

**ELLIPSIZ LTD**  
(Registration No: 199408329R)  
(the “**Company**”)

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**DISPOSAL OF INTEREST IN ASSOCIATE COMPANY - KITA MANUFACTURING CO., LTD.  
 (“KITA”)**

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**1. INTRODUCTION**

The board of directors of the Company wishes to announce that the Company has entered into a Share Purchase Agreement (“**SPA**”) dated 15 November 2016 (based on Pacific Standard Time) with unrelated third party purchasers (“**Purchasers**”), Kita, and Kita’s founding shareholders (“**Kita Shareholders**”) for the sale and purchase of (i) the entire issued share capital of Kita and (ii) the entire issued share capital of Kita USA, Inc., a subsidiary of Kita.

As part of the sale of shares in Kita, the Company will be selling its entire 40% shareholding in Kita (“**Sale Shares**”).

The said transactions are subject to certain closing conditions and are targeted to complete in the first quarter of 2017.

**2. ABOUT KITA**

Kita Manufacturing Co., Ltd. is a Japanese corporation and an associate company of the Ellipsiz group of companies (“**Group**”).

Its principal activities are in design and manufacturing of spring pin, contact probe and other precision metal parts for the semiconductor and PCB assemblies industry.

Currently, the Company has a 40% equity interest in Kita and the Kita Shareholders own the remaining 60% equity interest.

Upon completion of the proposed sale, the Company will cease to have any interest in Kita. Kita will also cease to be an associate company of the Group.

**3. SALE CONSIDERATION**

The consideration payable to the Company for the Sale Shares is US\$6.0 million (“**Consideration**”), and was arrived at after arms’ length negotiations on a willing seller willing buyer basis. The Consideration is equivalent to about S\$8.3 million (based on an exchange rate of US\$1.00 : S\$1.39).

The Consideration will be payable in full in cash to the Company on completion of the said transactions under the SPA.

#### 4. MATERIAL CONDITIONS

The Company shall be obliged to indemnify, up to a cap of US\$1.2 million, should there be any claim for damages arising out of breach of representations and warranties on environmental matters under the SPA. This indemnity obligation survives for 10 years after completion.

In addition, for a 3-year period after completion, the Company shall be bound by non-solicitation obligations and non-competition restrictions relating to certain restricted businesses.

#### 5. RATIONALE FOR THE PROPOSED DISPOSAL

The board of directors of the Company are of the view that it is in the best interest of the Company to sell the Sale Shares simultaneously with the divestment by the Kita Shareholders of their entire stake in Kita. The proposed sale will provide additional resources for the Group to expand its existing businesses or explore other opportunities that enhance shareholder value.

#### 6. RELATIVE FIGURES UNDER LISTING RULE 1006

Based on the Company's latest announced unaudited consolidated financial statements for the quarter ended 30 September 2016 ("1QFY2017"), the relative figures under Listing Rules 1006 are set out below.

##### Listing Rule 1006(a)

The net asset value of the Sale Shares is approximately S\$7.9 million as at 30 September 2016 and is 6.13% of the Group's unaudited net asset value as at 30 September 2016.

##### Listing Rule 1006(b)

The net profits attributable to the Sale Shares is S\$0.1 million for 1QFY2017 and is 12.74% of the Group's net profit.

##### Listing Rule 1006(c)

The aggregate value of the Consideration (i.e. US\$6.0 million or approximately S\$8.3 million) is about 13.16% of the Company's market capitalisation of S\$63.4 million as at 15 November 2016 (based on the market price of S\$0.3792 per share, being the weighted average price of the shares of the Company transacted on the market day preceding the date of the SPA).

##### Listing Rule 1006(d) and (e)

Not applicable.

The proposed sale of the Sale Shares is therefore a disclosable transaction within Listing Rule 1010 that does not require shareholders' approval.

## 7. FINANCIAL EFFECTS

- (a) The proposed sale of the Sale Shares is estimated to result in a net gain of approximately S\$0.5 million (subject to the prevailing exchange rate on completion of the Sale Shares) for the current financial year ending 30 June 2017.
- (b) The net proceeds from the proposed sale will be retained in the funds of the Group and will be used to grow and expand the Group's businesses.
- (c) The financial effect of the proposed sale on the net tangible assets per share of the Group for the financial year ended 30 June 2016 ("FY2016"), if the proposed sale had been effected on 30 June 2016, is that the net tangible asset per share of the Group would have increased from 51.77 cents to 52.08 cents.
- (d) The financial effect of the proposed sale on the earnings per share of the Group for FY2016, if the proposed sale had been effected on 1 July 2015, is that the earnings per share of the Group would have increased from 5.74 cents to 6.05 cents.
- (e) The financial effects of the proposed sale as set out above are for illustrative purposes and do not necessarily reflect the actual results and financial position of the Group after the completion of the proposed sale for the year ending 30 June 2017. In particular, the above analysis are based on the historical audited FY2016 numbers, and are not necessarily representative of future performance and financial position of the Group after completion of the proposed sale.
- (f) The financial effects of the proposed sale are prepared based on the assumption that the transaction costs incurred for the proposed sale are assumed to be insignificant and are excluded for the computational purposes.

## 8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors of the Company has any direct or indirect interest in the aforesaid sale transaction. The directors of the Company are not aware of any controlling shareholder having any interest, direct or indirect, in the aforesaid sale transaction, and have not received any notification of interest in the sale transaction from any controlling shareholder.

Document available for inspection

Copies of the Share Purchase Agreement will be made available for inspection by prior appointment and during normal business hours at the Company's registered office at 54 Serangoon North Avenue 4, #05-02, Singapore (555854) for 3 months from the date of this announcement.

By Order of the Board  
Melvin Chan Wai Leong  
Chief Executive Officer  
16 November 2016