



Miyoshi Precision Limited
Incorporated in the Republic of Singapore
Company Registration No. 198703979K

ENTRY INTO OF MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED JOINT VENTURE WITH PROMISE NEW ENERGY DEVELOPMENT LTD AND THE PROPOSED ACQUISITION OF SHARES REPRESENTING 55% OF THE ENTIRE ISSUED SHARE CAPITAL OF THE JOINT VENTURE COMPANY

1. Introduction

The Board of Directors of Miyoshi Precision Limited (the “**Company**” and together with its subsidiaries the “**Group**”) wishes to announce that the Company has on 14 July 2014 entered into a memorandum of understanding (“**MOU**”) with Promise New Energy Development Ltd (the “**JV Partner**”) in relation to:-

- (a) a joint venture with Promise New Energy Development Ltd (“**Promise**”) for the development, manufacture, assembly and sale of an electric vehicle project, focusing on light electric vehicles in China (“**Proposed Joint Venture**”); and
- (b) the acquisition and/or subscription by the Company of such number of shares in the JV Company (as defined below), representing in aggregate, 55% of the entire issued share capital of the JV Company (“**Proposed Acquisitions**”).

(“collectively, the “**Proposed Transactions**”)

2. Information on the JV Partner

The JV Partner is a company incorporated in Hong Kong in 2013. The JV Partner is engaged in the business of researching, developing, marketing and selling environmental friendly battery products, including power banks and electric vehicles. The directors of the JV Partner are Tao Hong Ming and Yip Chun Kwan. The JV Partner is currently collaborating with The Hong Kong Polytechnic University in the development of new light electric vehicles and charging infrastructures.

3. Key Terms of the Proposed Joint Venture

Proposed Joint Venture

The Company and the JV Partner intends to enter into a joint venture in relation to the development, manufacture, assembly and sale of an electric vehicle project, focusing on light electric vehicles, in China (the “**LEV Project**”).

Joint Venture Company

Pursuant to the MOU, the JV Partner shall incorporate a new company in Hong Kong (“**JV Company**”). The JV Company shall further incorporate a wholly-owned subsidiary in Shenzhen, and other subsidiaries in the People’s Republic of China (“**PRC**”) to undertake the LEV Project.

The shareholding interests of the Company and the JV Partner in the JV Company shall be 55% and 45% respectively. The Company shall acquire and/or subscribe for such number of shares in the JV Company representing 55% of the entire issued share capital of the JV Company.

The board of directors of the JV Company will consist of up to five (5) directors, of which the Company is entitled to appoint up to three (3) directors, and the JV Partner is entitled to appoint up to two (2) directors.

Technical Collaboration with The Hong Kong Polytechnic University

The JV Company may enter into a technical collaboration with The Hong Kong Polytechnic University in relation to the LEV Project.

4. Key Terms of the Proposed Acquisitions

Proposed Acquisitions

The Company's 55% shareholding interest in the JV Company will be obtained through the following share acquisitions and/or subscriptions:

- (a) The Company will acquire from the JV Partner such number of shares representing 30% of the entire issued share capital of the JV Company, at such consideration to be agreed. The consideration will be satisfied by the issuance of such number of shares ("**Shares**") in the Company ("**Consideration Shares**"), at such issue price, as agreed between the Company and the JV Partner.
- (b) The Company will further subscribe for such number of shares in the JV Company, such that the Company will have, upon such subscription and taking into account the acquisition of shares in sub-paragraph (a) above, an aggregate of 55% shareholding interest in the entire issued share capital of the JV Company. The consideration for this subscription will be S\$1,000,000, and such S\$1,000,000 will be injected into the JV Company as capital.

5. Conditions precedent attached to the Proposed Transactions

Completion of the Proposed Transactions is subject to the following conditions precedent ("**Conditions Precedent**"):

- (a) Execution of the definitive agreements setting out the terms of the Proposed Joint Venture and the Proposed Acquisitions respectively;
- (b) The results of the due diligence conducted in respect of the JV Partner and the JV Company being satisfactory to the Company;
- (c) The incorporation by the JV Company of the subsidiary in Shenzhen, including the obtaining of all statutory approvals for the incorporation of the Shenzhen subsidiary;
- (d) The JV Partner, the JV Company and/or its subsidiaries obtaining all the relevant licences required for the LEV Project;
- (e) The JV Partner, the JV Company and/or its subsidiaries obtaining the approval of the local government to purchase land in a city in the Jiangxi Province of the PRC and/or such other areas as mutually agreed in writing by the Company and the JV Partner;
- (f) The JV Partner, the JV Company and/or its subsidiaries obtaining the relevant local government subsidies, on terms acceptable to the Company and the JV Partner;
- (g) The approval of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") having been obtained in relation to the Proposed Transactions, if necessary;

- (h) The in-principle approval of the SGX-ST for the listing and quotation of the Consideration Shares on the SGX-ST having been obtained and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Consideration Shares on the SGX-ST are required to be fulfilled on or before the completion date, they are so fulfilled;
- (i) The approval by the board of directors and shareholders of the Company (if necessary) having been obtained; and
- (j) All necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated hereunder having been obtained, and such consents, approvals and waivers not having been amended or revoked before completion date.

6. Rationale of the Proposed Transactions

The Group has been loss making for the financial years ended 31 August 2011, 31 August 2012 and 31 August 2013, and was placed on the watch-list of the SGX-ST ("**Watch-List**") pursuant to Rule 1311 of the Listing Manual of the SGX-ST ("**Listing Manual**") with effect from 4 December 2013. The Company is required to meet the requirement of Rule 1314 of the Listing Manual within 24 months from 4 December 2013, failing which, the SGX-ST may either remove the Company from the Official List or suspend trading of the listed securities of the Company with a view to removing the Company from the Official List of the SGX-ST.

The Company is embarking on an active corporate restructuring exercise to turn around the performance of the Company and is desirous of potential acquisitions of new businesses and/or divestment of its existing subsidiaries or business units. The Company is also exploring new opportunities, and is positioning itself to tap new technologies and new markets as part of their new business strategy.

The Proposed Transactions will provide the Company with an opportunity to acquire a profitable business and generate growth, which should improve its prospects with a view to exploring further opportunities in the electric vehicles sector. The Company is further of the view that the Proposed Transactions will facilitate the Company's efforts towards its removal from the Watch-List

None of the Directors or controlling shareholders of the Company have any direct or indirect interest in the Agreement or the Proposed Transactions, other than through their respective shareholdings in the Company.

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Transactions.

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the MOU and the Proposed Transactions, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Shareholders should note that a copy of the MOU will be available for inspection during normal business hours at the Company's registered office at No.5 Second Chin Bee Road, Singapore 618772 for three (3) months from the date hereof.

BY ORDER OF THE BOARD

Andrew Sin Kwong Wah
Chief Executive Officer
14 July 2014