

**CIRCULAR DATED 3 October 2017**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Circular is issued by Ellipsiz Ltd (the "**Company**").

The Singapore Exchange Securities Trading Limited takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

**If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred your shares in the capital of the Company, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the Proxy Form enclosed with this Circular to the purchaser or the transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



**ELLIPSIZ LTD**

(Incorporated in the Republic of Singapore)  
(Co. Reg. No. 199408329R)

**CIRCULAR TO SHAREHOLDERS**

**in relation to:**

**THE PROPOSED DISPOSAL OF ALL THE SHARES IN THE  
ISSUED SHARE CAPITAL OF SV PROBE PTE. LTD. TO NIDEC-READ CORPORATION  
FOR AN AGGREGATE CONSIDERATION OF APPROXIMATELY US\$65,000,000  
(SUBJECT TO ADJUSTMENTS PURSUANT TO THE SALE AND PURCHASE  
AGREEMENT)**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	17 October 2017 at 9.00 a.m.
Date and time of Extraordinary General Meeting	:	19 October 2017 at 9.00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.00 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162

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## DEFINITIONS

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In this Circular, the following definitions apply throughout except where the context otherwise requires:

- "Act" or "Companies Act"** : The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time.
- "Announcement"** : The Company's SGXNET announcement on 21 August 2017 in relation to the Proposed Disposal.
- "CDP"** : The Central Depository (Pte) Limited.
- "Circular"** : This circular dated 3 October 2017.
- "Company"** : Ellipsiz Ltd.
- "Completion"** : Completion of the Proposed Disposal.
- "Completion Date"** : 31 October 2017 (or such other date as may be agreed by the Parties in writing, or such other date determined in accordance with the Sale and Purchase Agreement).
- "Consideration"** : US\$65,000,000, on a cash free debt free basis (or approximately S\$88,300,000 based on US\$/S\$ exchange rate of 1.3590 as at 31 July 2017), subject to agreed adjustments pursuant to the Sale and Purchase Agreement. For the avoidance of doubt, the exchange rate used is the Company's in-house rate for translating foreign currency transactions made in August 2017, and is determined based on the month-end rate of the preceding month (i.e. 31 July 2017, source: Business Times).
- "Directors"** : The directors of the Company as at the date of this Circular.
- "DSS"** : The Distribution & Services Solutions segment.
- "EGM"** : The extraordinary general meeting of the Company to be convened on 19 October 2017, notice of which is set out on pages 19 and 20 of this Circular.
- "EPS"** : Earnings per Share.
- "Escrow Account"** : An escrow account to be opened jointly by the Company and the Purchaser with the Escrow Agent pursuant to the Escrow Agreement and which shall be operated in accordance with the Sale and Purchase Agreement.
- "Escrow Agent"** : An escrow agent in Singapore as may be mutually agreed and jointly appointed by the Parties.

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## DEFINITIONS

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<b>"Escrow Agreement"</b>	: The agreement to be executed between the Company, the Purchaser and the Escrow Agent in respect of the operation of the Escrow Account in accordance with the Sale and Purchase Agreement.
<b>"Escrow Remaining Consideration"</b>	: An amount equal to 15% of the Consideration.
<b>"Excluded Affiliates"</b>	: TCL TW, Tokyo Cathode Singapore and SV Mauritius.
<b>"Execution Date"</b>	: The date of the Sale and Purchase Agreement, being 21 August 2017.
<b>"FY2017 Financial Statements"</b>	: The unaudited financial statements of the Group for the financial year ended 30 June 2017.
<b>"Group"</b>	: The Company and its subsidiaries.
<b>"Hokko Electronics"</b>	: Hokko Electronics Co., Ltd (Company Registration No. 4500-01-006535), a company incorporated in Kamifurano, Hokkaido, Japan and having its registered address at 1973-32 Kamifurano-cho, Sorachi-gun, Hokkaido 071-0502 Japan.
<b>"Indemnities Claims"</b>	: Any claims for breaches of indemnities by the Company under the Sale and Purchase Agreement.
<b>"Introducer"</b>	: FirstWaters Capital Pte Ltd.
<b>"Latest Practicable Date"</b>	: 22 September 2017.
<b>"Listing Manual"</b>	: The listing manual of the SGX-ST, as amended or modified from time to time.
<b>"Market Day"</b>	: A day on which the SGX-ST is open for trading in securities.
<b>"NAV"</b>	: Net asset value.
<b>"Net Proceeds"</b>	: The net proceeds from the Consideration of US\$65.0 million less introduction fees.
<b>"Nidec Group"</b>	: Nidec Corporation and its subsidiaries.
<b>"NTA"</b>	: Net tangible assets.
<b>"Parties"</b>	: The Company and the Purchaser collectively, and each a <b>"Party"</b> .
<b>"PCS"</b>	: The Probe Card Solutions segment.
<b>"Proposed Disposal"</b>	: The proposed disposal by the Company of the Sale Shares pursuant to the Sale and Purchase Agreement.

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## DEFINITIONS

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"Purchaser"	:	Nidec-Read Corporation.
"Sale and Purchase Agreement"	:	The sale and purchase agreement entered into between the Company and the Purchaser on the Execution Date in relation to the Proposed Disposal.
"Sale Shares"	:	All the shares in the issued and paid-up share capital of SV Probe, being 29,300,000 ordinary shares representing 100% of the issued and paid-up share capital of SV Probe, which are held by the Company.
"Sale Shares Book Value"	:	The book value of the Sale Shares.
"Securities Account"	:	A securities account maintained by a depositor with CDP but does not include a securities sub-account.
"SGX-ST"	:	Singapore Exchange Securities Trading Limited.
"Shareholders"	:	Registered holders of Shares except that where the registered holder is CDP, the term " <b>Shareholders</b> " shall, in relation to such Shares, mean the depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' Securities Accounts.
"Shares"	:	Ordinary shares in the capital of the Company.
"Subsidiary"	:	Shall have the meaning ascribed to it in the Companies Act.
"Substantial Shareholder"	:	A person including a corporation who has an interest in not less than 5% of the issued Shares.
"SV China"	:	SV Probe (SIP) Co., Ltd. (鸿测电子(苏州工业园区)有限公司) (Company Registration No. 913205947899492473), a company incorporated in the People's Republic of China and having its registered address at Unit 3 First Floor, Building A, Xinhaiyi II, No. 58 HeShun Road, Suzhou Industrial Park, Jiangsu, China 215122 (苏州工业园区和顺路58号, 新海宜二期A楼一层3号房, 江苏省 邮政编码 215122, 中华人民共和国).
"SV Group Company"	:	Each of SV Probe, SV Taiwan, SV China, SV Japan, Hokko Electronics, SV Vietnam and SV USA, and collectively, the " <b>SV Group Companies</b> ".
"SV Japan"	:	SV TCL Kabushiki Kaisha (Company Registration No. 0114-01-017264), a company incorporated in Itabashi-ku, Tokyo, Japan and having its registered address at Sanpo Ikebukuro Bldg 2F, 4-32-8, Ikebukuro, Toshima-ku, Tokyo 171-0014 Japan.

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- "SV Mauritius"** : SV Technology Inc (Company Registration No. 47367), a company incorporated in Mauritius and having its registered address at c/o Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius.
- "SV Probe"** : SV Probe Pte. Ltd. (Company Registration No. 200303555H), a company incorporated in Singapore and having its registered address at 54 Serangoon North Avenue 4, #01-02, Singapore 555854.
- "SV Taiwan"** : SV Probe Technology Taiwan Co., Ltd (美亞科技股份有限公司) (Company Registration No. 27839228), a company incorporated in Hsinchu, Taiwan and having its registered address at 3F No. 35 Xintai Road, Jhubei City, Hsinchu County 302, Taiwan R.O.C. (新竹縣竹北市新泰路35號3階).
- "SV USA"** : SV Probe Inc. (Company Registration No. A0551427), a company incorporated in the United States of America and having its registered address at 7810 S Hardy Dr Suite 109 Tempe, AZ 85284.
- "SV Vietnam"** : SV Probe Vietnam Co., Ltd. (CÔNG TY TNHH SV PROBE VIETNAM) (Company Registration No. 463043000366), a company incorporated in Vietnam and having its registered address at 37A Street No. 6, Vietnam Singapore Industrial Park, Thuan An Town, Binh Duong Province, Vietnam.
- "S\$" and "cents"** : Singapore dollars and cents, respectively.
- "TCL TW"** : TCL Yamaichi Taiwan, Inc. (Company Registration No. 96977766), a company incorporated in Taiwan and having its registered address at 3F No. 35 Sintai Road, Jhubei City, Hsinchu County 302, Taiwan R.O.C.
- "Third Party Consents"** : Third party, governmental and regulatory consents or waivers necessary for the implementation of the Transactions.
- "Tokyo Cathode Singapore"** : Tokyo Cathode Laboratory (Singapore) Pte. Ltd. (Company Registration No.199408281K), a company incorporated in Singapore and having its registered address at 54 Serangoon North Avenue 4, #01-02/03/04, Singapore 555854.
- "Transactions"** : The transactions contemplated under the Sale and Purchase Agreement.
- "US\$"** : The lawful currency of the United States of America.
- "%"** : Per centum or percentage.

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## DEFINITIONS

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The expressions "**depositor**" and "**Depository Register**" shall have the respective meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289 of Singapore).

The term "**controlling shareholder**" shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and the neuter genders and *vice versa*. References to persons shall, where applicable, include firms, corporations and other entities.

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

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 the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act or the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

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

Any discrepancies in this Circular between the listed amounts and the totals thereof and/or the 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.

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## LETTER TO SHAREHOLDERS

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### ELLIPSIZ LTD

(Incorporated in the Republic of Singapore)  
(Co. Reg. No. 199408329R)

#### Directors:

Chng Hee Kok, *Chairman and Independent Director*  
Chan Wai Leong, *Chief Executive Officer and Executive Director*  
Ong Suat Lian, *Chief Financial Officer and Executive Director*  
Lum Wen-Sum Kelvin, *Executive Director*  
Leow Wee Kia Clement, *Independent Director*  
Amos Leong Hong Kiat, *Independent Director*  
Jeffrey Staszak, *Independent Director*

#### Registered Office:

54 Serangoon  
North Avenue 4  
#05-02  
Singapore 555854

3 October 2017

To: **The Shareholders of Ellipsiz Ltd**

Dear Sirs

**THE PROPOSED DISPOSAL OF ALL THE SHARES IN THE ISSUED SHARE CAPITAL OF SV PROBE PTE. LTD. TO NIDEC-READ CORPORATION FOR AN AGGREGATE CONSIDERATION OF APPROXIMATELY US\$65,000,000 (SUBJECT TO ADJUSTMENTS PURSUANT TO THE SALE AND PURCHASE AGREEMENT)**

## 1. INTRODUCTION

### 1.1 EGM

The Directors are convening the EGM to seek the approval of the shareholders ("**Shareholders**") for the Proposed Disposal, as further explained in Section 2 below.

### 1.2 Circular

The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information relating to, the Proposed Disposal.

## 2. THE PROPOSED DISPOSAL

### 2.1 Background

On the Execution Date, the Company released the Announcement to inform that the Company has entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with Nidec-Read Corporation (the "**Purchaser**") in relation to the proposed disposal (the "**Proposed Disposal**") by the Company of 29,300,000 ordinary shares (the "**Sale Shares**"), representing 100% of the entire issued and paid-up capital of its wholly-owned subsidiary, of SV Probe Pte. Ltd. ("**SV Probe**"). A copy of this announcement is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).



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The Proposed Disposal constitutes a "major transaction" by the Company under Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal is subject to and conditional upon the approval of the Shareholders at the EGM.

Further information on the Proposed Disposal and the requirement for shareholders' approval under Chapter 10 of the Listing Manual are set out below.

### 2.2 Information regarding the Purchaser

The Purchaser, a global manufacturer of measuring and inspection equipment, is a wholly-owned subsidiary of Nidec Corporation, a global manufacturer of motors and electronic control systems with headquarters in Kyoto, Japan (collectively "**Nidec Group**"). Nidec Group comprises over 300 consolidated and affiliated subsidiaries in 43 countries with more than 107,000 employees.

### 2.3 Information regarding SV Probe

SV Probe is a wholly-owned subsidiary of the Company. It is incorporated in Singapore and together with its subsidiaries, SV Probe provides probe card designing, manufacturing, distribution, repair, maintenance support and related engineering solutions to the semiconductor industry.

### 2.4 Transfer of the SV Group Companies

SV Probe is currently the holding company of SV Taiwan, SV China, SV Japan, Hokko Electronics, SV Vietnam, SV USA and the Excluded Affiliates. The Excluded Affiliates are currently inactive subsidiaries of SV Probe, and they do not employ any staff. As a condition precedent to Completion, the Excluded Affiliates will be transferred to the Company and will not form part of the SV Probe group to be transferred to the Purchaser pursuant to the Proposed Disposal. The Company intends to commence winding-up proceedings for the Excluded Affiliates after Completion.

Upon completion of the Proposed Disposal, the SV Group Companies will cease to be subsidiaries of the Company.

### 2.5 Effects of the Proposed Disposal on the Distribution & Services Solutions segment

There are currently certain inter-segment revenue between the Probe Card Solutions segment ("**PCS**"), which is undertaken by the SV Group Companies) and the Distribution & Services Solutions segment ("**DSS**"). Specifically:

- (a) DSS receives commission income from PCS for provision of distribution and after sales service support for PCS' Probe Card business in Malaysia. This distributorship arrangement will remain after the Completion Date;
- (b) DSS provides engineering and facilities services to PCS in return for fees. Upon completion of the Proposed Disposal, DSS will (i) cease to provide such services to PCS and (ii) as a result of the cessation of provision of such services, cease to incur costs in connection with such provision of services; and

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## LETTER TO SHAREHOLDERS

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- (c) PCS purchases part of its required equipment and tools from DSS. Post-completion of the Proposed Disposal, DSS will continue to supply equipment and tools to PCS (as per any of its third-party customers) if required by PCS.

From the Company's perspective, as the value of the inter-company transactions between PCS and DSS are not material and form a small component of the business and revenue of DSS, the Proposed Disposal is not expected to have a material impact on the future performance of the DSS business.

### 2.6 **Rationale for, benefits of and use of proceeds from the Proposed Disposal**

The Directors are of the view that the Proposed Disposal is in the interests of the Company and believe that the Proposed Disposal allows the Company to realise value in PCS that the Company has built over the past years when there is a market upturn, thus benefitting its shareholders and other stakeholders (including employees, customers and suppliers of the Group) alike.

In particular, although the business of the SV Group Companies contributes higher revenue and profits to the Group, the probe card business also has its inherent risks. Some of the key risks are technology development risk, cyclical of semiconductor industry risk and manpower risk etc.

For the probe product offerings to continue to be relevant, PCS needs to continue its investment in research and development. The cost of research and development to keep pace with the global technology development is increasing and has added strain to the operations, especially on the profitability of business.

Further, the probe card industry is very competitive and retaining employees has always been a challenge. Without appropriate technology investment and a good prospect of the Group's activities, it may also be difficult to continue to retain the management team.

The Proposed Disposal will provide additional resources for the Group to explore other opportunities and expand its existing businesses that enhance shareholder value.

### 2.7 **Major Transaction under Chapter 10 of the Listing Manual**

Chapter 10 of the Listing Manual governs the continuing listing obligations of listed companies in respect of acquisitions and disposals. Under Rule 1014 of the Listing Manual, if any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, such a transaction is classified as a "major transaction" and requires the approval of shareholders.

The relative figures as computed on the bases as set out in Rule 1006 of the Listing Manual, based on the unaudited financial statements of the Group for the financial year ended 30 June 2017 (the "**FY2017 Financial Statements**"), are as follows:

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## LETTER TO SHAREHOLDERS

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<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures</b>
(a)	The net asset value (" <b>NAV</b> ") of the Sale Shares, compared with the Group's NAV	50.25% <sup>1</sup>
(b)	The net profits <sup>2</sup> attributable to the Sale Shares, compared with the Group's net profits	90.11% <sup>3</sup>
(c)	The aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of Shares in issue (excluding treasury shares)	80.03% <sup>4</sup>
(d)	The number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities of the Company previously in issue	Not applicable <sup>5</sup>
(e)	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>6</sup>

**Notes:**

1. *Based on the unaudited NAV of the SV Group Companies as at 30 June 2017 of S\$66,073,000, divided by the Group's unaudited NAV as at 30 June 2017 of S\$131,484,000.*
2. *Net profits refer to profit before income tax, minority interests and exceptional items.*
3. *Based on the consolidated unaudited net profits of the SV Group Companies for the financial year ended 30 June 2017 of S\$10,452,000, divided by the Group's unaudited net profit for the financial year ended 30 June 2017 of S\$11,599,000.*
4.
  - (i) *Based on the Consideration amount of US\$65.0 million or approximately S\$88.3 million (based on US\$/S\$ exchange rate of 1.3590).*
  - (ii) *Market capitalisation of the Company as at 18 August 2017 (based on the volume weighted average price of S\$0.6604 per share of the Company on such date), being the last market day on which shares of the Company were traded on the SGX-ST prior to the date of signing of the Sale and Purchase Agreement, is S\$110.4 million.*
5. *Not applicable as this basis is not applicable to a disposal of assets, as is the case here.*
6. *Not applicable as the Company is not a mineral, oil and gas company.*

As the relative figures computed on the basis set out in Rules 1006 (a), (b) and (c) exceed 20%, the Proposed Disposal is a "major transaction" under Rule 1014 of the Listing Manual and accordingly, the Company is convening the EGM to seek the approval of Shareholders for the Proposed Disposal.

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### 2.8 Consideration

Under the terms of the Sale and Purchase Agreement, the aggregate consideration for the Proposed Disposal is US\$65,000,000, on a cash free debt free basis, subject to agreed adjustments pursuant to the Sale and Purchase Agreement (the "**Consideration**"). The Purchaser and the Company shall undertake a review of the financial statements of the SV Group Companies after the Completion Date to determine the final adjustments (the "**Final Adjustments**") to be made to the Consideration as at the Completion Date. The adjustments will be made to account for the following:

- (1) any difference between the agreed net working capital of SV Probe (on a consolidated basis) as set out in the Sale and Purchase Agreement and the net working capital of SV Probe (on a consolidated basis) as at the Completion Date. For the avoidance of doubt, the Parties have agreed under the Sale and Purchase Agreement that "net working capital" reflects the current assets less the current liabilities of SV Probe (on a consolidated basis), and does not include the agreed cash and debt positions of SV Probe (on a consolidated basis); and
- (2) any net cash or net debt of SV Probe (on a consolidated basis) as at the Completion Date.

The applicable exchange rate when determining the differences (if any) will be the exchange rate as at the relevant reference date. The Company will announce the final adjusted Consideration once it is determined.

The Consideration was arrived at pursuant to arm's length negotiations between the Company and the Purchaser on a willing-buyer and willing-seller basis, taking into account a number of factors including, *inter alia*, the historical performance and business prospects of the SV Group Companies. The Company has not carried out any valuation on the SV Group Companies as it is not a regulatory requirement to do so. The Board of Directors in evaluating the Proposed Disposal has considered a few factors including the price-earnings ratios for other similar businesses or transactions, the availability of potential buyers given the niche industry that the SV Group Companies are in and the inherent risks of the business highlighted in Section 2.6, in particular the cyclical and technology risks.

The Consideration shall be satisfied by the Purchaser in the following manner:

- (a) 85% of the Consideration shall be payable by the Purchaser to the Company in cash upon Completion on the Completion Date;
- (b) 15% of the Consideration ("**Escrow Remaining Consideration**") shall be payable by the Purchaser in cash to an escrow agent (the "**Escrow Agent**") on the Completion Date to be dealt with in accordance with the terms of the Sale and Purchase Agreement and the escrow agreement to be entered into between the Escrow Agent and the Parties (the "**Escrow Agreement**"), in particular, to settle any claims for breaches of indemnities by the Company under the Sale and Purchase Agreement ("**Indemnities Claims**"). The Escrow Remaining Consideration will be held in escrow for a period of

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## LETTER TO SHAREHOLDERS

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24 months from the Completion Date, and subject to any applicable claims, be released to the Company as follows:

- (i) one-third of the Escrow Remaining Consideration (less any amounts paid or claimed by the Purchaser pursuant to any Indemnities Claims) on the date falling 12 months from the Completion Date; and
- (ii) two-thirds of the Escrow Remaining Consideration (less any amounts paid or claimed by the Purchaser pursuant to any Indemnities Claims) on the date falling 24 months from the Completion Date; and
- (c) the Final Adjustments shall be settled by the relevant Party in cash within 10 business days from the finalisation of the Final Adjustments.

### 2.9 Conditions Precedent

Completion of the Proposed Disposal ("**Completion**") is conditional upon, *inter alia*, the fulfilment or waiver of the following conditions:

- (a) Irrevocable Undertaking and Corporate Approvals:
  - (i) the Company having obtained from Bevrian Pte. Ltd. (being a major shareholder of the Company) a written irrevocable undertaking that it will vote in favour of the Proposed Disposal at a general meeting of the Company to approve the Proposed Disposal ("**EGM**");
  - (ii) Shareholders having, at the EGM, approved the Proposed Disposal; and
  - (iii) the Directors having approved of the Proposed Disposal and the transactions contemplated under the Sale and Purchase Agreement (the "**Transactions**");
- (b) Right to Use Office: SV Probe having the exclusive right to use and occupy certain office premises on terms reasonably satisfactory to the Purchaser, and all necessary approvals from the landlord having been obtained;
- (c) Related Party Transactions: related party transactions of the SV Group Companies and the Company (or its subsidiaries other than the SV Group Companies) being settled, terminated or dealt with to the reasonable satisfaction of the Purchaser;
- (d) Termination of Credit Facilities: certain existing loan and credit facilities and related securities obtained by the SV Group Companies from third party lender(s) as at the Execution Date having been terminated. For the avoidance of doubt, these loan and credit facilities are not utilised by the Company and the Group entities which are not transferred to the Purchaser (whether directly or indirectly) pursuant to the Proposed Disposal;
- (e) Third Party Consents: third party, governmental and regulatory consents or waivers necessary for the implementation of the Transactions ("**Third Party Consents**") having been obtained;

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## LETTER TO SHAREHOLDERS

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- (f) Employment: the Company having delivered to the Purchaser evidence reasonably satisfactory to the Purchaser that appropriate arrangements as regards certain key employees of the SV Group Companies as well as certain employees or officers of the SV Group Companies who are concurrently employed by, or appointed as officers of, the Company or any of the Company's affiliates, have been put in place;
- (g) Restructuring: (i) the Company having delivered to the Purchaser the restructuring agreement executed by the Company and SV Probe in relation to the transfer of the interest in the share capital of each of the Excluded Affiliates held by SV Probe to the Company and evidence that SV Probe and any other SV Group Company have ceased to hold any interest in each of the Excluded Affiliates, (ii) the Company having delivered to the Purchaser the executed agreement between SV Mauritius and SV Probe relating to the transfer by SV Mauritius to SV Probe of the ownership of certain intellectual property free of all encumbrances at a fair market value and (iii) restructuring of certain of the SV Group Companies' activities in Shanghai and Suzhou being completed to the reasonable satisfaction of the Purchaser;
- (h) SV Taiwan's Settlement of Retirement Benefits: SV Taiwan having paid to and settled with certain employees of a certain SV Group Company retirement benefits which they are entitled to receive for his years of service with such SV Group Company;
- (i) SV Probe's Corporate Approvals: the board of directors of SV Probe having approved, *inter alia* and subject to Completion, the transfer of the Sale Shares from the Company to the Purchaser;
- (j) Escrow Account: the Escrow Agreement having been executed by the Company, the Purchaser and the Escrow Agent, and the escrow account having been duly opened; and
- (k) Purchaser Approval: the Purchaser having obtained all necessary corporate and governmental approvals to execute the relevant transaction documents which it is a party to and carry out the Transactions.

If any of the above conditions is not fulfilled on or before 28 February 2018 or such other date as may be mutually agreed between the Parties in writing, the Sale and Purchase Agreement shall be terminated in accordance with the terms of the Sale and Purchase Agreement.

As of the Latest Practicable Date, the conditions set out in Sections 2.9(a)(i) and 2.9(a)(iii) are satisfied.

### 3. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 3.1 Based on the FY2017 Financial Statements, the book value of the Sale Shares (the "Sale Shares Book Value") and net tangible asset value of the Sale Shares as at 30 June 2017 are approximately S\$66.1 million and S\$40.1 million respectively.

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## LETTER TO SHAREHOLDERS

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3.2 Based on the FY2017 Financial Statements and the net proceeds from the Consideration of US\$65.0 million (or approximately S\$88.3 million) less introduction fees to be paid by the Company to FirstWaters Capital Pte Ltd (the "**Introducer**") (the "**Net Proceeds**"), the Group would expect to realise an attributable net disposal gain of S\$9.9 million and an excess of the Net Proceeds over the Sale Shares Book Value of approximately S\$17.8 million. Save for the Sale Shares Book Value (which is based on the US\$/S\$ exchange rate as at 30 June 2017 as used in the FY2017 Financial Statements), these figures are based on US\$/S\$ exchange rate of 1.3590 (being the Company's in-house rate for translating US\$ transactions made in August 2017, and which is determined based on the month-end rate of the preceding month (i.e. 31 July 2017, source: Business Times)), and have been determined as follows:

- (a) The Net Proceeds of S\$83.9 million exceeds the Sale Shares Book Value of approximately S\$66.1 million by approximately S\$17.8 million; and
- (b) In determining the net disposal gain/loss, the Company has taken into account realisation of the foreign exchange differences arising from translation of the Sale Shares Book Value from the currency in which the book value of each SV Group Company is recorded in the books of the Group to S\$ (approximately S\$7.9 million, which is currently recorded in the Company's translation reserves). Based on the Net Proceeds of S\$83.9 million less the Sale Shares Book Value and such foreign exchange differences, the net disposal gain will amount to S\$9.9 million.

The Introducer is an independent third party introducer which provides consultancy services by referring and matching strategic investors, lenders, buyers and sellers. The Introducer also refers and brings together professionals which have a proven track record from different fields (such as lawyers, accountants and financial advisors) to provide professional services to the principals. The sole shareholder and director of the Introducer is Koh Kwee Ngee who has been involved in merger and acquisition transactions and referral of investors for fund raising activities for more than 15 years. There is no connection between (i) the Introducer, its sole director and sole shareholder and (b) the Company's directors or substantial shareholders (being Bevrian Pte. Ltd. and David Lum Kok Seng). The introducer fee is calculated based on 5% of the Consideration and is in line with the market rate for other similar transactions in the market involving both private and public companies.

3.3 The pro forma financial effects analysis of the Proposed Disposal set out in Section 3.4 and 3.5 below has been prepared on the following key bases and assumptions:

- (a) the Consideration amount of US\$65.0 million or approximately S\$88.3 million (*based on US\$/S\$ exchange rate of 1.3590*);
- (b) the financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per share and earnings per share ("**EPS**") of the Company are based on the FY2017 Financial Statements;
- (c) for the purposes of illustrating the financial effects of the Proposed Disposal on the NTA per share of the Company, it is assumed that the Proposed Disposal had been completed on 30 June 2017;

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## LETTER TO SHAREHOLDERS

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- (d) for the purposes of illustrating the financial effects of the Proposed Disposal on the EPS of the Company, it is assumed that the Proposed Disposal had been completed on 1 July 2016;
- (e) the NTA per share of the Company is computed based on the 167,128,185 Shares of the Company in issue as at 30 June 2017, and the EPS of the Company is computed based on the weighted average number of 167,128,185 Shares of the Company in issue as at 30 June 2017; and
- (f) the financial effects of the Proposed Disposal are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Disposal on the NTA per share and EPS of the Company, nor do they represent the future financial performance and/or position of the Group and/or the Company immediately following Completion.

### 3.4 Effect of the Proposed Disposal on the NTA per share

On the bases and assumptions set out in Section 3.3 above, the pro forma effect of the Proposed Disposal on the NTA per share of the Company is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA (S\$'000)	90,059 <sup>(1)</sup>	133,911 <sup>(2)</sup>
NTA per share (Singapore cents)	53.89 <sup>(3)</sup>	80.12 <sup>(4)</sup>

Notes:

1. Based on the net book value of the Group's assets as at 30 June 2017 before the Proposed Disposal of S\$131,484,000, less the value of the intangible assets of the Group as at 30 June 2017 before the Proposed Disposal of S\$41,425,000.
2. Based on the net book value of the Group's assets as at 30 June 2017 after the Proposed Disposal of S\$149,329,000, less the value of the intangible assets of the Group as at 30 June 2017 after the Proposed Disposal of S\$15,418,000 (as the intangible assets attributable to the SV Group Companies amount to \$26,007,000).
3. Based on the NTA of S\$90,059,000 divided by the 167,128,185 Shares of the Company in issue as at 30 June 2017.
4. Based on the NTA of S\$133,911,000 divided by the 167,128,185 Shares of the Company in issue as at 30 June 2017.



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## LETTER TO SHAREHOLDERS

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### 3.5 Effect of the Proposed Disposal on EPS

On the bases and assumptions set out in Section 3.3 above, the pro forma effect of the Proposed Disposal on the EPS of the Company is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Profit after tax and minority interests attributable to shareholders (S\$'000)	8,501	10,078 <sup>(1)</sup>
EPS (Singapore cents)	5.09 <sup>(2)</sup>	6.03 <sup>(3)</sup>

Notes:

1. *Based on the gain on disposal of the SV Group Companies of S\$9,938,000, less the net profit attributable to the SV Group Companies for the financial year ended 30 June 2017 of S\$8,361,000.*
2. *Based on the profit after tax and minority interests attributable to shareholders of the Company of S\$8,501,000 before the Proposed Disposal, divided by the 167,128,185 Shares of the Company in issue as at 30 June 2017.*
3. *Based on the profit after tax and minority interests attributable to shareholders of the Company of S\$10,078,000 after the Proposed Disposal, divided by the 167,128,185 Shares of the Company in issue as at 30 June 2017.*

### 4. **DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into by the Company in connection with the Proposed Disposal.

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## LETTER TO SHAREHOLDERS

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### 5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

#### 5.1 Directors' Interests:

According to the register of directors' shareholdings, as at the Latest Practicable Date, none of the Directors had any interest in the Shares, except as follows:

Name of Director	Number of Shares		Total Percentage Interest (%)
	Direct Interest	Deemed Interest*	
Chan Wai Leong <sup>1</sup>	-	7,778,753	4.65
Jeffrey Staszak	30,000	-	0.02
Amos Leong Hong Kiat <sup>2</sup>	-	30,000	0.02
Ong Suat Lian	178,899	-	0.11

Notes:

\* Deemed interests pursuant to Section 7 of the Companies Act.

<sup>1</sup> The 7,778,753 Shares are held by DBS Nominees Pte Ltd as nominee for Chan Wai Leong.

<sup>2</sup> The 30,000 Shares are held by UOB Nominees Pte Ltd as nominee for Amos Leong Hong Kiat.

#### 5.2 Substantial Shareholders' Interests:

According to the register of Substantial Shareholders, as at the Latest Practicable Date, the Substantial Shareholder of the Company is as follows:

Substantial Shareholder	Shares held by the Substantial Shareholder in the name of nominees	Total Percentage Interest (%)
Bevrian Pte. Ltd. <sup>1</sup>	99,493,446	59.53

Notes:

<sup>1</sup> Bevrian Pte. Ltd.'s Shares are held by its nominee, CIMB Securities (Singapore) Pte Ltd. David Lum Kok Seng is the legal and beneficial owner of 100% of the issued shares in Bevrian Pte. Ltd., and is also deemed to be interested in all Shares held by Bevrian Pte. Ltd.

5.3 None of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

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## LETTER TO SHAREHOLDERS

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### **6. DIRECTORS' RECOMMENDATIONS**

Having considered the rationale for and the benefit of the Proposed Disposal, the Directors are of the view that the Proposed Disposal is in the interests of the Shareholders. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution relating to the Proposed Disposal as set out in the notice of EGM on pages 19 and 20 of this Circular.

Shareholders should read and consider carefully this Circular in its entirety, in particular the rationale for the Proposed Disposal and the financial effects of the Proposed Disposal, as set out in Sections 2.6 and 3 of this Circular. Shareholders who require advice in the context of his specific investment should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser.

### **7. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on pages 19 and 20 of this Circular, will be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162, on 19 October 2017 at 9.00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 9.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing the ordinary resolution set out in the notice of the EGM.

### **8. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the EGM and wish to appoint a proxy or proxies to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form enclosed in this Circular 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 later than 48 hours before the time fixed for the EGM. The completion and sending of the proxy form by a Shareholder will not preclude him from attending and voting in person at the EGM in place of his proxy if he wishes to do so. In such event, the relevant Proxy Forms will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.

A depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.

### **9. 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 Disposal, the Company and its Subsidiaries, and the Directors are

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## LETTER TO SHAREHOLDERS

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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.

### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Sale and Purchase Agreement may be inspected at the registered office of the Company at 54 Serangoon North Avenue 4 #05-02, Singapore 555854 during normal business hours from the date hereof up to the later of (a) the date of the EGM and (b) the date falling three (3) months from the date of the Announcement.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**ELLIPSIZ LTD**

**Chan Wai Leong**  
**Director and Chief Executive Officer**

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**ELLIPSIZ LTD**  
(Co. Reg. No. 199408329R)  
(Incorporated in the Republic of Singapore)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the "**EGM**") of Ellipsiz Ltd (the "**Company**") will be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162 on 19 October 2017 at 9.00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution which will be proposed as an ordinary resolution:

#### ORDINARY RESOLUTION:

#### **PROPOSED DISPOSAL**

THAT:

- (1) approval be and is hereby given for the disposal of all the shares in the issued share capital of SV Probe Pte. Ltd., further details of which are set out in the Circular dated 3 October 2017 (the "**Proposed Disposal**"); and
- (2) the Directors of the Company or any one of them be and are hereby authorised to take all necessary steps and to negotiate, finalise and enter into all transactions, arrangements and agreements and to execute all such documents (including but not limited to the execution of application forms and transfers) with full and discretionary powers to make or assent to any modifications or amendments thereto in any manner they/he may deem necessary, expedient, incidental or in the interests of the Company and its subsidiaries and associated companies for the purposes of giving effect to this Ordinary Resolution and/or the Proposed Disposal and the transactions contemplated thereunder.

By Order of the Board

Chan Yuen Leng  
Company Secretary

Singapore, 3 October 2017

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Notes:**

- (a) A member, who is entitled to attend, speak and vote at the EGM and is not a relevant intermediary (which has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore), is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead.
- (b) A member which is entitled to attend, speak and vote at the EGM and is a relevant intermediary may appoint more than two (2) proxies to exercise all or any of his rights to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
- (c) A proxy need not be a member of the Company.
- (d) The instrument appointing a proxy or proxies must be deposited 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 appointed for holding the meeting.

**Personal Data Privacy**

By submitting an instrument appointing a proxy or proxies and/or representative(s) to attend, speak and vote at the EGM and/or adjournment thereof, a member of the Company:

- 1. consents to the collection, use and disclosure of the member's personal data by the Company (and/or its agents) for the purpose of processing and administration by the Company (or its agents) of proxy(ies) and representative(s) appointed for the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with the applicable laws, listing rules, regulations and/or guidelines (collectively the "**Purposes**");
- 2. warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- 3. agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**ELLIPSIZ LTD**  
 (Co. Reg. No. 199408329R)  
 (Incorporated in the Republic of Singapore)

**IMPORTANT:**

1. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

**PROXY FORM**

I/We \_\_\_\_\_ (Name)  
 \_\_\_\_\_ (\*NRIC/Passport No./Co. Registration No.)  
 of \_\_\_\_\_ (Address)  
 being a member(s) of ELLIPSIZ LTD (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Number of Ordinary Shares
and/or (delete as appropriate)			

*For a relevant intermediary (which has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore), please annex, to this proxy form, the additional list(s) of proxies (as required) setting out the complete information as set out in the immediately preceding boxes above in respect of each proxy. See the Notes to the Proxy Form on the reverse for more information.*

or failing him/her, the Chairman of the Extraordinary General Meeting ("**EGM**") as \*my/our proxy/proxies to attend and to vote for \*me/us on \*my/our behalf at the EGM of the Company to be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162, on 19 October 2017 at 9.00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.00 a.m. on the same day and at the same place), and at any adjournment thereof in the following manner.

\*I/We direct \*my/our proxy/proxies to vote for or against the Ordinary Resolution to be proposed at the EGM as indicated hereunder. If no specific directions as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/their discretion, as \*he/they will on any other matter arising at the EGM and at any adjournment thereof.

\* delete accordingly

Ordinary Resolution	No. of Votes For	No. of Votes Against
To approve the Proposed Disposal		

*If you wish to exercise all your votes "For" or "Against" the Ordinary Resolution, please insert a tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the Ordinary Resolution, please insert the relevant number of ordinary shares in the boxes provided.*

Dated this \_\_\_\_\_ day of October 2017.

Total No. of Shares in:	No. of Shares
(1) CDP Register	
(2) Register of Members	

\_\_\_\_\_  
 Signature or Common Seal of Member(s)

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy/proxies shall be deemed to relate to the entire number of shares registered in your name in the Depository Register and the Register of Members.
2. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. A proxy need not be a member of the Company. Where such member's form of proxy appoints two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. If no such number of shares is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.
3. A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such relevant intermediary's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. In relation to a relevant intermediary who wishes to appoint more than two (2) proxies, please annex, to the form of proxy, the list(s) of proxies, setting out, in respect of each proxy, the name, address, NRIC/passport number, class of shares and number of shares in relation to which the proxy has been appointed.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 54 Serangoon North Avenue 4 #05-02, Singapore 555854, not less than 48 hours before the time appointed for the EGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or an officer duly authorised.
6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with its constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

**GENERAL**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member of the Company, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.