

MIYOSHI LIMITED

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

- (I) **QUALIFIED OPINION BY INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022; AND**
 - (II) **VARIANCES BETWEEN THE UNAUDITED FULL YEAR FINANCIAL RESULTS ANNOUNCEMENT AND AUDITED FINANCIAL STATEMENTS IN RESPECT OF THE FINANCIAL YEAR ENDED 31 AUGUST 2022**
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(I) **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 audited financial statements of the Group for the financial year ended 31 August 2022 (“**FY2022**”) (the “**Audited FY2022 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 Audited FY2022 Financial Statements will form part of the Company’s Annual Report for FY2022 (the “**FY2022 Annual Report**”) which will be published on SGXNET and the Company’s website by 13 February 2023. Please refer to the FY2022 Annual Report for further information.

Background

The investment in Core Power (Fujian) New Energy Automobile Co., Ltd. (“**Core Power**”) was classified as a financial asset at Fair Value through Profit or Loss (“**FVTPL**”) as announced in the results announcement for the financial year ended 31 August 2020 (“**FY2020**”). The fair value of the financial asset at FVTPL as at 31 August 2020 and 31 August 2021 is Nil. However, in accordance with SFRS(I) 9 Financial Instruments, the Company is required to perform an annual fair value assessment and adjustment to the fair value to be recognised in profit or loss. Due to the uncertain business conditions in the industry of Core Power and the financial difficulties faced which led to a lack of resources in Core Power, the management of the Group were unable to obtain any relevant information to enable them to perform an annual fair value assessment. As such, management has determined that the fair value of the financial asset at FVTPL as at 31 August 2022 remains as Nil.

Qualified Opinion

The qualified opinion has been issued on the valuation of the financial asset at FVTPL as at 31 August 2022. The auditors were unable to obtain sufficient evidence on the management’s fair value assessment. Consequently, the auditors were unable to determine whether any adjustments to the Group’s and the Company’s financial asset at FVTPL were necessary. The opinion on the Group’s audited consolidated financial statements for the previous financial year ended 31 August 2021 was modified on the Group’s and Company’s financial asset at FVTPL as at 31 August 2021 on a similar basis.

Core Power’s Operations

The investment in Core Power was impacted by both the COVID-19 pandemic and changes in government rulings in China for the industry in which Core Power operates. As a result, the operations of Core Power remain inactive as at today.

The Board confirms that the operations of the Group are not affected and all material information has been announced. The Company will make further announcements to update Shareholders of any developments, as and when appropriate.

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.

(II) VARIANCES

The Board also refers to the unaudited financial statements announcement for the financial year ended 31 August 2022 dated 30 October 2022 (“**Unaudited FY2022 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 FY2022 Results and upon the finalisation of the audit by the Auditors, certain adjustments have been made to the Audited FY2022 Financial Statements as compared to what was disclosed in the Unaudited FY2022 Results.

The details and explanations of the materials variances between the Unaudited FY2022 Results and the Audited FY2022 Financial Statements are set out below:

(1.1) Consolidated Statement of Comprehensive Income

Financial statements FY2022	Unaudited S\$'000	Audited S\$'000	Variance S\$'000	Explanatory Notes
Raw materials, consumables used and changes in inventories	(31,717)	(32,265)	548	1
Other expenses	(7,952)	(7,937)	(15)	2
Profit/(Loss) before income tax	1,649	1,093	(556)	2(a)
Income tax expenses	(855)	(538)	(317)	3
Profit/(Loss) after income tax	794	555	(239)	

1. Increase in raw materials, consumables used and changes in inventories mainly due to reclassification from other operating expenses in respect of consumable supplies.

2. Decrease in other expenses mainly due to property, plant and equipment (“**PPE**”) impairment of S\$531,000 adjustment made subsequent to the release of the Unaudited FY2022 Results offset by reclassification of S\$548,000 to raw materials, consumables used and changes in inventories as mentioned in note 1 above.

2(a). Decrease mainly due to PPE impairment of S\$531,000 adjustment made subsequent to the release of the Unaudited FY2022 Results as mentioned in note 2 above.

3. Decrease due to over-provision of deferred tax adjustment of S\$317,000 in respect of fair value gain on leasehold land and buildings for our Philippines subsidiaries made subsequent to the release of the Unaudited FY2022 Results.

(1.2) Statement of Financial Position (Group)

Financial statements FY2022	Unaudited S\$'000	Audited S\$'000	Variance S\$'000	Explanatory Notes
Current assets Trade and other receivables	13,736	13,136	(600)	4
Current assets Prepayment	228	99	(129)	5
Non-current assets Property, plant and equipment	27,920	27,160	(760)	6
Non-current assets Investment properties	6,438	6,319	(119)	7
Non-current assets Intangible assets	42	88	46	8
Non-current assets Deferred tax assets	31	73	42	9
Non-current assets Other receivables	-	752	752	4(a)
Current liabilities Bank overdraft	290	-	(290)	10
Current liabilities Bank borrowings	4,139	4,429	290	10
Non-current liabilities Provisions	945	660	(285)	11
Non-current liabilities Deferred tax liabilities	888	672	(216)	12

4. Decrease mainly due to reclassification of other receivables amounting to S\$752,000 from current to non-current in respect of amount due from a third party which is supported by the guarantee of the controlling shareholder of the receivable, interest free and repayable over 24-month instalments commencing from 1 January 2023 and partially offset by reclassification of advances to suppliers from prepayment to current other receivables amounting to S\$129,000.

4(a). Increase due to reclassification of other receivables amounting to S\$752,000 from current to non-current in respect of amount due from a third party which is supported by the guarantee of the controlling shareholder of the receivable, interest free and repayable over 24-month instalments commencing from 1 January 2023.

5. Decrease due to reclassification from prepayment to current other receivables in respect of S\$129,000 advances to suppliers as mentioned in note 4 above.

6. Decrease mainly due to (i) PPE impairment adjustment of S\$531,000, (ii) PPE disposal adjustment and currency realignment of S\$183,000 and (iii) reclassification in respect of accounting software acquired by a subsidiary in China from PPE to intangible assets amounting to S\$46,000 made subsequent to the release of the Unaudited FY2022 Results.

7. Decrease due to reversal of additional fair value gain recognised in respect in our Philippines subsidiary upon the finalisation of valuations from independent valuer.

8. Increase due to reclassification in respect of accounting software acquired by a subsidiary in China from PPE.

9. Increase due to additional provision of retirement benefit computed at income tax rate available for offset against future taxable profits in respect of the Group's subsidiaries in Thailand and Philippines, which operate a non-contributory defined benefit plan for all their qualifying employees.

10. Bank overdraft is classified under bank borrowings in the Audited FY2022 Financial Statements.

11. Decrease due to utilisation and adjustment of over-provisions for employees benefits for the Group's subsidiaries in Thailand and Philippines, which operate a non-contributory defined benefit plan for all their qualifying employees made subsequent to the Unaudited FY2022 Results.

12. Decrease mainly due to over-provision in respect of fair-value gain recognised in respect of our Philippines subsidiary upon finalisation of valuations from independent valuer.

(1.3) Consolidated Statement of Cash Flows

Financial statements FY2022	Unaudited S\$'000	Audited S\$'000	Variance S\$'000	Explanatory Notes
Net cash from / (used in) operating activities	148	(349)	(497)	13
Net cash used in investing activities	(1,832)	(194)	(1,638)	14
Net cash from financing activities	680	163	(517)	15

13. Decrease mainly due to decrease in profits after tax of S\$239,000 and S\$383,000 unrealised exchange differences as a result of adjustments made subsequent to the Unaudited FY2022 Results as well as reclassifications mentioned in note 13 and 14 below.

14. Decrease mainly due to reclassification from operating activities to investing activities of S\$1,650,000 in respect of acquisition and disposal of PPE.

15. Decrease mainly due to reclassification from financing activities to operating activities of S\$290,000 and S\$228,000 in relation to bank overdraft and loan from a Director respectively.

BY ORDER OF THE BOARD

Andrew Sin Kwong Wah
Executive Director and CEO

13 February 2023

This announcement has been reviewed by the Company's sponsor, RHB Bank Berhad, through its Singapore branch (the "Sponsor") in accordance with Rule 226(2)(b) of the Catalist Rules. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange 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.

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