

ELLIPSIZ LTD

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

SALE OF SHARES IN JEP HOLDINGS LTD

1. INTRODUCTION

The board of directors of Ellipsiz Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has today, by way of a married deal, sold its entire shareholding interest of 43,841,202 ordinary shares in JEP Holdings Ltd (“**JEP**”), representing approximately 10.93% of the issued and paid-up share capital of JEP (the “**Sale Shares**” and the transaction, “**Sale**”), to UMS Holdings Limited (“**UMS**” or the “**Purchaser**”).

The Company will cease to be a shareholder of JEP following the completion of the Sale (“**Completion**”).

2. INFORMATION ON JEP

JEP was incorporated in Singapore on 12 March 1994 and is listed on SGX Catalist. JEP and its subsidiaries are principally engaged in the business of providing solutions for precision machining and engineering services.

As at the date of this announcement, JEP has an issued and paid-up share capital of 401,236,516 shares.

3. INFORMATION ON THE PURCHASER

UMS was incorporated in Singapore on 17 January 2001 and is listed on SGX Mainboard. UMS and its subsidiaries are principally engaged in the business of manufacturing precision machining components and equipment.

4. CONSIDERATION OF THE SALE

The Company has agreed to sell and the Purchaser has agreed to purchase the Sale Shares via a married deal for an aggregate consideration of approximately S\$6.58 million at S\$0.15 per Sale Share (the “**Consideration**”). The Consideration was arrived at on a willing-buyer, willing-seller basis, taking into consideration, *inter alia*, the number and market price of the Sale Shares. The Consideration will be satisfied in cash.

5. RATIONALE AND USE OF PROCEEDS

5.1 The investment in JEP in 2009 was intended to enable the Company to diversify its investment portfolio to the aerospace industry. The Sale provides an opportunity for the Company to now monetise its substantial stake in JEP for cash for redeployment.

5.2 The proceeds from the Sale will provide the Group with additional resources to explore other opportunities and finance the growth of its existing businesses to enhance shareholder value in the long term.

6. FINANCIAL EFFECTS OF THE SALE

6.1 Book Value, Net Tangible Asset Value and Market Value of the Sale Shares

The book value and net tangible asset value of the Sale Shares as at 31 March 2019 were approximately S\$6.58 million.

The market value of the Sale Shares is approximately S\$6.81 million¹.

6.2 Consideration over Book Value

Disregarding expenses in connection with the Sale ("**Transaction Costs**"), there is no excess nor deficit of Consideration over book value of the Sale Shares² and accordingly no gain or loss on disposal will be recorded by the Company for the Sale. The Company does not expect the Transaction Costs to exceed S\$20,000.

6.3 Proforma Financial Effects

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

The following *pro forma* financial effects of the Sale have been prepared based on the audited financial statements of the Group for the financial year ended 30 June 2018 with the following assumptions:

- (a) for the purpose of computing the financial effects of the Sale on the NTA per Share of the Company, the Sale is assumed to have been completed on 30 June 2018;
- (b) for the purpose of computing the financial effects of the Sale on the EPS of the Company, the Sale is assumed to have been completed on 1 July 2017; and
- (c) the Transaction Costs are disregarded for the purposes of computing the financial effects.

NTA

	Before the Sale	After the Sale
NTA (S\$'000)	109,303	107,330
Number of Shares as at 30 June 2018	167,128,185	167,128,185
NTA per Share (cents)	65.40	64.22

¹ Based on volume weighted average price of JEP on 10 May 2019, the market day immediately preceding the Sale.

² Based on book value of S\$6.58 million as at 31 March 2019. The Company and Group account for the investment in JEP as financial assets where the book value of JEP is adjusted to reflect the market value based on the closing price of JEP on the last market day at every reporting date.

EPS

	Before the Sale	After the Sale
Net profit attributable to shareholders (S\$'000)	9,068	9,068
Weighted average number of Shares	167,128,185	167,128,185
EPS (cents)	5.43	5.43 ⁽¹⁾

Note:

(1) Based on the accounting treatment prescribed by Singapore Financial Reporting Standards (International) 9 *Financial Instruments*, the Group elected to present the fair value changes of the investment in JEP in other comprehensive income and any gain or loss on disposal of the investment will not be recognised in profit or loss.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Sale as computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

		Relative Figures (%)
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	4.9% ⁽¹⁾
Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	15.7% ⁽²⁾
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	10.2% ⁽³⁾
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable ⁽⁵⁾

Notes:

- (1) Based on the Group's share of the audited net asset value of JEP as at 31 December 2018 of S\$5,696,000 and the Group's latest announced unaudited net asset value as at 31 March 2019 of S\$116,863,000.
- (2) Based on the Group's share of JEP's net profits for a 9-month period of S\$155,000, being the summation of the Group's share of JEP's results for (i) first-half 2018 and (ii) the average results of second-half 2018 for a 3-month period, derived from its announcements of unaudited results in respect of financial year ended 31 December 2018, and the Group's latest announced unaudited net profits of S\$988,000 for the 9 months ended 31 March 2019.
- (3) Based on the Consideration of S\$6,576,000. The Company's market capitalisation is approximately S\$64,344,000, calculated based on 167,128,185 Shares multiplied by the volume weighted average price of S\$0.385 per Share on 10 May 2019, being the market day immediately preceding the date of the Sale.
- (4) This basis is not applicable to disposal of assets.
- (5) The Company is not a mineral, oil and gas company.

Under Rule 1010 of the Listing Manual (where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%), the Sale constitutes a discloseable transaction.

8. DISCLOSURE UNDER RULE 704(18)(b)

The Sale will result in the Company's aggregate cost of investment in quoted securities falling below a multiple of 5% of the Company's latest audited consolidated NTA.

Details of the Company's quoted investments before and after the Sale are as follows:

	Before the Sale	After the Sale
Aggregate cost of the Company's quoted investments (S\$'000)	11,982	4,521
Aggregate cost of the Company's quoted investments as a percentage of the latest audited consolidated NTA of the Company ⁽¹⁾	10.96%	4.14%
Total market value of the Company's quoted investments ⁽²⁾ (S\$'000)	11,378	4,566
Amount of any provision for diminution in value of investments (S\$'000)	-	-

Notes:

- (1) The audited consolidated NTA of the Company as at 30 June 2018 was S\$109,303,000. It was determined based on the audited consolidated net asset value of the Company less intangible assets as at 30 June 2018.
- (2) Based on the volume weighted average price of the quoted securities on 10 May 2019, being the market day immediately preceding this announcement.

9. SERVICE CONTRACTS

No person will be appointed as a director of the Company in connection with the Sale and accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or the controlling shareholder of the Company has any interest, direct or indirect, in the Sale, save for their respective shareholdings (if any) in the Company.

By order of the Board
KELVIN LUM WEN-SUM
Chief Executive Officer
13 May 2019