

CIRCULAR DATED 9 OCTOBER 2023

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of Ellipsiz Ltd, 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, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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



ELLIPSIZ LTD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RATIFICATION OF:

- (I) THE ACQUISITION OF 40% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ISE CAPITAL MANAGEMENT PTE. LTD. (“ICM”) AND THE SHAREHOLDER LOAN AGREEMENT IN RELATION TO ICM; AND**
- (II) THE ACQUISITION OF AN ADDITIONAL 40% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ICM**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	Saturday, 21 October 2023 at 4.00 p.m.
Date and time of Extraordinary General Meeting	:	Tuesday, 24 October 2023 at 4.00 p.m. (or as soon thereafter following the conclusion or adjournment of the 28th annual general meeting of the Company to be held at 3.00 p.m. on the same day and at the same place).
Place of Extraordinary General Meeting	:	1 Orchard Club Road, Orchard Country Club, Emerald Suite, Singapore 769162

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DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or is otherwise stated:

“Additional Acquisition”	:	The acquisition by EA IPL, after the Initial Acquisitions, of an additional 40,000 ICM Shares from IH, representing 40% of the issued and paid-up share capital of ICM, details of which are set out in Section 4.3 of this Circular
“Additional Acquisition Completion”	:	Has the meaning ascribed to that term in Section 1.5 of this Circular
“Additional Acquisition Consideration”	:	The aggregate consideration of \$4.0 million paid by EA IPL to IH for the acquisition of the Additional Shares from IH
“Additional Shares”	:	40,000 ICM Shares, representing 40% of the issued and paid-up share capital of ICM
“APSS”	:	Has the meaning ascribed to that term in Section 1.1 of this Circular
“Bevrian”	:	Bevrian Pte. Ltd.
“Board”	:	The board of directors of the Company as at the Latest Practicable Date
“CD”	:	Mr S. Chandra Das
“CD Acquisition”	:	The acquisition by EA IPL of 20,000 ICM Shares from CD, representing 20% of the issued and paid-up share capital of ICM, further details of which are set out in Section 4.1.3 of this Circular
“CD Consideration”	:	Has the meaning ascribed to that term in Section 4.1.3 of this Circular
“CD Share Transfer”	:	Has the meaning ascribed to that term in Section 4.1.3 of this Circular
“CD Shares”	:	Has the meaning ascribed to that term in Section 4.1.3 of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 9 October 2023
“Companies Act”	:	The Companies Act 1967, as amended or modified from time to time
“Company”	:	Ellipsiz Ltd

DEFINITIONS

“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company, unless otherwise determined by SGX-ST; or (b) in fact exercises control over the Company
“CPF”	:	The Central Provident Fund
“Deed of Undertaking”	:	Has the meaning ascribed to that term in Section 4.2
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“DOC”	:	Has the meaning ascribed to that term in Section 2.3 of this Circular
“DSS”	:	Has the meaning ascribed to that term in Section 1.1 of this Circular
“EAIPL”	:	Ellipsiz Agro Investments Pte. Ltd., a wholly-owned subsidiary of the Company
“Egg Production Business”	:	Has the meaning ascribed to that term in Section 2.2 of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be convened on Tuesday, 24 October 2023 at 4.00 p.m. (or as soon thereafter following the conclusion or adjournment of the 28th annual general meeting of the Company to be held at 3.00 p.m. on the same day and at the same place)
“EPS”	:	Earnings per Share
“Farms”	:	Has the meaning ascribed to that term in Section 2.3 of this Circular
“First Tranche Loan”	:	Has the meaning ascribed to that term in Section 4.2 of this Circular
“FY”	:	Financial year ending or ended on 30 June, as the case may be
“Group”	:	The Company and its subsidiaries
“ICM”	:	ISE Capital Management Pte. Ltd.

DEFINITIONS

“ICM Group Companies”	:	ICM and its subsidiary, and each an “ICM Group Company”
“ICM Share Charge”	:	A first fixed charge over all present and future ICM Shares held by IH and YY
“ICM Shares”	:	Ordinary shares in the capital of ICM
“IFH”	:	ISE Foods Holdings Pte. Ltd.
“IFH Shares”	:	Ordinary shares in the capital of IFH
“IFH Share Charge”	:	A first fixed charge over all present and future IFH Shares held by ICM
“IH”	:	Mr Ise Hikonobu
“IH Acquisition”	:	The acquisition by EAIPL of 6,667 ICM Shares from IH, representing 6.667% of the issued and paid-up share capital of ICM, further details of which are set out in Section 4.1.3 of this Circular
“IH Consideration”	:	Has the meaning ascribed to that term in Section 4.1.3 of this Circular
“IH Share Transfer”	:	Has the meaning ascribed to that term in Section 4.3.1 of this Circular
“IH Shares”	:	Has the meaning ascribed to that term in Section 4.1.3 of this Circular
“IH SPA”	:	Has the meaning ascribed to that term in Section 4.1.3 of this Circular
“Initial Acquisitions”	:	Collectively, the YY Acquisition, the IH Acquisition and the CD Acquisition which were completed on 30 June 2022, further details of which are set out in Section 4.1 of this Circular
“Initial Acquisitions Completion”	:	Has the meaning ascribed to that term in Section 1.2 of this Circular
“Initial Transactions”	:	Has the meaning ascribed to that term in Section 1.4 of this Circular

DEFINITIONS

“Irrevocable Undertakings”	:	The irrevocable undertakings dated 4 October 2022 and 11 April 2023 granted by Bevrian to the Company for the purposes of the EGM to be convened by the Company to seek Shareholders’ approval for Ordinary Resolution 1 and Ordinary Resolution 2
“Latest Practicable Date”	:	29 September 2023, being the latest practicable date prior to the printing of this Circular
“Licensing and Technical Support Agreement”	:	Has the meaning ascribed to that term in Section 6.3 of this Circular
“Listing Manual”	:	The SGX-ST Listing Manual, as amended, modified or supplemented from time to time
“MOU”	:	Has the meaning ascribed to that term in Section 2.3 of this Circular
“Notice of EGM”	:	The notice of EGM as set out on pages 39 to 42 of this Circular
“NTA”	:	Net tangible assets
“Ordinary Resolution 1”	:	Has the meaning ascribed to that term in Section 1.6 of this Circular
“Ordinary Resolution 2”	:	Has the meaning ascribed to that term in Section 1.6 of this Circular
“Register of Members”	:	The register of members of the Company
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“Sellers”	:	YY, IH and CD
“SFA”	:	Singapore Food Agency
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholder Loan”	:	Has the meaning ascribed to that term in Section 1.3 of this Circular
“Shareholder Loan Agreement”	:	Has the meaning ascribed to that term in Section 1.3 of this Circular

DEFINITIONS

“Shareholders”	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts are credited with such Shares
“Shares”	:	Ordinary shares in the capital of the Company
“SRS”	:	Supplementary Retirement Scheme
“Substantial Shareholder”	:	A person who holds directly or indirectly 5% or more of the voting shares in the Company
“Tranche Loan”	:	Has the meaning ascribed to that term in Section 4.2 of this Circular
“Vertex”	:	Has the meaning ascribed to that term in Section 2.2 of this Circular
“YY”	:	Ms Yayoi Yoshikawa
“YY Acquisition”	:	The acquisition by EAIPPL of 13,333 ICM Shares from YY, representing 13.333% of the issued and paid-up share capital of ICM, further details of which are set out in Section 4.1.1 of this Circular
“YY Consideration”	:	Has the meaning ascribed to that term in Section 4.1.1 of this Circular
“YY Shares”	:	Has the meaning ascribed to that term in Section 4.1.1 of this Circular
“YY SPA”	:	Has the meaning ascribed to that term in Section 4.1.1 of this Circular
“YY Supplemental Deed”	:	Has the meaning ascribed to that term in Section 4.1.1 of this Circular
“\$” and “cents”	:	Singapore dollars and cents respectively
“%”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001.

The term **“treasury shares”** shall have the meaning ascribed to it in Section 4 of the Companies Act.

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

DEFINITIONS

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act or the Listing Manual or any modification thereof, unless otherwise provided.

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 neuter genders and *vice versa*. References to persons, where applicable, shall include corporations.

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

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

The Company has engaged Messrs Chang See Hiang & Partners as its legal adviser for the corporate action set out in this Circular.

LETTER TO SHAREHOLDERS

ELLIPSIZ LTD

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

Board of Directors:

David Ong Kim Huat (*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

9 October 2023

To: The shareholders of Ellipsiz Ltd

Dear Sir/Madam

THE PROPOSED RATIFICATION OF:

- (I) **THE ACQUISITION OF 40% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ISE CAPITAL MANAGEMENT PTE. LTD. (“ICM”) AND THE SHAREHOLDER LOAN AGREEMENT IN RELATION TO ICM; AND**
- (II) **THE ACQUISITION OF AN ADDITIONAL 40% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ICM**

1. INTRODUCTION

1.1 Information on the Group

The principal activities of the Group comprise the distribution and services solutions (“**DSS**”) business, the automated precision system solutions (“**APSS**”) business and the property investment and development business.

1.2 Overview of the Initial Acquisitions

On 30 June 2022, the Company announced that its wholly-owned subsidiary, EAIPL, had acquired an aggregate interest of 40% in ICM for an aggregate consideration of \$4.0 million pursuant to the Initial Acquisitions, which comprised the YY Acquisition, the IH Acquisition and the CD Acquisition. Completion of the Initial Acquisitions (the “**Initial Acquisitions Completion**”) took place on the same day. Further details of the Initial Acquisitions are set out in Section 4.1 of this Circular.

Following the Initial Acquisitions Completion, ICM became a 40% associated company (as defined in the Listing Manual) of the Company. The Company had on 30 June 2022 announced the Initial Acquisitions as a discloseable transaction under Rule 1010 of the Listing Manual as the relative figure computed on the bases set out in Rule 1006(c) of the Listing Manual exceeded 5% but did not exceed 20%.

ICM holds a 70% interest in IFH which is undertaking the development and operations of the 4th egg farm in Singapore. Further details of ICM, IFH and the 4th egg farm are set out in Section 2 of this Circular.

LETTER TO SHAREHOLDERS

1.3 Overview of the Shareholder Loan

On 12 July 2022, the Company announced, *inter alia*, that EAIPL had entered into a shareholder loan agreement (the “**Shareholder Loan Agreement**”) with ICM, pursuant to which EAIPL had agreed, subject to the fulfillment of certain conditions precedent by ICM (or unless otherwise waived by EAIPL), to extend a shareholder loan solely by itself of up to \$28.5 million to ICM (the “**Shareholder Loan**”) for the purposes described in Section 4.2 of this Circular. The announcement was made by the Company pursuant to Chapter 7 of the Listing Manual.

1.4 Ratification required for the Initial Acquisitions and the Shareholder Loan

In its FY2022 annual report released on 10 October 2022, the Company had disclosed that SGX-ST had notified the Company that, pursuant to Rule 1005 of the Listing Manual, SGX-ST is of the view that both the Initial Acquisitions and the Shareholder Loan should be aggregated and treated as one single transaction. Rule 1005 of the Listing Manual provides: “*In determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004, the Exchange may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction.*” When aggregated, the Initial Acquisitions and the Shareholder Loan constitute a major transaction under Rule 1014 of the Listing Manual (the “**Initial Transactions**”). Accordingly, the Company is seeking Shareholders’ approval for the Initial Transactions by way of ratification.

1.5 Overview of the Additional Acquisition

On 10 April 2023, the Company announced that EAIPL had further acquired an additional interest of 40% in ICM from IH for an aggregate consideration of \$4.0 million pursuant to the Additional Acquisition. Completion of the Additional Acquisition (the “**Additional Acquisition Completion**”) took place on the same day. The Additional Acquisition represents an increase in the Group’s investment in its subsidiary, ICM. Further details of the Additional Acquisition are set out in Section 4.3 of this Circular.

Following the Additional Acquisition Completion, the Company owns 80% of the issued and paid-up share capital of ICM. The Company had announced the Additional Acquisition as a discloseable transaction under Rule 1010 of the Listing Manual as the relative figure computed on the bases set out in Rule 1006(c) of the Listing Manual exceeded 5% but did not exceed 20%.

Notwithstanding that the Additional Acquisition constitutes only a discloseable transaction and is not subject to Shareholders’ approval, the Company is voluntarily seeking ratification of the Additional Acquisition together with the Initial Transactions as the Company would like to present Shareholders with a complete picture of the transactions given that it is the Group’s first foray into the agri-food industry, and would like Shareholders to consider the transactions holistically.

Electronic copies of the Company’s announcements dated 30 June 2022, 12 July 2022 and 10 April 2023, and the Company’s annual report for FY2022 are available on the Company’s website at <https://www.ellipsiz.com> as well as on SGXNet at <https://www.sgx.com/securities/company-announcements>.

LETTER TO SHAREHOLDERS

1.6 EGM

The Directors are convening an EGM to be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162 on Tuesday, 24 October 2023 at 4.00 p.m. (or as soon thereafter following the conclusion or adjournment of the 28th annual general meeting of the Company to be held at 3.00 p.m. on the same day and at the same place) to seek Shareholders' approval for the following:

- (i) the proposed ratification of the Initial Transactions ("**Ordinary Resolution 1**"); and
- (ii) the proposed ratification of the Additional Acquisition ("**Ordinary Resolution 2**").

1.7 Purpose of this Circular

The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information relating to the Initial Transactions and the Additional Acquisition, and to seek Shareholders' ratification for the same at the EGM to be convened. The Notice of EGM is set out on pages 39 to 42 of this Circular.

1.8 SGX-ST

SGX-ST assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.

2. INFORMATION ON ICM, IFH AND THE 4TH EGG FARM

2.1 ICM

ICM is a company incorporated in Singapore on 20 July 2019 and is an investment holding company. As at the Latest Practicable Date, ICM has an issued and paid-up share capital of \$100,000 comprising 100,000 ordinary shares.

The shareholders and their respective shareholdings in ICM before and after the Initial Acquisitions Completion and the Additional Acquisition Completion are as follows:

Shareholders	Before Initial Acquisitions Completion and Additional Acquisition Completion		After Initial Acquisitions Completion and Additional Acquisition Completion	
	Number of ICM Shares	Shareholding Percentage (%)	Number of ICM Shares	Shareholding Percentage (%)
EAIPL	–	–	80,000	80
IH	60,000	60	13,333	13.333
YY	20,000	20	6,667	6.667
CD	20,000	20	–	–

The directors of ICM immediately prior to the Initial Acquisitions Completion were IH and Mr Quek Chee Hoon. As at the Latest Practicable Date, the directors of ICM are IH, YY, Mr Kelvin Lum Wen-Sum, Ms Iris Wu Hwee Tan and Ms Chow Ching Sian.

LETTER TO SHAREHOLDERS

2.2 IFH

IFH is a company incorporated in Singapore on 6 November 2020. The principal activities of IFH are relating to the production and distribution of fresh eggs (“**Egg Production Business**”). As at the Latest Practicable Date, IFH has an issued and paid-up share capital of \$20.0 million comprising 20.0 million ordinary shares. ICM holds 70% of the issued and paid-up share capital of IFH. Vertex Ventures SEA Fund IV Pte. Ltd. and Vertex Exploratory Fund Pte. Ltd. (collectively, “**Vertex**”) hold in aggregate the remaining 30% of the issued and paid-up share capital of IFH.

2.3 The 4th Egg Farm

In September 2021, IFH and SFA signed a memorandum of understanding (“**MOU**”) for IFH to develop and operate the 4th egg farm in Singapore. The 4th egg farm comprises (i) a commercial egg farm, (ii) a day-old-chick (“**DOC**”) hatchery, (iii) a parent layer farm and (iv) a parent pullet farm (collectively, the “**Farms**”). The Farms will be developed in phases starting with the construction of the commercial egg farm, followed by the DOC hatchery, parent layer farm and parent pullet farm.

In July 2022, IFH entered into a building agreement with SFA whereby SFA alienated 3 plots of land with a total approximate land area of 12.1 hectares to IFH. The 3 plots of land are for the development of the commercial egg farm, DOC hatchery and parent layer farm as specified in the building agreement. Details of the Farms are set out in the table below.

Facility	Commercial egg farm	DOC hatchery	Parent layer farm	Parent pullet farm
Location	Lim Chu Kang	Lim Chu Kang	Sungei Tengah	Tuas
Use	Hatches fertilised eggs from parent layer farm and rears them as <i>egg-layer</i> hens for egg production:		Rears imported <i>parent stock</i> DOC into hens that lay eggs to be hatched at the DOC hatchery:	
	Grows DOCs until maturity and houses <i>egg-layer</i> hens for commercial production of hen shell eggs.	Incubates fertilised eggs which come from the parent layer farm. The DOCs will be transported to the commercial egg farm after they have been hatched.	Houses specialised brooding equipment to raise <i>parent stock</i> chicks from 18 weeks old. These chicks will grow and lay eggs that will be hatched at the DOC hatchery.	For raising of imported <i>parent stock</i> DOCs until they are ready to be transferred to parent layer farms at about 18 weeks old.
Estimated Plot Size (ha)	10.0	0.6	1.5	1.0
Lease Duration	30 years			

LETTER TO SHAREHOLDERS

Business operations of the Farms are to commence in phases. The Company had in its announcement released on 10 April 2023 informed that IFH had received in-principle approval from SFA to construct the commercial egg farm which is expected to commence operations in 2024 and that the Farms are expected to be fully operational by end 2026 with the capacity to produce no less than 360 million hen shell eggs per year. As stated in the Company's announcement dated 18 September 2023 and as at the Latest Practicable Date, IFH is reviewing the biosecurity measures as well as development costs of the commercial egg farm, which may entail modifications to the design and/or layout plan of the farm, and such modifications may lead to delays in the development schedule and completion of the farm. IFH is in consultation with the relevant regulatory bodies in the meantime. IFH will apply for the farm and import licences from SFA to carry out the Egg Production Business at the appropriate time.

The development of the Farms is expected to be funded in phases by a combination of (i) equity injection(s) by shareholders of IFH, (ii) external financing to be taken by IFH and/or (iii) shareholders' loans to be extended to IFH. As at the Latest Practicable Date, the shareholders of IFH had injected an aggregate sum of \$20.0 million as equity and IFH is in discussions with financial institutions for external financing of the development.

3. INFORMATION ON THE SELLERS

IH was the chairman and honorary advisor of ISE Foods Inc, the top egg producer in Japan and one of the largest in the world. Founded in 1912, ISE Foods Inc has over 100 years of experience in the production and sale of high-quality eggs. It currently has 9 farms in Japan and has major operations in the US, China, and Thailand.

YY was the former chief executive officer of IFH. She was responsible for the formulation and implementation of the overall business strategies of IFH. She spearheaded the project and liaised with the various government agencies to successfully obtain approval for IFH to develop a modern egg farm (with state-of-art facilities) in Singapore.

CD is Singapore's Non-Resident High Commissioner to Sri Lanka and Pro-Chancellor of Nanyang Technological University. He served as the Singapore Trade Representative to the former Union of Soviet Socialist Republics from 1970 to 1971, Chairman of the Trade Development Board from 1983 to 1986 and Chairman of NTUC Fairprice from 1993 to 2005. He also served as a Member of Parliament from 1980 to 1996. Currently, CD also holds directorships in two listed companies.

This investment opportunity was brought to the Company by CD, one of the Sellers, through Mr David Lum Kok Seng, a Substantial Shareholder.

Save for the Initial Acquisitions which were completed on 30 June 2022 and the Additional Acquisition which was completed on 10 April 2023, there is no connection (including business relationships) amongst the Company, the Directors and the Substantial Shareholders with any of the Sellers. There is also no transaction between the Company and ICM and/or IFH prior to the YY Acquisition.

LETTER TO SHAREHOLDERS

4. PROPOSED RATIFICATION OF THE INITIAL TRANSACTIONS AND THE ADDITIONAL ACQUISITION

4.1 The Initial Acquisitions

4.1.1 YY Acquisition

On 18 November 2021, the Company announced that it had entered into a conditional sale and purchase agreement with YY (the “**YY SPA**”) to acquire from her an aggregate of 20,000 ICM Shares, representing 20% of the issued and paid-up share capital of ICM, for an aggregate consideration of \$2.0 million.

On 30 June 2022, the Company further announced that it had entered into a supplemental deed with YY (the “**YY Supplemental Deed**”) to amend and supplement the terms of the YY SPA. Pursuant to the YY Supplemental Deed, the principal amendments made to the YY SPA were as follows:

(i) *Variation to the number of ICM Shares to be acquired*

The number of ICM Shares to be acquired from YY by the Company (or the Company’s nominee as it may direct) had been amended from 20,000 ICM Shares representing 20% of the issued ICM Shares to 13,333 ICM Shares representing 13.333% of the issued ICM Shares (the “**YY Shares**”).

(ii) *Variation to the consideration amount*

Due to the reduction in the number of ICM Shares to be acquired from YY, the aggregate consideration payable by the Company for the YY Acquisition had been correspondingly reduced from \$2.0 million to approximately \$1.33 million (the “**YY Consideration**”).

4.1.2 Conditions Precedent to the YY Acquisition

Completion of the YY Acquisition was subject to the satisfaction (or waiver) of the following conditions precedent:

- (i) lands to be used for the establishment and operation of the Farms as contemplated in the MOU having been alienated by the relevant governmental authorities for such purposes, and definitive agreements for the lease of such lands having been entered into between the relevant ICM Group Companies and the relevant governmental authorities, such alienation of the lands and agreements for the leases being on terms which are satisfactory to the Company in its sole and absolute discretion;
- (ii) if required, the purchase of the YY Shares having been approved by Shareholders at a general meeting of the Company or at any adjournment thereof;
- (iii) completion of the sale and purchase of all the YY Shares taking place simultaneously;

LETTER TO SHAREHOLDERS

- (iv) the business of the ICM Group Companies having been carried on in a reasonably satisfactory manner and each of the ICM Group Company not having disposed of any material assets or assumed or incurred any material liabilities (including contingent liabilities) other than those in the ordinary course of business;
- (v) YY not having breached the YY SPA and all representations, warranties and undertakings made by her contained in the YY SPA are true, accurate, complete and not misleading, as if repeated at any time before and on completion of the sale and purchase of the YY Shares, by reference to the facts and circumstances then existing;
- (vi) there being no circumstance amounting to or event of, force majeure occurring that may have a material adverse effect on the businesses, operations, prospects or conditions (financial or otherwise) of the Company, YY and the ICM Group Companies; and
- (vii) all necessary consents or approvals being granted by third parties, bankers, financial institutions or governmental or regulatory authorities or competent authorities having jurisdiction over the Company's purchase of all the YY Shares being obtained, and all necessary or appropriate filings having been made and all appropriate waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated, in each case for or in connection with the sale and purchase of all the YY Shares and to carry on the business of the ICM Group Companies and where any abovementioned consent or approval is subject to any conditions, such conditions being reasonably acceptable to the Company.

If any one of the above conditions precedent was not fulfilled or waived by 30 June 2022 or such other later date falling no later than 3 months from 30 June 2022 as the Company may in its sole discretion decide, the YY SPA would cease and determine.

As at completion of the YY Acquisition, condition precedent (i) above had not been fulfilled and was waived by the Company in its sole and absolute discretion. Subsequently in July 2022, SFA alienated 3 plots of land with a total approximate land area of 12.1 hectares to IFH and entered into a building agreement with IFH.

4.1.3 IH Acquisition and CD Acquisition

In addition to the YY Acquisition, on 30 June 2022, the Company announced that it had:

- (i) entered into a sale and purchase agreement (the "**IH SPA**") with IH to acquire from him an aggregate of 6,667 ICM Shares (the "**IH Shares**"), representing 6.667% of the issued ICM Shares, for an aggregate consideration of approximately \$0.67 million (the "**IH Consideration**"); and
- (ii) acquired, by way of a share transfer, from CD (the instrument of transfer being the "**CD Share Transfer**"), an aggregate of 20,000 ICM Shares (the "**CD Shares**"), representing 20% of the issued ICM Shares, for an aggregate consideration of \$2.0 million (the "**CD Consideration**").

LETTER TO SHAREHOLDERS

4.1.4 Consideration and Payment for the Initial Acquisitions

The YY Consideration, the IH Consideration and the CD Consideration, aggregating \$4.0 million for a 40% interest in ICM, were satisfied in cash by the Company from its internal resources.

The Company had carried out its legal, financial and commercial due diligence on ICM, IFH, the Sellers and the Egg Production Business to assess its investment in ICM. The due diligence covered a review of corporate secretarial records, agreements, management accounts of both ICM and IFH since their respective incorporation dates from 20 July 2019 and 6 November 2020, litigation and bankruptcy searches on the Sellers, and research into the Egg Production Business through obtaining relevant information from market players. There were no material adverse findings from the due diligence performed.

In view that ICM and IFH were newly incorporated on 20 July 2019 and 6 November 2020 respectively and had not commenced business activities which explains their low NTA value and book value, each of the YY Consideration, the IH Consideration and the CD Consideration was arrived at after arm's length negotiations respectively between the Company with YY, IH and CD on a willing-buyer willing-seller basis, taking into account, *inter alia*, the potential of IFH in being granted 4 plots of land and the requisite licences to develop and operate the 4th egg farm in Singapore, and the participation of an established industry player in the business.

4.1.5 Book value, NTA and Net Loss in respect of the Initial Acquisitions

At the point in time the YY SPA was entered into, the NTA value and book value of the ICM Group Companies based on its unaudited consolidated management accounts as at 31 October 2021 were each approximately \$657,000 and its net loss before income tax and non-controlling interests for the 10 months ended 31 October 2021 was approximately \$42,000. No valuation was commissioned on the YY Shares.

At the point in time the YY Supplemental Deed, IH SPA and CD Share Transfer were entered into, the NTA value and book value of the ICM Group Companies based on its unaudited consolidated management accounts as at 31 May 2022 were each approximately \$221,000 and the net loss before income tax and non-controlling interests for the 5 months ended 31 May 2022 was approximately \$193,000. Accordingly, based on the Company's 40% interest in ICM, the net loss attributable to the Company was approximately \$77,000. No valuation was commissioned on the IH Shares and CD Shares.

4.1.6 Completion of the Initial Acquisitions

The Initial Acquisitions were completed on 30 June 2022 by EAIPL. Following the Initial Acquisitions Completion, ICM became a 40% associated company (as defined in the Listing Manual) of the Company.

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4.2 The Shareholder Loan Agreement

On 12 July 2022, the Company announced, *inter alia*, that EAIPL entered into a Shareholder Loan Agreement with ICM, pursuant to which EAIPL had agreed to extend the Shareholder Loan to ICM, on the terms and subject to the conditions of the Shareholder Loan Agreement. The aggregate principal amount of the Shareholder Loan of up to \$28.5 million was arrived at taking into consideration the estimated development costs, availability of external financing as well as estimated working capital and research and development requirements of ICM.

For the avoidance of doubt, completion of the Initial Acquisitions was not conditional upon the extension of the Shareholder Loan and the extension of the same is not a deferred consideration payable to any of YY, IH or CD nor a loan to any of YY, IH or CD. The Shareholder Loan was extended to ICM only because it was at the time a 40% associated company (as defined in the Listing Manual) of the Company.

The Shareholder Loan will be disbursed in phases principally for the ultimate purpose of paying the costs and expenses incurred in connection with the development of the Farms. As at the Latest Practicable Date, an amount of approximately \$12.7 million had been extended by EAIPL to ICM, of which \$12.6 million (being the First Tranche Loan (as defined below)) was used by ICM to subscribe for 12,600,000 new shares in IFH, representing 70% of the issued and paid-up share capital of IFH, and the balance of \$0.1 million was used by ICM for working capital purposes.

The salient terms of the Shareholder Loan Agreement are set out below.

- | | | |
|---------------------|---|--|
| Principal Amount | : | Up to \$28.5 million, to be disbursed in tranches. |
| Availability Period | : | The period commencing from and including the date of the Shareholder Loan Agreement up to and including 30 June 2027. |
| Purposes | : | The Shareholder Loan shall be applied solely towards: <ul style="list-style-type: none">(a) the subscription of such number of shares in IFH, amounting to 70% of the resultant enlarged issued and paid-up share capital of IFH pursuant and subject to the terms of the share subscription agreement dated 31 August 2021 entered into among Vertex, ICM, IH and IFH;(b) partially financing the development and operation of the Farms by way of a loan to IFH; and(c) ICM's working capital and research and development requirements. |

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- Conditions to utilisation of the first tranche loan (being a loan in the aggregate amount not exceeding \$12.6 million) (the “**First Tranche Loan**”) :
- The utilisation of the First Tranche Loan was conditional upon the satisfaction or waiver (as the case may be) of the following:
- (a) IFH having obtained a bank loan to finance its development of the Farms and that the terms of such bank loan are satisfactory to EAIPL;
 - (b) ISE ASEAN Inc. and IFH having entered into the Licensing and Technical Support Agreement upon terms and conditions satisfactory to EAIPL;
 - (c) completion of the sale and purchase of the YY Shares, IH Shares and CD Shares having occurred;
 - (d) where necessary, the extension of the Shareholder Loan by EAIPL to ICM having been approved by Shareholders in a general meeting or at any adjournment thereof;
 - (e) ICM Share Charge having been duly executed by the parties to it and in registrable form;
 - (f) IFH Share Charge having been duly executed by the parties to it and in registrable form;
 - (g) the deed of subordination to be entered into between IH, YY, ICM and EAIPL having been duly executed by the parties to it;
 - (h) the deed of undertaking to be given by IH and YY to EAIPL having been duly executed by the parties to it;
 - (i) the board resolutions of ICM dated on or prior to the date of the Shareholder Loan Agreement having approved (a) the terms of, and the transactions contemplated by, the finance documents (as defined in the Shareholder Loan Agreement) to which it is a party and (b) ICM's execution of the finance documents (as defined in the Shareholder Loan Agreement) to which it is a party;
 - (j) a shareholders' agreement in relation to ICM setting out the arrangements among its shareholders and the manner in which the business and affairs of ICM will be regulated having been duly executed by the parties to it;

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- (k) the board resolutions of ICM dated on or prior to the date of the Shareholder Loan Agreement having approved (a) the appointment of such person(s) nominated by EAIPL as director(s) to the board of ICM; and (b) the change of authorised signatories for the operation of all bank accounts of ICM in accordance with such mandate as may be instructed by EAIPL to ICM in writing;
- (l) the board resolutions of IFH dated on or prior to the date of the Shareholder Loan Agreement having approved (a) the appointment of such person(s) nominated by ICM as director(s) to the board of IFH; and (b) the change of authorised signatories for the operation of all bank accounts of IFH in accordance with such mandate as may be instructed by EAIPL to ICM in writing;
- (m) all authorisations which are necessary under the applicable laws for ICM's implementation of the transactions contemplated under the Shareholder Loan Agreement having been validly obtained or completed, and the Shareholder Loan Agreement and all transactions contemplated thereunder not being prohibited in any way by any existing law, regulation, rule, judgment, order, decree, directive, decision, notice or circular of any court or governmental, administrative, regulatory or supervisory body; and
- (n) EAIPL having received all of the documents and other evidence as stated above (and such other documents it may require) in form and substance satisfactory to it (acting reasonably).

The First Tranche Loan was utilised on 13 July 2022. EAIPL had, in its sole and absolute discretion, waived the conditions set out in paragraph (a) and paragraph (g) above.

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- Conditions to each subsequent utilisation : Following the utilisation of the First Tranche Loan, each subsequent utilisation of a loan to be made under the Shareholder Loan (“**Tranche Loan**”) is conditional upon the satisfaction or waiver (as the case may be) of the following:
- (a) no default is continuing or would result from the proposed Tranche Loan;
 - (b) the representations and warranties to be made by each obligor under the Shareholder Loan Agreement are true in all material respects;
 - (c) in relation to any Tranche Loan to be applied towards financing any purpose for the Shareholder Loan, on the date of the utilisation request, EAIPL having received (together with the duly completed utilisation request) statements, invoices, bills and such other evidence in relation to the proposed use of the proceeds for such utilisation, in each case, in form and substance satisfactory to EAIPL; and
 - (d) in the event that any proposed Tranche Loan (or portion thereof) will be made available for the purpose of partially financing the development and operation of the Farms by way of a loan to IFH, Vertex have agreed to disburse their portion of such shareholders’ loan to IFH.
- Interest : The rate of interest on each Tranche Loan (including the First Tranche Loan) for each Interest Period (as described below) is the percentage rate per annum which is the aggregate of:
- (a) 1.5% per annum; and
 - (b) the applicable SORA.
- “**SORA**” means the prevailing Singapore Overnight Rate Average quoted on the 1st business day of each calendar month.
- Interest Period : In respect of any Tranche Loan (including the First Tranche Loan), the length of either 1, 3 or 6 months.

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- Repayment Date : On the date falling 10 years from the first utilisation of the Shareholder Loan, or on such other date as may be mutually agreed by EAIPL and ICM in writing. The Shareholder Loan is repayable on demand upon the occurrence of an event of default under the Shareholder Loan Agreement and in such event, EAIPL may also cancel its commitment to provide the Shareholder Loan.
- Security : The Shareholder Loan is secured by:
- (a) the ICM Share Charge; and
 - (b) the IFH Share Charge.
- Governing Law : Laws of Singapore.

At the point in time the Shareholder Loan Agreement was entered into, the NTA value and book value of the ICM Group Companies based on its unaudited consolidated management accounts as at 30 June 2022 were each approximately \$191,000 and the net loss before income tax and non-controlling interests for the 6 months ended 30 June 2022 was approximately \$223,000. Accordingly, based on the Company's 40% interest in ICM, the net loss attributable to the Company was approximately \$89,000.

Prior to EAIPL extending the Shareholder Loan, the Board had considered in depth the possible means of security EAIPL was able to take in order to safeguard the interests of EAIPL and thus the interests of the Company and its Shareholders as a whole (including its minority shareholders). At the material time, the ICM Share Charge and the IFH Share Charge were the viable means of security identified. Accordingly, should any non-payment under the Shareholder Loan occur, EAIPL shall be entitled to enforce the ICM Share Charge and the IFH Share Charge, to sell, dispose of or realise the pledged shares under the ICM Share Charge and the IFH Share Charge respectively.

At the point in time the ICM Share Charge was entered into, the pledged shares comprised 60,000 ICM Shares of which 6,667 ICM Shares were held by YY and 53,333 ICM Shares were held by IH. At the point in time the IFH Share Charge was entered into, the pledged shares comprised 14,000,000 IFH Shares held by ICM. Given the Additional Acquisition, the number of ICM Shares subject to the ICM Share Charge has correspondingly reduced from 60,000 ICM Shares to 20,000 ICM Shares. The Additional Acquisition did not involve EAIPL making any further loan to ICM. The number of ICM Shares subject to the ICM Share Charge reduced only because EAIPL had increased its stake in ICM (from 40% to 80%) following the Additional Acquisition. In this regard, the Board is of the view that, notwithstanding that the number of ICM Shares subject to the ICM Share Charge would be reduced, the Additional Acquisition is in the interests of the Company since it enables EAIPL to become the majority shareholder in ICM and thus consolidate its control over ICM, bearing in mind that those ICM Shares were sold to (and acquired by) EAIPL and not to (or by) another party. The number of pledged shares subject to the IFH Share Charge remains unchanged.

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Given that ICM and IFH are both newly incorporated companies which have not commenced business operations and are in the midst of developing the Farms (which would necessarily involve capital expenditure in order to break ground), the Board recognises that the current value of the ICM Shares and the IFH Shares respectively may not reflect their intrinsic value. In obtaining the ICM Share Charge and IFH Share Charge, the foregoing was taken into account. In this regard, the Board had further considered the ability of ICM to repay the Shareholder Loan in light of the potential of IFH when operating at full capacity and its ability to generate revenue in the future; and also taken into consideration the degree of control that EAIPL has over ICM as conferred under the Shareholders' Agreement (as more fully described below) and in turn ICM's control over IFH arising from its 70% shareholding in IFH.

In connection with the foregoing, EAIPL had procured an undertaking from IH and YY (the "**Deed of Undertaking**") in order to ensure that the Farms would be able to operate at full capacity so as to enable ICM to repay the Shareholder Loan. IH's and YY's affiliations to ISE Japan were instrumental in the establishment of the project and they had been closely involved since its inception (which is before EAIPL's investment). Against this background and taking into consideration the Licensing and Technical Support Agreement, and the Shareholder Loan which would be extended to ICM to partially financing the development of the Farms, the Company believed at the time that it would be in the interests of EAIPL to procure an undertaking from IH and YY so that guidance and support would be given for the development of the Farms in order to ensure that the Farms could be fully self-sufficient. The Deed of Undertaking is a commitment from IH and YY to ensure the success of the Farms. This acts as a form of additional security to EAIPL.

In considering the giving of the Shareholder Loan, the Board had also taken into consideration the management control conferred in EAIPL under the shareholders' agreement which was also entered into on 12 July 2022 by EAIPL with IH and YY (the "**Shareholders' Agreement**") prior to the Additional Acquisition. Pursuant to the Shareholders' Agreement, a director nominated by EAIPL will be appointed as the chairman of the board of ICM. The chairman shall have a casting vote and hence, EAIPL effectively holds the majority of the voting rights on the board of ICM. In addition, the passing of all resolutions of the directors and shareholders of ICM must include the affirmative vote of at least 1 director nominated by EAIPL or the affirmative vote of EAIPL respectively. The provisions in the Shareholders' Agreement give EAIPL control over the affairs and decisions of ICM despite it holding a 40% interest. Accordingly, ICM is treated as a subsidiary of EAIPL in compliance with Singapore Financial Reporting Standards (International) and the Shareholder Loan will be recorded as an inter-company loan in EAIPL's financial statements as and when utilised by ICM.

As set out above, despite EAIPL holding only a 40% interest in ICM at the time, under the Shareholders' Agreement, EAIPL is able to effectively control the outcome of the decisions of the board of ICM. Accordingly, any funds on-lent by ICM to IFH for the purposes of the development of the Farms will require the consent of EAIPL. Further, under the Shareholder Loan Agreement, EAIPL has complete visibility over any proposed subsequent utilisation of a Tranche Loan. Prior to any further disbursement of a proposed Tranche Loan, ICM will have to provide sufficient evidence in relation to the proposed use of such loan and EAIPL may in its sole and absolute discretion reduce any specified loan amount after reviewing the evidence provided.

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IFH is in discussions with financial institutions to part-finance the development of the Farms. Depending on the external financing to be secured by IFH, EAIPL may extend further funding in addition to the Shareholder Loan to ICM. IH and YY will not be extending any funding to ICM. EAIPL is prepared to solely finance the ICM portion of the shareholders' funding to IFH in view of the extent of its control over ICM.

4.3 The Additional Acquisition

4.3.1 The additional acquisition of 40,000 ICM Shares from IH

On 10 April 2023, the Company announced that EAIPL had acquired, by way of share transfer, from IH (the instrument of transfer being the "**IH Share Transfer**"), an additional 40,000 ICM Shares (the "**Additional Shares**"), representing 40% of the issued and paid-up share capital of ICM, for an aggregate consideration of \$4.0 million (the "**Additional Acquisition Consideration**").

As stated in the Company's announcement dated 10 April 2023, IH had via a letter to the Company requested the Company to consider acquiring the Additional Shares.

The Additional Acquisition Consideration was arrived at after arm's length negotiations between EAIPL and IH on a willing-buyer willing-seller basis taking into account, *inter alia*, IFH having been granted 4 plots of land to develop and operate the 4th egg farm in Singapore and the increase in the Group's effective interest in IFH from 28% to 56% (following the acquisition of an additional interest of 40% in ICM pursuant to the Additional Acquisition), which thereby increases its participation in the Egg Production Business.

The Additional Acquisition Consideration was satisfied in cash by the Group from its internal resources.

4.3.2 Book value, NTA and Net Loss in respect of the Additional Acquisition

At the point in time the IH Share Transfer was entered into, the NTA value and book value of the ICM Group Companies based on its unaudited consolidated management accounts as at 28 February 2023 were each approximately \$4,199,000. Compared with the NTA and book value of the ICM Group Companies as at 31 October 2021 (as disclosed in Section 4.1.5 above) such increase was mainly due to additional equity raised in IFH. The net loss before income tax and non-controlling interests for the 8 months ended 28 February 2023 was approximately \$1,392,000, such net loss was mainly attributable to staff and staff related costs, amortisation of land premiums, professional and consultancy fees, as well as statutory expenses. Accordingly, based on the Company's 80% interest in ICM, the net loss attributable to the Company was approximately \$1,113,600. No valuation was commissioned on the Additional Shares.

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The following sets out the net assets and net losses of the ICM Group Companies for the past three (3) financial years:

	31 December 2020 \$'000	31 December 2021 \$'000	30 June 2023⁽¹⁾ \$'000
Net assets	98	414	3,427 ⁽²⁾
Net losses	(2)	(284)	(2,188) ⁽³⁾

Notes:

- (1) Based on an 18-month period as the financial year end of the ICM Group Companies was changed from 31 December to 30 June to be in line with the financial year end of the Company following the Initial Transactions.
- (2) The increase in the net asset value was due to the increase in equity in the form of cash injected into IFH for the purposes of commencing the development of the Farms.
- (3) The increase in net loss was due to higher overheads as IFH increased its staff strength, engaged professionals to advise on the development and operations of the Farms, and incurred statutory expenses.

4.3.3 Completion of the Additional Acquisition

The Additional Acquisition was completed on 10 April 2023 by EA IPL. Following the Additional Acquisition Completion, the Company holds an 80% interest in ICM. The Company has no option to acquire further shareholdings in ICM.

5. RATIONALE FOR AND BENEFITS OF THE INITIAL TRANSACTIONS AND ADDITIONAL ACQUISITION

5.1 Rationale for and benefits of the Initial Acquisitions

5.1.1 Foray into agri-food industry

The Initial Acquisitions allow the Group to make its foray into the agri-food industry leveraging on agri-technologies and partner with an established player and market leader in the egg business. It serves as a foothold from which there could be potential opportunities for the Group to consider the agri-food sector and increasing its investment in this business in the future.

5.1.2 Additional source of income for the Group

Following the divestment of the probe card business in 2017, the Group's main sources of income are from its core DSS and APSS businesses.

Egg is a staple food item which is commonly consumed. The supply of hen shell eggs in Singapore in the year of 2022 was about 2.1 billion eggs¹ (which works out to about 6 million eggs per day). The investment in ICM enables the Group to widen its income streams so as to buffer business cycles stemming from the semiconductor and electronics industry.

¹ Singapore Food Statistics 2022 – <https://www.sfa.gov.sg/docs/default-source/publication/sg-food-statistics/singapore-food-statistics-2022.pdf> (page 8)

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5.1.3 Enhancement of the Group's risk management

The Group is exposed to the cyclical nature of the semiconductor and electronics industry that it operates in. The industry is highly cyclical due to significant fluctuations in supply and demand of semiconductors. Furthermore, as a distributor, the DSS segment continues to face intense competition from other leading players in the industry and risk of loss of distributorships and service contracts. The investment in ICM enables the Group to broaden its operations and reduce its concentration of risks in the semiconductor and electronics industry.

5.1.4 Collaboration with top egg producer

The investment in ICM opens up a unique opportunity for the Group to collaborate with ISE Japan, the top egg producer in Japan and one of the largest in the world, to produce high quality eggs for Singapore's local consumption. ISE Japan has over 100 years of experience in the production and sale of high-quality eggs.

5.1.5 Alignment with Singapore's "30 by 30" food security goal

Singapore imports over 90% of its food for local consumption due to land scarcity. Singapore faces challenges such as disruptions in food supply and increases in food prices as a result of the heavy reliance on imports. In March 2019, SFA announced the "30 by 30" goal, that is, for Singapore to produce 30% of its nutritional needs locally by 2030².

Currently, the 3 local egg farms import DOC from overseas. The 4th egg farm, to be developed by IFH, encompasses the establishment of the first DOC hatchery in Singapore which enables IFH to be self-sufficient in its DOC supply. The increase in local eggs supply and the local source for DOC are in line with the vision to strengthen and safeguard food security in Singapore. The investment in ICM will enable the Group to contribute positively and directly to the nation-wide movement towards sustainability development.

5.2 Rationale for and benefits of the Shareholder Loan

As ICM and IFH are newly incorporated companies, and both have not commenced business activities, funding would be required in order for IFH to commence the development and operation of the Farms. Accordingly, the Shareholder Loan was extended by EAIPL to ICM principally for the ultimate purpose of providing IFH with an injection of funds to finance the development and operation of the Farms. This would allow IFH to break ground, commence the Egg Production Business, become self-sufficient and generate revenue.

Notwithstanding that the quantum of the Shareholder Loan is significant, the Board had taken into consideration IFH's prospects of profitability once it is operating at full capacity and believes that the extension of the Shareholder Loan was necessary in order for the Farms to be developed and become operational and thereby enabling the Group to receive future returns.

In addition, given that the Shareholder Loan is interest-bearing, the Board is also of the view that the Shareholder Loan is beneficial to the Group as it can generate interest income.

² *Singapore Food Statistics 2022* – <https://www.sfa.gov.sg/docs/default-source/publication/sg-food-statistics/singapore-food-statistics-2022.pdf> (page 5)

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5.3 Rationale for and benefits of the Additional Acquisition

The Initial Acquisitions presented a unique and attractive long-term investment opportunity to the Group. Following completion of the Initial Acquisitions, ICM became a 40% associated company (as defined in the Listing Manual) of the Company and is treated as a subsidiary of EAIPL (in compliance with Singapore Financial Reporting Standards (International)) by virtue of EAIPL having board and management control of ICM. Given the foregoing, the Additional Acquisition represents an increase in the Group's investment in its subsidiary, ICM.

The rationale for and benefits of the Additional Acquisition are similar to the Initial Acquisitions as set out in Section 5.1. In summary, the Additional Acquisition will provide the Group with an additional source of income which will enable the Group to buffer business cycles stemming from the semiconductor and electronics industry, enable the Group to broaden its operations thereby reducing its concentration of risks further in the semiconductor and electronics industry, and enable the Group to contribute positively and directly to Singapore's "30 by 30" food security goal.

In addition, following the Additional Acquisition Completion, the Group's interest in ICM had increased from 40% to 80% which in turn increased its effective interest in IFH from 28% to 56%. The Group's increased stake in the Egg Production Business may therefore generate higher returns.

6. RISK FACTORS

In undertaking the Initial Transactions and the Additional Acquisition, the Group could be affected by a number of risks which relate to the Egg Production Business undertaken by IFH and/or the agri-food industry as well as those which may generally arise from, *inter alia*, economic, business, market and political factors.

The following describes some of the significant known risks that could directly or indirectly affect the Group and its investment in the Egg Production Business respectively. There may also be other risks associated with the Egg Production Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the paragraphs below.

As its mitigation strategy, the Group is actively involved in the project management (including planning, design and development matters of the Farms), procurement of external financing, strategising of sales and marketing plans, amongst others, for the development and operation of the Farms. EAIPL has also brought onboard personnel with the relevant track record and experience in the local poultry industry to contribute their expertise and experience to the setting up and operation of the Farms. IFH will build up a local team to operate the Farms. Recruitment has commenced to fill certain key positions with local personnel who have experience in the Singapore poultry and/or agricultural sector. This strategy will create new jobs in the agri-food space which is in line with the Singapore Government's objectives. IFH will put in place measures to address and minimise the risks identified including establishing farm management system for bio-security and animal health, administering vaccines, putting in place business continuity plan, conducting regular training and interactive simulations, obtaining relevant certification to ensure food safety, recruiting employees with relevant poultry experience and engaging third party consultants with appropriate expertise.

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Shareholders should carefully consider and evaluate each of the following risk factors (which are not intended to be exhaustive) and all other information contained in this Circular. If any of the considerations, risks and uncertainties set out below develops into actual events, the financial position, results, cash flow, performance, business operations and prospects of the Group could, directly or indirectly, be materially and adversely affected.

6.1 Delay in relation to the construction and development of the Farms

The time required for completing a development depends on various factors such as, the size of the farm, prevailing market conditions and the availability of resources. Delays may arise due to various factors, including but not limited to adverse weather conditions, disease outbreaks (including for the avoidance of doubt any COVID-19 event), natural calamities, power failure, machinery and equipment breakdown, shortage of materials, shortage of labour and unexpected delay in obtaining required approvals. Such delay may result in cost overruns and increased financial costs which may expose the Group to unforeseen liabilities or risks associated with its investment in the Egg Production Business. As a result, the Group may face significant financial risks before it can realise any benefits from its investment in the Egg Production Business.

6.2 There is no assurance that the Group's foray into the Egg Production Business will be commercially successful

There is no assurance that the Group's foray into the Egg Production Business will be commercially successful and that IFH will be able to derive sufficient revenue to offset the acquisition, capital and/or start-up costs as well as operating costs arising from the Egg Production Business. The Egg Production Business may require high capital commitment and may expose the Group to unforeseen liabilities or risks associated with its entry into the agri-food industry.

In addition, the Egg Production Business involves business risks which include incurring financial costs of setting up new operations, injecting capital investments and maintaining working capital requirements. If IFH does not derive sufficient revenue from or does not manage the costs of the Egg Production Business effectively, the overall financial position and profitability of the Group may be adversely affected.

6.3 The Egg Production Business may be affected by revocation or termination of the licensing and technical support agreement

IFH was incorporated in November 2020 with the intention to carry out the Egg Production Business. Following the signing of the MOU with SFA in September 2021 to develop the Farms in Singapore, IFH entered into a licensing and technical support agreement ("**Licensing and Technical Support Agreement**") with ISE ASEAN Inc. (the sole representative in ASEAN for one of the biggest layer farming companies in Japan, and has expertise in egg production). Pursuant to the Licensing and Technical Support Agreement, ISE ASEAN Inc. shall license its intellectual property to IFH for the purposes of quality egg production, and provide technical support and guidance in connection therewith.

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The Group currently does not have an established track record in carrying out the Egg Production Business and the success of the Egg Production Business will be highly reliant on the know-how and expertise provided under the Licensing and Technical Support Agreement. Should the Licensing and Technical Support Agreement be terminated, for any reason whatsoever, the business operations of IFH will be jeopardised which may lead to an adverse effect on the results of business operations and prospects of the Group.

6.4 The Egg Production Business is subject to risks of poultry-related diseases and infections

The Egg Production Business is subject to risks of regional or global outbreak of poultry-related diseases, such as avian influenza. Accordingly, any loss of consumer confidence and/or reduction in consumption of eggs may adversely affect the Egg Production Business and hence the overall financial position and profitability of the Group. In the event that livestock on the Farms are afflicted with such diseases, IFH may be required to cull some or all of its chickens or dispose of any infected products. Product recalls or temporary bans imposed by the Singapore Government due to public health scares may also cause damage to the reputation and branding of IFH. All these may adversely affect the Egg Production Business and the Group's investment in the Egg Production Business.

6.5 IFH does not own the lands used for the establishment and operation of the Farms

IFH took possession of 3 plots of land with a total approximate land area of 12.1 hectares for the development of the commercial egg farm, the DOC hatchery and the parent layer farm in August 2022. The lease term of these 3 plots of land is 30 years. SFA will be alienating another plot of land to IFH for the parent pullet farm in due course. In the event that IFH is unable to renew any of the leases for the 4 plots of land when they expire or if the leases are renewed on terms and conditions which are not favourable to IFH, and it is unable to find alternative premises promptly, the Egg Production Business may be disrupted. Such disruption could have an adverse effect on the Group's financial performance.

6.6 The Egg Production Business may be affected by any changes in laws or regulations

The Egg Production Business is subject to several stringent laws and regulations in Singapore, including but not limited to the Animals and Birds Act 1965, the Feeding Stuffs Act 1965 and the Sale of Food Act 1973. If there are any changes in the legislation, regulations or policies governing layer farming, production of egg products or import of fresh eggs, or any matters that may affect the production or sale of the products of IFH, its ability to produce and distribute its products in Singapore may be hindered.

In addition, the operations of layer farms are required to comply with the Environmental Production and Management Act 1999 with regard to air and water pollution control. From time to time, the Farms will be subject to periodic inspections by the National Environment Agency to ensure that proper measures of pollution control have been put in place. In the event that there are any changes in the measures of pollution control, IFH may have to incur additional costs to ensure compliance, and its profitability may in turn be adversely affected.

Furthermore, any failure to comply with relevant laws or regulations could result in the imposition of fines or other penalties by the relevant authorities, all of which could adversely affect the Egg Production Business and the financial performance of the Group.

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6.7 IFH may not be successful in applying for and maintaining the requisite operating licences and/or permits

IFH will be required to obtain various licences and permits in relation to, *inter alia*, the operation of the layer farm, the processing of eggs, and the import, manufacturing and sale of animal feed. In particular, IFH will be required to obtain the necessary licences for keeping and maintaining the Farms in accordance with the Animal and Bird (Licensing of Farms) Rules and for post-harvesting activities in accordance with the Sale of Food Act 1973.

There can be no assurance that IFH will be successful in applying for and obtaining the requisite licences and/or permits or that IFH will be able to maintain and/or renew the requisite licences and/or permits. The non-grant, suspension, non-renewal or revocation of the licences and/or permits may affect the Group's operations, financial performance, and ability to realise any benefits from its investment in the Egg Production Business.

In addition, IFH may also be subject to specific licensing conditions or directives that may be imposed on it by the relevant regulatory body or authority from time to time. There is no guarantee that IFH will be able to satisfy such additional conditions on time or at all, and it may have to incur additional costs in order to satisfy all such additional conditions which will affect the Group's profitability and performance.

6.8 The Egg Production Business may be affected by competition in the industry

Singapore imports approximately over 70% of its eggs from overseas such as Malaysia, Poland, Thailand and Ukraine, with the balance currently produced locally by the 3 local egg farms. The Egg Production Business may be adversely affected if IFH is unable to compete effectively in the market. In the event that IFH is not competitive against other suppliers of fresh eggs in terms of pricing, quality, supplying a variety of egg products and providing after-sales service, its financial performance and profitability may be adversely affected and the Group's financial performance may in turn be adversely affected.

6.9 The Egg Production Business may be affected by fluctuations in the costs of raw materials for feeds

The main operating costs for the layer farm constitute raw materials for feed such as corn, soybean meal, yellow maize, grains, vitamin pre-mix and mineral pre-mix. As such raw materials are commodity-based, any shortage in the supply or upsurge in demand for such raw materials would lead to an increase in their prices. For example, the Russia-Ukraine conflict has led to a surge in prices of grains, and natural disasters and/or fungi infestation damaging or destroying plantations may lead to a shortage in the raw materials for feed. There is no assurance that IFH will be able to anticipate and react to such price fluctuations by adjusting the selling prices of its eggs in a timely manner or pass on any increase in the costs of raw materials for feed to its customers accordingly. In the event that IFH is unable to anticipate and react to such price fluctuations or pass on any increase in costs to its customers, its profitability may be adversely affected and the Group's financial performance may in turn be adversely affected.

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6.10 The Egg Production Business faces the risks of food contamination and deterioration

Food contamination and deterioration are risks inherent to all food industry participants. Any contamination or deterioration in raw materials or products of IFH, whether through improper storage or handling, outbreak of diseases, illegal tampering, contamination in the egg laying and production process or otherwise, may result in the raw materials or products of IFH being found unsafe for production and consumption respectively. This may lead to delays in production or delivery of products to customers, a drop in sales due to damaged reputation, costs incurred in replacing the affected products, purchasing of replacement raw ingredients and/or payment of compensation to customers for delays, which in turn may materially and adversely affect the reputation, business and financial performance of the Group.

6.11 The Egg Production Business may be affected by any failure to maintain the quality of the products produced

It is essential in the food industry that the quality of the food products must be consistently high. Inconsistencies in the quality of the products produced by IFH would result in customer dissatisfaction and hence a reduction in their patronage. The quality of the products produced by IFH may be affected by, *inter alia*, the quality of raw materials used, a change or shortage of production staff, the lack of proper adherence to prescribed procedures by the production staff or lack of proper inspection by the quality control staff at the Farms. Thus, any failure to consistently maintain the quality of products will result in a material adverse impact on the Egg Production Business and the financial performance and results of operations of the Group.

6.12 The Egg Production Business faces risk of disruption to its production facilities

The Egg Production Business will be adversely affected by any disruption to the production facilities of IFH which could be due to, *inter alia*, shortages in utilities supplies, machine breakdowns, power failures, power surges, fire, natural disasters or other calamities which may result in significant damage to the Farms, facilities, machinery, and equipment thereon causing major delays and disruptions to its operations. A disruption in the power supply would affect IFH's ability to maintain a desired range of temperature and environment in the Farms which in turn would affect the conditions of the layers. As a consequence, production capabilities may be affected and this may have an adverse impact on the Group's financial performance and results of operations.

6.13 The Egg Production Business may be dependent on foreign workers

IFH may be dependent on foreign workers in carrying out the Egg Production Business. Depending on Singapore's immigration policy governing the supply and engagement of foreign labour, it may not be able to employ sufficient workers. IFH is also required to bear the levy of employing foreign workers. Any changes in the labour policy in Singapore or the countries of origin of foreign workers may affect the supply of or cost of employing foreign workers and cause disruptions to the operations of the Egg Production Business. In the event of a shortage of foreign workers, a restriction imposed on the number of foreign workers allowed to be employed or an increase in the cost of hiring foreign workers, overhead costs would increase, and if IFH is unable to pass on such additional costs to its customers, the Egg Production Business may be materially and adversely affected which may in turn adversely impact the Group's operations and financial performance. In addition, the lack of foreign workers may adversely affect the operations of the Egg Production Business leading to a reduction or cessation of output.

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6.14 Other unprecedented epidemics, endemics or pandemics may lead to a shortage of labour and supplies resulting in disruption to the operations of the Egg Production Business

The outbreak and spread of any infectious disease may have a material adverse effect on IFH's business, financial conditions and operations. In the event that any of the employees of IFH in the premises or facilities of the Farms, and/or those of its suppliers, are infected with any infectious disease, IFH and/or its suppliers may be required by health authorities to temporarily shut down the affected premises or facilities and quarantine the relevant employees to prevent the spread of such disease. This may result in a shortage of labour at and/or supplies to the Farms leading to delays or disruptions to business activities in general which may in turn have a material adverse effect on the Group's operations and financial results.

6.15 The Group may be exposed to unfavourable changes in the economic, political, legal, administrative and social conditions of Singapore

The Egg Production Business will primarily be conducted in Singapore. Any unfavourable changes in the economic, political, legal, administrative and social conditions of Singapore such as inflationary pressure and rising interest rates may have an adverse effect on the value of the Group's investment in the Egg Production Business, its results of operations, financial performance, financial conditions and prospects as such.

6.16 IFH may fail to attract and retain key employees, which could adversely impact the Egg Production Business

The growth of the Egg Production Business is dependent on IFH's ability to identify, recruit and retain qualified employees to form a relevant and strong team with the requisite technical expertise to oversee the operations of the Egg Production Business. Failure to attract employees with the relevant skills and abilities, or the loss of certain key employees, could have an adverse impact on IFH's operations and financial performance. This would in turn have an adverse impact on the Group's financial performance.

6.17 Reliance on Government's subsidies

There are various government grants made available by government agencies such as SFA to provide funding support to the agri-food industry. These include but are not limited to grants for the purchase of equipment and adoption of automated, advanced and integrated farming systems. Approved grant applications will help to defray some capital costs for developing and operating the Egg Production Business. However, there is a risk that the Egg Production Business may not qualify for the grants. This may result in IFH and in turn the Group incurring higher costs to fund the Egg Production Business.

6.18 Risks relating to geopolitical tensions, adverse political developments, terrorist attacks or other acts of violence or war

Construction of the Farms and operations of the Egg Production Business may be adversely affected by heightened geopolitical tensions, adverse political developments, terrorist attacks or other acts of violence or war (such as Russia-Ukraine conflict).

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The adverse effects of such events could manifest through, *inter alia*, disruptions to global supply chains, trade restrictions, financial and/or economic sanctions, and a rise in commodity prices and inflationary pressures (particularly if the current medium-term inflation expectations drift upwards and become embedded in price and wage setting behaviour), all of which may lead to potential higher construction costs and a shortage or delay in the delivery of construction materials, which may in turn cause delay in the completion of the construction of the Farms and/or increase in operating costs for the Farms.

In addition, such events may negatively impact global economic growth and cause financial market instability which could damage consumer confidence, thus leading to a decrease in consumer spending. All of these may severely impact or cause disruption to the Egg Production Business, and could materially and adversely affect the Group's business, prospects, financial conditions and results of operations.

7. FINANCIAL EFFECTS OF THE INITIAL TRANSACTIONS AND THE ADDITIONAL ACQUISITION

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Initial Transactions and the Additional Acquisition on the Group set out below are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Initial Transactions and the Additional Acquisition on the Group's NTA per Share and the Group's EPS, nor do they reflect the future financial performance and/or position of the Company and/or the Group after completion of the Initial Transactions and the Additional Acquisition.

7.1 Financial effects of the Initial Transactions

7.1.1 Pro forma Financial Effects of the Initial Transactions

The following *pro forma* financial effects of the Initial Transactions have been prepared based on the audited financial statements of the Group for FY2021 (being the latest available full year audited financial statements as at the date the Shareholder Loan Agreement, being the later component of the Initial Transactions, was entered into) with the following assumptions:

- (i) for the purposes of illustrating the financial effects of the Initial Transactions on the Group's NTA per Share, it is assumed that the Initial Transactions had been completed on 30 June 2021;
- (ii) for the purposes of illustrating the financial effects of the Initial Transactions on the Group's EPS, it is assumed that the Initial Transactions had been completed on 1 July 2020; and
- (iii) the transaction costs in relation to the Initial Transactions are disregarded for the purposes of computing the financial effects as they are immaterial.

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7.1.2 NTA per Share

	Before Initial Transactions	After Initial Transactions
NTA (\$'000)	102,421	98,633 ⁽¹⁾
Number of Shares ('000)	166,668	166,668
NTA per Share (cents)	61.45	59.18

Note:

- (1) The Shareholder Loan has no effect on the NTA as it is eliminated upon consolidation of the Group's financial statements.

7.1.3 EPS

	Before Initial Transactions	After Initial Transactions
Net profit attributable to Shareholders (\$'000)	3,050	3,139
Weighted average number of Shares ('000)	166,668	166,668
EPS (cents)	1.83	1.88 ⁽¹⁾

Note:

- (1) The Farms have not commenced operations. The EPS is adjusted for (i) ICM Group Companies' unaudited consolidated management accounts for the 12-month financial period ended 31 December 2021 (before the change of the financial year end to 30 June) and (ii) the interest on the extension of the Shareholder Loan.

7.2 **Financial effects of the Additional Acquisition**

7.2.1 Pro forma Financial Effects of the Additional Acquisition

The following *pro forma* financial effects of the Additional Acquisition have been prepared based on the audited financial statements of the Group for FY2022 (being the latest available full year audited financial statements as at the date of the Additional Acquisition) with the following assumptions:

- (i) for the purposes of illustrating the financial effects of the Additional Acquisition on the Group's NTA per Share, it is assumed that the Additional Acquisition had been completed on 30 June 2022;
- (ii) for the purposes of illustrating the financial effects of the Additional Acquisition on the Group's EPS, the Group's net profits attributable to Shareholders had been adjusted from \$2,751,000 (as presented in the Group's FY2022 full year audited financial statements) to \$2,717,000 to take into account the financial effects of the Initial Transactions which occurred prior to computing the financial effects of the Additional Acquisition;

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- (iii) for the purposes of illustrating the financial effects of the Additional Acquisition on the Group's EPS, it is assumed that the Additional Acquisition had been completed on 1 July 2021; and
- (iv) the transaction costs in relation to the Additional Acquisition are disregarded for the purposes of computing the financial effects as they are immaterial.

7.2.2 NTA per Share

	Before Additional Acquisition (but after Initial Transactions)	After Additional Acquisition
NTA (\$'000)	99,407 ⁽¹⁾⁽²⁾	99,407 ⁽³⁾
Number of Shares ('000)	166,668	166,668
NTA per Share (cents)	59.64	59.64

Notes:

- (1) The NTA as at 30 June 2022 included the ICM Group Companies' NTA as at 30 June 2022 as the Initial Acquisitions were completed on the same date.
- (2) The Shareholder Loan has no effect on the NTA as it is eliminated upon consolidation of the Group's financial statements.
- (3) The Additional Acquisition is an equity transaction (a reclassification from non-controlling interests to Shareholders' equity) which has no impact on the net tangible assets since the Group had consolidated 100% of ICM Group Companies' results with effect from 30 June 2022 (in compliance with Singapore Financial Reporting Standards (International)) by virtue of EAIPL having board and management control of ICM.

7.2.3 EPS

	Before Additional Acquisition (but after Initial Transactions)	After Additional Acquisition
Net profit attributable to Shareholders (\$'000)	2,717	2,191
Weighted average number of Shares ('000)	166,668	166,668
EPS (cents)	1.63	1.31 ⁽¹⁾

Note:

- (1) The Farms have not commenced operations. The EPS is adjusted for ICM Group Companies' unaudited consolidated management accounts for the 12-month financial period ended 31 December 2022 (before the change of the financial year end to 30 June).

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8. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL IN RESPECT OF THE INITIAL TRANSACTIONS AND THE ADDITIONAL ACQUISITION

The relative figures for the Initial Transactions (aggregating both the Initial Acquisitions and the Shareholder Loan) and the Additional Acquisition are as follows:

Rule 1006	Bases	Relative Figures for Initial Transactions ⁽¹⁾	Relative Figures for Additional Acquisition ⁽²⁾
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable	Not applicable
(b)	The net profits attributable to the Initial Transactions or the Additional Acquisition (as the case may be), compared with the Group's net profits.	(3.5)% ⁽³⁾	Not applicable ⁽⁴⁾
(c)	The aggregate value of the Initial Transactions or the Additional Acquisition (as the case may be), compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	65.0% ⁽⁵⁾	10.2% ⁽⁶⁾
(d)	The number of equity securities issued by the Company as consideration for the Initial Transactions or the Additional Acquisition (as the case may be), compared with the number of equity securities previously in issue.	Not applicable ⁽⁷⁾	Not applicable ⁽⁷⁾
(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 ⁽⁸⁾	Not applicable ⁽⁸⁾

Notes:

- (1) Based on the latest announced consolidated financial statements of the Group as at the date the Shareholder Loan Agreement was entered into, being the Group's consolidated financial statements for the financial period ended 31 December 2021. In respect of the Initial Transactions which comprise the Initial Acquisitions which were completed on 30 June 2022 and the Shareholder Loan Agreement which was entered into on 12 July 2022, the latest announced consolidated financial statements of the Group as at the point in time was the Group's consolidated financial statements for the financial period ended 31 December 2021. Therefore, the Company had made the comparison against the aforesaid financial period instead of the financial year 30 June 2022 which was not available and had not been announced then.
- (2) Based on the latest announced consolidated financial statements of the Group as at the date of the Additional Acquisition, being the Group's consolidated financial statements for the financial period ended 31 December 2022.

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- (3) The Farms have not commenced operations. The relative figure is based on (i) the Group's 40% interest in the ICM Group Companies' unaudited consolidated net loss for the 6 months ended 30 June 2022 of \$89,000; and (ii) the Group's unaudited net profits of \$2,568,000 for the 6 months ended 31 December 2021. The Initial Acquisitions were completed on 30 June 2022 and the Shareholder Loan Agreement was entered into on 12 July 2022. The latest announced consolidated financial statements of the Group as at the point in time was the Group's consolidated financial statements for the financial period ended 31 December 2021. The comparison is of a 6-month period and the Company had used the then latest available unaudited consolidated net loss of the ICM Group Companies for the 6 months ended 30 June 2022.
- (4) Not applicable as the Group had consolidated 100% of ICM Group Companies' results with effect from 30 June 2022 (in compliance with Singapore Financial Reporting Standards (International)) by virtue of EAIFL having board and management control of ICM.
- (5) Based on (i) the aggregate consideration of \$4,000,000 for the Initial Acquisitions and the Shareholder Loan amount of \$28,500,000 (assuming the Shareholder Loan is utilised to the fullest extent committed by EAIFL); (ii) the volume weighted average price of \$0.30 per Share on 8 July 2022, being the last trading day immediately preceding the date the Shareholder Loan Agreement was entered into; and (iii) 166,668,285 Shares (excluding treasury shares).
- (6) Based on (i) the aggregate consideration of \$4,000,000 for the Additional Shares; (ii) the volume weighted average price of \$0.235 per Share on 6 April 2023, being the last trading day immediately preceding the date of the Additional Acquisition; and (iii) 166,668,285 Shares (excluding treasury shares).
- (7) Not applicable as no equity securities were issued by the Company in connection with the Initial Transactions and the Additional Acquisition.
- (8) Not applicable as the Company is not a mineral, oil and gas company.

8.1 Major Transaction in respect of the Initial Transactions

Given that the relative figure computed on the bases set out in Rule 1006(c) in respect of the Initial Transactions as set out above exceeds 20%, the Initial Transactions constitute a major transaction under Rule 1014 of the Listing Manual and the Company is thus seeking ratification of the same.

8.2 Discloseable Transaction in respect of the Additional Acquisition

Notwithstanding that the relative figure computed on the bases set out in Rule 1006(c) in respect of the Additional Acquisition as set out above exceeds 5% but does not exceed 20% and the Additional Acquisition constitutes only a discloseable transaction under Rule 1010 of the Listing Manual, the Company is voluntarily seeking ratification of the Additional Acquisition together with the Initial Transactions as the Company would like to present Shareholders with a complete picture of the transactions given that it is the Group's first foray into the agri-food industry, and would like Shareholders to consider the transactions holistically.

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9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

9.1 The interests of the Directors and Substantial Shareholders in the Shares, as extracted from the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
<u>Directors</u>						
David Ong Kim Huat	–	–	–	–	–	–
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	–	–	–	–	–	–
<u>Substantial Shareholders</u>						
Bevrian ⁽²⁾	1,461,746	0.88	99,000,000	59.56	100,461,746	60.44
David Lum Kok Seng ⁽³⁾	–	–	100,461,746	60.44	100,461,746	60.44

Notes:

(1) As a percentage of the total number of issued Shares as at the Latest Practicable Date, comprising 166,213,885 Shares (excluding treasury shares and subsidiary holdings).

(2) Bevrian's deemed interest in the Shares is held through a nominee account.

(3) Mr David Lum Kok Seng is deemed interested in all the Shares held by Bevrian.

9.2 Save as disclosed in this Circular, none of the Directors or the Substantial Shareholders and their respective associates has any interest, direct or indirect, in the Initial Transactions and the Additional Acquisition (other than through their respective shareholdings in the Company, if any).

10. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Initial Transactions and the Additional Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. IRREVOCABLE UNDERTAKINGS

In connection with the SGX-ST's requirement, the Company had on, 4 October 2022, procured an irrevocable undertaking from Bevrian in relation to the Initial Transactions pursuant to which Bevrian will vote and/or procure its nominee(s) to vote, in relation to all the Shares it owns, in favour of the Ordinary Resolution 1. In addition, the Company had on, 11 April 2023, procured another irrevocable undertaking from Bevrian in relation to the Additional Acquisition pursuant to which Bevrian will vote and/or procure its nominee(s) to vote, in relation to all the Shares it owns, in favour of the Ordinary Resolution 2. Further, pursuant to each of the Irrevocable Undertakings, Bevrian has also undertaken not to (a) decrease its shareholdings in the Company on and from the respective dates of the

LETTER TO SHAREHOLDERS

Irrevocable Undertakings until the conclusion of the EGM and/or (b) cause or permit any sale, assignment, transfer or disposal of the Shares it holds until the conclusion of the EGM.

As at the Latest Practicable Date, Bevrian, the Controlling Shareholder, holds 100,461,746 Shares, representing approximately 60.44% of the Shares.

12. DIRECTORS' RECOMMENDATIONS

12.1 Initial Transactions

Notwithstanding that the consideration for the Initial Acquisition is significantly higher than the net asset value of the ICM Group Companies and the extension of the Shareholder Loan, having considered the terms of, rationale for and benefits of the Initial Transactions as set out in Section 4.1, Section 4.2, Section 5.1 and Section 5.2, the Directors are of the opinion that the Initial Transactions are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 1 relating to the proposed ratification of the Initial Transactions.

12.2 Additional Acquisition

Notwithstanding that the Additional Acquisition Consideration is significantly higher than the net asset value of the ICM Group Companies, having considered the terms of, rationale for and benefits of the Additional Acquisition as set out in Section 4.3 and Section 5.3, the Directors are of the opinion that the Additional Acquisition is in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 2 relating to the proposed ratification of the Additional Acquisition.

13. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 39 to 42 of this Circular, will be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162 on Tuesday, 24 October 2023 at 4.00 p.m. (or as soon thereafter following the conclusion or adjournment of the 28th annual general meeting of the Company to be held at 3.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing, with or without any modifications, the ordinary resolutions set out in the Notice of EGM.

14. ACTION TO BE TAKEN BY SHAREHOLDERS

14.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete and sign the Proxy Form attached to the Notice of EGM in accordance with the instructions printed thereon and return the same as soon as possible in the following manner: (a) if sent by post, to be deposited at the registered office of the Company at 54 Serangoon North Avenue 4, #05-02, Singapore 555854 or (b) if sent electronically, to be submitted via email to the Company at egm@ellipsiz.com, in either case, not less than 72 hours before the time appointed for holding the meeting. The completion and return of the Proxy Form by such Shareholder will not prevent him from attending and voting in person at the EGM in place of his proxy should he subsequently wishes to do so.

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14.2 When Depositor regarded as Shareholder

A Depositor is not regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP not less than 72 hours before the time fixed for the EGM.

15. 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 Initial Transactions, the Additional Acquisition, 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.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of 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 9.00 a.m. to 5.00 p.m. (with prior appointment) for 3 months from the date of this Circular:

- (a) the YY SPA;
- (b) the YY Supplemental Deed;
- (c) the IH SPA;
- (d) the CD Share Transfer;
- (e) the Shareholder Loan Agreement;
- (f) the IH Share Transfer; and
- (g) the Irrevocable Undertakings.

Yours faithfully

For and on behalf of the Board of Directors of
ELLIPSIZ LTD

Kelvin Lum Wen-Sum
Chief Executive Officer and Executive Director
9 October 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

ELLIPSIZ LTD

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

All capitalised terms in this Notice of EGM which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 9 October 2023 (the “Circular”).

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of the Company will be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162 on Tuesday, 24 October 2023 at 4.00 p.m. (or as soon thereafter following the conclusion or adjournment of the 28th annual general meeting of the Company to be held at 3.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the following ordinary resolutions:

ORDINARY RESOLUTION 1

THE PROPOSED RATIFICATION OF THE INITIAL TRANSACTIONS

That:

- (i) (A) the acquisition by EAIPL of:
 - (a) 13,333 ICM Shares, representing 13.333% of the issued ICM Shares from YY for an aggregate consideration of \$1,333,300 satisfied by way of cash in accordance with the terms and conditions of the YY SPA and the YY Supplemental Deed entered into between the Company and YY;
 - (b) 6,667 ICM Shares, representing 6.667% of the issued ICM Shares from IH for an aggregate consideration of \$666,700 satisfied by way of cash in accordance with the terms and conditions of the IH SPA entered into between the Company and IH;
 - (c) 20,000 ICM Shares, representing 20% of the issued ICM Shares by way of a share transfer from CD for an aggregate consideration of \$2,000,000 satisfied by way of cash; and
- (B) the entry by EAIPL into the Shareholder Loan Agreement with ICM for the purposes of extending a Shareholder Loan of up to \$28,500,000 to ICM and any document or transaction in relation to or in connection with the Shareholder Loan Agreement,

as a major transaction pursuant to Chapter 10 of the Listing Manual, be and are hereby approved, confirmed and ratified;
- (ii) the execution by the Company or EAIPL (as the case may be) of the YY SPA, the YY Supplemental Deed, the IH SPA, the CD Share Transfer, the Shareholder Loan Agreement, and the extension of the Shareholder Loan, be and are hereby approved, confirmed and ratified;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iii) the Directors or any of them be and are hereby authorised to complete and do all acts and things (including, without limitation, enter into all transactions, arrangements and agreements and approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they or each of them deem desirable, necessary or expedient to give effect to the matters contemplated by this resolution and the Initial Transactions as they or each of them may in their absolute discretion deem fit in the interests of the Company; and
- (iv) any acts and things done or performed, and/or any agreements and documents signed, executed, sealed and/or delivered by a Director in connection with this resolution and the Initial Transactions be and are hereby approved, confirmed and ratified.

ORDINARY RESOLUTION 2

THE PROPOSED RATIFICATION OF THE ADDITIONAL ACQUISITION

That:

- (i) the acquisition by EAIPL of an additional 40,000 ICM Shares, representing 40% of the issued ICM Shares by way of share transfer from IH for an aggregate consideration of \$4,000,000 satisfied by way of cash, which constitutes a discloseable transaction pursuant to Chapter 10 of the Listing Manual, be and is hereby approved, confirmed and ratified;
- (ii) the execution by EAIPL of the IH Share Transfer be and is hereby approved, confirmed and ratified;
- (iii) the Directors or any of them be and are hereby authorised to complete and do all acts and things (including, without limitation, enter into all transactions, arrangements and agreements and approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they or each of them deem desirable, necessary or expedient to give effect to the matters contemplated by this resolution and the Additional Acquisition as they or each of them may in their absolute discretion deem fit in the interests of the Company; and
- (iv) any acts and things done or performed, and/or any agreements and documents signed, executed, sealed and/or delivered by a Director in connection with this resolution and the Additional Acquisition be and are hereby approved, confirmed and ratified.

By Order of the Board

Kelvin Lum Wen-Sum

Chief Executive Officer and Executive Director
Singapore, 9 October 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Printed copies of this Notice of Extraordinary General Meeting (“EGM”), Proxy Form and the Request Form (to request for a printed copy of the Circular) will be sent by post to members. These documents will also be published on the Company’s corporate website at <https://www.ellipsiz.com/investor-relations/publications/> and the SGXNet.
2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where a member appoints two proxies, he or she shall specify the proportion of the shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion is specified, the first named proxy shall be deemed to represent 100% of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.
(b) A member of the Company which is a corporation is entitled to appoint its authorised representative(s) or proxy(ies) to vote on its behalf. The Proxy Form appointing the representative(s) or proxy(ies) must be executed under its common seal or executed as a deed in accordance with the Companies Act or signed on its behalf by its attorney or officer duly authorised.
(c) A member who is a relevant intermediary is entitled to appoint more than two 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 member’s Proxy Form appoints two or more proxies, the number and class of Shares to which each proxy has been appointed shall be specified in the Proxy Form.

“relevant intermediary” has the meaning ascribed to it in Section 181(6) of the Companies Act.

3. A proxy need not be a member of the Company.
4. The Proxy Form must be submitted to the Company in the following manner:
 - (a) if sent by post, it has to be deposited at the registered office of the Company at 54 Serangoon North Avenue 4 #05-02 Singapore 555854; or
 - (b) if sent electronically, it has to be submitted via email to the Company at egm@ellipsiz.com,in either case, not less than 72 hours before the time fixed for the EGM.

A member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed and signed Proxy Forms electronically via email.

5. Shareholders can submit questions related to the ordinary resolutions to be tabled for approval at the EGM, in advance of the EGM, in the following manner:
 - (a) via email to the Company at egm@ellipsiz.com; or
 - (b) via post to the Company at 54 Serangoon North Avenue 4 #05-02 Singapore 555854,in either case, by **4.00 p.m. on Tuesday, 17 October 2023**.

When submitting the questions, please provide the Company with the following details, for verification purpose:

- (i) full name (for individuals)/company name (for corporates);
- (ii) NRIC number/Passport number (for individuals)/company registration number (for corporates);
- (iii) the number of Shares held; and
- (iv) the manner in which you hold the Shares (e.g. via CDP, CPF or SRS).

The Company will endeavour to address all substantial and relevant questions submitted in advance of the EGM, either prior to or during the EGM. As there may not be sufficient time to address all questions during the EGM, the Company will publish the responses to the substantial and relevant questions which the Company will not be addressing during the EGM, on SGXNet and the Company’s corporate website prior to the EGM. The Company will publish the minutes of the EGM on SGXNet and the Company’s corporate website, and the minutes will include the responses to the substantial and relevant questions which are addressed during the EGM.

6. All references to dates and times in this Notice of EGM are to Singapore dates and times.
7. The Circular may be accessed at the Company’s corporate website at <https://www.ellipsiz.com/investor-relations/publications/> and the SGXNet. Members may request for a printed copy of the Circular by completing and submitting the Request Form (sent to them by post together with printed copies of this Notice of EGM and the accompanying Proxy Form) no later than 16 October 2023.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal Data Privacy:

By submitting the Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (and/or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (and/or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (and/or its agents or service providers) to comply with the applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (and/or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and/or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) 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

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

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares ("Shares"), this Proxy Form is not valid for use and shall be ineffective for all purposes if used or purported to be used by them. CPF/SRS investors should contact their respective agent banks if they have any queries regarding their appointment as proxy(ies).
2. By submitting this Proxy Form appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 9 October 2023.

I/We, _____ (Name),

NRIC/Passport No./Company Registration No. _____ of

_____ (Address)

being a member/members of Ellipsiz Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or, failing him/her/them, the Chairman of the Extraordinary General Meeting of the Company ("EGM"), as my/our proxy/proxies to attend, speak and vote on my/our behalf at the EGM to be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162 on Tuesday, 24 October 2023 at 4.00 p.m. (or as soon thereafter following the conclusion or adjournment of the 28th annual general meeting of the Company to be held at 3.00 p.m. on the same day and at the same place) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against, or to abstain from voting on the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote for or against, or abstain from voting, at his/her/their discretion, as he/she/they may on any other matter arising at the EGM and at any adjournment thereof.

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*	No. of Votes Abstain*
1.	Proposed ratification of the Initial Transactions			
2.	Proposed ratification of the Additional Acquisition			

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or to "Abstain from voting on" the relevant resolution, please tick (✓) in the relevant boxes provided above. Alternatively, if you wish to exercise your votes in a combination of "For", "Against" and "Abstain from voting on" the relevant resolution, please insert the number of votes in the relevant boxes provided above.

Dated this _____ day of _____ 2023.

Total No. of Shares in:	No. of Shares:
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal of Corporate 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 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, 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. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where such member appoints two proxies, the member shall specify the proportion of the shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be deemed to represent 100% of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.
(b) A member of the Company who is a relevant intermediary is entitled to appoint more than two 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 member's Proxy Form appoints two or more proxies, the number and class of Shares to which each proxy has been appointed shall be specified in this Proxy Form. In relation to a relevant intermediary who wishes to appoint more than two proxies, please annex, to this Proxy Form, 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.
"relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 (the "Act").
3. A proxy need not be a member of the Company.
4. This Proxy Form (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be submitted in the following manner:
(a) if sent by post, it has to be deposited at the registered office of the Company at 54 Serangoon North Avenue 4 #05-02 Singapore 555854; or
(b) if sent electronically, it has to be submitted via email to the Company at egm@ellipsiz.com,
in either case, not less than 72 hours before the time fixed for the EGM.
A member who wishes to submit this Proxy Form must complete and sign this Proxy Form, before submitting it by post to the address provided above or before scanning and sending it by email to the email address provided above.
Members are strongly encouraged to submit completed and signed Proxy Forms electronically via email.
5. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this Proxy Form, to the EGM.
6. This Proxy Form must, in the case of an individual, be signed by the appointor or his/her attorney duly authorised in writing. In the case of a corporation, this Proxy Form must be executed under its common seal or executed as a deed in accordance with the Act or signed on its behalf by its attorney or officer duly authorised.
7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body, such person(s) as it thinks fit to act as its representative(s) at the EGM in accordance with its constitution and Section 179 of the Act.
8. The Company shall be entitled to reject this Proxy Form 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 this Proxy Form.
9. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have Shares entered against their names in the Depository Register 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
10. All references to dates and times in this Proxy Form are to Singapore dates and times.

**EGM
Proxy Form**

AFFIX
POSTAGE
STAMP

**THE COMPANY SECRETARY
ELLIPSIZ LTD**

54 Serangoon North Avenue 4
#05-02
Singapore 555854

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