



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Ellipsiz Ltd

Stock code: BIX

Meeting details:

Date: 25 October 2022

Time: 3.00 p.m.

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

Q1. In the Distribution and Services Solutions (“DSS”) segment, the group recognised higher revenue of \$52.0 million in FY2022, up from \$49.6 million a year ago. Segment results from DSS was stable at \$2.69 million in both years (Note 30 Operating segments; page 158).

The company further disclosed that the DSS segment continued to make progress in its business development and sales efforts in China as Chinese semiconductor companies increase capital expenditures by expanding their semiconductor fabrication plants to break a dependence on global chips.

- (i) **What is the impact on the group’s DSS segment due to the new export controls to China by the United States?**

Q2. As disclosed in the letter to shareholders, the group ventured into the agri-food sector by investing \$4.0 million for a 40% interest in ISE Capital Management Pte Ltd (“ICM”) in June 2022.

ICM holds a 70% interest in ISE Foods Holdings Pte Ltd (“IFH”) which will develop and operate the 4th egg farm in Singapore. Based on the joint media release by the SFA and IFH¹, IFH is majority-owned by Mr Hikonobu Ise, Honorary Advisor and owner of ISE Foods Inc. Japan (ISE). ISE is the top egg producer in Japan and one of the top six largest egg producers in the world. It has 15 farms in Japan and 6 farms in the U.S. and Asia.

It is projected that IFH will invest more than \$100 million in the local facilities, which will adopt state-of-the-art technologies and environmentally-sustainable practices in areas ranging from remote monitoring of animal health, advanced climatic control to odour/waste management. When fully operational, the facilities will have the capacity to produce 360 million eggs and 5 million day-old-chicks (DOCs) annually.

For reference, Singapore produced about 640 million hen shell eggs (or 30% of total consumption) in 2021 with about 52% imported from Malaysia, based on SFA statistics.

- (i) **Other than the contribution of capital, how is management able to value-add to this new agri-tech business given that the board and the management team do not appear to have any agriculture expertise/experience?**
- (ii) **What is the group’s level of involvement in the day-to-day operations of IFH?**
- (iii) **Does the investment in ICM significantly change the risk profile of the group?**

¹ <https://www.sfa.gov.sg/docs/default-source/default-document-library/joint-sfa-ifh-media-release.pdf>

In addition, the group has entered into a shareholder loan agreement with ICM to solely extend to ICM a loan of up to \$28.5 million².

- (iv) **Can management confirm that the other shareholders of ICM (holding 60%) are not making their proportionate share of loan to ICM? What are the reasons for this arrangement?**
- (v) **Has the board identified the risks to the group being the sole funder of the capital needs of ICM when the group holds only 40% of ICM?**
- (vi) **What is the total amount earmarked to support this investment in eggs production in Singapore?**

The company has been notified that the shareholder loan and the acquisition should be aggregated and treated as if they were one transaction. As such, this investment constitutes a major transaction which requires shareholders' approval.

- (vii) **Are the board (especially the chairman and independent directors) and the senior executive management familiar with SGX listing rules? What was the reason for this oversight? Why isn't the company holding an EGM after the AGM on 25 October 2022 to seek shareholders' approval of the transaction by ratification?**

Q3. At the annual general meeting scheduled to be held on 25 October 2022, the company is proposing to re-elect Mr David Ong Kim Huat, a director who was first appointed by the board of directors of the company on 27 January 2022, in accordance with Article 107 of the company's constitution.

The announcement of appointment can be found here:

<https://links.sgx.com/1.0.0/corporate-announcements/I2K91566Y9NAVMSV/7e50119d0ef8ee389ba8fbe01396b5dbbd592a19a9a51e855865ad147f8514ab>

²https://links.sgx.com/FileOpen/Entry%20into%20of%20SHA%20and%20Shareholder%20Loan%20Agt_ICM.ashx?App=Announcement&FileID=723393

An extract is shown below:

CHANGE - ANNOUNCEMENT OF APPOINTMENT::APPOINTMENT OF CHAIRMAN AND INDEPENDENT DIRECTOR
Description (Please provide a detailed description of the event in the box below) Appointment of Chairman and Independent Director
Additional Details
Date Of Appointment 27/01/2022
Name Of Person David Ong Kim Huat
Age 60
Country Of Principal Residence Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) Upon the recommendation of the Nominating Committee, the Board of Directors approved the appointment of Mr David Ong Kim Huat as the Chairman and an Independent Director of the Company taking into account, inter alia, his background, professional qualifications and working experience. The Board of Directors believes that Mr Ong's experience in marketing and tourism would add diversity to the Board.
Whether appointment is executive, and if so, the area of responsibility Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) Chairman and Independent Director Audit and Risk Committee Member Nominating Committee Member Remuneration Committee Member
Professional qualifications Bachelor of Science Degree in Business Administration with double major in Marketing and Management from University of Oregon, USA

(Source: company announcement dated 27 January 2022; emphasis added)

- (i) The rationale, selection criteria and the search and nomination process are required by SGX and have been included in the announcement of appointment template. **Would the company/nominating committee (NC) disclose the selection criteria and the search and nomination process that led to the appointment of Mr David Ong Kim Huat?**

- (ii) With all due respect, Mr David Ong Kim Huat was on the board of Hon Corporation Limited from January to September 2020, Oxpays Financial Limited (formerly known as MC Payment Limited) from May to June 2021 and New Toyo International Holdings Ltd from January 2022. **What was the basis of the NC's recommendation of Mr David Ong Kim Huat to be the chairman of the company given his short stints as a director of listed companies?** This is especially so as the company is diversifying away from the semiconductor and electronics industry and venturing into property development in Bintan and egg production in Singapore.

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extended beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
 (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)