

**Issuer:** Miyoshi Limited  
**Security:** Miyoshi Limited

**Meeting details:**

Date: 23 December 2016

Time: 10:00H

Venue: No. 5 Second Chin Bee Road, Singapore 618772

**Company Description**

Miyoshi Limited, together with its subsidiaries, designs and manufactures mold and precision pressed parts; and trades in related products. The company operates through Data Storage; Consumer Electronics; and Automotive, Microshaft and Others segments. It is also involved in the trading of machines; metal stamping activities; fabrication of parts and components of machine tools; plastic injection molding; and assembly of electronic components. In addition, the company manufactures metal semi-finished components for hard disk and removable storage devices, photocopiers, scanners, and printers, as well as for motor vehicles; and finished products for light electric vehicles. Further, it manufactures microshafts and turned parts, including fan motor shafts; AC/DC motor shafts; tension rollers for digital colour copiers; fan shafts for air conditioners; and slide shafts for optical drives. Additionally, the company is involved in property holding activities. It serves data storage, consumer electronics, and automotive industries. The company has operations in the Philippines, Thailand, China, Singapore, Malaysia, Indonesia, Japan, and internationally. The company was formerly known as Miyoshi Precision Limited and changed its name to Miyoshi Limited in December 2014. Miyoshi Limited was founded in 1987 and is headquartered in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=M03](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=M03))

**Q1.** The Data Storage segment has been the largest and most profitable segment for the group. In FY2014 (restated), external sales in Data storage was S\$34.3 million and the segmental profit before income tax was \$1.5 million. The FY2016 sales and segment profit are now S\$19.5 million and \$2.0 million. Revenue from the Data storage segment used to be half of the group's total revenue but it has dropped to 39.6%.

- a) **Can management describe what are the pro-active measures they have taken to mitigate falling sales in the data storage segment?**
- b) **What is the current utilisation rate of the plants?**
- c) **What is the current breakdown in terms of revenue from hard disk drive components versus server components in the data storage segment?**
- d) **Given the industry trends (consolidation of hard disk manufacturers and the shift towards solid state drives), what is the long term prospect of the group's data storage segment?**

**Q2.** In the Chairman's Statement (page 9 of the annual report), the investment in Core Power (Fujian) New Energy Automobile Co., Ltd ("Core Power") in August 2016 was highlighted as a significant milestone achieved by the company in FY2016. As part of the acquisition, the company had earlier, on 20 June 2016, announced the proposed sale of 55% of the entire issued capital of the Green Galaxy Limited ("GGL") to the JV Partner.

- a) **Can management help shareholders understand the primary operations of Core Power and what is the potential of Core Power? What are the projections in terms of number of light electric vehicle ("LEV") sold, market share, revenue and profits of Core Power?**
- b) **Can the board confirm that the GGL Group of companies was sold to the JV Partner and not to the JV (that is, Core Power)? Is there any overlap in the business of GGL and Core Power? If so, would the JV Partner be potentially put in a position where there may be conflict of interests?**
- c) **GGL was acquired as a 55% subsidiary in the previous financial year. In this financial year, GGL was sold and the company acquired a non-control (15%) stake in Core Power. Core Power is now recognised as an available-for-sale financial asset in the balance sheet. Can management elaborate further on the strategic value of this new investment?**
- d) **In the last annual report, it was disclosed that the group had inked "a memorandum of understanding with Fujian-based light electric car firm Core Power Group to acquire up to 49% stake in Core Power (Fujian) New Energy Automobiles Co.". Can shareholder understand why this was reduced to 15%?**
- e) **The "Automotive and Others" business segment showed a 60% increase in revenue to hit S\$7.8 million in FY2016. Can management disclose how much of the S\$7.8 million in the automotive segment was due to sales to Core Power? If not, could management help shareholders understand how they have successfully increased the sales in the automotive segment?**

**Q3.** The board is recommending a first and final one-tier tax exempt dividend of 0.4 cents per share. While shareholders appreciate that the board has decided to recommend the dividend to reward shareholders, it would be in the long term interests of the company to have a sustainable stable dividend payout. It is noted in the Corporate Governance Report (page 45) that the company "does not have a fixed policy on payment of dividends".

- a) **Would the board re-consider instituting a fixed dividend policy?** The policy can be flexible enough to incorporate the group's working capital and investment needs.

- b) The earnings per share for FY2016 and FY2015 are 0.25 cents per share and 0.12 cents per share respectively. **Can the board explain its basis for recommending 0.4 cents per share as a first and final one-tier tax exempt dividend? Would this be a sustainable level of dividend?**
  
- c) The cash flow from operating activities in FY2016 was a healthy S\$7.2 million, resulting from a favourable working capital movement of S\$4.3 million. The gearing ratio is relatively low, but has also increased from 0.11x to 0.21x (page 16 - Financial Review) as a result of new loans of \$7.6 million. **Can the board discuss in detail the capital management policies?**