



December 8, 2021

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**Notice regarding Acquisition of Shares (Subsidiary Acquisition) in SHARIKAT NATIONAL FOOD PTE. LTD., that owns a factory that has facilities for food processing and cold storage warehousing for food products in Singapore, for the purpose of consolidating the bases of our subsidiaries in Singapore and expanding our business**

Yoshimura Food Holdings K.K. (the Company) announces that it has resolved, at a meeting of its Board of Directors held on December 8, 2021, that YOSHIMURA FOOD HOLDINGS ASIA PTE. LTD. (hereinafter referred to as "YOSHIMURA FOOD ASIA"), a subsidiary of the Company that oversees its overseas business, will acquire the shares of SHARIKAT NATIONAL FOOD PTE. LTD. (hereinafter referred to as "SHARIKAT"), which owns a factory that has facilities for food processing and cold storage warehousing for food products in Singapore, and make it a subsidiary, for the purpose of consolidating the bases of its three subsidiaries in Singapore and expanding its business.

1. Overview of the Company

We, as a holding company, formulate and implement management strategies and conduct business management for our entire group, with the aim of supporting and revitalizing small and medium-sized enterprises that manufacture and sell food products. With regard to the management of each subsidiary, we have established a "small and medium-sized enterprise support platform" that provides cross-sectional management support for each of the following functions: sales, sales and marketing, manufacturing, purchasing and logistics, product development, quality control, and business management. In particular, in the sales support function, we are working to increase sales across the entire group by sharing and utilizing sales channels and customers throughout Japan and Asia within the group, as well as by supporting new business development through the use of the group's network.

In addition, under YOSHIMURA FOOD ASIA, which is based in Singapore and oversees overseas operations, we are expanding our business in the Asian region, where the market is expected to grow, through four group companies: JSTT SINGAPORE PTE. LTD. (hereinafter referred to as "JSTT"), which manufactures sushi and other products in Singapore, SIN HIN FROZEN FOOD PRIVATE LIMITED (hereinafter referred to as "SIN HIN"), which sells seafood products at wholesale in Singapore, PACIFIC SORBY PTE.LTD. (hereinafter referred to as "PACIFIC SORBY"), which is engaged in the processing and sales of seafood products in Singapore, NKR

CONTINENTAL PTE. LTD. (hereinafter referred to as "NKR"), which manufactures, sells and maintains kitchen equipment in Singapore and Malaysia.

## 2. Overview of SHARIKAT

SHARIKAT is a company that owns a factory that has facilities for food processing and a cold storage warehousing for food products (hereinafter referred to as "the Property") in Singapore used for its own operations as well as its group companies. YOSHIMURA FOOD ASIA plans to consolidate the operations of its three subsidiaries in the food business in the Property.

## 3. Method of share acquisition

YOSHIMURA FOOD ASIA will acquire 3,500,000 shares (70% of voting rights) out of 5,000,000 issued shares of SHARIKAT on December 17, 2021 (scheduled). The remaining 1,500,000 shares (30% of voting rights) will continue to be held by SHARIKAT's existing shareholder, SHARIKAT NATIONAL PTE. LTD., which is engaged in the real estate management business in Singapore. In the share transfer agreement to be executed in this matter, it is stipulated that Yoshimura Food Asia will acquire the remaining shares owned by SHARIKAT National PTE. LTD. on or before December 17, 2024 (scheduled). If the acquisition takes place, SHARIKAT will become a wholly owned subsidiary of Yoshimura Food Asia.

## 4. Reason for share acquisition

After the acquisition of SHARIKAT, JSTT and PACIFIC SORBY will move their offices and factories to the Property, and the four companies including YOSHIMURA FOOD ASIA and SIN HIN will be consolidated into one base. This will enable the group to realize the following synergies within the group, as well as increase revenues and profits on a consolidated basis as SHARIKAT will continue to lease excess space in the Property to third parties outside the group and earn rental income.

### A) Logistics efficiency

Currently, SIN HIN delivers products to PACIFIC SORBY and JSTT on a daily basis. By consolidating the bases, we will be able to reduce the cost of logistics to external parties as delivery will no longer be necessary.

### B) Internalization of rents

Currently, SIN HIN and PACIFIC SORBY lease factories and cold storage warehouses from third parties, which incur rental payments, but moving to the Property will enable them to reduce the costs by internalizing the rental payments.

### C) Increase in JSTT's production capacity

JSTT, which manufactures and sells sushi and other products in Singapore, has been receiving increased transaction volume from existing supermarkets and has been approached by new supermarkets to start business due to its high-quality products. However, due to the shortage of space in the existing factory, it is difficult to implement automation machines to increase production and receive new orders. The relocation to the Property will allow for an expansion of factory space, which may enable JSTT in the future to respond to new orders and increase sales.

D) Increase in production capacity and strengthening in quality control system at PACIFIC SORBY

Before the outbreak of the COVID-19, PACIFIC SORBY had been experiencing an increase in factory utilization rate and a shortage of production capacity due to an increased demand and strong orders for processed frozen seafood products in Singapore. The relocation to the Property will allow for an expansion of factory space, which may enable PACIFIC SORBY to respond to new orders and increase sales in the future, when the COVID-19 pandemic is over and orders return to the previous level. In addition, by strengthening its quality control system, PACIFIC SORBY will be able to promote its products to new hotels, etc., which may lead to an expansion of its business opportunities.

E) Promotion of cooperation within the group

By consolidating bases, communication among group companies will be smoother and information will be shared in a timely manner, enabling the creation of greater synergy effects such as shared sales channels within the group and cost reductions.

In Singapore, real estate for food processing and food warehousing is subject to various regulations and permits from the Singapore Food Agency. On the other hand, the supply of cold storage warehouses for food products is tightening as well as its rental rates are on the rise in response to the increasing demand for frozen food products. We believe that, by acquiring the Property through the acquisition of SHARIKAT, it will be possible for us to curb the increase in rent in the future and maintain a medium- to long-term advantage in terms of cost.

Yoshimura Food Asia plans to procure the necessary funds for this acquisition by borrowing from a bank in Singapore. Since the loan will be denominated in Singapore dollars, there will be no foreign exchange gain or loss.

5. Overview of the subsidiary to be transferred (SHARIKAT NATIONAL FOOD PTE. LTD.) and the real estate to be owned

① Overview of the subsidiary to be transferred

(1) Name	SHARIKAT NATIONAL FOOD PTE. LTD.	
(2) Location	1 Second Chin Bee Road Singapore (618768)	
(3) Job title and name of representative	Director Phang Say Lang	
(4) Description of business	Ownership and management of food factories and distribution warehouses for food products	
(5) Share capital	5,000,000 SGD	
(6) Date of establishment	April 3, 2009	
(7) Major shareholders	SHARIKAT NATIONAL PTE. LTD.	
(8) Relationship between the Company and said company	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relationship	The Company's subsidiary, SIN HIN FROZEN FOOD PRIVATE LIMITED,

		logistics and warehousing services is provided by the company in question.	
	Related party status	Not applicable.	
(9)	Consolidated operating results and consolidated financial positions of said company for the last three years (Unit: thousand SGD)		
	Finalization Period	March 2019 Issue	March 2020 Issue
	Consolidated net assets	▲6,296	▲6,506
	Consolidated total assets	13,577	16,079
	Consolidated net assets per share	▲1.26SGD	▲1.30SGD
	Consolidated net sales	2,500	2,795
	Consolidated profit attributable to owners of parent	▲801	▲210
	Consolidated earnings per share	▲0.16SGD	▲0.04SGD
	Dividend per share	—	—
			March 2021 Issue
			▲7,941
			13,478
			▲1.59SGD
			2,228
			▲1,434
			▲0.29SGD
			—

Note1 : Operating income and ordinary income are not shown as the company in question prepares its financial statements in accordance with Singapore GAAP,

Note2: Real estate owned has not been revalued to market value. The net worth is expected to be positive by assessing the market value of the real estate owned based on real estate appraisal by a third party.

② Overview of the real estate owned by the subsidiary to be transferred

(1) Location	1 Second Chin Bee Road Singapore (618768) ※Industrial area in southwest Singapore
(2) Leasehold	Until November 29, 2048 (remaining period: approximately 27 years)
(3) Building	Licensed to operate cold storage for food products; three-storey building with freezer/refrigerator storage, food processing, office space, and dormitory
(4) Land area	6,395.1 square meters
(5) Total floor area	8,611.85 square meters

6. Overview of the counterparty to the acquisition of shares

(1) Name	SHARIKAT NATIONAL PTE. LTD.	
(2) Address	1 Second Chin Bee Road Singapore (618768)	
(3)	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.

Relationship between the Company and said company	Business relationship	Not applicable.
	Related party status	Not applicable.

7. Number of shares to be acquired, acquired price, and status of shares held before and after the acquisition

(1) Number of shares held before the change	0 shares (Number of voting rights: 0) (Ratio of voting rights held: 0%)	
(2) Number of shares to be acquired	3,500,000 shares (Number of voting rights: 3,500,000)	
(3) Acquisition costs	Common stock of SHARIKAT	3,226 thousand SGD
	Advisory fees, etc. (estimated amount)	50 thousand SGD
	Total (estimated amount)	3,276 thousand SGD
(4) Number of shares held after the change	3,500,000 shares (Number of voting rights: 3,500,000) (Ratio of voting rights held: 70%)	

8. Timetable

(1) Date of resolution at the meeting of the Board of Directors	December 8, 2021
(2) Date of conclusion of the agreement	December 8, 2021
(3) Date of commencement of share transfer	December 17, 2021 (scheduled)

9. Future outlook

We are currently examining the impact of this share acquisition on our consolidated business performance for the fiscal year ending February 28, 2022 and beyond, and will promptly disclose any matters that need to be disclosed when they arise. SHARIKAT's net assets were negative in the financial results for the fiscal year ended March 31, 2021, but are expected to become positive after the real estate owned by SHARIKAT is revalued based on a real estate appraisal by a third party. In addition, SHARIKAT's net income attributable to shareholders of the parent company was negative in the financial results for the fiscal year ending March 31, 2021. However, after YOSHIMURA FOOD ASIA acquires SHARIKAT, the group will use the real estate it owns and continue to lease excess space to third parties, which is expected to result in positive net income.

End.

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.