by the public. The “public”, as defined under the Listing Manual, are persons other than (a) the directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries, and (b) the Associates of such persons referred to in (a).

As at the Latest Practicable Date, there are 66,618,231 issued Shares in the hands of the public, representing approximately 39.86% of the issued Shares of the Company. 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 up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. The Directors will also use their best efforts to ensure that, notwithstanding any purchase or acquisition of the Shares by the Company, a sufficient float in the hands of the public will be maintained so that the share purchases or acquisitions will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

- 2.13 **Take-over Implications** Pursuant to Appendix 2 of the Take-over Code which contains the Share Buy-Back Guidance Note, an increase of a shareholder's proportionate interest in the voting rights of a company resulting from a share buy-back will be treated as an acquisition for the purposes of Rule 14 of the Takeover Code ("**Rule 14**").

2.13.1 **Obligations to make a Take-over Offer**

Under Rule 14, a shareholder and persons acting in concert with the shareholder will incur an obligation to make a mandatory takeover offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the company to 30% or more, or if they, together holding between 30% and 50% of the company's voting rights, increase their voting rights in the company by more than 1% in any period of six months.

2.13.2 **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 Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the aforesaid companies and any company whose associated companies include any of the aforesaid companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons 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;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of its directors, their close relatives and related trusts;
- (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, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser (including a stockbroker), with its clients 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, with his close relatives, his related trusts, and any person who is accustomed to act in accordance with his instructions, companies controlled by any of the aforesaid persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them, 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.

2.13.3 **Effect of Rule 14 and Appendix 2**

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or, in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, Treasury Shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder 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 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Shareholders and their concert parties will be subject to the provisions of Rule 14 if they acquire any Shares after the Company's purchase or acquisition of its Shares pursuant to the Share Purchase Mandate. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Company's purchase or acquisition of its Shares will be taken into account in determining whether a Shareholder and persons acting in concert with it have increased their voting rights by more than 1% in any period of 6 months (if such parties hold between 30% and 50% of the Company's voting rights).

2.13.4 **Directors' and Substantial Shareholder's Interests**

The shareholdings of Directors and Substantial Shareholders, as at the Latest Practicable Date, are set out in paragraph 3.

As at the Latest Practicable Date, Mr David Lum Kok Seng, the legal and beneficial owner of Bevrian Pte Ltd is deemed to be interested in all Shares held by Bevrian Pte Ltd. Mr Kelvin Lum Wen-Sum (Chief Executive Officer) and Mr Adrian Lum Wen-Hong (a non-executive Director) are sons of Mr David Lum Kok Seng. Bevrian Pte Ltd, Mr David Lum Kok Seng, Mr Kelvin Lum Wen-Sum and Mr Adrian Lum Wen-Hong (the "**Relevant Parties**") are presumed to be parties acting in concert in relation to the Company in respect of Bevrian Pte Ltd's holding of approximately 60.11 per cent of the Shares. As the Relevant Parties' aggregate interest is more than 50 per cent of the total voting rights of the Company, the Share Purchase Mandate, even if exercised in full, will not result in them incurring any obligation to make a general offer under Rule 14 of the Take-over Code.

Based on the Register of Directors' Interests as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer in the event that the Company purchases the maximum of 10% of the Shares (excluding Treasury Shares) pursuant to the Share Purchase Mandate.

The statements in this Circular do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation on their part, if any, to make a mandatory offer under the Take-over Code would arise by reason of any acquisition or purchase of Shares by the Company.

- 2.14 **Share purchases in the previous twelve months** The Company does not currently have in force a share purchase mandate and accordingly has not undertaken any Share purchase in the 12 months preceding the Latest Practicable Date.
- 2.15 **Companies Act requirements** The information required under Section 76C(2) and Section 76E(2) of the Companies Act are set out in paragraph 2 of this Circular.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 3.1 **Directors' Interests** As at the Latest Practicable Date, the Directors' interests in Shares as recorded in the Register of Directors' Interests are as follows:

Directors	Number of Shares					
	Direct Interest	%	Deemed Interest	%	Total Interest	%
Chng Hee Kok	-	-	-	-	-	-
Kelvin Lum Wen-Sum	-	-	-	-	-	-
Amos Leong Hong Kiat	-	-	30,000	0.02	30,000	0.02
Clement Leow Wee Kia	-	-	-	-	-	-
Iris Wu Hwee Tan	-	-	-	-	-	-
Adrian Lum Wen-Hong	-	-	-	-	-	-

- 3.2 **Substantial Shareholders' Interests** As at the Latest Practicable Date, the interests of the sole Substantial Shareholder in Shares based on disclosures made via SGXnet are as follows:

Substantial Shareholder	Number of Shares					
	Direct Interest	%	Deemed Interest	%	Total Interest	%
Bevrian Pte Ltd*	968,300	0.58	99,493,446	59.53	100,461,746	60.11

* *Bevrian Pte Ltd's deemed interest in the Shares is held by its nominee, CGS-CIMB Securities (Singapore) Pte Ltd. Mr David Lum Kok Seng, the legal and beneficial owner of Bevrian Pte Ltd, is deemed to be interested in all Shares in the capital of the Company held by Bevrian Pte Ltd.*

The percentage is computed based on the number of Shares divided by a total of 167,128,185 Shares as at the Latest Practicable Date.

4. DIRECTORS' RECOMMENDATIONS

The Directors, having considered, *inter alia*, the rationale and benefits of the proposed adoption of the Share Purchase Mandate as set out in this Circular, are of the opinion that the proposed adoption of the Share Purchase Mandate is in the interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed adoption of the Share Purchase Mandate.

5. 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 Share Purchase 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.

6. AGM

The AGM, notice of which is set out on pages 132 to 138 of the Annual Report, will be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore (769162) on 18 October 2018 at 2.30 p.m. for the purpose of considering and, if thought fit, passing, with or without any modification, the resolutions set out in the AGM Notice, including the ordinary resolution for approving the proposed Share Purchase Mandate.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf will find attached to the Annual Report a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 54 Serangoon North Avenue 4, #05-02, Singapore (555854) not less than 48 hours before the time fixed for holding the AGM.

The completion and return of a Proxy Form by a Shareholder do not preclude him from attending and voting in person at the AGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the AGM.

8. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 54 Serangoon North Avenue 4, #05-02, Singapore (555854) during normal business hours from the date of this Circular up to the date of the AGM:

- (a) the annual report for the financial year ended 30 June 2018; and
- (b) the Constitution of the Company.

Yours faithfully
For and on behalf of the Board of Directors of
Ellipsiz Ltd

Kelvin Lum Wen-Sum
Chief Executive Officer