

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

**Meeting details:**

Date: 29 December 2017

Time: 10.00 a.m.

Venue: 81 Choa Chu Kang Way, Warren Golf & Country Club, Singapore 688263, Conference Room 1 & 2 (Level 2)

**Company Description**

Miyoshi Limited, together with its subsidiaries, designs and manufactures mold and precision pressed parts, and trades in related products. The company operates in three segments: Data Storage; Consumer Electronics; and Automotive & Others. It also manufactures metal semi-finished components for hard disk and removable storage devices, photocopiers, scanners, and printers, as well as motor vehicles; and finished products for light electric vehicles. In addition, the company manufactures high precision microshafts and turned parts, including fan motor shafts; AC/DC motor shafts; tension rollers for digital color copiers; fan shafts for air conditioners; and slide shafts for optical drives. Further, it is involved in trading machines; metal stamping, and plastic injection molding activities; the fabrication of parts and components of machine tools; and the assembly of electronic components. Additionally, it manufactures communications equipment, and other electronic and boards; and produces lithium batteries and the battery management systems. It serves data storage, consumer electronics, and automotive industries in the Philippines, Thailand, China, Hungary, Singapore, Malaysia, Mexico, and others. 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 group has a clear vision to be “a tomorrow-focused manufacturer” (page 18 of the annual report – Our Business Model).

As disclosed in the CEO Review (page 13), revenue from automotive and others segment grew by 70.5% to hit \$13.3 million in FY2017 as the automotive components went into mass production.

- a) **What is the utilisation rate of the manufacturing plants producing the automotive components?**
- b) **What are management’s plans to leverage on the positive momentum in the automotive segment to secure new orders/customers?**

In FY2017, the revenue from the Consumer electronics segment dropped 19.8% to \$17.6 million due to “weaker end-market demand for existing products and product end-of-life” (page 24). As noted in the Letter from the Chairman (page 11), the group will be going the extra mile to increase its revenue from the automotive and consumer electronics segments.

- c) **Can management provide better visibility on the product range that the group manufactures in the Consumer electronics segment?**
- d) **What are management’s strategies to reverse the drop in revenue from the Consumer electronics segment?**

**Q2.** One of the strategies of the group is to develop new businesses given the decline in revenue from the core business, specifically, “the demand for data storage products that has been in decline since 2010” (page 19). As shown on pages 19 & 20, the group has ventured into electric vehicle, optoelectronics and indoor farming.

The group has a total headcount of 838, with 27 staff in Singapore.

- a) **Can the company help shareholders understand the depth of its management team to allow it to successfully manage its core business and to grow new businesses?**
- b) **How does the board and/or management evaluate new business opportunities? What are the investment hurdles and/or criteria as the group tries to “incubate new businesses”?**

**Q3.** In June 2017, the group raised net proceeds of \$2.95 million from a share placement issue that saw the company place out 45 million new shares at an issue price of \$0.068 per share. This was at a 9.9% discount to the volume weighted average price on trades done on the full day before the placement agreement was signed.

Based on the announcement dated 31 May 2017, the placement will result in a drop in the consolidated net tangible asset (NTA) per share from 12.41 cents to 11.88 cents.

Based on the update in the Corporate Governance Report (page 53), all \$2.95 million of the placement will be used for new business investments.

- a) **While shareholders are cognisant of the group’s need to invest in new businesses given the challenges in the data storage segment, can the board explain why it had approved a placement that was carried out at a price significantly below the consolidated NTA per share? Has the board considered how dilutive the placement was?**
- b) **Has the board considered other sources of funding?**
- c) **In terms of capital allocation, how can the board better balance the need to invest in new businesses and the return of capital to shareholders through dividends?**

A copy of the questions for the Annual Report for the financial year ended 31 August 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Miyoshi%20Ltd>

The company's response could be found here: -----