



MIYOSHI LIMITED

(Incorporated in the Republic of Singapore)

Company Registration Number: 198703979K

ACQUISITION OF INDUSTRIAL PROPERTY IN THE PHILIPPINES

A. Introduction

The Board of Directors (the “**Board**”) of Miyoshi Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that its subsidiaries, Miyoshi Technologies Phils., Inc and Miyoshi International Philippines, Inc., had on 29 June 2017 entered into an Option to Purchase (the “**Option**”) from an unrelated party, YKH Group Traders Corporation (the “**Seller**”) to acquire an industrial property located at Block 1, Lot 2 Daiichi Industrial Park Special Economic Zone, Maguyam Road, Siang Cavite, Philippines (the “**Acquisition**”) for an aggregate consideration of 125 million Pesos (equivalent to approximately S\$3.43 million) (the “**Consideration**”).

B. Information on the Property

The Property is situated on freehold land and has a gross floor area of approximately 13,600 square metres located in the Daiichi Industrial Park. The Property comprises an existing double-storey factory with ancillary office and a single-storey warehouse building located within the Special Economic Zone of the Industrial Park.

C. Consideration and Valuation

The Consideration was arrived at on a willing-buyer willing-seller basis after arm's length negotiations between the Company and the Seller, and after taking into account the indicative market value of the Property based on independent sources.

Based on a desktop valuation commissioned by the Company and conducted by Top Consult Incorporated (the “**Valuer**”) as at 29 June 2017, (the “**Valuation Report**”), the market value of the freehold land, excluding the buildings, at between 74.8 million Pesos to 81.6 million Pesos, or S\$2.05 million to S\$2.24 million. The indication of the value range was arrived using the Market Data Approach. This method of comparison is based on the assumption that no prudent purchaser will buy more than what it will cost him to acquire an equally desirable substitute parcel or site. The approach is primarily based on sales and listings of comparable lots in the neighbourhood.

The Consideration will be satisfied by bank borrowings and internal resources, and was and is to be paid in the following manner:

- (i) 5 million Pesos or S\$137,000 of the Consideration was paid to the Seller on the grant of the Option;
- (ii) 20% of the Consideration is to be paid to the Seller on or before 30 June 2017; and
- (iii) the entire balance of the Consideration is to be paid to the Seller upon completion of the Acquisition of the Property ("**Completion**").

The stamp duties, professional and other fees and expenses incurred or to be incurred by the Company in connection with the Acquisition will be borne by the Seller.

No proceeds from the Company's placement of 45,000,000 new ordinary shares in the capital of the Company ("**Placement Shares**") at an issue price of S\$0.068 for each Placement Share, completed on 14 June 2017, were utilised for this Acquisition.

D. Certain Principal Terms of the Option

Subject to the relevant authorities' approval in the Philippines, Completion shall take place on the latest of the following dates:-

- (i) 3 months from the date of the Option; or
- (ii) such other date as both the Company and the Seller may mutually agree.

Note:

(1) For the purposes of this announcement, the foreign exchange rates applied are S\$1:PHP36.4246 and US\$1:S\$1.3846.

E. Rationale for the Acquisition of the Property

The Board of Directors of the Company is of the view that the Acquisition is in the best interest of the Group and is pursuant to the Group's business strategy and proposal to, *inter alia*:

- (a) leverage on the continued growth of the Philippines economy to increase existing production capacity or to rent out when the opportunities arise, and
- (b) explore new growth opportunities in the Philippines, particularly in support of the Group's light electric vehicle business.

F. Financial Effects

The financial effects of the Acquisition set out below are for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Acquisition nor a projection of the future financial performance or position of the Group after the Completion. The financial effects set out below are based on the Company's audited financial statements for the financial year ended 31 August 2016 ("**FY2016**").

- (i) Net tangible assets ("**NTA**") per share

Assuming the Acquisition had been effected on 31 August 2016, the NTA per share of the Group as at 31 August 2016 would be as follows:

	Before the Sale	After the Sale
NTA (S\$'000)	53,680	53,680
Number of issued shares	452,669,490	452,669,490
NTA per share (Singapore cents)	11.86	11.86

(ii) Earnings per share ("EPS")

Assuming the Acquisition had been effected on 1 September 2015, the EPS per share of the Group for FY2016 would be as follows:

	Before the Sale	After the Sale ⁽¹⁾
Net profit/(loss) after tax (S\$'000)	1,045	904
Weighted average number of issued shares	452,669,490	452,669,490
EPS (Singapore cents)	0.25	0.20

Note:

- (1) The proforma financial effects on the EPS of the Company for FY2016 are determined based on the assumptions of interest costs on bank loan obtained to finance the acquisition as well as other costs incurred in relation to the property such as depreciation charges and property tax.

G. Relative Figures Pursuant to Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are as follows:

Rule	Bases of computation	Size of relative figure
1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value	Not applicable as this transaction is not a disposal of assets.
1006(b)	Net profits attributable to the assets acquired, compared with the Group's net profits	Not applicable as the Property will be used by the Group for its operations and no profits are attributable to the Property.
1006(c)	Aggregate value of consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	10.7%
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as no equity securities will be issued as consideration for the Proposed Acquisitions
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

- (1) Based on the aggregate value of consideration of S\$3,460,000 and the market capitalisation of the Company of S\$31,963,708 (determined by multiplying the existing number of shares in issue by S\$0.647, being the weighted average price of the Company's shares transacted on the market day preceding the date of exercise of the Option).

Based on the relative figures computed above, the Acquisition constitutes a discloseable transaction under Rule 1010 of the SGX-ST Listing Manual Section B: Rules of Catalist. As none of the relative figures exceeds 75%, the Acquisition does not constitute a major transaction under Rule 1014, and accordingly, shareholders' approval is not required for the Acquisition.

H. Interest of Directors and Controlling Shareholders

Save for their shareholding interests in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition.

I. Directors' Service Contracts

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

J. Documents for Inspection

A copy of the Option is available for inspection during normal business hours at the registered office of the Company at 5 Second Chin Bee Road Singapore 618772 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Andrew Sin Kwong Wah
Executive Director and CEO

29 June 2017

This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document.

The document has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Ken Lee, Associate Director, Investment Banking. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 6337 5115.