

PROPOSED PLACEMENT OF UP TO 250,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF
THE COMPANY

– ENTRY INTO FRAMEWORK AGREEMENT

1. INTRODUCTION

- 1.1. 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 had on 20 September 2021 entered into a framework agreement (the “**Framework Agreement**”) with Sycamore Capital SPC, acting for and on behalf of and for the account of Sycamore Equity Fund SP (the “**Subscriber**”) pursuant to which the Subscriber shall subscribe, and the Company shall allot and issue to the Subscriber up to 250,000,000 new ordinary shares (the “**Placement Shares**”) in the capital of the Company in a maximum of ten (10) separate tranches (the “**Proposed Placement**”), upon the terms and subject to the conditions set out in the Framework Agreement.

2. THE PROPOSED PLACEMENT AND THE SALIENT TERMS OF THE FRAMEWORK AGREEMENT

2.1. Pursuant to the Framework Agreement,

- (a) the Company shall, during the period of twelve (12) months from the Issue Date (as defined below) of the first issuance of the Placement Shares (the “**Subscription Period**”), be entitled to deliver one or more notice(s) (the “**Subscription Notice(s)**”) to the Subscriber after trading hours of the SGX-ST on a market day;
- (b) the Subscriber, upon receipt of such Subscription Notice(s) from the Company, shall signify its acceptance of such Subscription Notice by countersigning on such Subscription Notice and thereafter the Company shall issue such number of Placement Shares at the Issue Price (as defined below) to the Subscriber as set out in such Subscription Notice(s) within two (2) market days from the closing date (being the date on which the Conditions Precedent (as defined below) are fulfilled (the “**Closing Date**”)), or on such other date as the Company and the Subscriber may agree in writing (the “**Issue Date**”).

For the avoidance of doubt, each Subscription Notice shall be deemed to be an individual and separate placement of shares for the purposes of Rule 811(1) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) and nothing in the Framework Agreement shall be deemed to create an obligation on the Company to issue any Subscription Notice nor for the Subscriber to agree to subscribe for the Placement Shares pursuant to such issued Subscription Notice, save for the first Subscription Notice to be issued concurrently with the execution of the Framework Agreement for a total number of shares to be issued pursuant to a minimum subscription price of S\$500,000 or 25,000,000 Placement Shares, whichever is lower;

- (c) in respect of each tranche of the Proposed Placement, subject to the fulfilment or waiver (as the case may be) of the Conditions Precedent (as defined below) on each Closing Date,

completion of the Proposed Placement (the “**Completion**”) shall take place on each Issue Date at a time and place to be agreed between the Company and the Subscriber;

- (d) the number of Placement Shares to be issued pursuant to each Subscription Notice shall be the total number of shares to be issued pursuant to a minimum subscription price of S\$500,000 or 25,000,000 Placement Shares, whichever is lower;
- (e) the Company and the Subscriber agree that the Subscriber shall not accept such Subscription Notice to subscribe, nor shall the Company agree to issue, such number of Placement Shares in a Subscription Notice where such number of Placement Shares, when issued, will amount to more than 5% of the enlarged share capital of the Company post-issuance of such Placement Shares. Notwithstanding anything to the contrary in the Framework Agreement, the aggregate number of Placement Shares to be issued by the Company pursuant to the Framework Agreement shall not exceed 250,000,000 Shares and the Subscriber shall not, at any one time, hold more than 5% of the enlarged share capital of the Company;
- (f) the Subscriber undertakes that it shall (i) not hold more than 5% of the enlarged share capital of the Company at any one time; and (ii) not seek management control of the Company; and
- (g) the issue price for the Placement Shares set out in a Subscription Notice (the “**Issue Price**”) shall be (i) equivalent to 90% to the weighted average price for the ordinary shares in the capital of the Company (“**Shares**”), as traded on the SGX-ST for the full market day on which the Company issues that Subscription Notice and (ii) shall be based on the weighted average price per Share published by Bloomberg L.P. or such other sources that the Company and the Subscriber may mutually agree in writing, and the weighted average price per Share shall be set at four (4) decimal places. If trading of the Shares on the SGX-ST is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the Subscription Notice is issued by the Company.

The Issue Price was arrived at following arm’s length negotiations between the Company and the Subscriber, taking into account the prevailing trading price of the Shares and the financial position and prospects of the Company. The Issue Price is within the 10% discount limit as stated in Rule 811(1) of the Catalist Rules.

The Company has issued the first Subscription Notice concurrently with the execution of the Framework Agreement, and the Subscriber has accepted the Subscription Notice on the same date, at the Issue Price of S\$0.0270 per Placement Share, being equivalent to 90% of S\$0.0300, the weighted average price per Share, based on trades done on the SGX-ST on 20 September 2021, being the full market day on which the Framework Agreement is signed and the Subscription Notice is issued by the Company.

2.2. Conditions Precedent

The Subscriber shall not be obliged to subscribe for any Placement Shares set out in a Subscription Notice unless the following conditions (the “**Conditions Precedent**”) have been satisfied on or prior to each applicable Closing Date:

- (a) approval-in-principle for the listing of and quotation for such Placement Shares on the Catalist of SGX-ST (the “**Listing Approval**”) being obtained from the SGX-ST (on conditions, if any, reasonably acceptable to the Company and the Subscriber, and to the extent that any conditions for the listing of and quotation for such Placement Shares on the Catalist of the SGX-ST are required to be fulfilled on or before the Issue Date, they being so fulfilled) having been obtained and such approval being in full force and effect as at the Issue Date;

- (b) the general mandate of the Directors for the allotment and issuance of new Shares duly approved by the shareholders of the Company in its annual general meeting (“**AGM**”) dated 28 December 2020 (“**2020 AGM**”), or such subsequent AGM as the case may be in the event that any Subscription Notice is issued after the date on which the next AGM of the Company is to be held (the “**General Mandate**”) being in full force and effect as at the Issue Date;
- (c) the issue and subscription of such Placement Shares on the Issue Date not being prohibited by its constitutive documents, any statute, order, rule or regulation promulgated after the date of the Framework Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company; and
- (d) all the representations and warranties of each of the Company and the Subscriber being true and accurate in all material respects as of the date of the Framework Agreement and as at the Issue Date.

2.3. Costs and Expenses

Pursuant to the Framework Agreement, the Company will bear and pay:

- (a) all cost and expenses incurred by the Company in connection with the preparation of the Framework Agreement and any other related agreements, and any other documents relating to the issuance and allotment of the Placement Shares pursuant to the terms and conditions of the Framework Agreement;
- (b) all professional fees, cost and expenses incurred by the Subscriber in connection with the preparation of the Framework Agreement and facilitating the subscription of the Placement Shares unless agreed otherwise in writing between the Company and the Subscriber;
- (c) all fees, costs, and expenses incurred or payable in connection with the listing of the Placement Shares on the Catalist of the SGX-ST;
- (d) the fees and expenses of the Company’s legal and other professional advisers (including auditors, if any) incurred in connection with the issue of the Placement Shares pursuant to the terms and conditions of the Framework Agreement;
- (e) an administrative fee of 10.0% of the aggregate nominal value subscribed of each tranche of Placement Shares (the “**Administrative Fee**”) is payable to Sycamore Capital SPC on each Issue Date of each of the Placement Shares. Such Administrative Fees payable shall be deducted by the Sycamore Capital SPC directly from the total aggregate subscription amount payable to the Company for the subscription of each tranche of the Placement Shares, unless otherwise agreed in writing between the Company and the Subscriber;
- (f) all fees, costs and expenses incurred in connection with the continued listing or listing of the Placement Shares on the Catalist; and
- (g) all other costs and expenses in connection with the performance by the Company of its obligations under the Framework Agreement.

The Company notes that the Administrative Fee is an expense payable directly to Sycamore Capital SPC, and not for the benefit of Sycamore Equity Fund SP. The imposition of such an expense is common in similar fund raising exercises. The Administrative Fee was commercially negotiated between the Company and the Subscriber, and the Company made a commercial decision to incur such an expense in the interests of the Company in light of the difficulties in obtaining financing due to the current COVID-19 pandemic.

- 2.4. As at the date of this Announcement, the Company has an issued share capital of 596,310,890 Shares (excluding 16,358,600 treasury shares (“**Treasury Shares**”) and subsidiary holdings). Pursuant to the first Subscription Notice, the Subscriber shall subscribe, and the Company shall allot and issue to the Subscriber 18,518,518 Placement Shares at the Issue Price of S\$0.0270 per Placement Share, raising gross proceeds of S\$500,000. Immediately following the completion of the first tranche of the Proposed Placement, the Company will have an enlarged share capital of 614,829,408 Shares (excluding Treasury Shares and subsidiary holdings). The Placement Shares from the first tranche of the Proposed Placement would represent approximately 3.1% of the issued Shares of the Company as at the date of this Announcement and approximately 3.0% of the issued Shares comprised in the enlarged share capital of the Company post-issuance of the first tranche of Placement Shares.
- 2.5. The Placement Shares, when allotted and issued, shall rank *pari passu* in all respects with, and shall carry all rights similar to, the then existing issued ordinary shares of the Company, except that they will not rank for any dividend, right, allotment or other distribution, the record date of which falls on or before the Issue Date.
- 2.6. The Proposed Placement is made pursuant to the exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.
- 2.7. The Company will be making an application to the SGX-ST, through the Sponsor, PrimePartners Corporate Finance Pte. Ltd., to obtain the Listing Approval for the listing and quotation of the Placement Shares from the SGX-ST. The Company will make the necessary announcement once the Listing Approval has been obtained from the SGX-ST.
- 2.8. The allotment and issuance of the Placement Shares will not result in any transfer of controlling interest in the Company pursuant to Rule 803 of the Catalist Rules. The Company will not proceed with the Proposed Placement without the prior approval of shareholders of the Company in a general meeting if such issuance would bring about a transfer of controlling interest.
- 2.9. There is no moratorium imposed on the Placement Shares.
- 2.10. There are no share borrowing arrangements for the Proposed Placement.

3. THE SUBSCRIBER

Shareholders should note that information relating to the Subscriber in this paragraph and elsewhere in this Announcement was provided by the Subscriber. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.

- 3.1. Pursuant to the Framework Agreement, the Subscriber will subscribe for and the Company shall allot and issue a maximum of 250,000,000 Placement Shares in a maximum of ten (10) separate tranches during the Subscription Period, subject always to the Subscriber’s undertaking not to hold more than 5% of the enlarged share capital of the Company at any one time. The maximum of 250,000,000 Placement Shares would represent approximately 41.9% of the issued Shares of the Company as at the date of this Announcement and approximately 29.5% of the issued Shares comprised in the enlarged share capital of the Company post-issuance of the Placement Shares.

However, as the Subscriber has provided an undertaking in the Framework Agreement not to hold more than 5% of the enlarged share capital of the Company at any one time, the maximum number of Shares held by the Subscriber at any one time shall be 42,315,500 (being 5% of the enlarged share capital where the maximum of 250,000,000 Placement Shares are issued pursuant to the Framework Agreement), representing approximately 7.1% of the issued Shares of the Company as at the date of this Announcement and approximately 5.0% of the issued Shares comprised in

the enlarged share capital of the Company post-issuance of the maximum number of Placement Shares.

- 3.2. The Subscriber is an exempted company incorporated and registered as a segregated portfolio company in the Cayman Islands and is acting on behalf of and for the account of the Sycamore Equity Fund SP. Sycamore Equity Fund SP is a segregated portfolio set up under the Subscriber and is registered as a restricted scheme with the Monetary Authority of Singapore.

The investors of Sycamore Equity Fund SP consist of accredited investors only.

The Subscriber has appointed Lucerne Asset Management Pte. Ltd. ("**Lucerne**"), a capital markets services license holder granted by the Monetary Authority of Singapore to serve as the discretionary investment manager of all the investments of the Subscriber. Lucerne is incorporated on 24 June 2016 in Singapore and its registered office is at 80 Tras Street, #01-03, Singapore 079019.

The investment objective of Sycamore Equity Fund SP is to achieve medium to long-term capital appreciation through investment in various financial instruments that assist small and medium capitalisation, publicly listed companies. The investment strategy of Sycamore Equity Fund SP is to invest in quoted shares and options but not limited to warrants, rights issue, preference shares, notes, convertible instruments and derivatives.

- 3.3. The Subscriber was identified and introduced by business contacts of the Company. The Subscriber has expressed an interest to invest in the Company and, as the Company understands, has entered into the Framework Agreement for financial investment purposes and will not be holding the Placement Shares on trust or as a nominee. The rationale for placing to the Subscriber is for the fundraising purposes as set out in Paragraph 4 below.

- 3.4. As at the date of the Framework Agreement, the Subscriber:

- (a) has no shareholding interest in the Company;
- (b) has no existing and past connection (including but not limited to business relationships) with the Company, its directors, and substantial shareholders of the Company or their respective associates;
- (c) is not a restricted person under Rule 812(1) of the Catalist Rules;
- (d) is not co-operating, pursuant to an agreement, arrangement or understanding between any of the shareholder of the Company to acquire Shares to obtain or consolidate effective control of the Company; and
- (e) is not acting in concert with any shareholder of the Company, as defined in the Singapore Code on Take-overs and Mergers.

- 3.5. The Company confirms that, to the best of its knowledge, none of its Directors or substantial shareholders have any connection (including but not limited to business relationships) with the Subscriber, its directors and substantial shareholders or their respective associates.

- 3.6. No placement agent has been appointed in respect of the Proposed Placement and no commission fee, referral fee or introducer fee was paid or is payable by the Company, whether to the business contacts who introduced the Subscriber or any third-party, in connection with the Proposed Placement.

4. RATIONALE AND USE OF PROCEEDS

4.1. Rationale

The Company intends to use the net proceeds from the Proposed Placement for opportunistic acquisitions, joint ventures, partnerships and investments to provide the Group with new revenue streams and improve its prospects, so as to enhance shareholder value and for working capital purposes. In the event such acquisitions require the approval of shareholders of the Company under the Catalist Rules, the Company will procure such approval to be sought at an extraordinary general meeting of shareholders to be convened. In the event that the Company is not able to identify and acquire suitable business investments and/or targets, the proceeds from the Proposed Placement shall be re-deployed for potential future business investments, acquisitions and/or for working capital.

4.2. Use of Proceeds

The maximum amount of proceeds to be raised pursuant to the Framework Agreement is S\$5,000,000 and the estimated net proceeds from the Proposed Placement, after deducting estimated fees and expenses (including (i) listing and application fees, (ii) the Administrative Fee, and (iii) professional fees and other miscellaneous expenses of approximately S\$660,000), is approximately S\$4,340,000 (the “**Net Proceeds**”).

The Company intends to use such Net Proceeds in the following estimated proportions:

Proposed use of Net Proceeds	% of Net Proceeds
Expansion via mergers and acquisitions, joint ventures, partnerships and investments	80%
General working capital	20%
Total	100%

Shareholders should note that the proposed use of the Net Proceeds as set out above only serves as a general guideline. In the event that the Net Proceeds initially allocated for the purposes set out above are not fully applied towards such uses for any reasons, the Company will announce the reasons for any such deviation.

Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with banks and/or financial institutions, invested in short term money markets or debt instruments or for any other purpose on a short term basis as the Directors may, in their absolute discretion, deem fit from time to time.

Pursuant to Rule 704(30) and Rule 1204(22) of the Catalist Rules, the Company will make periodic announcements on the utilisation of the Net Proceeds, as and when such proceeds are materially disbursed or utilised and, whether such use is in accordance with the stated use. The Company will also provide a status report on the specific use of such proceeds in the Company's interim and full year financial results announcements as well as the annual report of the Company. In addition, if there is any material deviation from the specific use of such proceeds, the Company will make a separate announcement setting out the reasons for such deviation. The Company undertakes to provide a breakdown with specific details on the use of the proceeds for working capital in these announcements and annual reports.

5. GENERAL MANDATE FOR THE ISSUE OF THE PLACEMENT SHARES

The Placement Shares, if issued before the next annual general meeting (“**AGM**”) of the Company which is expected to be held by 31 December 2021 (“**2021 AGM**”), will be issued pursuant to the General Mandate granted by the shareholders of the Company at the 2020 AGM, in which the Directors are authorised and empowered to, *inter alia*, allot and issue Shares in the Company not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of the General Mandate, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 50% of the total issued Shares (excluding treasury shares and subsidiary holdings).

As at the date of the 2020 AGM, the total number and issued share capital of the Company was 599,960,890 Shares (excluding Treasury Shares and subsidiary holdings). As no Shares were previously issued under the General Mandate, the Company is authorised to issue up to 299,980,445 Shares other than on a pro-rata basis. Accordingly, the proposed allotment and issuance of up to 250,000,000 Placement Shares is within the limits of the General Mandate approved by the shareholders of the Company at the 2020 AGM.

In the event that any Subscription Notice is issued after the 2021 AGM, the Placement Shares will not be issued and allotted unless the Company has obtained approval for the renewal of the General Mandate at the 2021 AGM and that it is sufficient to issue such number of Placement Shares as set out in such Subscription Notice.

6. FINANCIAL EFFECTS

The financial effects of the Proposed Placement on the net tangible assets (“**NTA**”) per Share and the loss per Share (“**LPS**”) are prepared strictly for illustrative purposes only and do not purport to reflect the actual future results and financial position of the Group following completion of the Proposed Placement.

The financial effects have been computed based on the following bases and assumptions:

- (a) the audited financial statements of the Group for the financial year ended 31 August 2020 (“**FY2020**”);
- (b) the effect of the allotment and issuance of Placement Shares on the NTA per Share is computed based on the assumption that the allotment and issuance of Placement Shares, in full was completed on 31 August 2020;
- (c) the effect of the allotment and issuance of Placement Shares in full on the LPS per Share is computed based on the assumption that the Proposed Placement was completed on 1 September 2019;
- (d) S\$5,000,000 of gross proceeds is raised pursuant to the Framework Agreement;
- (e) 185,185,185 Placement Shares are allotted and issued at the Issue Price of S\$0.0270. The number of Placement Shares has been computed based on the lower of the total number of shares to be issued pursuant to a maximum subscription amount of S\$5,000,000 or 250,000,000 Placement Shares and the Issue Price is based on the Issue Price for the first tranche of the Proposed Placement; and
- (f) the estimated fees and expenses (including the Administrative Fee) incurred by the Company in connection with the Proposed Placement is approximately S\$660,000;

The LPS and the NTA per Share based on the audited financial statements of the Group for FY2020 are computed as follows:

	Before the Proposed Placement	After the allotment and issuance of all the Placement Shares
Loss attributable to owners of the parent (S\$'000)	(23,357)	(24,017)
Weighted average number of Shares (excluding Treasury Shares and subsidiary holdings)	596,310,890	781,496,075
LPS (Singapore cents)	(3.92)	(3.07)
Share Capital (S\$'000)	49,079	53,419
NTA(S\$'000)	40,254	44,594
Number of issued Shares (excluding Treasury Shares and subsidiary holdings)	596,310,890	781,496,075
NTA per Share (Singapore cents)	6.75	5.71

7. DIRECTORS' OPINION

The Directors are of the opinion that, after taking into consideration: (a) the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and (b) the present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the aforementioned, the Company has decided to undertake the Proposed Placement for the reasons as set out in Paragraph 4 above.

8. 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 Placement, other than through their respective shareholdings in the Company (if any).

9. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading their Shares. The Proposed Placement is subject to certain conditions. There is no certainty or assurance as at the date of this Announcement that the Proposed Placement will be completed or that no changes will be made to the terms thereof. 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.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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 Proposed Placement, 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 the 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.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Framework Agreement is available for inspection at the registered office of the Company at 26 Boon Lay Way #01-80 Singapore 609970 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Sin Kwong Wah, Andrew
Executive Director and CEO

20 September 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.

The contact person for the Sponsor is Ms. Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.