

Issuer: Ellipsiz Ltd.

Security: Ellipsiz Ltd.

Meeting details:

Date: 19 October 2017

Time: 9.00 a.m.

Venue: 1 Orchard Club Road, Orchard Country Club, Emerald Suite, Singapore 769162

Company Description

Ellipsiz Ltd, an investment holding company, provides probe card, and distribution and service solutions to the semiconductor and electronics manufacturing industries. The company's Distribution and Services solutions segment distributes equipment and tools for semiconductor and electronics manufacturing, integrated circuit (IC) failure analysis, IC reliability testing, and printed circuit board assembly testing and inspection services; and provides equipment maintenance support engineering services, including systems integration to the semiconductor and electronics manufacturing services industry. This segment also provides facilities management services comprising turnkey facilities hook-up and turnkey wafer fabrication equipment relocation, as well as chemicals, gas, and abatement management services; test characterization services, such as qualification and reliability testing; and refurbishment services for pumps used in wafer fabs, as well as trading of consumable products for hospital, pharmaceutical, electronic, and food processing industries. Its Probe Card solutions segment is involved in the design, manufacture, repair, and sale of probe cards, accessories, spare parts, and tools for the semiconductor manufacturing industry. The company also offers technology services, including technology transfer, training, technical, and consultancy services, as well as expert advice and technical assistance; provides solutions for in-circuit and functional testing; and sells and markets scientific and industrial products. Ellipsiz Ltd sells its products and services to customers in Singapore, Malaysia, China, the Philippines, Taiwan, Vietnam, Japan, Europe, and the United States. The company was formerly known as SingaTrust Ltd. and changed its name to Ellipsiz Ltd in 2001. Ellipsiz Ltd was founded in 1992 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BIX)

Q1. As announced on 21 August 2017, the group has entered into a conditional sale and purchase agreement with Nidec-Read Corporation to sell the probe card business. The company has said that the exit from the probe card business will “realise the value of this operation, that the group built over the years, to our shareholders and stakeholders alike” (page 7 of the annual report).

- a) **Would management and the board consider declaring a special dividend following the proposed disposal to crystallise the value for shareholders?**

In the Operations Review (pages 9-11) for FY2017, the Probe Card Solutions segment (PCS) reported a segment revenue and segment results of \$75 million and \$11.7 million respectively whereas the Distribution & Services Solutions segment (DSS) reported a segment revenue and segment results of \$42 million and \$2.9 million respectively.

- b) **With the impending sale of the PCS business (it being the group’s core revenue and profit generator), what is the new strategic direction of the group? How would the group search for new businesses/opportunities?**

Q2. Specifically on the potential of DSS, it was disclosed that the group achieved a “successful penetration into the expanding market of China” (page 11).

- a) **Can management help shareholders understand the size of the addressable DSS market in China? What are management’s priorities for this new market in the financial year?**
- b) **For the DSS segment, can management elaborate further with examples on how it intends to increase its “collaborative efforts with our business partners”?**
- c) As seen in Note 28 (page 123 – Operating segments), for 2017, the DSS segment has segment assets of \$42.4 million and generated segment results of \$2.88 million (6.8% segment results based on segment assets). In 2016, the segment results were \$1.71 million (or 4.3% of segment assets). The average segment returns for the PCS segment was more than 12% in 2016 and in 2017. **What are management’s targets for the returns of the DSS segment going forward?**

Q3. In Note 8 (page 97 – Financial assets), it is stated that the group has Quoted equity securities worth \$4.96 million as at 30 June 2017 (\$4.97 million as at 30 June 2016). This related to the 175.4 million shares in JEP Holdings Ltd. (JEP), a SGX Catalist listed company.

Mr. Melvin Chan, Executive Director and Chief Executive Officer of the company, sits on the board of JEP Holdings Ltd as Non-Executive Director.

- a) The company is currently the second largest shareholder of JEP, holding a 12.06% equity interest. **Can shareholders understand the company’s level of oversight and influence in JEP?**
- b) **What is the strategic value of JEP to the group?**
- c) **Given that the group’s stake in JEP has been diluted from 16.72% to 12.06%, what are management’s plans to maximise the value of its holdings in JEP?**

A copy of the questions for the Annual Report for the financial year ended 30 June 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Ellipsiz%20Ltd>