

THE PROPOSED DISPOSAL OF PROPERTY BY MIYOSHI PRECISION (MALAYSIA) SDN. BHD.

1. INTRODUCTION

1.1. The board of directors ("**Board**" or "**Directors**") of Miyoshi Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that its wholly owned subsidiary, Miyoshi Precision (Malaysia) Sdn. Bhd. (the "**Vendor**") had entered into a conditional sale and purchase agreement dated 20 December 2024 ("**SPA**") with VSP Technology (M) Sdn. Bhd. (the "**Purchaser**") pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase:

- (a) the registered lease for a period of thirty (30) years commencing from 23 August 1995 and expiring on 22 August 2025 (registered under presentation number: 89947/1997, volume: 17, folio: 21) and for a period of thirty (30) years commencing from 23 August 2025 and expiring on 22 August 2055 via a lease extension agreement dated 15 February 2024 ("**Extension of Lease**"), held under H.S.(D) 33581 PTD 46023 Mukim Senai, District of Kulai, State of Johor, Malaysia, containing an area measuring approximately 0.5666 hectares (the "**Land**"); and
- (b) a factory building bearing postal address of PLO 122, Jalan Cyber 5, Kawasan Perindustrian Senai (Fasa 3), 81400 Senai, Johor, Malaysia (the "**Building**", and together with "**Land**", the "**Property**"),

for an aggregate consideration of RM6,000,000 (approximately S\$1,811,000¹) (the "**Consideration**"), subject to the terms of the SPA (the "**Proposed Disposal**").

1.2. The Purchaser was introduced to the Vendor through a property agent engaged by the Company for the Proposed Disposal. Further details on the property agent are set out in paragraph 3.4 of this announcement. To the best of the Board's knowledge and belief, based on the report generated from the Companies Commission of Malaysia and having made reasonable enquiries, the Purchaser is an independent third party and is not related to the Group, the Directors and the controlling shareholders of the Company, and their respective associates. Further details concerning the Property and the Purchaser are set out in paragraph 2 of this announcement.

2. INFORMATION ON THE PROPERTY AND THE PURCHASER

2.1. Information on the Property

The Property comprises of the Land and the Building and has been designated as an investment property since the financial year ended 31 August 2015, held mainly to derive rental income. The existing tenancy agreement has been terminated and the Property is vacated since end of September 2024.

Based on the unaudited consolidated financial statements for the financial year ended 31 August 2024 ("**FY2024**"), (i) the aggregate net carrying amount of the Property was approximately S\$121,000; and (ii) the Proposed Disposal is expected to result in a gain on disposal of approximately S\$1,690,000, before deducting commission payable, professional fees and other related expenses.

¹ Based on the exchange rate of RM1:S\$0.30189 as at 20 December 2024 (extracted from Oanda.com).

For the Proposed Disposal, the Group has commissioned Azmi & Co (Johor) Sdn. Bhd. (the “Independent Valuer”) to conduct an updated valuation of the Property. Based on the valuation certificate issued by the Independent Valuer on 21 October 2024 (“Valuation Certificate”), bearing reference to the previous valuation report dated 7 September 2023 (“Valuation Report”) issued by the Independent Valuer, the market value of the Property as at 17 October 2024 is determined to be as follows:

- (a) on ‘As-Is’ basis with existing thirty (30) years leasehold term expiring on 22 August 2025 (remaining unexpired term of about 0.85 years), resulting in a valuation of RM400,000 (approximately S\$121,000¹); and
- (b) on the assumption that the Property has an unexpired leasehold term of about thirty-one (31) years expiring on 22 August 2055, resulting in a valuation of RM5,700,000 (approximately S\$1,721,000¹).

The valuation was conducted in accordance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisals, Estate Agents and Property Managers in Malaysia. The valuation was determined using the following methods of valuation:

- (a) the sales comparison approach for the Land, resulting in a valuation of:
 - (i) RM120,000 (approximately S\$36,000¹) on ‘As-Is’ basis; and
 - (ii) RM1,700,000 (approximately S\$513,000¹) on Extension of Lease basis; and
- (b) the cost approach for the Building, resulting in a valuation of:
 - (i) RM280,000 (approximately S\$85,000¹) on ‘As-Is’ basis; and
 - (ii) RM4,000,000 (approximately S\$1,208,000¹) on Extension of Lease basis.

Under the sales comparison approach, an estimate of value is derived by comparing the Property with recent transactions of similar size, quality and location. Under the cost approach, value is derived by estimating the replacement cost of the building and other improvements, based on prevailing labour and material prices and present construction techniques, adjusted for accrued depreciation (being for physical deterioration, functional obsolescence and economic obsolescence).

For completeness of disclosure, the Independent Valuer was also appointed by the Group to conduct a market valuation for the proposed disposal of the Malaysian property located at Skudai, Johor, Malaysia. Please refer to the Company’s announcement dated 23 October 2024 and circular dated 12 December 2024 for further details.

2.2. Information on the Purchaser

The information on the Purchaser was provided to the Company by the representatives of the Purchaser. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board’s responsibility is limited to the proper extraction and reproduction in the context that is being disclosed in the announcement.

The Purchaser is a company incorporated under the laws of Malaysia on 15 May 1997. The Purchaser is principally engaged in the business of manufacturing fabricated metal products.

3. SALIENT TERMS OF THE SPA

3.1. Consideration

The Consideration for the Property was arrived at on a willing buyer and willing seller basis after arms' length negotiations between the Company, the Vendor and the Purchaser. In agreeing to the Consideration, the Group had taken into account, including but not limited to, the following factors:

- (a) the valuation of the Property as at 17 October 2024;
- (b) net asset value of the Property and the expected gain on disposal;
- (c) general property market conditions in Malaysia;
- (d) the current economic environment; and
- (e) as part of the Group's strategy to realise the value of the Property while completely exiting from its Malaysia operations.

The Consideration will be satisfied by the Purchaser in cash as follows:

- (a) the sum of RM600,000 (being 10% of the Consideration) to the Purchaser's solicitors as stakeholders (the "**Deposit**"), which has been paid by the Purchaser upon execution of the SPA; and
- (b) the balance sum of RM5,400,000 (being 90% of the Consideration) ("**Balance Consideration**"), which shall be payable by the Purchaser within the Completion Period (as defined below).

Pursuant to the SPA, the Deposit (less the retention sum of RM180,000, representing 3% of the Consideration, which will be retained by the Purchaser's solicitors to pay the real property gains tax payable by the Vendor) will be released by the Purchaser's solicitors:

- (a) to the Vendor,
 - (i) upon the Purchaser's solicitors receipt of the letter of consent from the Johor Corporation (i.e. Perbadanan Johor) or relevant state authorities (whichever applicable) for their consent to transfer to Property to the Purchaser at the Purchaser's cost and expense ("**Letter of Consent**"); and/or
 - (ii) a certified true copy of the issue documents of title duly endorsed with the Extension of Lease in favour of the Vendor,whichever is the later; or
- (b) to the Purchaser in the event the Conditions Precedents (as defined below) are not fulfilled within the Extended Conditional Period (as defined below).

3.2. Conditions Precedent

The completion of the Proposed Disposal ("**Completion**") under the SPA is subject to, *inter alia*, the following conditions being satisfied (collectively, the "**Conditions Precedent**"):

- (a) the Vendor procuring the registration of the Extension of Lease in favour of the Vendor and thereafter deliver a certified true copy of the issue document of title of the said Property with the duly registered Extension of Lease in favour of the Vendor to the Purchaser's solicitors; and
- (b) the Vendor applying for the Letter of Consent.

The Conditions Precedent are to be fulfilled within six (6) months from the date of the SPA (i.e. by 20 June 2025) (the “**Conditional Period**”). In the event the Conditions Precedent are not fulfilled within the Conditional Period, the parties agree that the time to fulfil the Conditions Precedent shall be automatically extended for a further period of three (3) months (the “**Extended Conditional Period**”). In the event that the Conditions Precedent are not fulfilled within the Extended Conditional Period, the SPA shall be terminated.

The SPA will become unconditional on the last date of the Purchaser's solicitors receipt of the following documents (“**Unconditional Date**”):

- (a) the duly executed Letter of Consent; and
- (b) the certified true copy of the issue document of title duly endorsed the Extension of Lease in favour of the Vendor.

3.3. **Completion**

Completion will occur within three (3) months from the Unconditional Date (“**Completion Period**”).

In the event that the Purchaser is unable to pay the Balance Consideration within the Completion Period, then the Vendor will automatically grant the Purchaser an extension of one (1) month (“**Extended Completion Period**”) to pay the same, provided the Purchaser shall pay to the Vendor, an interest of 8% per annum on the outstanding Balance Consideration calculated on daily basis from the day following the expiry of the Completion Period to the date of full payment of the Balance Consideration by the Purchaser.

The Extended Completion Period reflects the Vendor's commitment to acting in good faith and providing flexibility to accommodate potential administrative delays the Purchaser may encounter in the payment of the Balance Consideration and to reciprocate the Purchaser's agreement to the Extended Conditional Period to accommodate potential administrative delays the Vendor may encounter in fulfilling the Conditions Precedent. It is in the best interest of the Company for the Proposed Disposal to proceed to Completion having considered, *inter alia*:

- (a) the rationale for the Proposed Disposal, as detailed in paragraph 4 below;
- (b) the legal and professional fees already incurred by the Group for the Proposed Disposal;
- (c) given the prevailing economic conditions affecting the property market, the Extended Completion Period is included to reduce uncertainties and additional costs associated with finding and securing an alternative purchaser; and
- (d) the Purchaser's obligation to pay 8% interest per annum, calculated on a daily basis, on the outstanding Balance Consideration during the Extended Completion Period compensates the Vendor for opportunity costs incurred during the extended timeline.

3.4. Commission

The Company has engaged Mr. Lee Chow Siang (“**Mr. Lee**”) from Azmi & Co (Johor) Sdn. Bhd. as a property agent on 18 November 2024 for the Proposed Disposal. Accordingly, the Company will pay a commission of 0.83% of the Consideration amounting to RM50,000 (approximately S\$15,000¹) to Azmi & Co (Johor) Sdn. Bhd. upon completion of the Proposed Disposal. Mr. Lee is a valuation executive and estate agent of the Independent Valuer. Whilst Mr. Lee is also a member of the engagement team at Azmi & Co (Johor) Sdn. Bhd. assigned for the valuation performed in connection with the Proposed Disposal, the valuation was completed on 21 October 2024, prior to Azmi & Co (Johor) Sdn. Bhd.’s engagement as a property agent. The Independent Valuer confirms that the valuation, as outlined in paragraph 2.1 of the announcement, remains in compliance with the Malaysian Valuation Standards. To the best of the Board’s knowledge and belief, save as disclosed, Mr. Lee is not related to the Group, the Directors and the controlling shareholders of the Company, and their respective associates.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Board believes that the Proposed Disposal is in the best interests of the Group and the shareholders of the Company (“**Shareholders**”), as it will enable the Group to:

- (a) realise the value of the Property;
- (b) complete the Group’s exit from its Malaysian operations;
- (c) focus the Group’s efforts on other core businesses; and
- (d) improve the liquidity of the Group (the Proposed Disposal will result in a net cash inflow of approximately S\$1,778,000, after deducting the estimated expenses related to the Proposed Disposal of approximately S\$33,000).

5. USE OF PROCEEDS

The Company intends to utilise the net proceeds for the general working capital requirements of the Group.

6. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE CATALIST RULES

- 6.1. Based on the latest announced unaudited consolidated financial statements of the Group for FY2024, the relative figures of the Proposed Disposal computed on the bases set out in Rules 1006(a) to 1006(e) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual (Section B: Rules of Catalist) (“**Catalist Rules**”) are set out below.

Catalist Rule	Basis of Calculation	Relative Figure
1006(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. ⁽¹⁾ This basis is not applicable to an acquisition of assets.	0.4% ⁽²⁾
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits. ⁽³⁾	4.3% ⁽⁴⁾
1006(c)	The aggregate value of the Consideration, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares.	39.0% ⁽⁵⁾
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 ⁽⁶⁾

Catalist Rule	Basis of Calculation	Relative Figure
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, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not applicable ⁽⁷⁾

Notes:

- (1) Under Rule 1006(a) of the Catalist Rules, "net assets" means total assets less total liabilities.
- (2) Based on the net carrying amount of the Property of approximately S\$121,000 as at 31 August 2024 and the net asset value of the Group of S\$29,051,000 as at 31 August 2024.
- (3) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" is defined as profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) Based on the net losses attributable to the Property of approximately S\$93,000 for FY2024 which is derived from the rental income generated by the Property after deducting expenses directly attributable to the Property such as fair value loss on investment property and property tax, and the net loss of the Group of S\$2,516,000 for FY2024.
- (5) Based on the Consideration of approximately S\$1,811,000 and the market capitalisation of approximately S\$4,642,000 which is determined by multiplying the volume weighted average price of S\$0.004 on 18 December 2024, being the last full market day on which the shares of the Company were traded, preceding the date of the signing of the SPA, with 1,160,492,527 shares in issue (excluding treasury shares).
- (6) Rule 1006(d) of the Catalist Rules is not applicable as this relates to a disposal.
- (7) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

6.2. The relative figures for the Proposed Disposal calculated under Rule 1006(b) involves negative figures, Rule 1007(1) read with Practice Note 10A of the Catalist Rules shall apply. As (i) the absolute relative figure computed on the basis of each of Rule 1006(a), 1006(c) and (if applicable) 1006(e) of the Catalist Rules amounts to 50% or less; and (ii) the Group expects to record a gain on disposal, the Proposed Disposal falls within paragraph 4.4(e) of Practice Note 10A of the Catalist Rules and the Proposed Disposal constitutes a "discloseable transaction". Therefore, the approval of Shareholders for the Proposed Disposal is not required, and an immediate announcement in respect of the information required pursuant to Rule 1010, 1011, 1012 and 1013 of the Catalist Rules, where applicable, is required and has been hereby made accordingly.

6.3. In addition, as the relative figure calculated under Rule 1006(c) of the Catalist Rules exceeds 5% but is less than 50%, the Proposed Disposal constitutes a "discloseable transaction" as defined under Chapter 10 of the Catalist Rules and does not require the approval of Shareholders at a general meeting.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1. Bases and assumptions

The following are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Group after Completion. The financial effects of the Proposed Disposal on the Group as set out below are based on the Group's latest announced unaudited financial statements for the financial year ended 31 August 2024 and the following assumptions:

- (a) the financial effects on the Group's net tangible assets ("**NTA**") attributable to the Shareholders and the NTA per Share have been computed assuming that Completion took place on 31 August 2024;
- (b) the financial effects on the Group's net loss attributable to the Shareholders and the loss per Share ("**LPS**") have been computed assuming that Completion took place on 1 September 2023; and
- (c) the estimated expenses incurred in connection with the Proposed Disposal of approximately S\$33,000.

7.2. **NTA per Share**

	Before the Proposed Disposal	After the Proposed Disposal
NTA attributable to Shareholders ('000)	27,006	28,663
Number of issued shares ('000)	1,160,493	1,160,493
NTA per share (S\$)	0.02	0.02

7.3. **LPS**

	Before the Proposed Disposal	After the Proposed Disposal
Net loss attributable to Shareholders ('000)	(2,265)	(772)
Weighted average number of shares ('000)	772,148	772,148
(LPS)/EPS (S\$)	(0.003)	(0.001)

8. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal contemplated herein (other than in his capacity as a Director or Shareholder of the Company).

9. **DIRECTOR'S SERVICE CONTRACT**

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

10. **CAUTIONARY STATEMENT AND FURTHER ANNOUNCEMENTS**

- 10.1. Shareholders are advised to exercise caution when dealing in the Company's securities as the Proposed Disposal is subject to certain conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. The Company will make the necessary announcements when there are further developments.
- 10.2. Shareholders are advised to read this announcement and any further announcements by the Company carefully. When in any doubt, Shareholders are advised to seek independent advice from their stockbroker, bank manager, accountant, solicitor or any other professional adviser.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company 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 Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement in its proper form and context.

12. DOCUMENT AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 26 Boon Lay Way, #01-80, Tradehub 21, Singapore 609970 for a period of three (3) months from the date of this announcement:

- (a) the SPA;
- (b) the Valuation Certificate; and
- (c) the Valuation Report.

BY ORDER OF THE BOARD Miyoshi Limited

Sin Kwong Wah, Andrew
Executive Director and CEO
27 December 2024

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210), at 1 Robinson Road, #21-01 AIA Tower, Singapore 048542.