

MIYOSHI LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 198703979K

QUALIFIED OPINION BY INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 AND VARIANCES BETWEEN THE UNAUDITED FULL YEAR FINANCIAL RESULTS ANNOUNCEMENT AND AUDITED FINANCIAL STATEMENTS IN RESPECT OF THE FINANCIAL YEAR ENDED 31 AUGUST 2019

QUALIFIED OPINION

Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), the Board of Directors of Miyoshi Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) would like to announce that its independent auditors, BDO LLP (the “**Auditors**”), have included a qualified opinion (the “**Qualified Opinion**”) on the financial statements of the Group for the financial year ended 31 August 2019 (“**FY2019**”) (the “**Financial Statements**”).

An extract of the nature and contents of the qualification contained in the Independent Auditor’s Report is annexed to this announcement. The Independent Auditor’s Report and the FY2019 Financial Statements will form part of the Company’s Annual Report for FY2019 (the “**FY2019 Annual Report**”) which will be despatched to the shareholders of the Company in due course. Please refer to the FY2019 Annual Report for further information.

The qualified opinion is the result of insufficient appropriate audit evidence on certain balances of which these sets of account was used for the Purchase Price Allocation report and equity accounting.

As at date of audit report on 6 December 2019, the Company has not finalised the impairment assessment on the investment in associate, Core Power (Fujian) New Energy Automobile, Co., Ltd (“**Core Power**”). The auditors were therefore unable to obtain sufficient appropriate audit evidence about the carrying amount of the Group’s and Company’s investment in associate as at 31 August 2019 and the Group’s equity accounting, which includes share of associate’s loss and foreign currency translation differences for the financial year then ended. Consequently, the auditors were unable to determine whether any adjustments to these amounts were necessary.

Shareholders and potential investors are advised to carefully read this announcement and any further announcements made by the Company. Shareholders are also advised to exercise caution before making any decision in respect of their dealings in the Shares. Shareholders who are in any doubt about this announcement should consult their stockbroker, bank manager, solicitor or other professional adviser.

VARIANCES

The Board also refers to the unaudited financial statement announcement for the financial year ended 31 August 2019 dated 30 October 2019 (“**Unaudited FY2019 Results**”) and in compliance with Rule 704(5) of the Catalist Rules, the Board wishes to announce that subsequent to the release of the Unaudited FY2019 Results and upon the finalisation of the audit by the Auditors, certain adjustments have been made to Audited FY2019 Financial Statements as compared to what was disclosed in the Unaudited FY2019 Results.

The details and explanations of the variances between the Unaudited FY2019 Results and the Audited FY2019 Financial Statements are set out below:

(1.1) Statement of Financial Position (Group)

	Unaudited FY2019 Results \$'000	Audited FY2019 Financial Statements \$'000	Variance \$'000	Notes
Associate	18,360	18,640	280	Adjustment in amount of \$583,000 arising from deferred cash settlement to be paid to Core Power (Fujian) New Energy Automobile Co., Ltd ("Core Power"), offset against adjustment on an additional amount of \$303,000 arising from loss allowance for doubtful non-trade receivables due from Core Power (Fujian) Electric Co. ("CP Electric"), a shareholder of the associate. (Please refer to note 5 and 9 of Financial Statements)
Trade and other payables	10,514	11,097	583	Adjustment arising from deferred cash settlement of \$583,000 to be paid to Core Power as at year end. (Please refer to note 15 of Financial Statements)

(1.2) Statement of Financial Position (Company)

	Unaudited FY2019 Results \$'000	Audited FY2019 Financial Statements \$'000	Variance \$'000	Notes
Associate	20,167	20,447	280	Adjustment in amount of \$583,000 arising from deferred cash settlement to be paid to Core Power, offset against adjustment on an additional amount of \$303,000 arising from loss allowance for doubtful non-trade receivables due from CP Electric. (Please refer to note 5 and 9 of Financial Statements)
Currency realignment	-	(14)	(14)	Foreign currency translation differences arising from the adjustments mentioned above.
	20,167	20,433	266	

Trade and other payables	3,757	4,340	583	Adjustment arising from deferred cash settlement of \$583,000 to be paid to Core Power as at year end. (Please refer to note 15 of Financial Statements)
Currency realignment	-	(13)	(13)	Foreign currency translation differences arising from the adjustment mentioned above.
	3,757	4,327	570	

(1.3) Statement of Financial Position (Group)

	Unaudited FY2018 Results \$'000	Audited FY2018 Financial Statements \$'000 Restated	Variance \$'000	Notes
Associate	17,010	20,583	3,573	Adjustment arising from deferred cash settlement of \$3,573,000 to be paid to Core Power as at year end. (Please refer to note 9 of Financial Statements)
Trade and other payables	10,093	13,666	3,573	Adjustment arising from deferred cash settlement of \$3,573,000 to be paid to Core Power. (Please refer to note 15 of Financial Statements)

(1.4) Statement of Financial Position (Company)

	Unaudited FY2018 Results \$'000	Audited FY2018 Financial Statements \$'000 Restated	Variance \$'000	Notes
Associate	17,010	20,583	3,573	Adjustment arising from deferred cash settlement of \$3,573,000 to be paid to Core Power as at year end. (Please refer to note 9 of Financial Statements)
Trade and other payables	5,835	9,408	3,573	Adjustment arising from deferred cash settlement of \$3,573,000 to be paid to Core Power as at year end. (Please refer to note 15 of Financial Statements)

(2) Consolidated Statement of Comprehensive Income

	Unaudited FY2019 Results \$'000	Audited FY2019 Financial Statements \$'000	Variance \$'000	Notes
Loss allowance for doubtful receivables	3,458	3,761	303	Adjustment of an additional amount of \$303,000 arising from loss allowance for doubtful non-trade receivables due from Core Power Electric.

(3) Consolidated Statement of Cash Flows

	Unaudited FY2019 Results \$'000	Audited FY2019 Financial Statements \$'000	Variance \$'000	Notes
Loss allowance for doubtful non-trade receivables	3,248	3,551	303	Adjustment of an additional amount of \$303,000 arising from loss allowance for doubtful non-trade receivables due from Core Power Electric.

BY ORDER OF THE BOARD

Andrew Sin Kwong Wah
Executive Director and CEO

7 December 2019

This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst.

The document has not been examined or approved by the SGX-ST and the SGX-ST 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 Mr. Ken Lee, Associate Director, Investment Banking. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 6337 5115.