



Securities Investors Association (Singapore)

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GST Reg No: M90367530Y

Issuer: Miyoshi Limited

Stock code: M03

Meeting details:

Date: 30 December 2021

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. Would the board/management provide shareholders with greater clarity on the following operational matters? Specifically:

- (i) **Automotive segment:** Can the board help shareholders understand the factors that led to a 37% increase in revenue from the automotive segment? How sustainable is the increase in revenue from the automotive segment?
- (ii) **Data storage:** Revenue from data storage dropped from \$8.4 million in FY2020 to \$3.5 million in FY2021. **Following the fire incident, what is the progress made by management to secure new orders and/or to win back its old customers? Can management provide shareholders with an overview of the group's strategy for the data storage business?**
- (iii) **Utilisation:** What were the utilisation rates of the group's production facilities? **Following the reconstruction of the production facilities in the Philippines, what is the new capacity?**
- (iv) **Proposed diversification:** The company has also proposed to diversify its core businesses to include the business of trading of commodities, with an initial focus on the trading of rice, sugar, corn and feed. **Can the board help shareholders understand the competitive advantage of the group in the trading of commodities? Given that it is highly competitive and is capital intensive, what deliberations did the board have when it approved the proposed diversification? In particular, how does the group intend to create and capture value for shareholders in the trading of commodities? Lastly, has the board evaluated the company's diversification track record?** The group's investment in Core Power has faced challenges and is currently inactive. The group had also ventured into high-tech indoor farming and optronics business which have not taken off.

Q2. The group raised net proceeds of \$424,000 from its share placement in October 2021 at an issue price of \$0.0270 per placement share.

- (i) **Can the company help shareholders understand the major capital expenditure in the next 18-24 months?**

In addition, on 16 December 2021, the company announced a proposed placement of 48.3 million shares at an issue price of \$0.02070 per placement share for a total aggregate subscription amount of \$1.0 million.

At the point of entering into the placement agreements, the NTA per share were 6.75 cents per share (prior to the placement) and 5.24 cents per share (prior to the placement) respectively.

- (ii) **Has the board evaluated its capital structure and looked for cheaper sources of funding?**
- (iii) **What are the reasons for the company to repeatedly place out new shares to raise relatively small amounts of money?**
- (iv) **Given that the NTA per share was 6.75 cents and 5.24 cents when the company entered into the placement agreements, did the board (especially the independent directors) consider the dilutive impact of the placement especially for minority shareholders? If so, would the private placement be beneficial to the company and to the minority shareholders?**
- (v) **Did the board estimate the group's cost of capital?**

Q3. At the annual general meeting scheduled to be held on 30 December 2021, two independent directors, namely Mr. Lim Thean Ee (also chairman of the board) and Mr. Wee Piew, will not be offering themselves for re-election and will retire as independent directors at the conclusion of the AGM.

Both directors serve on all three board committees and hold the chairmanship of the nominating committee (NC), the remuneration committee and the audit committee (AC). Currently, there are 4 directors on the board, comprising 2 independent directors, a non-executive non-independent director and one executive director.

Following the cessations, the company would not have any independent director on the board. In addition, the AC would not have a minimum of 3 members.

- (i) **Can the NC elaborate further on the board succession plan? Would the cessation of both independent directors disrupt the board?**
- (ii) **Has the NC reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**
- (iii) **What are the channels being used by the NC to source for new directors?**
- (iv) **What is the progress made in shortlisting and appointing new independent directors? What is the level of involvement by the two retiring NC members in the company's search for new independent directors?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can’t attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)