

THE PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE COMPANY

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Miyoshi Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company proposes to diversify its business into the business of trading of commodities (the “**New Business**”)(the “**Proposed Diversification**”).

2. INFORMATION ON THE PROPOSED DIVERSIFICATION

2.1. Background

The Group is engaged in the business of:

- (a) the provision of integrated engineering services such as precision stamping, prototyping, metal finishing and factory automatic design and fabrication;
- (b) the manufacturing of consumer electronics and metal precision components; and
- (c) the indoor farm business, through research, production trials and the development of the Group’s high-tech indoor farm factory and domain knowledge of the operating of indoor farming in a clean room environment.

(together, the “**Existing Business**”).

The Group intends to diversify its Existing Business to include the business of trading of commodities, with an initial focus on the trading of rice, sugar, corn and feed. The Group may subsequently trade in other commodities and will consider its strategic options and business opportunities from time to time, as and when appropriate opportunities arise.

The Group may also, as part of the New Business, invest in or dispose of shares or interests in any entity that is in the New Business.

The Group does not plan to restrict the New Business to any specific geographical market as each investment will be evaluated and assessed by the Board on its merits. The Group may also explore joint ventures, partnerships, cooperation and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the New Business as and when the opportunity arises.

The proposed diversification into the New Business will be funded primarily through internal funds and/or retained earnings generated from the Group’s operations. As and when necessary and deemed appropriate, the Company may explore secondary fund-raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

The Group will continue with its Existing Business. Subsequent to the Proposed Diversification, it is envisaged that the Group will continue to rely substantially on the Existing Business for the short to medium term. The Group remains committed to the Existing Business so long as its continuity is in the best interest of the Group. The entry into the New Business is intended to be a diversification of the Group’s Existing Business as part of the corporate strategy of the Group to provides shareholders of the Company (“**Shareholders**”) with diversified returns and long-term growth. The Proposed Diversification will offer new business opportunities and provide the Group with new revenue streams so as to enhance Shareholders’ value for the Company.

2.2. Rationale for the Proposed Diversification

In its continued search for new business opportunities, the Group has considered opportunities in the commodity trading industry where it provides diversified business and broadens its stream of income and revenue. The Group believes that the New Business will provide the following benefits to the Group:-

(a) Additional and recurrent revenue streams

The Group is of the view that the New Business is expected to provide additional and recurrent revenue streams for the Group. The Group will venture into the New Business prudently, with a view of enhancing shareholder value over the long-term and achieving long-term growth.

(b) More diversified business and income base, reducing reliance on Existing Business

The Proposed Diversification may provide the Group with a more diversified business and income base for future growth and reduce the Group's reliance on the Existing Business for its revenue streams. As the Group explores into other growth areas, this will facilitate the Group's quest for sustained performance in future.

(c) Enhance Shareholders' value

The Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long term growth. It may provide the Group with additional funds, which can be channelled towards the enhancement of shareholder value over the long-term. Additionally, the Board believes that the Proposed Diversification can offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

3. SHAREHOLDERS' APPROVAL

The Proposed Diversification involves the New Business which is substantially different from the Existing Business, which is envisaged to change the existing risk profile of the Group. Pursuant to the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules"), Shareholders' approval is required for the Proposed Diversification. Accordingly, an extraordinary general meeting ("EGM") will be convened by the Company to seek approval from Shareholders for the Proposed Diversification.

Further details on the Proposed Diversification will be set out in a circular to be released by the Company to the Shareholders in due course, for the purpose of obtaining the approval of Shareholders in respect of the Proposed Diversification at the EGM to be convened. The EGM will allow Shareholders the opportunity to communicate their views on the Proposed Diversification, and consider, if thought fit, to approve the Proposed Diversification.

4. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect in the Proposed Diversification, other than through their respective shareholdings in the Company (if any).

5. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading their Shares as there is no certainty or assurance as at the date of this announcement that the Proposed Diversification will be completed as they are subject to Shareholders' approval. The Company will make the necessary announcements as and when there are further developments.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Sin Kwong Wah, Andrew
Executive Director and CEO

13 December 2021

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes 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.*

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