



MIYOSHI

MIYOSHI LIMITED
ANNUAL REPORT 2021

WHO WE ARE

Miyoshi Limited is a leading manufacturer in Asia with a global customer network of more than 18 countries across Asia Pacific, Europe and North America. In Asia, we operate through our head office in Singapore and manufacturing plants in the Philippines, Thailand, Malaysia, Singapore and various parts of China.

Miyoshi started its operations in Singapore in 1987. Since then, Miyoshi has grown organically and through a series of strategic acquisitions. Today, Miyoshi produces components for many Japanese brands in the data storage, consumer electronics and automotive segments.

Over the last three decades, generations of Miyoshi employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

At Miyoshi, we believe in being a responsible manufacturer and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate.

WHAT WE DO

Miyoshi provides a wide range of precision stamping, prototyping, metal finishing and automation for our customers with high quality solutions. Our technical hub is located in Wuxi, China. More specifically, our product offerings and capabilities include:

- Product design and prototyping for precision components and assemblies in the data storage, consumer electronics and automotive markets.
- Core manufacturing capabilities such as precision metal stamping, progressive cold forging, mechanical joining/ laser welding, electroplating, manual assembly and testing.
- A regional network of manufacturing sites that have achieved numerous quality registrations, including ISO 9001, ISO/TS 16949 and ISO 14001.

Miyoshi is also developing our high-tech indoor hydroponics plant factory, using our domain knowledge of mechanical engineering and our Japanese heritage to bring sustainable farming to the region.

www.miyoshi.biz
www.openandeat.com
www.cpev.com

VISION

Our vision is to be a tomorrow-focused manufacturer with our multi-business strategy with engineering and technology as our core.

MISSION

Our mission is to make innovative and quality products for our customers while building a culture that supports our team members and creates sustainable long-term value for our shareholders.

VALUES

INTEGRITY

We act with the highest ethical standards in our conduct. We are honest and trustworthy in our business dealings and relationships with others.

TEAMWORK

We work and overcome challenges together to provide greater value to our customers, employees, business partners and shareholders.

INNOVATION

We work in a way unbounded by mindset. We challenge with new ideas and have no fear of failure.

QUALITY

We provide the highest-possible quality in our deliverables. We pursue continuous improvement in our works.

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This document has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

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.

The contact person for the Sponsor is Ms. Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

WHERE WE ARE



BOARD OF DIRECTORS

MR. LIM THEAN EE

CHAIRMAN, NON-EXECUTIVE AND INDEPENDENT DIRECTOR

DATE OF FIRST APPOINTMENT AS A DIRECTOR

9 January 2014

DATE OF LAST RE-ELECTED AS A DIRECTOR

28 December 2020

LENGTH OF SERVICE AS A DIRECTOR (AT 31 AUGUST 2021)

7 years 8 months

COMMITTEE(S) SERVED ON:

- Nominating Committee (Chairman)
- Remuneration Committee (Chairman)
- Audit Committee (Member)

ACADEMIC AND PROFESSIONAL QUALIFICATION(S)

- Diploma of Mechanical Engineering
- Associate Member, Society of Naval Architects and Marine Engineers, USA

PRESENT DIRECTORSHIPS (AT 31 AUGUST 2021)

Listed companies

- Ezion Holdings Ltd

Non-listed companies

- Coastal Engineering Services Pte Ltd
- Coastal Navigation Pte Ltd
- Yue Hua Food Court Pte Ltd
- Yue Hua 108 Pte Ltd
- Yue Hua 118 Pte Ltd
- Yue Hua Eating House

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS)

- Telok Blangah Citizens' Consultative Committee (Honorary Chairman)
- TB CCC's Community Development and Welfare Fund Committee (Chairman)
- Depot Estate Businesses Association (Chairman)
- West Coast Town Council (Councillor)

PAST DIRECTORSHIPS HELD OVER THE PRECEDING THREE YEARS (FROM 1 SEPTEMBER 2018 TO 31 AUGUST 2021)

- Nil

AWARDS

- Public Service Medal (PBM) in 1998
- Public Star Medal (BBM) in 2012

MR. ANDREW SIN KWONG WAH

CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTOR

DATE OF FIRST APPOINTMENT AS A DIRECTOR

24 September 1991

DATE OF LAST RE-ELECTED AS A DIRECTOR

28 December 2020

LENGTH OF SERVICE AS A DIRECTOR (AT 31 AUGUST 2021)

30 years

COMMITTEE(S) SERVED ON:

- Nominating Committee (Member)

ACADEMIC AND PROFESSIONAL QUALIFICATION(S)

- Bachelor of Science (First Class Honours), Japan National Defence Academy
- FSID – Fellow, Singapore Institute of Directors

PRESENT DIRECTORSHIPS (AT 31 AUGUST 2021)

Non-listed companies

- Miyoshi FL Systems, Inc.
- Miyoshi Hi-Tech Co., Ltd
- Miyoshi Industry Co., Ltd
- Miyoshi International Philippines, Inc.
- Miyoshi Mechatronic (S) Pte. Ltd.
- Miyoshi Precision Huizhou Co., Ltd
- Miyoshi Precision (Malaysia) Sdn Bhd
- Hua-San Pte. Ltd.
- Miyoshi Technologies Phils., Inc.
- OE Aquitech (M) Sdn Bhd
- OE Aquitech (Singapore) Pte. Ltd.
- Wuxi Miyoshi Precision Co., Ltd

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS)

- Nil

PAST DIRECTORSHIPS HELD OVER THE PRECEDING THREE YEARS (FROM 1 SEPTEMBER 2018 TO 31 AUGUST 2021)

Non-listed companies

- Nil

BOARD OF DIRECTORS

MR. WEE PIEW

AUDIT COMMITTEE CHAIRMAN

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

DATE OF FIRST APPOINTMENT AS A DIRECTOR

1 May 2014

DATE OF LAST RE-ELECTED AS A DIRECTOR

28 December 2020

LENGTH OF SERVICE AS A DIRECTOR (AT 31 AUGUST 2021)

7 years 4 months

COMMITTEE(S) SERVED ON:

- Audit Committee (Chairman)
- Nominating Committee (Member)
- Remuneration Committee (Member)

ACADEMIC AND PROFESSIONAL QUALIFICATION(S)

- Bachelor of Accountancy (Honours), National University of Singapore

PRESENT DIRECTORSHIPS (AT 31 AUGUST 2021)

Listed companies

- Beijing Gas Blue Sky Holdings Limited
- Hosen Group Ltd (Chairman)

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS)

- Nil

PAST DIRECTORSHIPS HELD OVER THE PRECEDING THREE YEARS (FROM 1 SEPTEMBER 2018 TO 31 AUGUST 2021)

Listed companies

- PSL Holdings Limited

MR. THOMAS PEK EE PERH

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

DATE OF FIRST APPOINTMENT AS A DIRECTOR

27 October 2014

DATE OF LAST RE-ELECTED AS A DIRECTOR

27 December 2019

LENGTH OF SERVICE AS A DIRECTOR (AT 31 AUGUST 2021)

6 year 10 months

COMMITTEE(S) SERVED ON:

- Audit Committee (Member)
- Remuneration Committee (Member)

ACADEMIC AND PROFESSIONAL QUALIFICATION(S)

- Diploma of Business Management

PRESENT DIRECTORSHIPS (AT 31 AUGUST 2021)

Non-listed companies

- Cheng Chuan Holdings Pte Ltd
- Food Corporation (S) Pte Ltd
- Tai Hua Food Industries Pte Ltd
- Tai Hua Food Industries (M) Sdn. Bhd.

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS)

- Singapore Chinese Chamber of Commerce & Industry (Chairman, General Affairs Committee)
- Singapore Federation of Chinese Clan Associations (Council Member and Chairman of Member Affairs Committee)
- Lions Club of Singapore Oriental (Honorary Adviser)
- Chinese Airlines Singapore Office (Advisor)
- Telok Blangah Community Club Management Committee (Patron)
- Telok Blangah Citizen's Consultative Committee (Vice Chairman)
- Singapore Noodles Manufacturers' Association (Life Honorary President)
- Kwan-In Welfare Society Singapore (Life Honorary President)
- Singapore Food Manufacturers' Association (Life Honorary President)
- Singapore Food Manufacturers' Association (Immediate Past President)
- Peh Clan Association (Life Honorary President)
- Sarawak Importers & Exporters Association (Treasurer)
- Eng Ho Trading Association (Council Member)
- Ee Hoe Hean Club (Vice President/Director)
- Business China (Go East Committee Member)
- Singapore Amoy Association (Life Honorary President, Vice President)
- Yellow Ribbon Singapore (YRSG) Board Member
- Yellow Ribbon Industries Board Member
- Justice of the Peace 2020 - 2025

PAST DIRECTORSHIPS HELD OVER THE PRECEDING THREE YEARS (FROM 1 SEPTEMBER 2018 TO 31 AUGUST 2021)

- Nil

AWARDS

- Public Service Medal (PBM) in 2006
- Service to Education Award (Silver) in 2009
- Public Star Medal (BBM) in 2016

LETTER FROM THE CHAIRMAN AND CEO

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present Miyoshi's annual report for the financial year ended 31 August 2021 ("FY2021").

OVERVIEW

In the financial year ended 31 August 2020 ("FY2020"), the Group's operations were disrupted by the COVID-19 pandemic and the fire incident at the production plant in the Philippines. As a result, the Group has had to devote its resources during FY2021 to tackle the COVID-19 pandemic, restore the production facilities and rebuild our customers' confidence. These efforts have led to the Group posting a marginal increase in revenue of \$0.7 million or 1.5% to \$45.5 million in FY2021 compared to \$44.8 million in FY2020.

Raw materials and consumables used increased by \$1.0 million or 3.7% in FY2021, mainly due to rising steel prices. The increase in costs outpaced the increase in revenues and weighed on the Group's operating margins in FY2021.

The Group reported losses of \$7.7 million, mainly due to the loss of \$6.4 million relating to the write-off of plant and equipment ("PPE") pursuant to the impairment review of the Group's PPE and the loss of a major project in the Philippines as announced in September 2021.

Equity attributable to owners of the parent declined by \$8.5 million from \$38.4 million as at 31 August 2020 to \$29.9 million as at 31 August 2021.

The Group has suffered in the past 3 years due to the difficult operating environment. In order to strengthen the Group's prospects, we have been actively exploring new business opportunities to improve the Group's financial performance and enhance shareholder value in the long term. The management team has identified potential opportunities in the commodity trading industry which may serve to diversify the Group's business and broaden its revenue streams ("**Proposed Diversification**"). The Group intends to seek shareholders' approval at the forthcoming Extraordinary General Meeting ("**EGM**") to be held on 30 December 2021 to diversify into this new business segment. More details on the Proposed Diversification can be found in the Company's circular to shareholders dated 15 December 2021.

OPERATIONS AND FINANCIAL REVIEW

Revenue from the automotive segment increased by 37.3% to \$21.3 million which accounted for 46.8% of the Group's revenue for FY2021. The increase was contributed by the increased order from customers in China. On the other hand, revenue from data storage fell sharply by 59.0% and consumer electronics decreased marginally. The decrease in the data storage segment was mainly because in the aftermath of the fire incident, customers had diverted to alternative suppliers.

The Group's net operating loss after tax narrowed to \$1.3 million from \$3.5 million in FY2020, excluding the i) \$6.4 million in connection with the impairment review exercise for FY2021; and ii) one-off loss of \$17.7 million in relation to the investment in Core Power and \$2.1 million loss arising from the damage caused by the fire incident in FY2020. Despite the effort in managing costs, the spike in raw material cost of approximately 33% has resulted in lower operating margin since fourth quarter of FY2021 ("4Q2021"). The management is monitoring the material price and working closely with the suppliers and customers in order to mitigate the bottom-line impact to the Group.

Despite the challenging conditions, the Group generated positive cash from operating activities of \$5.5 million. The Group spent \$8.0 million on capital expenditure in FY2021 mainly on the reconstruction of production facilities in the Philippines. The acquisition of new machineries in the Group's subsidiary in China was to meet the increased orders and new requirements from customers.

The Group's working capital fell by \$4.9 million to \$2.5 million as at 31 August 2021, compared to last financial year mainly due to the increase in trade and other payables: i) in line with the increase in production activities from the Group's subsidiaries in China and the Philippines; and ii) arising from the net proceeds from the disposal of assets held for sales in China as the Company is pending the ownership certificate as mentioned in our 4Q2021 results announcement.

The operations in Core Power remained inactive in FY2021. The Group continues to look for potential investors or partners in respect of the investment in Core Power.

LETTER FROM THE CHAIRMAN AND CEO

Net asset value per share stood at 5.02 cents per share as at 31 August 2021, a 20% decrease in value as compared with last financial year.

Cash and cash equivalent maintained at \$3.1 million as per last financial year. Liquidity ratio declined to 1.1 times (FY2020: 1.5 times).

DIVIDENDS

After taking into consideration our operating results and the uncertainties in the current environment, the Board has adopted a prudent approach to conserving cash. As such, no final dividend will be proposed at the forthcoming Annual General Meeting on 30 December 2021.

SUSTAINABILITY

The Group continues to recognise the importance of strengthening the sustainability and resilience of its current business operations. We remain committed to encouraging such practices, and adhering to the sustainability reporting requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"). A separate sustainability report guided by the Global Reporting Initiative ("GRI") Standards will be produced and issued by 31 January 2022.

FY2022 OUTLOOK

In FY2021, we have worked tirelessly to reinstate the production facilities that were damaged by the fire in the Philippines in May 2020. These facilities have now been restored and are in operation.

For the current financial year ending 31 August 2022, we expect the business environment to continue to face headwinds amid the weak global economic outlook and the evolving COVID-19 pandemic. Nevertheless, the Group remains focused on managing our core business by augmenting our revenue streams and maintaining cost discipline through improved operational efficiencies. Our management team will also continue to actively evaluate strategic opportunities to diversify through suitable acquisitions and joint ventures that will be accretive to our financial performance in the long run.

IN APPRECIATION

On behalf of the Board of Directors, we would like to thank all our valued shareholders for your faith and trust in the Board and Management team. We would also like to express our appreciation to our customers, advisers, bankers, suppliers, business associates our dedicated employees and stakeholders for your confidence and support through the years. Last and not least, we would also like to thank our fellow Directors for their contributions and services rendered to the Company.

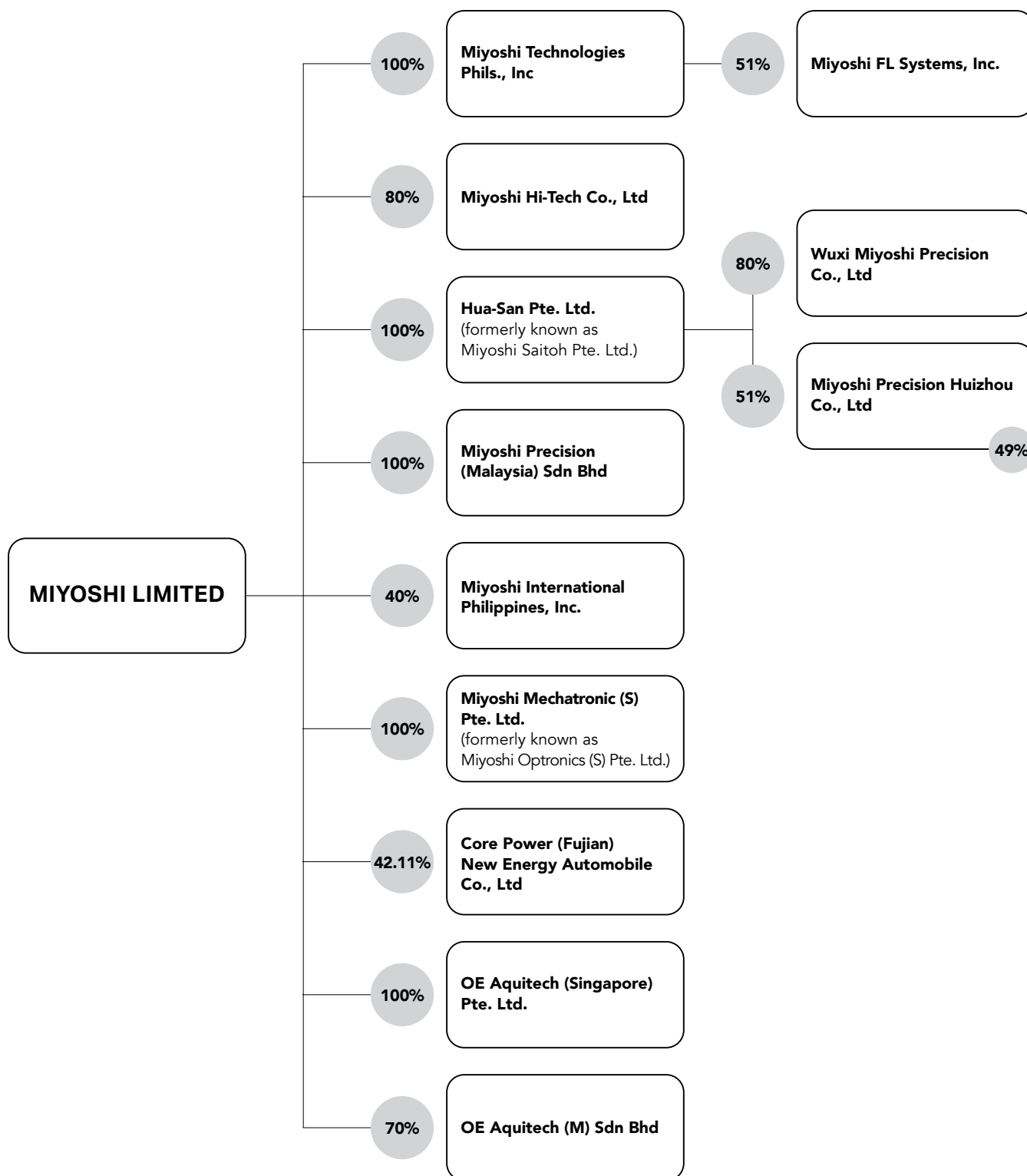
LIM THEAN EE

Chairman

ANDREW SIN KWONG WAH

CEO and Executive Director

CORPORATE STRUCTURE



* Corporate Structure as of 31 August 2021

CORPORATE INFORMATION

DIRECTORS

EXECUTIVE:

Mr. Andrew Sin Kwong Wah (CEO)

NON-EXECUTIVE:

Mr. Lim Thean Ee (Independent Chairman)

Mr. Wee Piew (Independent)

Mr. Thomas Pek Ee Perh (Non-Independent)

AUDIT COMMITTEE

Mr. Wee Piew (Chairman)

Mr. Thomas Pek Ee Perh

Mr. Lim Thean Ee

NOMINATING COMMITTEE

Mr. Lim Thean Ee (Chairman)

Mr. Andrew Sin Kwong Wah

Mr. Wee Piew

REMUNERATION COMMITTEE

Mr. Lim Thean Ee (Chairman)

Mr. Thomas Pek Ee Perh

Mr. Wee Piew

COMPANY SECRETARY

Mr. Ong Wei Jin

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.

16 Collyer Quay

#10-00 Income at Raffles

Singapore 049318

COMPANY REGISTRATION NO.

198703979K

REGISTERED OFFICE

26, Boon Lay Way, Tradehub 21, #01-80

Singapore 609970

Tel: (65) 6265 5221

Email: info@sg.miyoshi.biz

Website: <http://www.miyoshi.biz>

SHARE REGISTRAR

M & C Services Pte Ltd

112 Robinson Road #05-01

Singapore 068902

Tel: (65) 6227 6660 Fax: (65) 6225 1452

AUDITOR

BDO LLP

Public Accountants and Chartered Accountants

600 North Bridge Road, #23-01

Park View Square

Singapore 188778

Partner-in-charge: Mr. William Ng

(First appointed in respect of the financial year ended 31 August 2019)

PRINCIPAL BANKERS

United Overseas Bank Limited

SUSTAINABILITY STATEMENT

Miyoshi links business opportunities to important global trends to create long-term growth and value for our customers, employees, shareholders, suppliers and local communities. We understand that our actions are connected to our stakeholders and the environment, and that sustainability is smart business. As such, we place our best minds and technologies to go beyond what is possible.



ECONOMIC

Economic sustainability refers to practices that support long-term economic growth. We strive to deliver consistent returns for our shareholders and contributing to the local communities through job creation and taxes. As such, we continue to engage with local partners and suppliers that help grow our business sustainably.



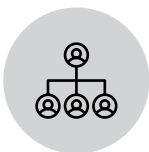
ENVIRONMENT

We are committed to minimise the environmental impact of our activities by efficiently utilising natural resources and reducing waste across our value chain. At Miyoshi, we ensure that the principle of sustainable business is embedded in our activities and products. This means protecting the future by making the right choices in an environment when water is increasingly scarce, natural resources are constrained and biodiversity is declining.



SOCIAL

We partner with our stakeholders in the pursuit of positive societal change, ensuring all parties operate with integrity and an ethical mindset. We share responsibilities for delivering results the right way. We strive to engage our employees and improve the quality of life in the communities where we do business. A balance between economic growth and the welfare of society and the environment is a key consideration for our business.



GOVERNANCE

Corporate governance is a system of policies, practices and rules that influence, direct and control a business behaviour. We believe that by embracing the tenets of good governance, including accountability, transparency and sustainability, the Company has opportunities to engender investor confidence and achieve long-term sustainable business performance as well as safeguarding shareholders' interests and maximising long-term shareholder value.

A separate sustainability report for FY2021, guided by the GRI Standards and which will capture our economic, environment, social and governance performance in FY2021, will be issued by 31 January 2022.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Miyoshi Limited (“Miyoshi” or the “Company”), and together with its subsidiaries, (“the Group”) is committed to maintaining high standards of corporate governance as we believe that good governance safeguards shareholders’ interests and enhances long-term value creation. To this end, Miyoshi has in place the appropriate people, a set of well-defined policies and processes to enhance corporate performance and accountability, whilst taking into account the interest of stakeholders. The board of directors (“Board”) of the Company is responsible for Miyoshi’s corporate governance standards and policies, and stresses their importance across the Group. The Board believes that embracing the tenets of good governance, including accountability, transparency and sustainability, the Company is more likely to engender investor confidence and achieve long-term sustainable business performance. A sustainably successful Miyoshi is good for the Group’s various stakeholders, including employees, suppliers, customers, shareholders, as well as society at large.

This report sets out Miyoshi’s corporate governance practices for the financial year ended 31 August 2021 (“FY2021”) with reference to the principles and provisions set out in the Singapore Code of Corporate Governance 2018 (the “2018 Code”). We have also provided a summary of our compliance with the express disclosure requirements in the 2018 Code on pages 40 to 41 of this annual report.

A. BOARD MATTERS

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

Principal Duties of the Board

The Board has the dual role of setting strategic direction, and of setting the Company’s approach to governance. This includes establishing an appropriate culture, values and ethical standards of conduct at all levels of the company. The role of the Board is therefore broader than that of providing oversight.

Miyoshi is headed by an effective Board which is collectively responsible and works with the Company’s management team (the “Management”) for the long-term success of Miyoshi. The Board aims to create value for shareholders by providing entrepreneurial leadership and focus on the development of the right strategy, business model, innovation, risk appetite, sustainability, succession plan and compensation framework. It also seeks to align the interests of the Board and Management with that of shareholders and balance of interest of all stakeholders. In addition, the Board puts in place a code of conduct and ethics, sets appropriate tone from the top and desired organisational culture, ensures proper accountability within Miyoshi. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The directors of the Company (“Directors”) are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Directors are of the view that they have objectively discharged their duties and responsibilities at all times as fiduciaries in the interest of the Company for FY2021. Directors are entitled to request from Management and would be provided with additional information as needed to make informed decisions.

The Board oversees the business affairs of the Group. It assumes responsibility for the Group’s overall strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews, compliance and accountability systems and corporate governance practices. The Board ensures that the necessary financial and human resources are in place for the Company to meet its objectives. The Board also constructively challenges the Management and review its performance, whilst ensuring transparency and accountability to key stakeholder groups.

CORPORATE GOVERNANCE REPORT

The Board has also established a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding shareholders' interest and the Group's assets.

The Board also appoints the CEO, approves policies and guidelines on remuneration as well as the remuneration for the Board and Management, and approves the appointment of Directors. In line with best practices in corporate governance, the Board also oversees long-term succession planning for Management.

The Board has included in its oversight, consideration of sustainability issues such as environmental, social and governance factors in the strategic formulation and execution of the Company's objectives.

We believe that a well-constituted Board fosters more complete discussions, leading to better decisions and enhanced business performance.

Board Committees

Board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") have been constituted to assist the Board in the discharge of specific duties. Clear written terms of reference ("TOR") setting out the composition, duties, authority and accountabilities of each committee are detailed in this report on pages 35 to 36. The TORs of each board committee are reviewed from time to time, as are, the committee structure and membership.

The selection of board committee members requires careful management to ensure that each committee comprises Directors with appropriate qualifications and skills, and that there is an equitable distribution of responsibilities among Board members. The need to maximise the effectiveness of the Board, and encourage active participation and contribution from Board members, is also taken into consideration.

A record of each Director's board committee memberships and attendance at board committee meetings during FY2021 is set out on pages 12 and 16 of this annual report, respectively.

Please refer to Principles 4 to 5, 6 to 8, 9 to 10 in this Corporate Governance Report for further information on the activities of NC, RC and AC respectively.

Board Meetings

The Board and board committees meet regularly to discuss strategy, operational matters and governance issues. All Board and board committee meetings dates are scheduled well in advance of each year in consultation with the Directors. The Board meets at least four times a year at regular intervals. Four Board meetings were held during FY2021.

Besides the scheduled Board meetings each year, the Board meets as and when warranted by particular circumstances. Meetings via telephone or video conference are permitted by Miyoshi's Constitution. The Board and board committees may also make decisions by way of circulating resolutions.

In the interest of allocating more time for the Board to deliberate on issues of a strategic nature, and to focus on particular themes for each Board meeting, submissions which are straightforward in content as well as those that are for information only, will be compiled and circulated before the Board meetings.

The Corporate Secretary attends all Board and board committee meetings and is responsible for ensuring that Board procedures are observed. The number of Board and board committee meetings held in FY2021, as well as attendance of each board member at these meetings, are disclosed in the table below:

CORPORATE GOVERNANCE REPORT

| Name of Director | AGM FY2020 | Board Meetings | Board Committee Meetings | | | Non-Executive Directors' Meeting (without presence of management) |
|----------------------|------------|----------------|--------------------------|------------|--------------|---|
| | | | Audit | Nominating | Remuneration | |
| Lim Thean Ee | 1 | 5 | 4 | 1 | 1 | 1 |
| Andrew Sin Kwong Wah | 1 | 5 | - | 1 | 1 | - |
| Wee Piew | 1 | 5 | 4 | 1 | 1 | 1 |
| Thomas Pek Ee Perh | 1 | 4 | 4 | - | - | 1 |
| No. of Meetings Held | 1 | 5 | 4 | 1 | 1 | 1 |

If a Director is unable to attend a Board or board committee meeting, he would receive all the papers and materials for discussion at that meeting. He would review them and advise the Chairman or the board committee chairman of his views and comments on the matters to be discussed so that they may be conveyed to other members at the meeting. Minutes of all board committee meetings are also circulated to the Board so that the Directors are aware and kept updated as to the proceedings and matters discussed during such meetings.

Board Approval

The Board has adopted and documented internal guidelines setting forth matters that require Board's approval and clearly communicates this to Management in writing. Material items that require Board approval include: -

- a) The Group's strategic plans;
- b) The Group's annual operating plan and budget;
- c) Full-year, half-year and quarterly financial results;
- d) Dividend pay-out;
- e) Issue of shares;
- f) Appointment of directors;
- g) Underlying principles of long-term incentive schemes for employees;
- h) The Group's risk appetite and risk tolerance for different categories of risk, as well as risk strategy and the policies for management of material risks;
- i) Acquisitions and disposals of investments, and capital expenditures exceeding S\$3.0 million in total;
- j) Corporate or financial restructuring;
- k) Matters involving a conflict of interest for a substantial shareholder or a Director; and
- l) Matters which require Board approval as specified under Miyoshi's interested person transaction policy.

CORPORATE GOVERNANCE REPORT

Miyoshi has established financial authorisation and approval limits for operating and capital expenditure, the procurement of goods and services, and the acquisition and disposal of investments. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management to optimise operational efficiency. While matters relating to Miyoshi's objectives, strategies and policies require the Board's direction and approval, Management is responsible for overseeing the management of the Miyoshi group and implementing the Board's strategic policies.

While matters relating to Miyoshi's objectives, strategies and policies require the Board's direction and approval, Management is responsible for overseeing the management of the Miyoshi group and implementing the Board's strategic policies.

Director Development and Training

The Board values ongoing professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on, and contribute to, the Board. The Board has therefore adopted a policy on continuous professional development for Directors.

A formal letter of appointment is provided to every new Director. The formal letter of appointment indicates the time commitment required and role of Directors, including Directors' responsibilities. The new Director will also receive a manual containing Board and policies of the Singapore Exchange Securities Trading Limited ("SGX-ST") relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving Miyoshi, prohibition on dealings in Miyoshi's securities and restrictions on the disclosure of price-sensitive information. If a newly appointed Director does not have any prior experience as a Director of a listed company, the Company will arrange for such person to undertake training in accordance with the requirements of the SGX-ST Listing Manual Section B: Rules of Catalyst ("Catalist Rules") as well as in the areas of accounting, legal and industry specific knowledge as appropriate.

Miyoshi conducts a comprehensive orientation programme to new Directors with its business and governance practices. The orientation programme gives Directors an understanding of Miyoshi's business to enable them to assimilate into their new roles. The programme also allows the new Director to get acquainted with Management, thereby facilitating board interaction and independent access to Management.

Newly appointed Directors would be given a detailed and in-depth briefing and induction into Miyoshi by the Management. The Directors would undergo the induction programme, with presentations by Management to introduce them to every aspect of the Miyoshi business. In FY2021, no new director was appointed.

The Directors are provided with continuing briefings and updates in areas such as Directors' duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties as Board or board committee members. The scope of such continuous briefings and updates includes overview of industry trends and developments, changing commercial risks, governance practices and developing trends, and changes in trends in governance practices and regulatory requirements pertaining to Miyoshi's business.

During FY2021, the development and training programme for Directors included the following:

- directors were briefed by the external auditor BDO LLP on developments in accounting standards;
- ACRA-SGX-SID Audit Committee Seminar 2021 "Enterprise Resilience and Risk Management" on 12 January 2021, jointly organised by ACRA, SGX and SID.

Directors also attend other appropriate courses, conferences and seminars at Miyoshi's expense. These include programmes run by the Singapore Institute of Directors, of which Miyoshi is a corporate member, and SGX Academy.

Directors can request for further explanations, briefings or information on any aspect of Miyoshi's operations or business issues from Management.

CORPORATE GOVERNANCE REPORT

Complete, Adequate and Timely Information

Management recognises that the flow of complete, adequate and timely information on an on-going basis to the Board is essential to the Board's effective and efficient discharge of its duties. All Directors have unrestricted access to Management records and information.

To allow Directors sufficient time to prepare for the meetings, all scheduled Board and board committee papers are distributed before the meeting to Directors. This enables the discussion during the meeting to focus on questions that Directors may have. The detailed papers include background information, related materials, budgets and management accounts. The Management also kept the Board apprised of material variances between the actual results compared with the corresponding period of last year, with appropriate explanation on such variances. The Board is also updated on current business operations, opportunities and business trends. Any additional materials or information requested by the Directors is promptly furnished. Where required, employees, who can provide additional insight into matters to be discussed, will be present at the relevant time during the Board and board committee meetings.

To facilitate direct and independent access to Management, Directors are also provided with the names and contact details of Management. Draft agendas for Board and board committee meetings are circulated to the respective board committee Chairman, in order for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agenda.

The quarterly and year-end financial statements are reviewed and recommended by the AC to the Board for approval.

Company Secretary

Directors have separate and independent access to the Company Secretary.

As a matter of good corporate governance, the role of the Company Secretary is clearly defined. The Company Secretary attends, administers and prepares minutes of all Board and board committee meetings acting in the capacity of the meeting secretary and is responsible that Board procedures are followed and that applicable rules and regulations are complied with. The agenda for Board and board committee meetings are prepared in consultation with the Chairman, the respective chairpersons of the board committees, and the CEO to ensure good information flows within the Board and board committees, as well as between Management and non-executive Directors.

The Company Secretary assists the Chairman and the Directors chairing the various board committees and is accountable directly to the Board, on all matters to do with the proper functioning of the Board, including compliance with the Company's Constitution, the Companies Act, the Securities and Futures Act and the Catalist Rules. He or she assists the Board in implementing and strengthening corporate governance policies and processes, in scheduling the Board and board committee meetings respectively, advises the Board on all governance matters, as well as facilitates orientation and professional development as required. The appointment and removal of the Company Secretary is subject to the Board's approval as a whole.

Independent Professional Advice

Directors, either individually or as a group, in the furtherance of their duties, may take independent professional advice, if necessary, at Miyoshi's expense.

During the financial year, the Board engaged professional advisers and experts to aid the Board in its determination of the valuation of our investment properties.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Board Composition and Size

There are four (4) Directors on the Board, comprising two (2) non-executive independent Directors, one (1) non-executive non-independent Director and one (1) executive Director. Accordingly, non-executive directors make up majority of the board. The profiles of the Directors are set out on pages 3 to 4 of this annual report.

The size and composition of the Board are reviewed from time to time by the NC. The NC seeks to ensure that the size of the Board is conducive for effective discussion and decision making, and that the Board has an appropriate number of independent Directors. The NC also aims to maintain a diversity of expertise, skills, gender, age, thought and background among the Directors. In particular, the executive Director possesses good industry knowledge while the non-executive Directors, who are professionals and experts in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement. Any potential conflicts of interest are taken into consideration.

Taking into account the scope and nature of the operations of the Group during FY2021, the NC had considered the current Board size to be appropriate to facilitate effective decision making for the existing needs and demands of the Group's business and that no individual or small group of individuals dominates the decisions of the Board.

Board Diversity

The Board is committed in building a diverse, inclusive and collaborative culture. Miyoshi adopts a board diversity policy which recognises and embraces the benefits of diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development (the "Board Diversity Policy").

The Board Diversity Policy sets out that in determining the process for identification of suitable candidates for appointment to the Board, the NC will take into account its diversity aspirations for the Board. In this connection, the NC will ensure that female candidates are included for consideration by the NC whenever it seeks to identify a new Director for the Board. In addition, the Board will strive to appoint at least one female Director to the Board. Having said that, Miyoshi is of the view that gender is but one aspect of diversity and Miyoshi Directors will continue to be selected on the basis of their experience, skills, knowledge, insight and relevance to the Board.

Independence

The Board, taking into account the views of the NC, assesses the independence of each Director annually in accordance with the guidance in the 2018 Code. A Director is considered independent if he has no relationship (whether familial, business, financial, employment or otherwise) with the Company, its related corporations, substantial shareholders or officers, which could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of Miyoshi.

The Board takes into account the existence of relationships or circumstances, including those identified by the Catalist Rules and related Practice Guidance, that are relevant in its determination as to whether a Director is independent. Such relationships or circumstances include the employment of a Director by the Company or any of its related corporations during the financial year in question or any of the previous three (3) financial years; a Director being on the Board for an aggregate period of more than nine (9) years; a Director providing to or receiving from the Company or any of its subsidiaries significant payments or material services during the financial year in question or the previous financial year, other than compensation for board service; a Director being related to any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services during the financial year in question or the previous financial year.

CORPORATE GOVERNANCE REPORT

The NC and the Board has assessed the independence of each of the Directors in FY2021. A summary of the outcome of that assessment is set out below.

Based on the declarations of independence provided by the Directors and taking into account the guidance in the 2018 Code, The Board has determined that Mr Lim Thean Ee and Mr Wee Piew are considered to be independent Directors. Mr Sin Kwong Wah, Andrew, CEO and Mr Pek Ee Perh, Thomas are non-independent Directors. In line with the Board's Code of Conduct and Ethics, each member of the NC and the Board recused himself from the NC's and the Board's deliberations respectively on his own independence.

Mr Sin Kwong Wah, Andrew is considered non-independent as he has an interest of approximately 27.9% in Miyoshi as at 31 August 2021.

Mr Lim Thean Ee is an independent director of Ezion Holdings Limited and held several directorships in non-listed companies. He was appointed to the Miyoshi Board on 9 January 2014 as an independent Director.

Mr Wee Piew is the independent chairman of Hosen Group Ltd and a director of Beijing Gas Blue Sky Holdings Ltd, a company listed on the Stock Exchange of Hong Kong. He was appointed to the Miyoshi Board on 1 May 2014 as an independent Director.

The NC, having considered the relevant factors, determined that Mr Wee Piew and Mr Lim Thean Ee have no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company. Mr Wee Piew and Mr Lim Thean Ee have also confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company. The NC also took into account Mr Wee Piew and Mr Lim Thean Ee's actual performance on the Board and board committees and agreed that they have been exercising independent judgement in the best interests of the Company in the discharge of their Director's duties and should therefore continue to be considered independent Directors. In this respect, the NC affirmed that Mr Wee Piew and Mr Lim Thean Ee remain as Independent Directors of the Company. During FY2021, none of the Independent Directors has served beyond nine (9) years from the respective date of their first appointment.

Mr Pek Ee Perh, Thomas is the Managing Director of Tai Hua Food Industries Pte Ltd. Mr Pek is considered non-independent as he is the brother-in-law of the CEO. He has an interest of approximately 2.8% in Miyoshi as at 31 August 2021.

Conflicts of Interest

Under the Board's Code of Conduct and Ethics, Directors must avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of Miyoshi.

A summary of the current Directors' appointments and details of their memberships on board committees are set out below: -

| Director | Board Membership | Committee Membership | | |
|-----------------------|--|----------------------|------------|--------------|
| | | Audit | Nominating | Remuneration |
| Lim Thean Ee | Independent Chairman | Member | Chairman | Chairman |
| Sin Kwong Wah, Andrew | CEO | - | Member | - |
| Wee Piew | Independent Director | Chairman | Member | Member |
| Pek Ee Perh, Thomas | Non-Independent & Non-Executive Director | Member | - | Member |

CORPORATE GOVERNANCE REPORT

Role of Non-Executive Directors

The role of the non-executive Directors encompasses the following: (i) to constructively challenge Management and help develop proposals on strategy; and (ii) to review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. To avoid undue influence of Management over the Board and ensure that appropriate checks and balances are in place, non-executive Directors make up a majority of the Board in Miyoshi.

Regular Meetings of Non-Executive Directors

The non-executive Directors, led by the Independent Chairman or other independent Director as appropriate, meet without the presence of Management immediately preceding the regular board meetings or as and when the need arises. The chairman of such meetings provides feedback to the Board as appropriate. The attendance of Non-Executive Directors in such meetings is disclosed on page 12.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Clear Division of Responsibilities Between the Chairman and the Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making. In Miyoshi, the Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

The Chairman of the Board is a non-executive appointment and is separate from the office of the CEO. The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the CEO is responsible for implementing the Group's strategies and policies, and for conducting the Group's business. The Chairman and the CEO do not share close family ties. Such ties include familial relationships beyond immediate family members that could influence the impartiality of the Chairman. Examples of these relationships include those of in-laws, cousins, aunts, uncles and grandparents. The division of responsibilities and functions between the Chairman and CEO has been set out in writing with the concurrence of the Board.

CORPORATE GOVERNANCE REPORT

Role of the Chairman

Given the centrality of the Board to good governance, it is fundamental that the Chairman of the Board sets the right tone. The Chairman encourages a full and frank exchange of views, drawing out contributions from all Directors so that the debate benefits from the full diversity of views around the boardroom table.

The Chairman seeks to stimulate and engender a robust yet collegiate setting, set the right ethical and behavioural tone, and provide leadership to the Board.

The Chairman is responsible for leadership of the Board and is pivotal in creating the conditions for overall effectiveness of the Board, board committee and individual Directors, both inside and outside the boardroom. This includes promoting a culture of openness and debate at the Board and facilitating the effective contribution of all Directors. The Chairman also sets the Board agenda in consultation with the Directors and CEO and conducting effective meetings, to ensure that the culture in the boardroom promotes open interaction and contributions by all.

The Chairman ensures that the performance of the Board is evaluated regularly, and guides the development needs of the Board. The Chairman leads the evaluation of the CEO's performance and works with the CEO in overseeing talent management to ensure that robust succession plans are in place for the leadership team.

The Chairman works with the Board, the relevant board committees and Management to establish the boundaries of risk undertaken by the Group and ensure that governance and processes are in place and regularly evaluated.

The Chairman plays a significant leadership role by providing clear oversight, advice and guidance to the CEO and Management on strategy and the drive to transform Miyoshi's businesses. This involves developing a keen understanding of the Group's diverse and complex businesses, the industry, partners, regulators and competitors.

The Chairman provides support and advice to, and acts as a sounding board for, the CEO, while respecting executive responsibility. He engages with other members of the leadership regularly.

The scope and extent of the Chairman's and the Board's responsibilities and obligations have been expanding due to increased focus on corporate governance, risk management, regulation and compliance. Given the increased demands, the Chairman in particular spends more time on, and is more hands-on in, the affairs of the Group. The Board has agreed with the Chairman that he will commit more of his time to his role and will manage his other time commitments accordingly.

The Chairman is responsible for the workings of the Board and ensures that all Directors receive complete, adequate and timely information on financial and non-financial matters to enable them to participate actively in Board decisions.

The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the Management and shareholders of the Company. He encourages interactions between the Board and the Management, as well as between the executive and non-executive Directors, and promotes a culture of openness and debate at the Board.

The Chairman also facilitates the effective contribution of non-executive Directors in particular. In addition, the Chairman takes a leading role in ensuring the Company's compliance with corporate governance guidelines.

At Annual General Meetings ("AGM") and other shareholders' meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management. The Chairman is the face of the Board, and ensure effective communication with shareholders and other stakeholders.

CORPORATE GOVERNANCE REPORT

Role of the CEO

The CEO is the highest-ranking executive officer of the Group and is assisted by the Management. He is responsible for making strategic proposals to the Board and after robust and constructive Board discussions, executing the agreed strategy, managing the day-to-day business of the Group, within the authorities delegated to him by the Board, leading the development of the Group's business including identifying and assessing risks and opportunities for the growth of its business and ensuring that the Chairman is kept apprised in a timely manner of issues faced by the Group and of any important events and developments.

The Company does not appoint a Lead Independent Director as the Chairman is an independent Director. Where the Chairman is conflicted, the other independent Director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

PRINCIPLE 4: BOARD MEMBERSHIP

Composition of the NC

The NC is chaired by Mr Lim Thean Ee. The other members of the NC are Mr Andrew Sin Kwong Wah and Mr Wee Piew. In compliance with the 2018 Code, the NC has three members, the majority of whom, including the chairman, are independent Directors. The NC is guided by its written terms of reference ("TOR") which stipulates that its principal roles include maintaining a formal and transparent process for the appointment of new Directors to the Board, determining the independence of Directors and the appropriate Board size and reviewing and approving the appointment of key management personnel of the Group. The TOR of the NC are listed on page 35 of this annual report.

The Role of the NC on Board Appointments

The NC is responsible to make recommendations to the Board on the following matters:

- the review of the size, composition and core competencies of and skills required by the Board and board committees;
- the review of board succession plans for Directors, in particular, the Chairman, the CEO and key management personnel;
- identify and review all nominations of any person for Director, both appointments and re-appointments (including alternate Directors, if any), membership of the RC and AC, the Chairman, the CEO and key management personnel;
- determine on an annual basis, and as and when circumstances require, the independence of each Director and to make appropriate disclosure;
- the process and criteria for evaluation of the performance of the Board, its board committees and Directors;
- decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly where the Director has multiple board representations;
- to examine all other matters which may be referred to the NC by the Board or which may be imposed on the NC by applicable laws or regulations, including without limitation, the relevant rules of the SGX-ST, this being the Catalist Rules; and
- the review of training and professional development programmes for the Board and its Directors.

CORPORATE GOVERNANCE REPORT

All new appointments are subject to the recommendations of the NC based on the following criteria:

- integrity;
- independence mindedness;
- possess core competencies that meet the needs of the Company and complement the skills and competencies of the existing Directors on the Board;
- able to commit time and effort to carry out duties and responsibilities effectively;
- track record of making good decisions; and
- financially literate.

The NC met once during FY2021. The Company also maintains records of the deliberations and proceedings of the NC.

Process for Selection, Appointment and Re-appointment of Directors

The NC establishes and reviews the profile required of Board members and makes recommendations to the Board on the appointment, re-nomination and retirement of Directors.

When an existing Director chooses to retire or is required to retire from office by rotation, or the need of a new Director arises, the NC reviews the range of expertise, skills and attributes of the Board and the composition of the Board. The NC then identifies Miyoshi's needs and prepares a shortlist of candidates with the appropriate profile for a nomination or re-nomination.

The NC takes factors such as attendance, preparedness, participation and candour into consideration when evaluating the past performance and contributions of a Director when making its recommendations to the Board. However, the re-nomination or replacement of a Director does not necessarily reflect the Director's performance or contributions to the Board. The NC may have to consider the need to position and shape the Board in line with the evolving needs of Miyoshi and the business.

When deciding on the appointment of new Directors to the Board, the NC and the Board consider a variety of factors, including the core competencies, skills and experience that are required on the Board and board committees, diversity, independence, conflicts of interest and time commitments. The candidates are sourced from various channels such as local established recruitment agents or personal networks of the current board and the management.

The Company's Constitution provides that a Director must retire from office at the third AGM after the Director was elected or last re-elected. Rule 720(4) of the Catalist Rules also requires all directors to submit themselves for re-nomination and re-appointment at least once every three years. A retiring Director is eligible for re-election by Miyoshi shareholders at the AGM. In addition, a Director appointed by the Board to fill a casual vacancy or appointed as an additional Director may only hold office until the next AGM, at which time he will be eligible for re-election by shareholders. If at any AGM, fewer than two Directors would retire pursuant to the requirements set out above, the additional Director(s) to retire at the AGM shall be those who have been longest in office since their last re-election or appointment. The CEO, as a Director, is subject to the same retirement by rotation, resignation and removal provisions as the other Directors, and such provisions will not be subject to any contractual terms that may have been entered into with the Company. Shareholders are provided with relevant information in the Annual Report on the candidates for election or re-election.

The NC, having assessed the performance and contribution to the Board and the Company, has recommended the re-election of Mr Pek Ee Perh, Thomas as Director of the Company at the forthcoming AGM. Mr Pek Ee Perh, Thomas, upon re-election as a Director of the Company, will remain as a Non-Executive Director and a member of the AC and RC.

CORPORATE GOVERNANCE REPORT

The NC takes into consideration factors such as the Directors' integrity, independence mindedness, attendance, participation, preparedness, candour and also recognises the contributions of these Directors who over time have developed deep insight into the Group's businesses and operations. The information as per Appendix 7F of the Catalist Rules relating to Mr. Pek Ee Perh, Thomas who is seeking re-election is set out in page 149 to 154 of this report.

The Company had received letters from Mr Wee Piew and Mr Lim Thean Ee indicating that they do not wish to seek re-election and will retire at the close of the forthcoming AGM for the reasons as disclosed in their respective cessation announcements released by the Company on SGXNET on 5 November 2021. Mr Wee and Mr Lim will relinquish all their positions in the Board Committees. Rule 406(3)(c) of the Catalist Rules provides that the Company's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the company. With effect from 1 January 2022, independent directors must comprise at least one-third of the company's board. In the event of any retirement or resignation which renders the company unable to meet any of the foregoing requirements, the company should endeavour to fill the vacancy within two months, but in any case, not later than three months. As such, the Company is in the midst of sourcing for Mr Wee Piew and Mr Lim Thean Ee's replacements so as to meet with the requirements of the Catalist Rules and the 2018 Code.

The dates of initial appointment and last re-election/re-appointment of each Director are set out below:

| Name of Director | Appointment | Date of Initial Appointment | Date of Last Re-election/ Re-Appointment |
|--------------------------|------------------------|------------------------------------|---|
| Mr Lim Thean Ee | Independent Chairman | 9 January 2014 | 28 December 2020 |
| Mr Sin Kwong Wah, Andrew | CEO | 24 September 1991 | 28 December 2020 |
| Mr Wee Piew | Independent Director | 1 May 2014 | 28 December 2020 |
| Mr Pek Ee Perh, Thomas | Non-Executive Director | 27 October 2014 | 27 December 2019 |

Multiple Board Representations and Appointment of Alternate Directors

Directors must ensure that they are able to give sufficient time and attention to the affairs of Miyoshi and, as part of its review process, the NC decides whether or not a Director is able to do so and whether he has been adequately carrying out his duties as a Director of Miyoshi. The Board has also adopted an internal guideline that seeks to address the competing time commitments that may be faced when a Director holds multiple board appointments. The guideline provides that, as a general rule, each Director should hold no more than six directorships in public listed companies. The guideline also provides that:

- In support of their candidature for directorship or re-election, Directors are to provide the NC with details of other commitments and an indication of the time involved, and
- Non-executive Directors should consult the Chairman or chairman of NC before accepting any new appointments as Directors.

The NC noted the list of other directorships held by our Directors taking into consideration their principal commitments. The list of other directorships is disclosed in the profile of directors on page 3 and 4 of this report. The NC is satisfied that each of the Directors is able to devote time to his directorship role in the Company. None of the Directors hold more than three directorships in public listed companies.

No alternate Director has been appointed to the Board in the year under review.

CORPORATE GOVERNANCE REPORT

Assessment of Independence of Directors

Procedures and control mechanisms are in place to ensure that the independence of the Directors is monitored at regular intervals and updated expeditiously. Directors are required to submit declarations of independence annually and are required to report to the Company any changes in their external appointments, interests in shares and other pertinent information, including any corporate developments relating to their external appointments, which may affect their independence.

The NC is tasked to review and evaluate the independence of each Director annually. The Board will then, in turn, determine the independence of Directors, taking into account the evaluation by NC. For the year under review, the Board has determined, after taking into account the NC's views, that Mr Lim Thean Ee and Mr Wee Piew are independent.

PRINCIPLE 5: BOARD PERFORMANCE

Board Performance

Each year, the NC undertakes a process to assess the effectiveness of the Board, the board committees and individual Directors. The 2021 Board effectiveness survey was designed to provide an evaluation of current effectiveness of the Board and to support the Chairman and Board to proactively consider the Board's role in shaping Miyoshi's future. The Directors were requested to complete an evaluation questionnaire focused on:

- the composition and degree of independence of the Board;
- information flow from Management;
- Board's access to Management and external experts;
- Investor relations and corporate social responsibility vis-à-vis the Board;
- Strategy review activities;
- appropriate financial measures to assess the Board's stewardship;
- Board's management of the Company's performance;
- Board committees' effectiveness;
- Chairman of the Board effectiveness; and
- CEO's performance and succession planning.

The objective performance criteria above and the process for the evaluation is recommended by the NC and approved by the Board, and did not change from year-to-year. For FY2021, as in previous years, the Company Secretary was appointed to facilitate this process.

The Board and the NC have, with its best effort, ensured that Directors appointed to the Board possess the background, experience, knowledge in business, finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

CORPORATE GOVERNANCE REPORT

The feedback from the evaluation was collated and shared with the Board. The NC, having reviewed the overall performance of the Board and each board committee in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, each board committee and each individual Director has been satisfactory for FY2021. The Chairman will act on the results of the performance evaluation and, in consultation with the NC, will propose, where appropriate, new members to be appointed to the Board or seek resignation of Directors.

B. REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Remuneration Committee

The RC is chaired by Mr Lim Thean Ee. The other members of the RC are Mr Pek Ee Perh Thomas and Mr Wee Piew. In compliance with the 2018 Code, the RC has three members, all members of the RC are non-executive directors, the majority of whom, including the chairman, are independent directors. The TOR of the RC are listed on pages 35 and 36 of this Report.

The RC plays an important role in helping to ensure that the Group is able to attract, recruit, motivate and retain the best talents through competitive remuneration and progressive and robust policies so as to achieve the Group's goals and deliver sustainable shareholder value. The RC's review covers all aspects of remuneration, including but not limited to Director's fees, salaries, allowance, bonuses, options, share-based incentives and awards, and benefits-in-kind including termination terms. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him. In FY2021, the Board had not engaged any external remuneration consultant to advise on remuneration matters.

The RC met once during the FY2021.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

Performance-Related Remuneration

The RC and the Board believes that its remuneration and reward system is aligned with the long-term interests, success and risk management policies of the Company and that a competitive remuneration and reward system based on individual performance is important to attract, retain and incentivise the best talent. In setting remuneration packages, the RC takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual Directors.

Remuneration of Executive Director and Key Management Personnel

The CEO, as an executive Director, does not receive directors' fees. As the highest-ranking executive officer of the Group, his compensation consists of a fixed remuneration, variable bonus and share award. The annual review of the compensation of executive Director is carried out by the RC to ensure that his remuneration commensurate with his performance, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO is reviewed periodically by the RC and the Board.

The remuneration for key management personnel comprises a fixed remuneration, allowance and benefits, variable bonus and share award based on the performance of the Group as a whole and their individual performance.

CORPORATE GOVERNANCE REPORT

Performance Share Plan 2016 (“Miyoshi PSP”)

The primary objective of the Miyoshi PSP is to further motivate Management to strive for superior performance and to deliver long-term shareholder value. Awards granted under the Miyoshi PSP are performance-based.

Performance targets set under the Miyoshi PSP are intended to be based on corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at sustaining long-term growth.

Remuneration of Non-Executive Directors

All non-executive Directors receive directors’ fees, in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the directors and the need to pay competitive fees to attract, motivate and retain the Directors yet to not over-compensate them to the extent that their independence may be compromised. Directors’ fees are recommended by the Board for approval at the Company’s AGM.

The Board concurred with the RC’s proposal for non-executive Directors’ fees for FY2021. The RC and the Board are of the view that the remuneration of the non-executive Directors is appropriate and not excessive, taking into account the aforesaid factors and the increasingly onerous responsibilities of the directors. The fees for the non-executive Directors are subject to approval by the shareholders at the Company’s forthcoming AGM.

LONG-TERM INCENTIVE SCHEME

Miyoshi Restricted Share Plan 2016 (“Miyoshi RSP”)

The Miyoshi RSP is targeted at a broader base of senior executives and enhances the Company’s ability to recruit and enhances the Company’s ability to recruit and retain talented senior executives, as well as to reward for Group, Company and individual performance. It is a tool for staff retention as this restricted share plan is tied to a three-year vesting period. That is, one-third of the amount will vest on the first anniversary, another one-third of the amount will vest on the second anniversary and the last one-third on the third anniversary of the grant. All shares, however, will deliver only on the third anniversary.

For employees who retire, are retrenched due to company restructuring or downsizing or cease to be an employee of any Miyoshi Group of companies, except in the case of termination by such Miyoshi Group of companies with due cause or dismissal, before the third anniversary of the Date of Grant, the allotted quantum may be adjusted but may still be awarded subject to the conditions set.

For each financial year, approximately 1% of the total issued share capital is set aside to be distributed to all eligible employees. The actual amount is decided on a yearly basis.

The RC administers the Miyoshi RSP and Miyoshi PSP. No PSP and RSP have been granted in FY2021. Outstanding share plans are disclosed in the Director’s Statement. There were no outstanding share plans as at 31 August 2021.

Contractual Provisions to Reclaim Incentive Components of Remuneration

Having reviewed and considered the variable components of the executive Director and key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years on exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 8: DISCLOSURE OF REMUNERATION

The 2018 Code recommends the disclosure of the remuneration of each individual director, the CEO and at least the Group's top 5 key management personnel (who are not also directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel. After considering this matter carefully, the Board has decided that disclosure of the Directors and CEO's detailed remuneration will not be in the interests of the Company given the wage discrepancies in the industry and the competitive pressures that may result from such disclosure.

The annual remuneration of directors of the Company for FY2021 is proposed as follows:

| Remuneration Band and Name of Director | Fees (%) | Fixed Remuneration (%) | Variable Bonus (%) | Allowance & Benefits ⁽¹⁾ (%) | Total Remuneration (%) |
|--|--------------------|------------------------|--------------------|---|------------------------|
| Below \$250,000: | | | | | |
| Wee Piew | 100 | – | – | – | 100 |
| Lim Thean Ee | 100 | – | – | – | 100 |
| Pek Er Perh, Thomas | 100 | – | – | – | 100 |
| \$500,000 to \$750,000: | | | | | |
| Sin Kwong Wah, Andrew | 0.8 ⁽²⁾ | 84.0 | – | 15.2 | 100 |

⁽¹⁾ Allowances and benefits include overseas allowances and car benefits

⁽²⁾ Director's fees received from a subsidiary company of the Group

Remuneration of Key Management Personnel

With regards to disclosure of the remuneration of the key management personnel, the Board has decided that detailed disclosure of the key management personnel's remuneration in exact dollar value will not be in the interests of the Company given the wage discrepancies in the industry and the competitive pressures that may result from such disclosure. As such, the Company has named and disclosed the remuneration of the Group's key management personnel in bands of \$250,000. Notwithstanding provision 8.2 of the 2018 Code, there were only three (3) key management personnel (who are not Directors or the CEO) during FY2021. The total aggregate remuneration paid to the Group's key management personnel during FY2021 was \$430,000.

The remuneration of key management personnel is as follows:

| Remuneration Band and Name of Key Management Personnel | Fixed Remuneration (%) | Variable Bonus (%) | Fees (%) | Other Benefits ⁽¹⁾ (%) | Total Remuneration (%) |
|--|------------------------|--------------------|----------|-----------------------------------|------------------------|
| Below \$250,000: | | | | | |
| Gan Yoke Fong, Karen | 77.6 | – | 18.7 | 3.7 | 100 |
| Tan Tiong Soon | 100.0 | – | – | – | 100 |
| Wee Soon Ghee | 99.2 | 0.8 | – | – | 100 |

⁽¹⁾ Other benefits refer to car benefits

CORPORATE GOVERNANCE REPORT

The RC exercises broad discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The mix of fixed and variable reward is considered appropriate for the Group and for each individual role.

The directors, CEO and key management personnel (who are not directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

Remuneration of Certain Related Employees

There are no employees whose remuneration exceeds \$100,000 during FY2021 who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company.

Grant of Share Awards

No share awards have been granted in FY2021.

C. ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the governance of risk and exercises oversight of the material risks in the Group's business. During FY2021, the AC assisted the Board in the oversight of the Group's risk profile and policies, adequacy and effectiveness of the Group's risk management systems including the framework and process for the identification and management of significant risks, and reports to the Board on material matters, findings and recommendations pertaining to risk management. The AC also provides oversight of the financial reporting risk and the adequacy and effectiveness of the Group's internal control and compliance systems.

The Board has approved a Group Risk Framework for the identification of key risks within the business. This Framework defines seven (7) types of risks ranging from environmental to strategic and operational decision-making risks. The Group's risk management and internal control framework is aligned to the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Controls Integrated Framework. Major incidents and violations, if any, are also reported to the Board to facilitate the Board's oversight of the effectiveness of crisis management and the adequacy of mitigating measures taken by Management to address the underlying risks.

The identification and day-to-day management of risks rests with Management. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board. Key business risks are proactively identified, addressed and reviewed on an on-going basis.

The Group has in place Miyoshi's System of Management Controls Framework, comprising of the Three Lines of Defence ("3LOD") towards ensuring the adequacy and effectiveness of the Group's internal controls and risk management.

The First Line of Defence is primarily handled by managers of significant business units who have day-to-day ownership and management of risk and control. These include internal control processes designed to identify and assess significant risks, execute activities as intended, highlight inadequate processes, address control breakdowns and communicate to key stakeholders of the activity. Significant business units are required to conduct self-assessment exercise on an annual basis.

CORPORATE GOVERNANCE REPORT

The Second Line of Defence includes various risk management and compliance functions put in place by Management to help ensure controls and risk management processes implemented by the first line of defence are designed appropriately and operating as intended. Miyoshi uses the ERM Framework for the assessment of risks and PDCA Audits, which are conducted for each significant business units on a half-yearly basis, for internal monitoring and oversight functions.

Internal auditors serve as Miyoshi's Third Line of Defence. It helps Miyoshi accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit actively contributes to effective organisational governance providing certain conditions fostering its independence and professionalism.

Management is responsible for setting the direction of corporate risk management and monitoring the implementation of risk management policies and procedures including the adequacy of the Group's insurance programme. Management reports to the AC on a regular basis. Risk registers are maintained by the business and operational units which identify the key risks facing the Group's business and the internal controls in place to manage those risks. The AC had reviewed the Group's risk management framework during the reporting period and was satisfied that it continued to be sound.

Internal and external auditors conduct audits that involve testing the effectiveness of the material internal control systems in the Group, addressing financial, operational and compliance risks. Any material non-compliance or lapses in internal controls together with remedial measures recommended by internal and external auditors are reported to the AC. The AC also reviews the adequacy and timeliness of the actions taken by Management in response to the recommendations made by the internal and external auditors. Control self-assessments (CSA) in key areas of the Group's operations are conducted by Management on a periodic basis to evaluate the adequacy and effectiveness of the risk management and internal control systems, including quarterly and annual certifications by Management to the AC and the Board respectively, on the integrity of financial reporting and the adequacy and effectiveness of the risk management, internal control and compliance systems.

The Group has put in place a Board Escalation Process where major incidents and violations including major/material operational loss events and potential breaches of laws and regulations by the Company and/or its key officers, are required to be reported by Management/internal audit to the Board immediately to facilitate the Board's oversight of crisis management and adequacy and effectiveness of follow-up actions taken by Management. Through this process, the Board has been kept informed promptly of any incidents with potential material financial, operational, compliance and technology risk impact.

The Board requires and discloses in the annual report that it has received assurance from:

- (a) the CEO and Group Finance Manager that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on the Group's 3LOD Framework, the internal controls established and maintained by the Group, work performed by internal and external auditors, and reviews performed by Management and various board committees, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management framework and systems were adequate and effective as at 31 August 2021 to address financial, operational, compliance and information technology controls and risk management systems, which the Group considers relevant and material to its operations.

The system of internal control and risk management established by Management provides reasonable, but not absolute, assurance that Miyoshi will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

Having considered the Company's business operations as well as its existing internal controls and risk management systems, the Board is of the view that a separate Board-level risk committee comprising independent directors is not required for the time being. Discussions on internal controls and risk management systems are currently included in our AC meetings and independent directors make up a majority of the AC.

Further details of the Group's Risk Management Philosophy and Approach can be found on pages 42 and 43.

The Board provides the shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders no later than 45 days from the end of the quarter. Annual results are released to shareholders no later than 60 days from the financial year-end. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of Miyoshi's results, position and prospects.

For FY2021, the Board has obtained assurance from:

- (a) the CEO and Group Finance Manager that Miyoshi's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the CEO and other key management personnel who are responsible, that Miyoshi's risk management and internal control systems, addressing financial, operational and compliance risks including information technology risks are adequate and effective.

This certification covers Miyoshi and the subsidiaries that are under Miyoshi's management control. For interim financial statements, the Board provides negative assurance to shareholders, in line with the Catalist Rules. For the full year financial statements, the Board, with the concurrence of the AC provides an opinion that the financial statements give a true and fair view of the results of Miyoshi Group and Miyoshi will be able to pay its debts as and when they fall due. This, in turn, is supported by a negative assurance statement from the CEO, the Group Finance Manager and other key management personnel who are responsible. Pursuant to Rule 705(5) of the Catalist Rules, negative assurance statements were issued by the Board to accompany its quarterly financial results announcement, confirming that to the best of its knowledge, nothing had come to its attention which would render the Company's quarterly results to be false or misleading in any material aspect.

In terms of reporting obligation, the Board strives to increase transparency while striking a balance to protect company information that may be commercially sensitive. Price sensitive information will be publicly released either before the Company meets with any groups of investors or analysts or simultaneously with such meetings. The Company believes that prompt compliance with statutory reporting requirements is imperative to maintaining shareholders' confidence and trust in the Company.

The Board has established written policies to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules. It ensures that it is updated regularly on relevant changes to laws and regulations so that it can monitor and supervise adequate compliance by the Company with such laws and regulations and requirements of regulatory and governmental authorities.

The Management provides the Board with quarterly management accounts and as and when the Board may require from time to time. Such report keeps the Board informed of the Group's performance and contains explanation and information to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 10: AUDIT COMMITTEE

Composition and Expertise of the AC

The AC is chaired by Mr Wee Piew. The other members of the AC are Mr Lim Thean Ee and Mr Pek Ee Perh, Thomas. In compliance with the 2018 Code, the AC has three members, all of whom are non-executive, the majority of whom, including the chairman, are independent directors.

The Board considers that Mr Wee Piew, who was a Fellow of the Institute of Singapore Chartered Accountants (“ISCA”), and has extensive and practical accounting and financial management knowledge and experience, is well qualified to chair the AC.

The members of the AC, collectively, have recent and relevant accounting and financial experience. They keep abreast of relevant changes through regular updates from the external auditor, on changes to accounting standards and issues which have a direct impact on the financial statements.

The AC met four times during FY2021. The Company also maintains records of the deliberations and proceedings of the AC.

Authority and Duties of the AC

The AC reviews the scope and results of audit work, the cost effectiveness of the audit, and the independence and objectivity of the external auditor. The AC also undertakes annual review of the nature, extent and costs of non-audit services provided by external auditor, seeking to balance the maintenance of objectivity of the external auditor and their ability to provide value-for-money services.

The AC meets on a quarterly basis to review significant financial reporting issues so as to ensure the integrity of the financial statements including the relevance and consistency of the accounting principles adopted. The CEO, SVP (Corporate Development), Group Finance Manager and the external auditor were also in attendance. The AC reviews and recommends the financial statements and corresponding SGXNet announcements to the Board for approval.

The AC reviews and reports to the Board at least annually on the adequacy and effectiveness of Miyoshi’s system of internal controls, including financial, operational, compliance and information technology controls through discussions with Management and the internal and external auditor, at its quarterly AC meetings. The AC also reviews the assurance from the CEO and the Group Finance Manager on the financial records and financial statements. The TOR of the AC are listed on page 28 of this Report.

Apart from the above functions, the AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group’s operating results or financial position. It has full access to, and the co-operation of Management and full discretion to invite any Director or any members of the Management to attend its meetings. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the AC will abstain from any deliberations and/or voting in respect of matters in which he is interested.

CORPORATE GOVERNANCE REPORT

External Auditor

The Board is responsible for the initial appointment of external auditor. Shareholders then approve the appointment at Miyoshi's AGM. The external auditors hold office until their removal or resignation. The AC is primarily responsible for proposing the appointment and removal of the external auditor. The AC assesses the external auditor based on factors such as the performance and quality of their audit and the independence of the auditor, and recommends its appointment to the Board. Pursuant to the requirements of the SGX-ST, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two (2) years. BDO LLP has met this requirement, and the current BDO LLP audit partner for Miyoshi took over from the previous audit partner in respect of the financial year ended 31 August 2019. Miyoshi has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its auditor.

Where necessary, the AC may meet the external auditors without the presence of Management to discuss the reasonableness of the financial reporting process, and to review the adequacy of audit arrangements with particular emphasis on the observations and recommendations of the auditors, the scope and quality of their audits and the independence and objectivity of the auditors. Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their annual reviews with the AC. The attendance of the AC members (comprising Non-Executive Directors) in such meeting during FY2021 is disclosed on page 12 of this report.

The AC reviewed the independence and objectivity of the external auditor through discussions with them as well as a review of the volume and nature of non-audit services provided by the external auditor during the financial year under review. The aggregate amount of audit services provided by BDO LLP for FY2021 are \$90,000. BDO LLP did not provide non-audit services for FY2021. Based on this information, the AC is satisfied that the financial, professional and business relationships between Miyoshi and the external auditor will not prejudice their independence and objectivity. The AC, together with Management, has evaluated their performance and concluded that BDO LLP has fulfilled its responsibilities as external auditor. The Board concurred with AC's endorsement. Accordingly, the Board recommends the re-appointment of BDO LLP at the coming AGM.

In the review of the financial statements for FY2021, the AC discussed with Management and the external auditor the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. Following the review and discussions, the AC recommended to the Board to approve the full-year financial statements.

Whistleblowing Policy

Miyoshi has a whistleblowing policy in place which encourages employees and vendors to report malpractices and misconduct in the workplace. Miyoshi will protect employees, who have acted in good faith, from victimisation and harassment by their colleagues. Miyoshi will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Anonymous disclosures will be accepted and anonymity honoured. Reports can be lodged via email at whistleblowing@sg.miyoshi.biz.

The policy allows a single, confidential line to report concerns about possible improprieties to the AC Chairman in good faith and in confidence. The policy defines the processes clearly to ensure independent investigation of such matters and appropriate follow-up action, and provides assurance that staff will be protected from reprisals. Details of this policy have been disseminated and made available to all employees of the Group.

Keeping Abreast of Changes to Accounting Standards

Details of the activities of the AC are also provided under Principles 9 and 11 of this report. In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast by the Management, external and internal auditors on changes to accounting standards, stock exchange rules and other code and regulations which could have impact on the Group's business and financial statements as well as attending the relevant external training and seminars in respect thereof.

CORPORATE GOVERNANCE REPORT

Interested Person Transactions Policy

Miyoshi has procedures in place to comply with the requirements of the Catalist Rules relating to interested person transactions. All new directors are briefed on the relevant provisions that they need to comply with. All interested person transactions, if any, are reported to and monitored by the Finance department, and reviewed by the AC.

Material Contracts (Rule 1204(8) of the Catalist Rules)

There were no material contracts entered into by Miyoshi or any of its subsidiaries involving interests of any Director or controlling shareholder during FY2021.

Exclusion from membership of AC

None of the AC members were previous partners or directors of the existing auditing firm within the previous 24 months and that none of the AC members hold any financial interest in the auditing firm.

Internal Audit

The Company has an internal audit function that is independent of the activities it audits.

The internal audit function was outsourced to PKF Hong Kong Limited ("PKF HK") which is part of the network of legally independent firms comprising certified public accountants and business advisers. PKF currently has around 220-member firms in 130 countries and they have adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. PKF HK is staffed by suitably qualified executives.

The primary role of the internal audit function is to review the adequacy and effectiveness of the system of internal controls of Miyoshi. These include operational, financial, compliance and information technology controls. In addition, the external auditor will highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the internal and external auditors are reported to the AC. Significant issues are discussed at AC meetings.

Line of Reporting and Activities

The functional reporting line for the internal audit function is to the Chairman of the AC. The administrative reporting line is to the Group Finance Manager. This assists in maintaining the function's independence and objectivity. The AC approves matters relating to the Internal Audit Charter, risk assessment and related audit plans and results and follows up on internal audit activities. The internal auditors have unfettered access to all Miyoshi's documents, records, properties and personnel, including access to the AC. Where necessary, the AC meets with the internal auditors without the presence of Management. The attendance of the AC members (comprising Non-Executive Directors) in such meeting during FY2021 is disclosed on page 12 of this report.

The internal audit unit operates within the framework stated in its Internal Audit Charter which is approved by the AC. The primary role is to assist the Board and Management to meet the strategic and operational objectives of Miyoshi, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes.

Adequacy of the Internal Audit Function

The annual plan of the internal audit is established in consultation with, but independent of Management and is aligned with the risk management framework of Miyoshi. The AC also reviews annually the adequacy and effectiveness of the internal auditors. The AC is satisfied that the internal auditors have adequate resources to perform its functions, and are independent, effective and have appropriate standing within Miyoshi for FY2021.

CORPORATE GOVERNANCE REPORT

Professional Standards and Competency of Internal Auditors

The PKF HK Engagement Director is a practising member of the Hong Kong Institute of Certified Public Accountants (HKICPA), Fellow member of the Association of Chartered Certified Accountants (FCCA) and Fellow member of the Institute of Chartered Accountant in England and Wales (FCA). She has the experience in assessing quality programmes for large corporate internal audit functions and the credentials, experience and technical knowledge (such as in the areas of information technology, risk management, and treasury) to effectively execute internal audit projects for the Company and its subsidiaries.

Annual Review of the Adequacy and Effectiveness of the Group's Internal Audit Controls

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management and AC, with the support of the assurance confirmation received from the management in respect of the effectiveness and adequacy of the internal controls in FY2021, the Board, with the concurrence of the AC, is satisfied that the Group's framework of internal controls and procedures is adequate and effective as at 31 August 2021 to provide reasonable, but not absolute, assurance of achieving its internal control objectives and addressing financial, operational and compliance and information technology risks. The Board is satisfied that problems are identified on a timely basis and follow-up actions are taken promptly to minimise unnecessary lapses.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Miyoshi's corporate governance practices promote fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, Miyoshi ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet. Miyoshi recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in Miyoshi.

Shareholders are entitled to attend the general meetings of shareholders and are given the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the rules, including the voting procedures that govern the general meetings of shareholders.

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcement via SGXNet as well as through the notice of the general meeting dispatched to them, together with explanatory notes or a circular on items of special business, at least 14 calendar days before the meeting. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The full Annual Report is also available to all shareholders on the SGXNet, in the Company's website or upon request.

Notwithstanding the above, the Company will be holding its forthcoming AGM by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Pursuant to the Order, the Company will not publish the notice of AGM in the newspaper or despatch the Annual Report and the notice of general meeting to shareholders for the upcoming general meeting. Such procedures will continue in place until the Order is no longer effective or necessary.

Alternative arrangements relating to attendance at the AGM via electronic means (i.e. live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM (if any) and appointing the Chairman of the Meeting as the proxy at the AGM, are set out in the Notice of AGM. Shareholders may refer to the Notice of AGM for further information.

The Board views the AGM and extraordinary general meetings as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the Directors or Management questions regarding the Company and its operations. The Directors' attendance at the last Annual General Meeting held on 28 December 2020 is disclosed under Principle 1 on page 12 of this report.

CORPORATE GOVERNANCE REPORT

Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the polling agent at such general meetings. Where resolutions are bundled, the Company will explain the reasons and material implications in the notice of general meetings. All resolutions are tabled separately at the forthcoming AGM. Detailed information on each resolution (if necessary) is in the explanatory notes to the notice of AGM.

The Board supports the 2018 Code's principle to encourage shareholder participation in the Company. The Company's Constitution allows a shareholder who is unable to attend the general meetings of the Company to appoint one or two proxies to attend the general meetings and vote in place of the shareholder.

The Company's Constitution also allows shareholders, who hold shares through nominees such as Central Provident Fund and custodian banks, to attend general meetings of shareholders as observers without being constrained by the two-proxy rule.

The general meetings of shareholders procedures provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage, and openly communicate their views on matters relating to Miyoshi to the directors.

Shareholders are given the opportunity to vote at the general meetings of shareholders. However, as the authentication of shareholder identity information and other related security issues still remain a concern, Miyoshi has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The Chairman of the Board and the respective Chairman of each of the AC, NC, RC, external auditor, Management and corporate secretaries (where necessary), are also present to address shareholders' queries.

Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholder with a written answer after the general meeting. The external auditors and legal advisors are also present to assist the Board as necessary. In line with the procedures for this forthcoming AGM which will be conducted via electronic means, shareholders should submit their written questions in advance of the AGM. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) and will endeavour to publish its responses to those questions via SGXNet prior to the AGM. Where substantial and relevant questions submitted by shareholders are unable to be addressed prior to the AGM, the Company will address them during the AGM. Shareholders may refer to the Notice of AGM for further information.

The Company Secretary prepares minutes of shareholders' meetings which captures the essence of the comments and queries from shareholders and responses to them from the Board and Management. The minutes of general meetings will also be published on Miyoshi's website as soon as practicable. Pursuant to the Order, the minutes of the forthcoming AGM will be made available on the SGXNET and the Company's website within 1 month from the date of the AGM. The Company also makes available minutes of general meetings to shareholders upon their requests.

To enhance shareholder participation, Miyoshi puts all resolutions at general meetings to vote by electronic poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage.

Miyoshi appoints an independent external party as scrutineers for the electronic poll voting process. Prior to the commencement of the general meetings, the scrutineers would review the proxies and the proxy process. Miyoshi also has a proxy verification process which has been agreed upon with the scrutineers.

At the Miyoshi general meetings, mobile devices are used for poll voting. When shareholders register their attendance at the meeting, they are handed the mobile device with details of their shareholding registered to the device. The shareholder is able to view his or her name and shareholding details which are clearly displayed on the device.

When the Chairman opens the poll on a resolution, the shareholder presses the relevant voting button on the device. Upon the submission, the shareholder will receive a vote response acknowledgement on the device.

CORPORATE GOVERNANCE REPORT

The results of the electronic poll voting are announced immediately after each resolution has been put to a vote and the number of votes cast for and against and the respective percentage are displayed in real-time at the general meeting. Miyoshi maintains an audit trail of all votes cast at the general meetings. The outcome of the general meeting (including detailed results of the poll vote for each resolution) is promptly disclosed on SGXNet after the meeting, on the same day of the general meeting.

Notwithstanding the above, the procedures for the forthcoming AGM to be held on 30 December 2021 can be found on pages 142 and 149 of this report. Such procedures will continue to be in place until the Temporary Measures or alternative measures are no longer effective or necessary.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

Miyoshi remains committed to delivering high standards of corporate disclosure and transparency in our communications with shareholders, analysts and other stakeholders in the investment community. Miyoshi provides timely, regular and relevant information regarding the Group's strategy, performance and prospects to aid shareholders and investors in their investment decisions.

Miyoshi makes timely disclosures of any new material information to the SGX-ST. These filings are also posted on the Miyoshi website, allowing investors to keep abreast of strategic and operational developments.

In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, an announcement will be released to the public via SGXNet.

General meetings have been and are still the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the Directors or Management questions regarding the Company and its operations. They offer opportunities for Directors and Management to interact first-hand with shareholders, understand their views, gather feedback as well as address concerns. Enquiries by shareholders are dealt with as promptly as practicably possible.

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on value creation. Management would also meet analysts and fund managers as appropriate.

The Miyoshi website (www.miyoshi.biz) is a key source of information for the investment community. It contains past and latest annual reports, quarterly financial results and company announcements.

Shareholders may send their queries and concerns regarding the Company to the Company's investor relations email address (investorrelations@sg.miyoshi.biz). The Company does not have fixed investor relations policy. Nevertheless, the Company adheres to fair disclosure principles and emphasises active dialogue and engagement with shareholders, investors, analysts and members of the public.

Dividend Policy

The Company is committed to achieving sustainable income and growth to enhance total shareholder return. The Group's policy aims to balance cash return to shareholders and investment for sustaining growth, while aiming for an efficient capital structure. The Company does not have a fixed policy on payment of dividends, instead the payment of dividends is deliberated seriously and at length by the Board annually having regard to various factors. After much deliberation, the Board has adopted a prudent approach to conserve cash amidst the current challenging business environment. As such, no dividend has been declared for FY2021.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Group are served.

The Group publishes a sustainability report which provides details about the Group's strategy and key areas of focus in relation to the management of stakeholder relationships. A summary of the Sustainability Report can be found on page 9 of this report. Further details can be found in our fourth Sustainability Report, which will be issued by 31 January 2022.

The Company maintains its corporate website (<http://www.miyoshi.biz>) to communicate and engage with stakeholders.

Appendix – Key Terms of Reference

Nominating Committee

1. Nomination of new directors to the Board and re-election/ re-appointment of Directors at regular intervals, having regard to provisions in the Constitution of the Company and the 2018 Code.
2. Review annually whether or not a Director is independent, having regard to the guidelines of the 2018 Code and other factors that the NC considers salient.
3. Determine a suitable size of the Board which facilitates effective decision-making, after taking into consideration the scope and nature of the operations of the Company.
4. Develop and maintain internal guidelines to assess a Director's ability and his/her performance in carrying out his/her duties as Director of the Company. Review the Directors' mix of skills, qualities and experiences that the Board requires to function competently and efficiently.
5. Recommend to the Board on appropriate internal guidelines to address the competing time commitments that are faced by Directors serving on multiple boards.
6. Develop and maintain, as appropriate, a formal assessment process to evaluate the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board, as appropriate.
7. To rigorously review, as appropriate, the independence of any Director who has served on the Board beyond nine (9) years from the date of his/her first appointment.
8. Review the appointment and termination/dismissal of the Company's CEO and Company Secretary for recommendation to the Board for approval.
9. In addition, review and approve the appointment and termination/ dismissal of personnel occupying key positions in the Company such as the Group Finance Manager, Chief Operation Officer, Vice President, Financial Controller, General Manager or its equivalent.

Remuneration Committee

1. Offer an independent perspective in assisting the Board in the establishment of a formal and transparent procedure for developing policy on remuneration matters for the Directors and key management personnel of the Company.
2. Establish appropriate remuneration framework to motivate and retain Directors and executives, and ensure that the Company is able to attract appropriate talent from the market in order to maximise value for shareholders.
3. Develop remuneration policy for the executive Director and key management personnel (or executives of equivalent rank), structuring it to link rewards to Company and individual performance.

CORPORATE GOVERNANCE REPORT

4. Determine specific remuneration packages for the executive Director and key management personnel (or executives of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company.
5. Review and approve the compensation of key management personnel.
6. Review the appropriateness and transparency of remuneration matters for disclosure to shareholders.
7. Have explicit authority to investigate any matter within its terms of reference including seeking expert advice within and/or outside the Company.

Audit Committee

1. Assist the Board in fulfilling its responsibilities for the Company's financial reporting, management of financial and control risks and monitoring of the internal control systems. Review the financial reporting process, the system of internal controls and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct.
2. Ensure that arrangements are in place for the independent investigation of possible improprieties in matters of financial reporting or other matters that may be raised and that appropriate follow-up actions are taken.
3. Review and approve the external auditors' proposed audit plan, scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope. Review of the nature and extent of non-audit services provided by the external auditors. Monitor and assess the independence of the external auditors and their performance. Ensure significant findings and recommendations made by the external auditors are received and discussed in a timely manner. Ensure that Management responds to recommendations made by the external auditors. Nomination of external auditors for re-appointment.
4. Review the activities and organisational structure of the internal audit function and ensure that there are no unjustified restrictions and limitations. Review and approve the internal audit plan with regard to the complementary roles of the internal and external audit functions. Ensure significant findings and recommendations made by the internal auditors are received and discussed in a timely manner. Ensure that Management responds to recommendations made by the internal auditors.
5. Satisfies itself that adequate countermeasures are in place to identify and mitigate any material business risks associated with the Company. Review the adequacy of the Company's internal financial controls, operational, compliance and information technology controls, and risk management policies and systems established by the Management. Ensure that a review of the effectiveness of the Company's internal controls is conducted at least annually.
6. Evaluate how Management is reviewing the principal business risks and assess the appropriateness of the mechanisms in place to identify, prevent and minimise these business risks. Ensure an appropriate system is established to identify and report areas of potential business risk promptly in order for remedial actions to be taken. Assess at least annually the effectiveness of the control and risk management systems. Recommend to the Board its findings and propose course of actions to be taken by Management to ensure controls are put in place to address these risks. Management is responsible for the actions to be taken.
7. Review the relevance and consistency of the accounting standards used by the Company and the Group, significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance. Review of annual and interim financial statements and announcements prior to approving or recommending their release to the Board, as applicable.
8. Review and recommend for the Board's approval, all Interested Person Transactions, as specified under Chapter 9 of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

ADDITIONAL CORPORATE GOVERNANCE

The Company has in place internal code of conduct and practices for its Directors and employees on securities transactions while in possession of price-sensitive information and their conduct of business activities. In addition, the Company has established a Whistle-blowing Policy.

DEALING IN SECURITIES –RULE 1204(19) OF THE CATALIST RULES

Securities Dealing

To guard against insider trading, Miyoshi's Code of Dealing in Securities ("Code of Dealing") adopts a "black-out" policy that is consistent with what is prescribed in the Catalist Rules. The Code of Dealing prohibits dealings in Miyoshi's securities by its Directors and employees for a period of two weeks before the release of the first, second and third quarter results, and one month before the release of the full-year results. The Group Finance Manager informs all Directors and employees of each black-out period ahead of time.

The Code of Dealing also prohibits Directors and employees with access to material non-public and price-sensitive information in the course of their duties from trading in securities in which they possess such price-sensitive information. The Code of Dealing also discourages employees from engaging in short-term speculative trading, and states that investment decisions should be geared towards long-term investment.

The Company has complied with Rule 1204(19) of the Catalist Rules.

CODE OF CONDUCT AND PRACTICES

The Group recognises the importance of integrity, professionalism on the conduct of its business activities. Employees are expected to embrace, practice and adopt these values while performing their duties and always to act in the best interest of the Group and avoid situations that may create conflicts of interest.

All employees of Miyoshi are required to read and acknowledge the Code of Conduct on an annual basis. Members of the public may access the Code of Conduct on Miyoshi's website, as well as write in via electronic email provided on the website.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval if such transactions do occur. The Company ensures that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis that is not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from Board discussions and decision-making process on a particular agenda, and will refrain from exercising any influence over other members of the Board. The details of the interested person transactions (IPTs) for FY2021 are as follows:

| Name of Interested Person | Aggregate value of all Interested Person Transactions during the year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|---------------------------|---|---|
| | \$'000 | \$'000 |
| Type of transactions | | |
| Sales | – | – |
| Purchases | – | – |
| Marketing Services | – | – |
| Total | – | – |

Note: In compliance with the Catalist Rules, the Group confirms that there were IPTs occurring during the financial year but the individual transactions were less than \$100,000. Currently, the Company does not have a general mandate from its shareholders in relation to IPTs pursuant to Rule 920 of the Catalist Rules.

The AC and the Board have reviewed the transactions and were satisfied that the terms were fair and reasonable and were not prejudicial to the interests of the Company and its minority shareholders.

MATERIAL CONTRACTS

Since the end of the previous financial year, no material contracts involving the interest of any Director or controlling shareholder of Miyoshi has been entered into by Miyoshi or any of its subsidiary companies, and no such contract subsisted as at 31 August 2021 or if not subsisting, were entered into since 1 September 2020.

SPONSOR

No non-sponsor fees were paid/payable to the Company's sponsors, CIMB Bank Berhad Singapore Branch ("CIMB")⁽¹⁾ and PrimePartners Corporate Finance Pte. Ltd. ("PPCF") during their respective tenure of service for FY2021.

(1) The Company appointed PPCF to act as its new continuing sponsor with effect from 1 July 2021, in place of the current continuing sponsor, CIMB. The change of continuing sponsorship is due to CIMB's intention to cease its Catalist sponsorship business.

CORPORATE GOVERNANCE REPORT

UPDATE ON USE OF SHARE PLACEMENT PROCEEDS

The Group raised net proceeds of \$424,000 from its share placement in October 2021 ("Placement"). No placement proceeds have been utilised as of the date of this report. The Company will make periodic announcements on the utilisation of the placement proceeds as and when such placement proceeds are materially disbursed, and whether the use of the placement proceeds is in accordance with the stated use and in accordance with the percentage allocated.

| Purpose | Allocation of net proceeds ('\$') | Net proceeds utilised ('\$') | Balance of net proceeds ('\$') |
|--|--|---|---|
| Expansion via mergers and acquisitions, joint ventures, partnerships and investments | 339,200 | – | 339,200 |
| General working capital | 84,800 | – | 84,800 |
| Total | 424,000 | – | 424,000 |

CORPORATE GOVERNANCE CHECKLIST

Summary of Disclosures – Corporate Governance

Rule 710 of the Catalist Rules requires Singapore listed companies to describe their corporate governance practices with specific reference to the 2018 Code in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the express disclosure requirements in the principles and provisions of the 2018 Code.

Key information on each Director in this Annual Report:

- Pages 3 to 4 – Directors' independence status, appointment dates, length of directorship, academic and professional qualifications and present and past directorships details
- Page 11 – Directors' meeting attendance
- Pages 18 to 20 – Directors' remuneration
- Pages 126 to 131 – Additional Information on Directors seeking re-election at the Annual General Meeting to be held on 30 December 2021

| Principles and provisions of the 2018 Code – Express disclosure requirements | Page reference in Miyoshi Annual Report 2021 |
|--|---|
| Provision 1.2 The induction, training and development provided to new and existing Directors. | Page 13 |
| Provision 1.3 Matters that require Board approval. | Page 12 to 13 |
| Provision 1.4 Names of the members of the Board Committees, the terms of reference of the Board Committees, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities. | Pages 11 to 16 and 36 |
| Provision 1.5 The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings. | Page 12 and 21 |
| Provision 2.4 The board diversity and progress made towards implementing the board diversity policy, including objectives. | Page 15 to 16 |
| Provision 4.3 Process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidate. | Page 20 to 21 |
| Provision 4.4 Where the Board considers a Director to be independent in spite of the existence of a relationship which may affect his or her independence, the nature of the Director's relationship and the reasons for considering him or her as independent should be disclosed. | Page 22 |
| Provision 4.5 The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties are disclosed. | Page 21 |
| Provision 5.2 How the assessments of the Board, its Board committees and each Director have been conducted, including the identity of any facilitator and its connection, if any, with the Company or any of its Directors. | Page 22 to 23 |
| Provision 6.4 The Company discloses the engagement of any remuneration consultants and their independence. | Page 23 |

CORPORATE GOVERNANCE CHECKLIST

| Principles and provisions of the 2018 Code – Express disclosure requirements | Page reference in Miyoshi Annual Report 2021 |
|---|--|
| <p>Principle 8 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration, and the relationship between remuneration, performance and value creation.</p> | Page 25 to 26 |
| <p>Provision 8.1 The Company discloses the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.</p> | Page 25 to 26 |
| <p>Provision 8.2 Names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a Director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.</p> | Page 26 |
| <p>Provision 8.3 The Company discloses all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company, and also discloses details of employee share schemes.</p> | <p>For non-executive Directors: Page 25 to 26</p> <p>For key management personnel: Page 25 to 26</p> <p>For employee share schemes: Pages 24 to 26 and 128</p> |
| <p>Provision 9.2 Whether the Board has received assurance from (a) the CEO and the Group Finance Manager that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) the CEO and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.</p> | Pages 27 to 28 |
| <p>Provision 11.3 Directors' attendance of general meetings of shareholders held during the financial year.</p> | Page 32 |
| <p>Provision 12.1 The steps taken to solicit and understand the views of shareholders.</p> | Pages 34 |
| <p>Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.</p> | Page 35 |

RISK MANAGEMENT

Risks can be viewed as the combination of the probability of an event and the impact of its consequences. Events with a negative impact represent risks that can prevent value creation or erode existing value. The Board of Directors (the "Board") is responsible for governing risks and ensuring that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. Assisted by the Audit Committee ("AC"), the Board provides valuable advice to the management in formulating risk policies and guidelines.

Miyoshi has adopted three risk tolerance guiding principles which serve to determine the nature and extent of the significant risks that the Board is willing to accept in achieving its strategic objectives. The three risk tolerance guiding principles are:

- a) Risk taken should be carefully evaluated, commensurate with rewards and in line with the Group's core strengths and strategic objectives;
- b) No risk arising from a single area of operation or investment, and no undertaking shall be significant enough to endanger the entire Group; and
- c) The Group does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

Ongoing improvements are made to strengthen the existing risk governance. In 2021, the Board has assessed that the risk management system is adequate and effective in addressing the key risks of the Company.

The Enterprise Risk Management ("ERM") framework, a component of Miyoshi's System of Management Controls, provides the Group with a holistic and systematic approach in risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools in addressing key risks, as well as setting Group policies and limits.

The Group's five-step risk management process consists of risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation of risk mitigation measures as well as monitoring and review. The assessment process takes into account both the impact and likelihood of the risks occurring and also covers the financial, operational, reputational and strategic aspects.

A set of key risk indicators, which are closely monitored by the business units and risk owners, serve as early warning signals. Risk plans and key risk indicators are regularly reviewed to ensure risks identified remain relevant and mitigating actions continue to be adequate, timely and effective.

An ERM committee, comprising business unit and functional department heads, drives and coordinates Group-wide risk management initiatives. The risk registers of the individual business units and functional departments are reviewed regularly to ensure the risks identified and accompanying mitigating measures remain relevant in view of the dynamic business environment.

As part of the control assurance process, Miyoshi has also implemented the Control Self-Assessment ("CSA"), which allows one to examine and improve existing internal controls. In FY2021, Miyoshi has received the CSA from its subsidiaries.

Risk management is an integral part of the strategic, operational and financial decision-making processes at all levels of the Group. The Group's holistic approach in identifying and managing risks has instilled a strong risk ownership across the Company and also reduced uncertainties associated with executing our strategies, allowing us to harness opportunities with agility.

Despite best efforts, the Group recognises that risks can never be entirely eliminated, especially in an evolving landscape of uncertainties and vulnerabilities.

RISK MANAGEMENT

Bolstering Operational Readiness

Miyoshi is committed to enhance its operational resilience through the establishment of a robust business continuity management plan that will allow it to respond effectively to potential crises and external threats while minimising any impact on its people, operations and assets.

Led by the heads of business units across various locations, drills simulating disruptions relevant to their respective locations are conducted. These plans are continuously tested and refined to ensure responses are practical, executable and effective as well as ensuring the continued smooth operations of critical business functions.

Enhancing a Risk-Centric Culture

Effective risk management hinges equally on mindsets and attitudes as well as systems and processes. The management is committed to foster a strong risk-centric culture in the Group, which encourages prudent risk-taking in decision-making and business processes.

Risk management workshops are conducted to enhance staff's risk management competency and awareness. The Group also seeks to enhance senior staff accountability for risk management through the performance evaluation process.

Proactive Risk Management

Miyoshi will continue to review and refine its risk management methodology, systems and processes to ensure its adequacy and effectiveness. The Group will continue to leverage its educational initiatives to raise employees' risk management awareness and capabilities as well as enhance the process in sharing of lessons learned.

MANAGING KEY RISKS

The key risks identified and appropriate mitigating actions undertaken by Miyoshi in 2021 are as follows:

1) Natural Disaster Risks

An effective early warning and forecasting system for extending the reaction time is supported by meteorological information and the earliest possible warning of extreme weather conditions, such as floods, typhoons, earthquakes, etc.

Insurance is an important factor in reducing the financial risk for Miyoshi, especially where natural disasters are concerned.

2) Fraud/Corruption Risks

Effective internal controls can greatly reduce the risk of fraud and corruption. Miyoshi has put in place the code of conduct, insider trading and whistle-blower protection policies, financial authority limits and control self-assessment tools to mitigate the risk of fraud, corruption and misconduct by staff.

Internal and external audits are conducted regularly to prevent, detect and mitigate fraud risk.

3) Competition

Miyoshi strives to meet stakeholder's expectations and aims to outperform competitors in terms of quality, time to market, cost and innovation. Improving our products and services on such metrics is as important today as it has ever been.

RISK MANAGEMENT

4) **Disruptive Technological Shift and Loss of a Major Order and/or Customer**

Sustaining customer loyalty and retention have been increasingly difficult due to disruptive technological innovation in the data storage segment. Substitute products have affected the viability of our current business model and strategic initiatives.

Miyoshi continues to venture into matters relating to technology, innovation and solutions as part of its strategy to compete in other business segments as well as developing new growth drivers.

5) **Business Continuity Risks**

Business units continually review and test their business continuity plans to ensure effective responses to disruptive events.

Critical business functions are determined and alternative processes, resource requirements and interdependencies are identified to sustain such functions at times of disruption.

6) **Succession Planning**

Succession planning for key executive and management positions is regularly reviewed to ensure relevance. Internships allows Miyoshi to discover new employees and assess whether the intern's personality and abilities are a good match for Miyoshi.

7) **Credit Risks**

Knowing our customer is the foundation of the credit process. Miyoshi operates on pertinent, accurate and timely information of our customers.

The Group also ensures that cash flows are actively managed and adequate funding resources are available for investments.

8) **Cyber Security Risks**

The scale and level of sophistication of cyber security threats have increased with the changing tactics and tools used by cyber attackers. Our network infrastructure and supporting systems are exposed to cyber security threats which can result in disruptions to our operations and leakage of sensitive and/or confidential information.

The Group is training our people to adopt a security first mindset and be vigilant to the latest cyber threats. Other measures include regularly patching of firewalls, updating firmware, setting strong passwords and asking employees who use their own devices at work to install anti-virus software and to switch on firewalls.

9) **Infectious Diseases & Pandemic risks**

The on-going and evolving COVID-19 pandemic continues to cause disruptions to Group's business and operations. The prolonged outbreak of such infectious diseases and the restrictions on travel measures may have an adverse effect on various aspects of our business and operations. The disruptions arising from such severe disease outbreaks to global supply chains result in deterioration in service levels and/or quality, delay to projects and deliverables to customers, inability to meet contractual obligations and/or failure to comply with regulatory requirements. Such measures could adversely affect revenues and the financial performance of the Group. Despite the progressive rollout of vaccines to minimise the risk of transmission, we are uncertain of the impact that ongoing COVID-19 will have on our business. The Group will continue to monitor the impact on our business, financial condition, results of operations and prospects, and institute the necessary measures to protect the health and safety of our workforce, and to mitigate the risks to our business.

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STATEMENTS OF FINANCIAL POSITION

As at 31 August 2021

| | Note | Group | | Company | |
|---|------|--------|--------|---------|--------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | 4 | 3,045 | 3,074 | 236 | 356 |
| Fixed deposits | 4 | 152 | 149 | – | – |
| Trade and other receivables | 5 | 10,663 | 11,007 | 2,430 | 1,941 |
| Prepayments | | 245 | 168 | 13 | 20 |
| Inventories | 6 | 7,188 | 6,017 | 3 | 2 |
| | | 21,293 | 20,415 | 2,682 | 2,319 |
| Assets classified as held for sale | 7 | 611 | 611 | – | – |
| Total current assets | | 21,904 | 21,026 | 2,682 | 2,319 |
| Non-current assets | | | | | |
| Subsidiaries | 8 | – | – | 27,362 | 29,020 |
| Financial assets at fair value through profit or loss (“FVTPL”) | 9 | – | – | – | – |
| Property, plant and equipment | 10 | 29,938 | 31,106 | 2,809 | 2,261 |
| Investment properties | 11 | 6,303 | 6,755 | – | – |
| Intangible assets | 12 | 46 | 41 | – | – |
| Deferred tax assets | 13 | 21 | 26 | – | – |
| Other receivables | 5 | – | 27 | – | 5 |
| Total non-current assets | | 36,308 | 37,955 | 30,171 | 31,286 |
| Total assets | | 58,212 | 58,981 | 32,853 | 33,605 |
| LIABILITIES AND EQUITY | | | | | |
| Current liabilities: | | | | | |
| Trade and other payables | 14 | 15,147 | 8,583 | 4,823 | 4,645 |
| Current income tax payable | | 225 | 26 | – | – |
| Lease liabilities | 15 | 163 | 187 | 152 | 170 |
| Bank borrowings | 16 | 3,906 | 4,823 | 702 | 283 |
| Total current liabilities | | 19,441 | 13,619 | 5,677 | 5,098 |

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 August 2021

| | Note | Group | | Company | |
|--|------|---------------|---------------|---------------|---------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current liabilities | | | | | |
| Lease liabilities | 15 | 105 | 207 | 85 | 193 |
| Bank borrowings | 16 | 5,313 | 3,126 | 2,121 | 1,406 |
| Other payables | 14 | 285 | 289 | 3,722 | 3,587 |
| Provisions | 17 | 926 | 1,092 | – | – |
| Deferred tax liabilities | 18 | 289 | 353 | – | – |
| Total non-current liabilities | | 6,918 | 5,067 | 5,928 | 5,186 |
| Total liabilities | | 26,359 | 18,686 | 11,605 | 10,284 |
| Equity | | | | | |
| Share capital | 19 | 49,079 | 49,079 | 49,079 | 49,079 |
| Treasury shares | 19 | (633) | (253) | (633) | (253) |
| Revaluation reserve | 19 | 666 | 666 | – | – |
| Other reserve | 19 | 1,205 | 784 | – | – |
| Share awards reserve | 19 | – | 37 | – | 37 |
| Currency translation account | 19 | (10,866) | (10,480) | (11,437) | (11,167) |
| Accumulated losses | | (9,514) | (1,462) | (15,761) | (14,375) |
| Equity attributable to owners of the parent | | 29,937 | 38,371 | 21,248 | 23,321 |
| Non-controlling interests | | 1,916 | 1,924 | – | – |
| Total equity | | 31,853 | 40,295 | 21,248 | 23,321 |
| Total liabilities and equity | | 58,212 | 58,981 | 32,853 | 33,605 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 31 August 2021

| | Note | Group | |
|---|------|----------------|-----------------|
| | | 2021 \$'000 | 2020 \$'000 |
| Revenue | 21 | 45,458 | 44,793 |
| Other income | 22 | 1,611 | 306 |
| Raw materials, consumables used and changes in inventories | | (26,395) | (25,441) |
| Employee benefits expense | 23 | (9,949) | (9,518) |
| Depreciation and amortisation expense | | (2,809) | (3,128) |
| Reversal of/ (Loss) allowance for impairment of trade receivables | | 20 | (62) |
| Loss arising from valuation of retained interest in former associate | 9 | – | (17,674) |
| Other expenses | 24 | (15,030) | (10,859) |
| Finance costs | 25 | (342) | (356) |
| Share of results of associate, net of tax | | – | (1,077) |
| Loss before income tax | | (7,436) | (23,016) |
| Income tax expense | 26 | (296) | (305) |
| Loss for the financial year | 27 | (7,732) | (23,321) |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Currency translation arising from translation of financial statements of foreign subsidiaries | | (216) | 31 |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Actuarial gain/ (loss) on defined benefit plan, net of tax | 17 | 193 | (90) |
| Currency translation arising from presentation currency | | (270) | 138 |
| Other comprehensive income for the financial year, net of tax | | (293) | 79 |
| Total comprehensive income for the financial year | | (8,025) | (23,242) |
| Loss attributable to: | | | |
| Owners of the parent | | (7,824) | (23,357) |
| Non-controlling interests | | 92 | 36 |
| | | (7,732) | (23,321) |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | (8,017) | (23,272) |
| Non-controlling interests | | (8) | 30 |
| | | (8,025) | (23,242) |
| Earnings per share | | | |
| Basic and diluted (cents) | 28 | (1.30) | (3.84) |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 August 2021

| | Share capital | Treasury shares | Revaluation reserve | Other reserve | Share awards reserve | Currency translation account | Accumulated losses | Equity attributable to owners of the parent | Non-controlling interests | Total equity |
|---|---------------|-----------------|---------------------|---------------|----------------------|------------------------------|--------------------|---|---------------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | | | | | | | |
| Balance as at 1 September 2020 | 49,079 | (253) | 666 | 784 | 37 | (10,480) | (1,462) | 38,371 | 1,924 | 40,295 |
| Loss for the financial year | - | - | - | - | - | - | (7,824) | (7,824) | 92 | (7,732) |
| Other comprehensive income for the financial year: | | | | | | | | | | |
| Actuarial gain on defined benefit plan | - | - | - | 193 | - | - | - | 193 | - | 193 |
| Foreign currency translation | - | - | - | - | - | (386) | - | (386) | (100) | (486) |
| Total other comprehensive income for the financial year | - | - | - | 193 | - | (386) | - | (193) | (100) | (293) |
| Total comprehensive income for the financial year | - | - | - | 193 | - | (386) | (7,824) | (8,017) | (8) | (8,025) |
| Transactions with owners recognised directly in equity | | | | | | | | | | |
| Transfer to statutory reserve | - | - | - | 228 | - | - | (228) | - | - | - |
| Share-based payments | - | - | - | - | (37) | - | - | (37) | - | (37) |
| Purchase of treasury shares | - | (380) | - | - | - | - | - | (380) | - | (380) |
| Total transactions with owners recognised directly in equity | - | (380) | - | 228 | (37) | - | (228) | (417) | - | (417) |
| Balance as at 31 August 2021 | 49,079 | (633) | 666 | 1,205 | - | (10,866) | (9,514) | 29,937 | 1,916 | 31,853 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 August 2021

| | Share capital | Treasury shares | Revaluation reserve | Other reserve | Share awards reserve | Currency translation account | Accumulated losses | Equity attributable to owners of the parent | Non-controlling interests | Total equity |
|---|---------------|-----------------|---------------------|---------------|----------------------|------------------------------|--------------------|---|---------------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | | | | | | | |
| Balance as at 1 September 2019 | 49,079 | (253) | 666 | 851 | 24 | (10,655) | 21,918 | 61,630 | 1,894 | 63,524 |
| Loss for the financial year | – | – | – | – | – | – | (23,357) | (23,357) | 36 | (23,321) |
| Other comprehensive income for the financial year: | | | | | | | | | | |
| Actuarial loss on defined benefit plan | – | – | – | (90) | – | – | – | (90) | – | (90) |
| Foreign currency translation | – | – | – | – | – | 175 | – | 175 | (6) | 169 |
| Total other comprehensive income for the financial year | – | – | – | (90) | – | 175 | – | 85 | (6) | 79 |
| Total comprehensive income for the financial year | – | – | – | (90) | – | 175 | (23,357) | (23,272) | 30 | (23,242) |
| Transactions with owners recognised directly in equity | | | | | | | | | | |
| Transfer to statutory reserve | – | – | – | 23 | – | – | (23) | – | – | – |
| Share-based payments | – | – | – | – | 13 | – | – | 13 | – | 13 |
| Total transactions with owners recognised directly in equity | – | – | – | 23 | 13 | – | (23) | 13 | – | 13 |
| Balance as at 31 August 2020 | 49,079 | (253) | 666 | 784 | 37 | (10,480) | (1,462) | 38,371 | 1,924 | 40,295 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 31 August 2021

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Operating activities: | | |
| Loss before income tax | (7,436) | (23,016) |
| Adjustments for: | | |
| Depreciation and amortisation | 2,809 | 3,128 |
| (Gain)/ Loss on disposal of plant and equipment | (273) | 56 |
| Interest expense | 342 | 356 |
| Interest income | (23) | (8) |
| Loss arising from valuation of retained interest in former associate | – | 17,674 |
| Net impairment loss on plant and equipment | 4,995 | 436 |
| Net fair value loss on investment property | 316 | 262 |
| Share of result of associate | – | 1,077 |
| Share based payments | (37) | 13 |
| Plant and equipment written off | 1,416 | 1,524 |
| Write-down of inventory obsolescence | 16 | 617 |
| (Reversal of)/Loss allowance for impairment of trade receivables | (20) | 62 |
| Unrealised currency translation difference | (185) | 35 |
| Operating cash flows before changes in working capital | 1,920 | 2,216 |
| Trade and other receivables | 962 | 3,306 |
| Prepayments | (77) | 17 |
| Inventories | (1,187) | 142 |
| Trade and other payables | 4,689 | (1,894) |
| Cash generated from operations | 6,307 | 3,787 |
| Interest paid | (342) | (356) |
| Interest received | 23 | 8 |
| Income tax paid | (494) | (339) |
| Net cash from operating activities | 5,494 | 3,100 |
| Investing activities: | | |
| Investment in associate | – | (294) |
| Proceeds from disposal of non-current assets held for sales | 1,945 | – |
| Proceeds from disposal of property, plant and equipment | 196 | 30 |
| Advances paid for purchase of property, plant and equipment | (437) | (356) |
| Purchase of property, plant and equipment (Note 10) | (7,951) | (1,842) |
| Net cash used in investing activities | (6,247) | (2,462) |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 31 August 2021

| | Group | |
|--|--------------|--------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Financing activities: | | |
| Purchase of treasury shares | (380) | – |
| Proceeds from bank borrowings | 7,348 | 3,967 |
| Repayment of bank borrowings | (6,078) | (3,853) |
| Interest paid on lease liabilities | (30) | (21) |
| Principal repayment of lease liabilities | (190) | (180) |
| Net cash from/ (used in) financing activities | 670 | (87) |
| Net change in cash and cash equivalents | (83) | 551 |
| Cash and cash equivalents as at the beginning of the financial year | 3,074 | 2,576 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 54 | (53) |
| Cash and cash equivalents at end of financial year (Note 4) | 3,045 | 3,074 |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

These notes form an integral part of and should be read in conjunction with the financial statements.

1. GENERAL CORPORATE INFORMATION

Miyoshi Limited ("the Company") is a limited liability company incorporated and domiciled in Singapore. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's registration number is 198703979K. Its principal place of business and registered office is 26 Boon Lay #01-80, Singapore 609970.

The principal activities of the Company are those of designing and manufacturing of mould and precision pressed parts and trading in related products.

The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 August 2021 were authorised for issue by the Board of Directors on 13 December 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of ("SFRS(I) INTs") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The Company's functional currency is United States dollar. The financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar and all values are rounded to the nearest thousand (\$'000) except where otherwise indicated as the Company is listed on the Singapore Exchange Securities Trading Limited, and management is of the opinion that the Singapore dollar is the currency which would best facilitate trading in its shares.

The preparation of financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 September 2020

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the ASC that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate.

In the separate financial statements of the Company, investment in subsidiaries and associate are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable asset, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the financial year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.4 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment allowances for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

Impairment allowances for other receivables are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Receivables from subsidiaries are considered as credit impaired when significant financial difficulties and non-payment of past due balances have occurred.

The Group's financial assets measured at amortised cost comprise trade and other receivables, cash and bank balances and fixed deposits in the statements of financial position.

Financial assets at fair value through profit or loss ("FVTPL")

The Group and the Company has a strategic investment in an unlisted entity which is not accounted for as subsidiary, associate or jointly controlled entity. For equity instruments that are either held for trading or irrevocable election to measure the fair value changes through other comprehensive income has not been made, the fair value changes is recognised in profit or loss and presented in "Other expenses".

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments (Continued)

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share reserve and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in retained earnings of the Company.

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Bank borrowings

Interest-bearing bank borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of a subsidiary and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if this subsidiary breaches any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

- a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases

The Group and the Company as lessees

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets within "Property, plant and equipment" and lease liabilities separately from other liabilities in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (Continued)

The Group and the Company as lessees (Continued)

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. The right-of-use assets are depreciated based on the following bases:

| | | |
|--------------------------------|---|---|
| Leasehold land and buildings | - | 9 to 50 years (over remaining terms of lease) |
| Office furniture and equipment | - | 3 to 8 years |
| Motor vehicles | - | 4 to 5 years |

The carrying amounts of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.12 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities is recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

When the Group is a lessor, it determines whether each lease entered is a finance or an operating lease at the lease inception date and reassessed only if there is a lease modification. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Whereas, it is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (Continued)

The Group as lessor (Continued)

If the lease arrangement contains lease and non-lease components, the Group applies the principles within SFRS(I) 15 to allocate consideration in the lease arrangement.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

Any modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

2.6 Inventories

Inventories are stated at the lower of cost (first-in, first-out method) and net realisable value.

Costs include all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress and manufactured products, costs include materials, direct labour and an appropriate proportion of production overhead expenditure.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The damaged, obsolete and slow-moving items are to be written down to the lower of cost and net realisable value.

2.7 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks, fixed deposits net of fixed deposits pledged and bank overdraft. In the statements of financial position, bank overdrafts are presented within borrowings under current liabilities.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be reliably measured. All other costs of servicing are recognised in profit or loss when incurred.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

Freehold land is not depreciated. Depreciation is charged so as to allocate their depreciable amounts, other than freehold land and construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

| | | |
|--------------------------------|---|---|
| Buildings and improvements | - | 5 to 40 years |
| Leasehold land and buildings | - | 9 to 50 years (over remaining terms of lease) |
| Plant and equipment | - | 5 to 10 years |
| Office furniture and equipment | - | 3 to 8 years |
| Motor vehicles | - | 4 to 5 years |

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under lease liabilities are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Property, plant and equipment (Continued)

Construction-in-progress represents buildings and plant and equipment under construction, which is stated at cost. Cost comprises the direct costs incurred during the period of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use. No depreciation is provided on construction in-progress. Depreciation commences when the asset is ready for its intended use.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.10 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the financial year in which they arise.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

Transfers are made to or from investment properties only when there is a change in use.

If an investment property becomes owner-occupied, it is classified as property, plant and equipment and its fair value at the date of reclassification become its cost for accounting purposes.

If an owner-occupied property becomes an investment property, the property is remeasured to fair value. Any revaluation increase arising from the revaluation of such property is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such property is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the financial year of retirement or disposal. The revaluation surplus in the revaluation reserve relating to that asset is transferred to retained earning directly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated impairment losses.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club memberships

The club memberships are initially recognised at cost and subsequently carried at cost less accumulated amortisation and impairment loss, if any.

The amortisation periods and amortisation method of club memberships are reviewed at the end of each financial year. The effects of any revisions are recognised in profit or loss when changes arise.

For club memberships with no expiry dates, the carrying amounts of club membership are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.12 Impairment of non-financial assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimation timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Sale of goods

Revenue from the sale of goods and scrap are recognised at point in time when control of the products have been transferred, being when the goods are delivered to the customers, the customers have full discretion to direct the use of the products, and there are no unfulfilled obligation that could affect the customers' acceptance of the goods. Delivery occurs when the risk of obsolescence and loss have been transferred, and being acknowledged by customers for in-country sales. Whereas, for overseas sales, acknowledgement are in accordance with the terms and conditions of shipping incoterms. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay with a credit term of 30 to 120 days.

(ii) Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable.

(iii) Rental income

Rental income under operating lease is recognised on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Government grants

Government grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the government grants relate to expenditures, are accounted for in the year where the related costs it intends to compensate is incurred and recognised in the profit or loss. Such government grants are presented under "Other income".

2.16 Employee benefits

- (i) Retirement benefit costs

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

Certain subsidiaries operate a defined benefit pension plan, which is unfunded.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or assets. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in other reserve within equity and are not reclassified to profit or loss in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits (Continued)

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2.17 Share-based payments

The Company's equity-settled share-based payments to employees are modified to cash-settled. As the modification date, the equity-settled share-based payment would be derecognised, and the liability for the original cash-settled share-based payment would be measured at its fair value as at the modification date and the difference between the carrying amount of the equity as at the modification date, and the amount recognised in liability as at that date, would be recognised in profit or loss immediately.

For equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. For cash-settled share-based payments, a liability and a corresponding expense equal to the portion of the goods or services received is recognised at the current fair value determined at the end of each reporting period, with movements recognised in profit or loss.

2.18 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the subsidiaries operate by the end of the financial year, and any adjustment to income tax payable in respect of previous financial years.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Taxes (Continued)

Deferred tax (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Foreign currencies transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company and the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised initially in other comprehensive income and accumulated in the Group's currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings are taken to the currency translation reserve.

On disposal of a foreign operation, the accumulated currency translation reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.21 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Contingencies (Continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive director who makes strategic decisions.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the consolidated financial statements.

(i) Investment in Miyoshi International Philippines Inc

The Group determines that Miyoshi International Philippines Inc ("MIP") is a subsidiary of the Group although the Group only holds a 40% equity interest in MIP. Due to the land ownership restriction in the Philippines, the remaining 60% equity interest are held in trust by employees on behalf of the Company. Management determined that the Group has the power to appoint and remove the board of directors of MIP that has the power to direct relevant activities of MIP. Management concluded that the Group has the practical ability to direct the relevant activities of MIP unilaterally and hence the Group has control over MIP.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.1 Critical judgements in applying the accounting policies (Continued)

(ii) Classification between investment properties and property, plant and equipment

In accordance with SFRS(I) 1-40 Investment Property, the Group has established certain criteria in making judgement on whether a property qualifies as an investment property. Investment property is a property held for capital appreciation or to earn rentals or both. Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is leasing to tenants under operating leases (Note 30). Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property. In addition, depending on the Group's latest corporate strategies, from time to time, the management may change the usage of its landed properties between property, plant and equipment and investment properties. The details of the Group's investment properties and property, plant and equipment are set out in Note 11 and Note 10 to the financial statements respectively.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment loss on investment in subsidiaries and loans deemed as investment in subsidiaries

For those subsidiaries with indication of impairment, management determined impairment of investment in subsidiaries and loans deemed as investment in subsidiaries in CGU, the management has applied expected credit losses model in accordance with SFRS (I) 9. Subsequently, management determined the recoverable amounts of investment in subsidiaries and loans deemed as investment in subsidiaries based on fair value less costs of disposal method using the adjusted net tangible assets, which approximate the fair value less costs of disposal based on key assumptions as disclosed in Note 8 to the financial statements in accordance with SFRS(I) 1-36 as at end of the financial year. The carrying amount of the Company's investment in subsidiaries and loans deemed as investment in subsidiaries as at 31 August 2021 was \$27,362,000 (2020: \$29,020,000) respectively.

(ii) Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for its property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment when there are indicators that the carrying amount may not be recoverable.

The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 August 2021 were \$29,938,000 (2020: \$31,106,000) and \$2,809,000 (2020: \$2,261,000) respectively. Please refer to Note 10 to the financial statements for more details on impairment of these assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Estimating expected credit loss allowance

Management estimates expected credit loss allowance using a forward-looking expected credit loss ("ECL") model. On initial recognition of the financial asset, management determines the ECL rates by considering the profile of the customers, historical observed default rates and adjusts for forward looking information. The Company's credit risk exposure for trade and other receivables are disclosed in Note 32.1 to the financial statements. The aggregate carrying amounts of the Group's and the Company's trade and other receivables as at 31 August 2021 were \$10,663,000 (2020: \$11,034,000) and \$2,430,000 (2020: \$1,946,000) respectively.

(iv) Net realisable value of inventories

In determining the net realisable value of the Group's and the Company's inventories, an estimation of the recoverable amount of inventories on hand is performed based on the most reliable evidence available at the time the estimates are made. This represents the value of the inventories which are expected to realise as estimated by the management. These estimates take into consideration the fluctuations of price or cost, or any inventories on hand that may not be realised, directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the financial year. As at 31 August 2021, the carrying amounts of the Group's and the Company's inventories were \$7,188,000 (2020: \$6,017,000) and \$3,000 (2020: \$2,000) respectively.

(v) Fair value of investment properties

The Group's investment properties are stated at fair value in accordance with the accounting policy stated in Note 2.10 to the financial statements. As at 31 August 2021, the fair value of the Group's investment properties was determined by independent professional valuation firms and the carrying amounts of the investment properties were \$6,303,000 (2020: \$6,755,000). The valuation was based on certain assumptions, which are subject to uncertainty and might differ from the actual results. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing as at the end of the financial year. These estimates are regularly compared to actual market data.

(vi) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The management has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The management obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease. The weighted average incremental borrowing rate applied to lease liabilities as at 31 August 2021 was 3.69% (2020: 3.69%). The carrying amount of the Group's and the Company's lease liabilities as at 31 August 2021 was \$268,000 (2020: \$394,000) and \$237,000 (2020: \$363,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

4. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|------------------------|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash and bank balances | 3,045 | 3,074 | 236 | 356 |
| Fixed deposits | 152 | 149 | – | – |
| | 3,197 | 3,223 | 236 | 356 |

The Group's fixed deposits earn interest at 1.85% (2020: 3.10%) per annum and are for a tenor ranging from 90 to 365 (2020: 90 to 365) days.

Restricted cash pertains to fixed deposits of a subsidiary pledged with bank as securities for banking facilities granted (Note 16).

The Group's and the Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

| | Group | | Company | |
|----------------------|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| United States dollar | 615 | 607 | – | – |
| Malaysia ringgit | 339 | 336 | – | – |
| Philippines peso | 162 | 278 | – | – |
| Singapore dollar | 102 | 340 | 102 | 340 |

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

| | Group | |
|--|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Cash and bank balances as above | 3,197 | 3,223 |
| Less: Fixed deposits pledged | (152) | (149) |
| Cash and cash equivalents per consolidated statement of cash flows | 3,045 | 3,074 |

As at 31 August 2021, the Group had cash and bank balances of approximately \$1,540,000 (2020: \$521,000) placed with the banks in the People's Republic of China ("PRC"). Chinese Renminbi ("RMB") is not freely convertible into foreign currencies. Under the PRC's Foreign Exchange Control regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

5. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--|---------|---------|---------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Trade receivables | | | | |
| - third parties | 10,028 | 8,950 | 144 | 49 |
| - subsidiaries | – | – | 327 | 184 |
| | 10,028 | 8,950 | 471 | 233 |
| Loss allowance for trade receivables | (406) | (426) | – | – |
| | 9,622 | 8,524 | 471 | 233 |
| Non-trade receivables | | | | |
| - third parties | 3,442 | 5,002 | 3,218 | 3,304 |
| - loan to employees | 52 | 29 | – | – |
| - subsidiaries | – | – | 1,895 | 1,249 |
| | 3,494 | 5,031 | 5,113 | 4,553 |
| Loss allowance for non-trade receivables | (3,202) | (3,248) | (3,191) | (3,239) |
| | 292 | 1,783 | 1,922 | 1,314 |
| Goods and services tax recoverable | – | 3 | – | – |
| Advance on purchase of plant and equipment | 437 | 356 | – | 356 |
| Advance to suppliers | 29 | 242 | – | 1 |
| Deposits | 283 | 99 | 37 | 37 |
| | 1,041 | 2,483 | 1,959 | 1,708 |
| | 10,663 | 11,007 | 2,430 | 1,941 |
| Non-current | | | | |
| Non-trade receivables | | | | |
| - loan to employees | – | 27 | – | 5 |
| | 10,663 | 11,034 | 2,430 | 1,946 |

Trade receivables from third parties are non-interest bearing and are generally on a 30 to 120 (2020: 30 to 120) days credit terms. The amounts owing from subsidiaries are unsecured, interest-free and are generally on a 30 to 120 (2020: 30 to 120) days credit terms.

The Group's and Company's current non-trade receivables due from third parties includes advances and refundable deposit due from Core Power (Fujian) Electric Co., Ltd, a shareholder of the investee (Note 9) for expansion of the electric vehicle business, involving the development, manufacturing, assembling and selling of electric vehicles and other infrastructure projects which was fully provided for loss allowance in the previous financial year. The amount owing from third parties are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

5. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Company's current non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand.

The Group's and Company's loan to employees are expected to be repaid within 5 years (2020: 5 years). The amount is unsecured and bore interest ranging from 5% to 7% (2020: 5% to 7%) per annum. The carrying amount of the non-current loans to employees approximate their fair value.

Deposits mainly relate to the rental deposits of office spaces, utilities and electricity deposits.

Trade receivables

The management estimates expected credit loss allowance using a forward-looking expected credit loss ("ECL") model. When measuring ECL, the Group performs a review of the historical trends, default payment information, profile of its customers to determine a reasonable probability of default.

Movements in the loss allowance on trade receivables are as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Balance as at the beginning of the financial year | 426 | 361 | – | 1 |
| Loss allowance recognised during the financial year | | | | |
| - credit impaired | – | 62 | – | – |
| Reversal of loss allowance | (20) | – | – | – |
| Currency realignment | – | 3 | – | (1) |
| Balance as at the end of the financial year | 406 | 426 | – | – |
| Comprising: | | | | |
| - third parties | 406 | 426 | – | – |

As at 31 August 2021, trade receivables of \$207,000 (2020: \$263,000) had lifetime expected credit losses of the full value of the receivables. These receivables due as at the end of financial year were considered as lifetime expected credit losses as these customers are with financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

5. TRADE AND OTHER RECEIVABLES (CONTINUED)

Non-trade receivables, including loan to employees

The Group has applied the general approach in accordance with SFRS(I) 9 to measure the loss allowance of non-trade receivables using 12-month ECL.

Movements in the loss allowance on non-trade receivables are as follows:

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at the beginning of the financial year | 3,248 | 3,870 | 3,239 | 3,847 |
| Written off during the financial year | (10) | (574) | (10) | (574) |
| Currency realignment | (36) | (48) | (38) | (34) |
| Balance as at the end of the financial year | 3,202 | 3,248 | 3,191 | 3,239 |
| Comprising: | | | | |
| - third parties (credit-impaired) | 3,202 | 3,248 | 3,189 | 3,237 |
| - subsidiaries | – | – | 2 | 2 |
| | 3,202 | 3,248 | 3,191 | 3,239 |

Amount due from subsidiaries

For amount due from subsidiaries, the Board of Directors has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. The Board of Directors monitors and assesses at each reporting date on any indicator of significant increase in credit risk on the amount due from the subsidiary, by considering the financial performance and any default in external debt. The loss allowance as at the financial year end represents allowances made for non-trade receivables that are credit impaired. Core Power (Fujian) Electric Co Ltd indicated that it is unable to repay the advances.

The Group's and the Company's trade and other receivables that are not denominated in the functional currencies of the respective entities are as follows:

| | Group | | Company | |
|----------------------|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| United States dollar | 1,517 | 1,296 | – | – |
| Singapore dollar | 468 | 181 | 69 | 188 |
| Philippines peso | 276 | 2,977 | – | – |
| Malaysian ringgit | 585 | 188 | – | – |
| Euro | 424 | 373 | – | – |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

6. INVENTORIES

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Finished goods | 1,875 | 2,040 | 3 | 2 |
| Work-in-process | 930 | 686 | – | – |
| Raw materials | 4,383 | 3,291 | – | – |
| Total inventories at lower of cost and net realisable value | 7,188 | 6,017 | 3 | 2 |

During the financial year, the Group has recognized inventories written down approximately \$16,000 (2020: \$617,000) in profit or loss under “raw materials, consumables used and changes in inventories”.

The cost of inventories recognised as an expense and included in “raw materials, consumables used and changes in inventories” amounted to \$26,395,000 (2020: \$25,441,000).

7. ASSETS CLASSIFIED AS HELD FOR SALE

| | Group and Company | |
|---|-------------------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Balance as at the beginning of the financial year | 611 | – |
| Transfer from property, plant and equipment (Note 10) | – | 611 |
| Balance as at the end of the financial year | 611 | 611 |

In the previous financial year, the Group had entered into a Sale and Purchase Agreement to dispose of these assets to the PRC government. Assets classified as held for sale comprised right-of-use asset (leasehold land and building) and certain plant and equipment where the sale to the PRC government is expected to be completed within the next twelve months (Note 10). Although the legal title to these assets have not passed, the sale proceeds of \$1,945,000 have been received in advance and disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

8. SUBSIDIARIES

| | Company | |
|--|----------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Unquoted equity shares, at cost | 20,417 | 20,417 |
| Loans deemed as investment in subsidiaries | 20,976 | 22,088 |
| Currency alignment | (1,875) | (1,660) |
| | 39,518 | 40,845 |
| Loss allowance | (12,156) | (11,825) |
| | 27,362 | 29,020 |

Movements in the loans deemed as investment in subsidiaries are as follows:

| | Company | |
|---|----------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Balance as at the beginning of the financial year | 22,088 | 22,264 |
| Repayment | (859) | – |
| Currency realignment | (253) | (176) |
| Balance as at the end of the financial year | 20,976 | 22,088 |

Movements in the loss allowance on investment in subsidiaries and loans deemed as investment in subsidiaries are as follows:

| | Company | |
|---|----------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Balance as at the beginning of the financial year | 11,825 | 11,494 |
| Recognised during the financial year | 466 | 468 |
| Currency realignment | (135) | (137) |
| Balance as at the end of the financial year | 12,156 | 11,825 |

The impairment assessment carried out at the end of the reporting period indicated that the recoverable amount of certain CGUs were lower than their carrying amounts. Accordingly, Malaysian subsidiary impairment is \$466,000 (2020: \$468,000) which attributable to loan deemed as investment and investment in subsidiary. The loan to subsidiaries as deemed investment, have been assessed in accordance with SFRS (I) 9 using expected credit loss. The management has assessed the recoverable amount of CGU in Malaysia which amounted to \$4,005,000 was determined using the fair value less costs of disposal method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

8. SUBSIDIARIES (CONTINUED)

The management's assessment comprised primary the following methods and assumptions in determining the fair value less costs of disposal of these subsidiaries:

| Category | Methods and assumptions |
|--|--|
| Investment property | Independent professional valuation using the sales comparison method by making reference to market evidence of comparable properties in similar locations, adjusted for differences in key attributes as disclosed in Note 11. |
| Freehold and leasehold land | Sales comparison method by reference to the market evidence of recent transaction prices, adjusted for difference in size. |
| Buildings and improvements and leasehold buildings | Cost approach reference to the replacement cost of each replaceable asset, adjusted for accrued depreciation. |
| Plant and equipment | Selling price for similar plant and equipment, adjusted for age. |
| Other assets and liabilities | The carrying amount of current assets and current liabilities approximate their fair values in view of the relative short-term maturity. |

The fair value less costs of disposal method above include the adjustments for the effect of non-marketability of the equity investment and lack of control.

The fair value hierarchy used in determining the above is considered as Level 3 as the assessment included unobservable inputs.

Details of the Company's subsidiaries are as follows:

| Name of company (Country of incorporation and principal place of business) | Principal activities | Proportion of ownership interest held by the Group | | Proportion of ownership interest held by non-controlling interest | |
|---|--|--|------|---|------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | % | % | % | % |
| Hua-San Pte. Ltd. ⁽¹⁾ (Singapore) | Investment holding and trading of machine | 100 | 100 | – | – |
| Miyoshi Precision (Malaysia) Sdn. Bhd. ⁽²⁾ (Malaysia) | Metal stamping, fabrication of parts and components of machine tools | 100 | 100 | – | – |
| Miyoshi Technologies Phils., Inc. ⁽³⁾ (Philippines) | Metal stamping, fabrication of parts and components of machine tools | 100 | 100 | – | – |
| Miyoshi International Philippines, Inc. ⁽³⁾⁽⁴⁾ (Philippines) | Property holding | 40 | 40 | 60 | 60 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

8. SUBSIDIARIES (CONTINUED)

Details of the Company's subsidiaries are as follows: (Continued)

| Name of company (Country of incorporation and principal place of business) | Principal activities | Proportion of ownership interest held by the Group | | Proportion of ownership interest held by non-controlling interest | |
|--|--|--|------|--|------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | % | % | % | % |
| Miyoshi Hi-Tech Co., Ltd ⁽⁵⁾ (Thailand) | Metal stamping | 80 | 80 | 20 | 20 |
| Wuxi Miyoshi Precision Co., Ltd. ⁽⁶⁾ (People's Republic of China) | Metal stamping and plastic injection moulding | 100 | 100 | – | – |
| Miyoshi Precision Huizhou Co., Ltd ⁽⁶⁾ (People's Republic of China) | Metal stamping and assembly of electronic components | 100 | 100 | – | – |
| Miyoshi Mechatronic (S) Pte. Ltd. (formerly known as Miyoshi Optronics (S) Pte. Ltd.) ⁽⁷⁾ (Singapore) | Manufacture of consumer electronics and metal precision components | 100 | 100 | – | – |
| OE Aquitech (Singapore) Pte. Ltd. ⁽⁷⁾ (Singapore) | Growing and wholesale of leafy and fruit vegetables | 100 | 100 | – | – |
| OE Aquitech (Malaysia) Sdn. Bhd. ⁽²⁾ (Malaysia) | Cultivate vegetables and high-value aromatic herbs hydroponically | 70 | 70 | 30 | 30 |
| Miyoshi FL Systems, Inc. ⁽⁷⁾ (Philippines) | Manufacturing and assembly of automated cash counting and dispensing machine components | 51 | 51 | 49 | 49 |

Notes:

(1) Audited by BDO LLP, Singapore.

(2) Audited by BDO PLT, Malaysia, a member firm of BDO International Limited

(3) Audited by BDO Roxas Cruz Tagle and Co., Philippines, a member firm of BDO International Limited

(4) Deemed to be a subsidiary as the Company has the ability to direct relevant activities of the entity.

(5) Audited by HLB Audit (Thailand) Limited

(6) Audited by BDO China Shu Lun Pan Certified Public Accountants, People's Republic of China, for consolidation purposes, a member firm of BDO International Limited

(7) Dormant company

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

8. SUBSIDIARIES (CONTINUED)

Non-controlling interests

The Group has the following subsidiaries that have NCI that are material to the Group.

| Name of subsidiary | Profit allocated to NCI | | Total comprehensive income attributable to NCI | | Accumulated NCI | |
|---|-------------------------|-----------|--|-----------|-----------------|--------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Miyoshi Hi-Tech Co., Ltd | 22 | 19 | (61) | (9) | 1,582 | 1,643 |
| Miyoshi International Philippines, Inc. | 70 | 17 | 53 | 39 | 334 | 281 |
| Total | 92 | 36 | (8) | 30 | 1,916 | 1,924 |

Summarised financial information in respect of each of the Group's subsidiaries that has material NCI is set out below. The summarised financial information below represents amounts before intragroup eliminations.

| | Miyoshi Hi-Tech Co., Ltd | | Miyoshi International Philippines, Inc. | |
|---|--------------------------|--------------|---|------------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Assets and liabilities | | | | |
| Non-current assets | 5,250 | 5,555 | 3,785 | 3,912 |
| Current assets | 4,183 | 4,110 | 523 | 422 |
| Non-current liabilities | (245) | (244) | (289) | (353) |
| Current liabilities | (1,280) | (1,205) | (3,293) | (3,343) |
| Share capital | – | – | (169) | (169) |
| Net assets | 7,908 | 8,216 | 557 | 469 |
| Revenue | 4,442 | 5,096 | 105 | 99 |
| Expenses | (4,332) | (5,563) | (39) | (71) |
| Income tax expenses | – | – | 51 | – |
| Profit for the financial year | 110 | 96 | 117 | 28 |
| Other comprehensive income | (416) | (139) | (29) | 37 |
| Total comprehensive income | (306) | (43) | 88 | 65 |
| Net cash (outflow) inflow from operating activities | (266) | 45 | 2,690 | (107) |
| Net cash outflow from investing activities | – | (44) | – | – |
| Net cashflow from financing activities | – | – | – | – |

Significant restrictions

Cash and cash equivalents of \$1,540,000 (2020: \$521,000) held in People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

| | Group and Company | |
|---|--------------------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Unquoted equity shares, at fair value: | | |
| Balance as at the beginning and end of the financial year | – | – |

As at 31 August 2020, the Company's management has performed the valuation of the unquoted shares in last financial year and categorised into Level 3 of the fair value hierarchy as the assessment included unobservable inputs as follow:

| Category | Methods and assumptions |
|---------------------|---|
| Land and buildings | Fair value derived using reproduction method under the cost approach less accumulated depreciation, adjusted for land use rights growth rate and sales price indices of buildings |
| Plant and equipment | Residual value of the production machinery and mould |
| Inventories | Market price of battery and scrap material based on the average weight |
| Other assets | The carrying amount of assets deemed to be zero in view of the non-collectability |
| Other liabilities | The carrying amount of liabilities approximate their fair values in view of the relative short-term maturity |

During the current financial year, as the management was unable to obtain any relevant information from the investee company, management has determined the fair value of the financial asset at FVTPL remains to be Nil based on the valuation work performed in the previous financial year and the investee company has been inactive during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

10. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land | Buildings and improvements | Leasehold land and buildings | Plant and equipment | Office furniture and equipment | Motor vehicles | Construction- in-progress | Total |
|--|------------------|----------------------------------|---------------------------------------|---------------------------|---|-------------------|------------------------------|----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | | | | | |
| Cost | | | | | | | | |
| Balance as at 1 September 2020 | 3,751 | 16,034 | 10,363 | 38,602 | 1,820 | 1,078 | 4,792 | 76,440 |
| Currency realignment | (131) | (363) | 333 | (225) | 9 | (6) | (63) | (446) |
| Additions | – | 3,254 | 41 | 1,207 | 89 | 380 | 3,089 | 8,060 |
| Disposals/Write-offs | – | (19) | (9) | (9,784) | (7) | (353) | (280) | (10,452) |
| Transfer from constructions in progress | – | 2,608 | 22 | 2,634 | – | – | (5,264) | – |
| Balance as at 31 August 2021 | 3,620 | 21,514 | 10,750 | 32,434 | 1,911 | 1,099 | 2,274 | 73,602 |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance as at 1 September 2020 | – | 7,851 | 3,100 | 32,819 | 135 | 856 | 573 | 45,334 |
| Currency realignment | – | (241) | 110 | (230) | 9 | (2) | (7) | (361) |
| Depreciation for the financial year | – | 592 | 621 | 1,369 | 99 | 128 | – | 2,809 |
| Disposals/Write-offs | – | (2) | (7) | (8,808) | (3) | (293) | – | (9,113) |
| Impairment loss/ (Reversal) | – | 5,397 | (402) | – | – | – | – | 4,995 |
| Balance as at 31 August 2021 | – | 13,597 | 3,422 | 25,150 | 240 | 689 | 566 | 43,664 |
| Net carrying value | | | | | | | | |
| Balance as at 31 August 2021 | 3,620 | 7,917 | 7,328 | 7,284 | 1,671 | 410 | 1,708 | 29,938 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Freehold land \$'000 | Buildings and improvements \$'000 | Leasehold land and buildings \$'000 | Plant and equipment \$'000 | Office furniture and equipment \$'000 | Motor vehicles \$'000 | Construction- in-progress \$'000 | Total \$'000 |
|--|----------------------------|--|---|-------------------------------------|---|-----------------------------|--|-----------------|
| Group | | | | | | | | |
| Cost | | | | | | | | |
| Balance as at 1 September 2019 | 3,668 | 17,764 | 11,016 | 45,365 | 2,174 | 1,144 | 5,038 | 86,169 |
| Currency realignment | 83 | (200) | 161 | (112) | (1) | (5) | (55) | (129) |
| Additions | – | 144 | 130 | 968 | 84 | – | 516 | 1,842 |
| Disposals/Write- offs | – | (1,674) | – | (8,236) | (437) | (61) | – | (10,408) |
| Transfer from constructions in progress | – | – | 7 | 700 | – | – | (707) | – |
| Transfer to assets held for sale | – | – | (951) | (83) | – | – | – | (1,034) |
| Balance as at 31 August 2020 | 3,751 | 16,034 | 10,363 | 38,602 | 1,820 | 1,078 | 4,792 | 76,440 |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance as at 1 September 2019 | – | 8,606 | 2,140 | 38,666 | 367 | 789 | 573 | 51,141 |
| Currency realignment | – | (99) | 34 | (85) | 3 | (3) | – | (150) |
| Depreciation for the financial year | – | 550 | 654 | 1,651 | 142 | 131 | – | 3,128 |
| Disposals/Write- offs | – | (1,206) | – | (7,154) | (377) | (61) | – | (8,798) |
| Transfer to assets held for sale | – | – | (344) | (79) | – | – | – | (423) |
| Impairment loss/ (Reversal) | – | – | 616 | (180) | – | – | – | 436 |
| Balance as at 31 August 2020 | – | 7,851 | 3,100 | 32,819 | 135 | 856 | 573 | 45,334 |
| Net carrying value | | | | | | | | |
| Balance as at 31 August 2020 | 3,751 | 8,183 | 7,263 | 5,783 | 1,685 | 222 | 4,219 | 31,106 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Leasehold land and buildings \$'000 | Plant and equipment \$'000 | Furniture and equipment \$'000 | Motor vehicles \$'000 | Construction- in-progress \$'000 | Total \$'000 |
|--|--|-------------------------------------|---|-----------------------------|--|-----------------|
| Company | | | | | | |
| Cost | | | | | | |
| Balance as at 1 September 2020 | 2,870 | 430 | 286 | 474 | 1 | 4,061 |
| Currency realignment | (33) | (4) | (3) | (5) | – | (45) |
| Additions | – | 424 | 15 | 270 | 28 | 737 |
| Disposals | – | (7) | – | (186) | – | (193) |
| Transfer from construction in process | 29 | – | – | – | (29) | – |
| Balance as at 31 August 2021 | 2,866 | 843 | 298 | 553 | – | 4,560 |
| Accumulated depreciation and impairment | | | | | | |
| Balance as at 1 September 2020 | 1,141 | 210 | 173 | 276 | – | 1,800 |
| Currency realignment | (16) | (2) | (2) | (3) | – | (23) |
| Depreciation for the financial year | 262 | 95 | 54 | 105 | – | 516 |
| Disposals | – | (4) | – | (136) | – | (140) |
| Reversal of Impairment loss | (402) | – | – | – | – | (402) |
| Balance as at 31 August 2021 | 985 | 299 | 225 | 242 | – | 1,751 |
| Net carrying value | | | | | | |
| Balance as at 31 August 2021 | 1,881 | 544 | 73 | 311 | – | 2,809 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Leasehold land and buildings \$'000 | Plant and equipment \$'000 | Furniture and equipment \$'000 | Motor vehicles \$'000 | Construction- in-progress \$'000 | Total \$'000 |
|--|--|-------------------------------------|---|-----------------------------|--|-----------------|
| Company | | | | | | |
| Cost | | | | | | |
| Balance as at 1 September 2019 | 2,826 | 431 | 242 | 541 | – | 4,040 |
| Currency realignment | (32) | (5) | (4) | (6) | – | (47) |
| Additions | 76 | 4 | 48 | – | 1 | 129 |
| Disposals | – | – | – | (61) | – | (61) |
| Balance as at 31 August 2020 | 2,870 | 430 | 286 | 474 | 1 | 4,061 |
| Accumulated depreciation and impairment | | | | | | |
| Balance as at 1 September 2019 | 281 | 150 | 121 | 238 | – | 790 |
| Currency realignment | (17) | (3) | (3) | (4) | – | (27) |
| Depreciation for the financial year | 261 | 63 | 55 | 103 | – | 482 |
| Disposals | – | – | – | (61) | – | (61) |
| Impairment loss | 616 | – | – | – | – | 616 |
| Balance as at 31 August 2020 | 1,141 | 210 | 173 | 276 | – | 1,800 |
| Net carrying value | | | | | | |
| Balance as at 31 August 2020 | 1,729 | 220 | 113 | 198 | 1 | 2,261 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets of the Group are as follows:

| | Leasehold land and buildings \$'000 | Office Furniture and equipment \$'000 | Motor vehicles \$'000 | Total \$'000 |
|----------------------------------|---|--|-----------------------------|-----------------|
| Group | | | | |
| Cost | | | | |
| Balance as at 1 September 2020 | 7,921 | 8 | 242 | 8,171 |
| Currency realignment | 368 | (1) | (3) | 364 |
| Addition | 41 | – | 68 | 109 |
| Disposal | (9) | (7) | – | (16) |
| Balance as at 31 August 2021 | 8,321 | – | 307 | 8,628 |
| Accumulated depreciation | | | | |
| Balance as at 1 September 2020 | 1,867 | 3 | 145 | 2,015 |
| Currency realignment | 132 | – | (2) | 130 |
| Depreciation | 501 | – | 61 | 562 |
| Disposal | (7) | (3) | – | (10) |
| Balance as at 31 August 2021 | 2,493 | – | 204 | 2,697 |
| Carrying amount | | | | |
| Balance as at 31 August 2021 | 5,828 | – | 103 | 5,931 |
| Cost | | | | |
| Balance as at 1 September 2019 | 8,632 | 8 | 245 | 8,885 |
| Currency realignment | 186 | – | (3) | 183 |
| Addition | 54 | – | – | 54 |
| Transfer to assets held for sale | (951) | – | – | (951) |
| Balance as at 31 August 2020 | 7,921 | 8 | 242 | 8,171 |
| Accumulated depreciation | | | | |
| Balance as at 1 September 2019 | 1,619 | – | 98 | 1,717 |
| Currency realignment | 50 | – | (2) | 48 |
| Depreciation | 542 | 3 | 49 | 594 |
| Transfer to assets held for sale | (344) | – | – | (344) |
| Balance as at 31 August 2020 | 1,867 | 3 | 145 | 2,015 |
| Carrying amount | | | | |
| Balance as at 31 August 2020 | 6,054 | 5 | 97 | 6,156 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Leasehold land and buildings | Motor vehicles | Total |
|---------------------------------|---------------------------------|-------------------|--------|
| | \$'000 | \$'000 | \$'000 |
| Company | | | |
| Cost | | | |
| Balance as at 1 September 2020 | 435 | 242 | 677 |
| Currency realignment | (5) | (3) | (8) |
| Addition | – | 68 | 68 |
| Balance as at 31 August 2021 | 430 | 307 | 737 |
| Accumulated depreciation | | | |
| Balance as at 1 September 2020 | 141 | 145 | 286 |
| Currency realignment | (2) | (2) | (4) |
| Depreciation | 142 | 61 | 203 |
| Balance as at 31 August 2021 | 281 | 204 | 485 |
| Carrying amount | | | |
| Balance as at 31 August 2021 | 149 | 103 | 252 |
| Cost | | | |
| Balance as at 1 September 2019 | 440 | 245 | 685 |
| Currency realignment | (5) | (3) | (8) |
| Balance as at 31 August 2020 | 435 | 242 | 677 |
| Accumulated depreciation | | | |
| Balance as at 1 September 2019 | – | 98 | 98 |
| Currency realignment | (2) | (2) | (4) |
| Depreciation | 143 | 49 | 192 |
| Balance as at 31 August 2020 | 141 | 145 | 286 |
| Carrying amount | | | |
| Balance as at 31 August 2020 | 294 | 97 | 391 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the purpose of consolidated statement of cash flows, the Group additions to property, plant and equipment during the financial year comprise the following:

| | Group | |
|--|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Additions of property, plant and equipment | 8,060 | 1,842 |
| Acquired under lease arrangements | (109) | – |
| Cash payments to acquire property, plant and equipment | 7,951 | 1,842 |

As at 31 August 2021, the carrying amount of the Group's and the Company's motor vehicles acquired under finance lease agreement was \$102,000 (2020: \$97,000) and are pledged as securities for the related lease liabilities as set out in Note 15 to the financial statements.

As at 31 August 2021, the Group's and Company's land and buildings with carrying amount of \$7,619,000 (2020: \$13,583,000) and \$1,729,000 (2020: \$1,632,000) respectively are held as security for certain bank borrowings (Note 16).

At the end of the financial year, the Group and the Company carried out an impairment review of their property, plant and equipment in view of the declining operating performance by certain subsidiaries. An impairment loss on buildings and improvements of \$5,397,000 recognised in profit or loss which represents the write-down of the excess of the carrying amount of \$11,523,000 over the recoverable amount of \$6,126,000 was determined based on fair value less cost of disposal (replacement cost approach). The valuation was done by an independent professional valuer. There is a reversal of impairment loss of leasehold building by the Group, amounting to \$402,000 based on the recoverable amount of \$1,302,000 which were determined based on fair value less cost of disposal.

Key assumptions used by management for assessing the fair value less cost of disposal of the freehold building and improvement, leasehold land and buildings included the selling price of comparable properties in similar locations adjusted for property size, ages and costs of disposal. The resulting fair values of the property, plant and equipment is considered Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's land and buildings comprise the following:

| Location | Title | Description |
|---|---|---|
| Lot B1-5 Carmelray Industrial Park II, Barangay Tulo, Calamba, Laguna 4027, Philippines | Freehold | A two-storey factory building |
| Lot 3 Blk. 2 Daiichi Industrial Park, Barangay Maguyam, Silang Cavite, Philippines | Freehold | A two-storey factory building |
| 38 Moo 1 Tumbol Banpo Amphur Bangpa-In Ayutthaya Province, Thailand | Freehold | A factory cum office building |
| Lot 16/17/18, Blk. 60, Carmel Ridge Residential Estates, Barangay Punta, City of Calamba, Laguna, Philippines | Freehold | Residential units |
| No. 4, Jalan Wira 3, Taman Tan Sri Yaacob, 81300 Skudai, Johor Bahru, Johor, Malaysia | Freehold | A factory cum office building |
| Tongqiao Industrial Base Huicheng District Huizhou, Guangdong, China 516032 | Leasehold (50 years from 12 March 2008) | A factory cum office building |
| No.108 Hongda Road, Hongshan Town, Wuxi City, Jiangsu, China | Leasehold (50 years from 25 December 2006) | A factory cum office building |
| 28D Penjuru Close, #01-07, Singapore 609132 | Leasehold (30 years from 16 November 1995) | A factory cum office building |
| 26 Boon Lay Way, #01-80 Tradehub 21, Singapore 609970 | Leasehold (60 years from 10 December 2003) | A 2-storey intermediate industrial unit |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

11. INVESTMENT PROPERTIES

| | Group | |
|---|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| At fair value | | |
| Balance as at the beginning of the financial year | 6,755 | 6,933 |
| Net fair value loss recognised in profit or loss | (316) | (262) |
| Currency realignment | (136) | 84 |
| Balance as at the end of the financial year | 6,303 | 6,755 |

As at 31 August 2021, the Group's investment properties with carrying amount of \$5,236,000 (2020: \$5,452,000) was held as security for a bank borrowings (Note 16).

The Group's investment properties were valued as at 31 August 2021 and 31 August 2020 by certain independent professional valuation firms with recent experience in the location and category of the investment properties held by the Group. The valuations were arrived at by using:

- (i) the sales comparison approach whereby sale prices of comparable properties in similar locations are adjusted for unobservable inputs such as tenure, age, size, design, floor level, condition and standard of finishes amongst other factors. The most significant unobservable input into this valuation approach is selling price per square metre.
- (ii) the cost approach whereby value of the property or another asset that consider as a substitute for the purchase of a given property, the possibility of constructing another property that is equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The most significant unobservable input into this valuation approach is reproduction or replacement cost of the subject property or asset, less total (accrued) depreciation.

As at 31 August 2021 and 31 August 2020, the valuation is based on the asset's highest and best use, which is in line with its actual use. The resulting fair value of investment property is considered level 3 recurring fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

11. INVESTMENT PROPERTIES (CONTINUED)

The following table presents the valuation technique and key input that was used to determine the fair value of investment property categorised under Level 3 of the fair value hierarchy:

| Country | Description | Fair value at | | Valuation technique | Unobservable input | Relationship of unobservable input to fair value |
|-------------|---------------------|----------------|----------------|---------------------------|---|--|
| | | 2021 \$'000 | 2020 \$'000 | | | |
| Philippines | Industrial land | 2,041 | 2,075 | Sales comparison approach | Selling price per square metre | The higher the selling price per square metre, the higher the fair value, vice versa |
| Philippines | Industrial building | 3,196 | 3,377 | Cost approach | Replacement cost of each replaceable asset, adjusted for accrued depreciation | The higher the replacement cost, the higher the fair value, vice versa |
| Malaysia | Industrial land | 97 | 130 | Sales comparison approach | Selling price per square metre | The higher the selling price per square metre, the higher the fair value, vice versa |
| Malaysia | Industrial building | 969 | 1,173 | Cost approach | Replacement cost of each replaceable asset, adjusted for accrued depreciation | The higher the replacement cost, the higher the fair value, vice versa |

There were no changes to the valuation techniques during the financial year.

The Directors have exercised their judgement in relying on the valuation reports and are satisfied that the fair values are reflective of current market situations.

The following amounts are recognised in profit or loss:

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Rental income from investment properties | 1,357 | 1,330 |
| Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties | 112 | 112 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

11. INVESTMENT PROPERTIES (CONTINUED)

As at 31 August 2021 and 31 August 2020, the Group's investment properties comprise the following:

| Location | Description | Tenure |
|---|--|------------------------------|
| PLO 122, Jalan Cyber 5, Senai III Industrial Estate 81400 Senai, Johor, Malaysia | Land and a factory cum office building | 30 years Leasehold from 1996 |
| Lot B1-4 Carmelray Industrial Park II, Barangay Tulo, Calamba, Laguna 4027, Philippines | Land and two factory buildings | Freehold |
| Lot B1-5, Road 6, Carmelray Industrial Park II, Brgy. Milagrosa, Calamba Cuity, Laguna, Philippines | Land and two factory buildings | Freehold |

12. INTANGIBLE ASSETS

Intangible assets represent club memberships acquired at cost.

13. DEFERRED TAX ASSETS

The deferred tax assets recognised by the Group and movements thereon during the financial year:

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Group | | |
| Balance as at the beginning of the financial year | 26 | 51 |
| (Charge)/ Credit to other comprehensive income | (6) | 6 |
| Credit/ (Charge) to profit or loss | 1 | (30) |
| Currency alignment | – | (1) |
| Balance as at the end of the financial year | 21 | 26 |

Deferred tax are attributable to the provision of retirement benefit computed at income tax rate which available for offset against future taxable profits subject to agreement by the tax authority and provision of the tax legislations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

14. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|--|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Trade payables | | | | |
| - third parties | 8,189 | 4,879 | 85 | 30 |
| - subsidiaries | – | – | 157 | 825 |
| | 8,189 | 4,879 | 242 | 855 |
| Non-trade payables | | | | |
| - third parties | 3,732 | 2,768 | 571 | 336 |
| - subsidiaries | – | – | 3,827 | 3,341 |
| - related party | 6 | 7 | – | – |
| Accrued expenses | 1,275 | 929 | 183 | 113 |
| Advance received in relation assets classified as held for sale (Note 7) | 1,945 | – | – | – |
| | 6,958 | 3,704 | 4,581 | 3,790 |
| | 15,147 | 8,583 | 4,823 | 4,645 |
| Non-current | | | | |
| Non-trade payables | | | | |
| - subsidiaries | – | – | 3,437 | 3,298 |
| Deferred consideration payable | 285 | 289 | 285 | 289 |
| | 285 | 289 | 3,722 | 3,587 |
| Total | 15,432 | 8,872 | 8,545 | 8,232 |

Trade payable to third parties are non-interest bearing and are normally settled on 30 to 90 (2020: 30 to 90) days terms.

Trade payable due to subsidiaries are unsecured, interest-free and are normally settled on 30 to 120 (2020: 30 to 120) days terms.

Non-trade payable to third parties, subsidiaries and related parties are unsecured, interest-free and repayable on demand.

Deferred consideration payable represents agreed consideration to be paid to its fair value through profit or loss in unquoted investment for the investment purposes. Management expects the payment to be made by 1 April 2028.

During the financial year, the Company's non-trade payables to subsidiaries comprise mainly of loans payable amounted to \$6,735,000 (2020: \$6,405,000) which are expected to be repaid within 5 years. The amounts are unsecured and bore interest ranging from 5.6% to 7.0% (2020: 5.6% to 7.0%) per annum. The carrying amount of the non-trade payables to subsidiaries approximate their fair value as these payables are subject to market rates.

The carrying amount of the Group's non-current non-trade payables approximate its fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

14. TRADE AND OTHER PAYABLES (CONTINUED)

The Group's and the Company's trade and other payables that are not denominated in the functional currencies of the respective entities are as follows:

| | Group | | Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Singapore dollar | 1,067 | 766 | 3,750 | 3,284 |
| Philippines peso | 2,408 | 327 | – | – |
| Malaysian ringgit | 156 | 146 | – | – |
| United States dollar | 798 | 4 | – | – |
| Chinese renminbi | – | – | 1,881 | 1,795 |
| Others | 10 | 5 | – | – |

15. LEASE LIABILITIES

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Group | | |
| Balance as at the beginning of the financial year | 394 | 574 |
| Addition | 63 | – |
| Interest expense (Note 25) | 30 | 21 |
| Lease payments | | |
| - Principal portion | (190) | (180) |
| - Interest portion | (30) | (21) |
| Currency alignment | 1 | – |
| Balance as at the end of the financial year | 268 | 394 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

15. LEASE LIABILITIES (CONTINUED)

The maturity analysis of lease liabilities of the Group at each reporting date are as follows:

| | 2021 | 2020 |
|--|--------|--------|
| | \$'000 | \$'000 |
| Contractual undiscounted cash flows | | |
| Within one financial year | 180 | 203 |
| After one financial year but within five financial years | 109 | 176 |
| After five financial years | – | 33 |
| | 289 | 412 |
| Less: Future interest expense | (21) | (18) |
| Present value of lease liabilities | 268 | 394 |
| Presented in consolidated statements of financial position | | |
| - Non-current | 105 | 207 |
| - Current | 163 | 187 |
| | 268 | 394 |
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Company | | |
| Balance as at the beginning of the financial year | 363 | 529 |
| Addition | 63 | – |
| Interest expense (Note 25) | 15 | 19 |
| Lease payments | | |
| - Principal portion | (187) | (166) |
| - Interest portion | (15) | (19) |
| Currency alignment | (2) | – |
| Balance as at the end of the financial year | 237 | 363 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

15. LEASE LIABILITIES (CONTINUED)

The maturity analysis of lease liabilities of the Company at each reporting date are as follows:

| | 2021 | 2020 |
|--|--------|--------|
| | \$'000 | \$'000 |
| Contractual undiscounted cash flows | | |
| Within one financial year | 167 | 185 |
| After one financial year but within five financial years | 89 | 162 |
| After five financial years | – | 33 |
| | 256 | 380 |
| Less: Future interest expense | (19) | (17) |
| Present value of lease liabilities | 237 | 363 |
| Presented in the consolidated statements of financial position | | |
| - Non-current | 85 | 193 |
| - Current | 152 | 170 |
| | 237 | 363 |

The Group leases offices, warehouses, motor vehicles and office equipment in Singapore, Philippines, Malaysia, Thailand and China. These leases typically run for a period of 1 to 5 years. The Group leases office equipment, which are low value asset leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The Group had total cash outflows for leases of \$226,000 (2020: \$218,000).

The Group's lease liabilities of \$5,000 (2020: \$61,000) are secured by the leased assets (Note 10), which will be repossessed by the lessors (legal owners) in the event of default in repayment by the Group.

The finance lease term was 4 (2020: 5) years for the financial year ended 31 August 2021. The effective interest rates for the finance lease obligations was 5.63% (2020: 5.43%) per annum for the financial year ended 31 August 2021.

The Group's and the Company's lease liabilities that are not denominated in the functional currencies of the respective entities are as follows:

| | Group | | Company | |
|------------------|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Singapore dollar | 237 | 363 | 237 | 363 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

16. BANK BORROWINGS

| | Group | | Company | |
|-----------------------|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Term loans | | | | |
| - secured | 3,204 | 4,540 | – | – |
| - unsecured | 702 | 283 | 702 | 283 |
| | 3,906 | 4,823 | 702 | 283 |
| Non-current | | | | |
| Term loans | | | | |
| - secured | 3,192 | 1,720 | – | – |
| - unsecured | 2,121 | 1,406 | 2,121 | 1,406 |
| | 5,313 | 3,126 | 2,121 | 1,406 |
| Total bank borrowings | 9,219 | 7,949 | 2,823 | 1,689 |

The carrying amount of non-current bank borrowings approximates its fair value as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The Group's and Company's unsecured borrowing comprises of a temporary bridging loan from United Overseas Bank Limited to the Company. The temporary bridging loan is a government assisted financing scheme as announced during the Singapore budget 2020 on 6 April 2020.

Non-current bank borrowings are repayable as follows:

| | Group | | Company | |
|--------------------|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| In the second year | 3,566 | 1,653 | 750 | 375 |
| In the third year | 1,126 | 817 | 750 | 375 |
| In the fourth year | 621 | 375 | 621 | 375 |
| In the fifth year | – | 281 | – | 281 |
| | 5,313 | 3,126 | 2,121 | 1,406 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

16. BANK BORROWINGS (CONTINUED)

The effective interest rates per annum of the bank borrowings during the financial year are as follows:

| | Group | | Company | |
|------------|------------|-------------|---------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | % | % | % | % |
| Term loans | 2.52 - 4.4 | 2.52 - 6.25 | 3.0 | 2.68 - 6.25 |

Bank borrowings are arranged at floating rates, thus exposing the Group to interest rate risk.

The Group's secured term loans are secured as follows:

- (i) legal charge over certain of the Group's properties (Note 10 and 11)
- (ii) pledges over fixed deposits (Note 4)

The term loans have maturity dates between 2021 and 2025.

As at the end of the reporting period, the Group has banking facilities as follows:

| | Group | |
|-----------------------------|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Banking facilities granted | 15,670 | 15,450 |
| Banking facilities utilised | 9,390 | 13,400 |

The Group's and the Company's bank borrowings that are not denominated in the functional currencies of the respective entities are as follows:

| | Group | | Company | |
|-------------------|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Singapore dollar | 2,823 | 1,689 | 2,823 | 1,689 |
| Malaysian ringgit | – | 88 | – | – |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

17. PROVISIONS

Subsidiaries of the Group in Thailand and Philippines operate a non-contributory defined benefit plan for all its qualifying employees.

For Philippines' subsidiary, an employee, who retires at the age of 60, shall have a normal retirement benefit in accordance with the Retirement Pay Law (RA No. 7641). The regulatory benefit is paid in lump sum upon retirement.

For Thailand's subsidiary, employees, who are terminated by the retirement age provided that these employees have worked for an uninterrupted period commencing from the first working day to the retirement date as stipulated in Section 118, shall be paid severance pay, in accordance with the Thai Labour Protection Act B.E. 2553 (2010).

| | Group | |
|---|---------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Provision for employee service entitlement benefits | 926 | 1,092 |

| | Group | |
|---|---------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| <u>Defined benefit plans</u> | | |
| Present value of defined benefit obligation | 968 | 1,049 |
| Currency alignment | (42) | 43 |
| Net benefit liability | 926 | 1,092 |

The amount recognised in profit or loss in respect of these employee benefits are as follows:

| | Group | |
|------------------|---------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Current services | 108 | 89 |
| Interest costs | 33 | 35 |
| Total | 141 | 124 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

17. PROVISIONS (CONTINUED)

The amount included in the statements of financial position are as follows:

| | Group | |
|---|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Balance as at the beginning of the financial year | 1,092 | 829 |
| Charged to profit or loss | 141 | 124 |
| Employer direct benefit payment | (66) | – |
| Net actuarial (loss)/ gain recognised | (199) | 96 |
| Present value of unfunded obligations | 968 | 1,049 |
| Currency realignment | (42) | 43 |
| Balance as at the end of the financial year | 926 | 1,092 |

The cost of providing for employee benefits is calculated by independent actuaries. The actuarial valuations were carried out using the following key assumptions:

| | Group | |
|------------------------------------|-------------|-------------|
| | 2021 | 2020 |
| <u>For Philippines' subsidiary</u> | | |
| Annual discount rate | 4% | 4% |
| Annual salary growth rate | 4% | 4% |
| Weighted average duration | 16.40 years | 17.90 years |
| Normal retirement age | 60.00 years | 60.00 years |

| | Group | |
|----------------------------------|-------------|-------------|
| | 2021 | 2020 |
| <u>For Thailand's subsidiary</u> | | |
| Annual discount rate | 2% | 2% |
| Annual salary growth rate | 3% | 4% |
| Weighted average duration | 17.57 years | 19.24 years |
| Normal retirement age | 60.00 years | 60.00 years |

Significant actuarial assumptions for the determination of the defined obligation are annual discount rate and annual salary growth. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

17. PROVISIONS (CONTINUED)

For Philippines' subsidiary

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by \$102,000 (increase by \$103,000).
- If the salary growth rate increases (decreases) by 100 basis points, the defined benefit obligation would increase by \$123,000 (decrease by \$104,000).

For Thailand's subsidiary

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by \$25,000 (increase by \$29,000).
- If the salary growth rate increases (decreases) by 100 basis points, the defined benefit obligation would increase by \$27,000 (decrease by \$24,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

18. DEFERRED TAX LIABILITIES

| | Revaluation of investment property | |
|---|------------------------------------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Group | | |
| Balance as at the beginning of the financial year | 353 | 332 |
| Charge to profit or loss | (49) | – |
| Currency realignment | (15) | 21 |
| Balance as at the end of the financial year | 289 | 353 |

As at the end of the financial year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is \$10,678,000 (2020: \$19,275,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

19. SHARE CAPITAL AND RESERVES

Share capital

| | Group and Company | | | |
|------------------------------|---------------------------|--------|---------------------------|--------|
| | 2021 | | 2020 | |
| | Number of ordinary shares | | Number of ordinary shares | |
| | '000 | \$'000 | '000 | \$'000 |
| <u>Issued and fully paid</u> | | | | |
| Share capital | 612,670 | 49,079 | 612,670 | 49,079 |

The Company has one class of ordinary shares which have no par value and carry no right to fixed income. All ordinary shares carry one vote per share without restriction. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

Treasury shares

| | Group and Company | | | |
|---|---------------------------|--------|---------------------------|--------|
| | 2021 | | 2020 | |
| | Number of ordinary shares | | Number of ordinary shares | |
| | '000 | \$'000 | '000 | \$'000 |
| Balance as at the beginning of the financial year | 5,066 | 253 | 5,066 | 253 |
| Acquired during the financial year | 11,293 | 380 | – | – |
| Balance as at the end of the financial year | 16,359 | 633 | 5,066 | 253 |

In the current financial year, the Company acquired 11,293,000 of its own shares through purchases on the Singapore Exchange. The total amount paid to acquire the shares was \$380,000 and has been deducted from the shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

19. SHARE CAPITAL AND RESERVES (CONTINUED)

Reserves

Reserves comprise the following:

| | Group | | Company | |
|------------------------------|----------|----------|----------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Revaluation reserve | 666 | 666 | – | – |
| Other reserve | 1,205 | 784 | – | – |
| Share awards reserve | – | 37 | – | 37 |
| Currency translation account | (10,866) | (10,480) | (11,437) | (11,167) |
| | (8,995) | (8,993) | (11,437) | (11,130) |

The amounts of the Group's reserves and the movements therein for the financial year ended 31 August 2021 are presented in the consolidated statement of changes in equity.

(a) *Revaluation reserve*

Revaluation reserve arises when an owner-occupied property becomes an investment property and the property is remeasured to fair value which results in a revaluation of such property.

(b) *Other reserves*

Movements of other reserves are as follows:

| | Group | |
|--|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Balances as at the beginning of the financial year | 784 | 851 |
| Actuarial gain/ (loss) on defined benefit plan | 193 | (90) |
| Statutory reserve transfer from retained earnings | 228 | 23 |
| Balances as at the end of the financial year | 1,205 | 784 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

19. SHARE CAPITAL AND RESERVES (CONTINUED)

Reserves (continued)

(b) *Other reserves (continued)*

Other reserve comprise:

(i) Statutory reserve of subsidiaries in the following countries:

- People's Republic of China

In accordance with the Foreign Enterprise Law applicable to foreign companies in PRC, the companies are required to make appropriation to a Statutory Reserve Fund ("SRF") of at least 10% of the statutory after-tax profits as determined in accordance with the applicable PRC accounting standards and regulations until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

- Thailand

Under the provisions of the Civil and Commercial Code, companies in Thailand are required to appropriate at least 5% of their net earnings as reserve fund until the reserve reaches 10% of the authorised capital. This reserve fund is not available for dividend distribution.

(ii) Actuarial gains/losses on defined benefit plan

The Group operates a non-contributory defined benefit plan for all qualifying employees of a subsidiary to comply with local statutory requirements. The Group has recognised the actuarial gains/losses on remeasuring defined benefit obligations in other comprehensive income, rather than profit or loss.

(iii) Capital reserve

Capital reserve is non-distributable and represents the difference between fair value of the share-based payment grants to the Group's employee and the cash consideration paid to acquire treasury shares for share based payments.

(c) *Share awards reserve*

Share awards reserve represents the equity-settled shares granted to employees (Note 20). The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled shares.

(d) *Currency translation account*

The currency translation account is used to record exchange differences arising from the translation of financial statements of the Company and foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

20. SHARE-BASED PAYMENTS

Share plans

The Miyoshi Restricted Share Plan ("RSP") and the Miyoshi Performance Share Plan ("PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 December 2016. The two share plans are administered by the Remuneration Committee where members are:

Mr Lim Thean Ee (Chairman)
Mr Wee Piew

The number of shares available under the two share plans shall not exceed 15% of the issued share capital of the Company.

Details of share plans under the RSP and PSP as set out in the circular to the shareholders dated 30 November 2016 as follows:

Miyoshi RSP

Awards granted under the RSP will typically vest only after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years (time-based restricted awards) or, where the award is performance-related (performance-based restricted awards), after a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the RSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

A time-based restricted award may be granted, for example, as a supplement to the cash component of the remuneration packages of senior executives. A performance-based restricted award may be granted, for example, with a performance target based on the successful completion of a project, or on the Company meeting certain specified corporate target(s), and thereafter with a further vesting period to encourage the participant to continue serving the Group for a further period of time following completion of the project.

In the previous financial year, the equity-settled share-based expenses in relation to the RSP scheme of \$13,000 has been recognised in profit or loss under "employee benefits expense". The cost of these equity-settled share-based payment transactions with employees was measured by reference to the fair value of the RSP at the date of grant which takes into account non-vesting conditions. The estimated fair value of the each RSP share using the prevailing share price of \$0.046 at the date of grant.

Details of share plans awarded under RSP scheme as follows:

| | 2021 | 2020 |
|---|-------------------------|-------------------------|
| | Number of shares | Number of shares |
| Balance as at the beginning of the financial year | 265,744 | 744,569 |
| Forfeited | – | (203,500) |
| Vested | (265,744) | (275,325) |
| Balance as at the end of the financial year | – | 265,744 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

20. SHARE-BASED PAYMENTS (CONTINUED)

Share plans (continued)

Miyoshi RSP (continued)

In February 2021, the board of directors approved share awards under RSP 2018 and RSP 2019 to be paid in cash to the participants who have given their consent in writing to the Company. In February 2021, all participants under RSP 2018 and RSP 2019 have provided consent to settle the share awards in cash. The reclassification from equity awards to cash-settled share awards resulted in a reversal of share awards reserve of \$37,000 and this amount was subsequently paid out to the participants in cash by the end of the current financial year as employee benefits.

There were no RSP shares granted by the Company or its subsidiary corporations during the financial year.

21. REVENUE

| | Group | |
|----------------|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Sales of goods | 44,067 | 43,426 |
| Rental income | 1,391 | 1,367 |
| | 45,458 | 44,793 |

Disaggregation of revenue

The Group has disaggregated revenue into various categorical in the following table which is intended to:

- (i) depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data; and
- (ii) enable users to understand the relationship with revenue segment information provided in Note 34 to the financial statements.

| | Group | |
|----------------------|----------------|--------|
| | Sales of goods | |
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| <u>Type of goods</u> | | |
| Consumer electronics | 19,334 | 19,503 |
| Automotive | 21,281 | 15,501 |
| Data storage | 3,452 | 8,422 |
| | 44,067 | 43,426 |

The revenue generated from the above sale of goods is recognised at point in time.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

22. OTHER INCOME

| | Group | |
|---|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Gain on disposal of plant and equipment | 273 | – |
| Government grants | 156 | 164 |
| Insurance claim, net | 898 | – |
| Interest income from bank deposits | 23 | 8 |
| Miscellaneous income | 261 | 134 |
| | 1,611 | 306 |

Government grant income are related to wages subsidies announced by the Singapore and Malaysia Government to provide wage support to employers to help them retaining their local employees during this period of economic uncertainty.

23. EMPLOYEE BENEFITS EXPENSE

| | Group | |
|--------------------------|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Short-term benefits | 9,363 | 8,600 |
| Post-employment benefits | 586 | 905 |
| Share based payments | – | 13 |
| | 9,949 | 9,518 |

The above includes remuneration of Directors and key management as disclosed in Note 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

24. OTHER EXPENSES

| | Group | |
|---|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Fair value loss on investment properties | 316 | 262 |
| Impairment loss on plant and equipment, net | 4,995 | 436 |
| Insurance expenses | 138 | 101 |
| Lease expenses on low-value leases | 6 | 17 |
| Loss on disposal of plant and equipment | – | 56 |
| Loss on foreign exchange, net | 38 | 155 |
| Office and sundry expenses | 635 | 628 |
| Plant and equipment written off | 1,416 | 1,524 |
| Professional fees | 437 | 476 |
| Repairs and maintenance | 436 | 516 |
| Supplies and services | 4,088 | 4,133 |
| Transportation and travelling | 502 | 635 |
| Utilities | 1,419 | 1,541 |
| Others | 604 | 379 |
| | 15,030 | 10,859 |

25. FINANCE COSTS

| | Group | |
|-------------------------------|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Interest expense on: | | |
| - bank borrowings | 312 | 335 |
| - lease liabilities (Note 15) | 30 | 21 |
| | 342 | 356 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

26. INCOME TAX EXPENSE

| | Group | |
|--|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Current tax | | |
| - current financial year | 287 | 215 |
| - under provision in prior financial years | – | 8 |
| - withholding tax | 59 | 52 |
| | 346 | 275 |
| Deferred tax | | |
| - current financial year | (50) | 30 |
| | 296 | 305 |

Domestic income tax is calculated at 17% (2020: 17%) of the estimated assessable loss for the financial year. Taxation of other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total tax charge for the financial year can be reconciled to the accounting loss as follows:

| | Group | |
|--|---------|----------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Loss before income tax | (7,436) | (23,016) |
| Share of results of an associate | – | 1,077 |
| | (7,436) | (21,939) |
| Income tax calculated at statutory tax rate | (1,264) | (3,730) |
| Effects of different tax rates of overseas operations | 1,123 | 41 |
| Effects of expenses not deductible for income tax purposes | 663 | 3,667 |
| Effects of income not subject to tax | (172) | (53) |
| Utilisation of deferred tax assets not recognised in prior financial years | (363) | (114) |
| Deferred tax assets not recognised | 212 | 394 |
| Under provision of current income tax in prior years | – | 8 |
| Withholding tax | 59 | 52 |
| Other items | 37 | 40 |
| Total income tax expense recognised in profit or loss | 296 | 305 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

26. INCOME TAX EXPENSE (CONTINUED)

The amount of unutilised tax losses and unabsorbed capital allowance for which no deferred tax assets is recognised is as follows:

| | Group | |
|--------------------------------------|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Unabsorbed capital allowance | 3,636 | 3,749 |
| Unutilised tax losses | 36,156 | 36,603 |
| | 39,792 | 40,352 |
| Deferred tax benefits not recognised | 7,667 | 7,817 |

Deferred tax benefits for certain subsidiaries have not been recognised due to the unpredictability of future profit stream.

The future income tax benefits of the Group's unutilised tax losses as at 31 August 2021 are available for an unlimited future period, except for unutilised tax losses amounting to \$8,719,000(2020: \$9,335,000) which will expire 2022 to 2028 (2020: 2021 to 2027), and are subject to the conditions imposed by law including the retention of majority shareholders.

27. LOSS FOR THE FINANCIAL YEAR

In addition to the charges and credits disclosed elsewhere in the notes, this item includes the following charges:

| | Group | |
|---------------------------|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Audit fees: | | |
| - Auditors of the Company | 90 | 90 |
| - Other auditors | 65 | 59 |
| Non-audit fees: | | |
| - Auditors of the Company | - | - |
| - Other auditors | 1 | 1 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

28. LOSS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

| | 2021 | 2020 |
|--|---------|----------|
| | \$'000 | \$'000 |
| Loss | | |
| Loss for the purposes of basic and diluted loss per share (loss attributable to the owners of the parent) | (7,824) | (23,357) |
| Number of shares ('000) | | |
| Weighted average number of ordinary shares for the purposes of basic loss per share | 599,666 | 607,604 |
| Loss per share (cents) | | |
| Basic and diluted | (1.30) | (3.84) |

The basic earnings per share is computed by dividing the loss attributable to owners of the parent in each financial year by the weighted average of ordinary shares in issue during the respective financial year.

For the purpose of calculating diluted earnings per share, loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares including weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For the current and previous financial year, diluted loss per share was the same as the basic loss per share because the potential ordinary shares to be issued from RSP were anti-dilutive as the effect of the shares conversion would be to decrease the loss per share.

29. DIVIDENDS

In the financial years ended 31 August 2021 and 31 August 2020, the Directors did not recommend any tax-exempt dividend to be paid.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

30. COMMITMENTS

- (a) Operating lease commitments

The Group as lessor

The Group leased out its investment properties in Malaysia and Philippines under non-cancellable operating leases. The leases are contracted for 1 to 2 (2020: 1 to 3) years.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

| | Group | |
|--|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Within one financial year | 748 | 826 |
| After one financial year but within five financial years | 1,563 | 1,768 |
| | 2,311 | 2,594 |

- (b) Capital commitments

At the end of the reporting year, estimated amounts committed for future capital expenditure but not recognised in the financial statements are as follows:

| | Group | |
|---|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Contracted but not provided for in respect of property, plant and equipment | - | 402 |

31. CONTINGENT LIABILITIES, UNSECURED

As at 31 August 2021, the Company had given guarantees amounting to Nil (2020: \$88,000) to certain banks in respect of banking facilities granted to some of the subsidiaries. Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's overall policy with respect to managing risk arising in the normal course of the Group's business as well as that associated with financial instruments is to minimise the potential adverse effects on the financial performance of the Group. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures them. The Group's policies for managing specific risks and its risk exposures are summarised below.

32.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

In respect of the Group and Company, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position except as follows:

| | Company | |
|--|---------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Corporate guarantees provided to bank for a subsidiary's banking facilities utilised as at the end of financial year | – | 88 |

For the corporate guarantee issued, the Company has assessed that the subsidiary has sufficient financial capabilities to meet its contractual cash flows obligation in the near future hence, does not expect any material loss allowance under 12-month expected credit loss model.

Based on assessment at the end of the previous financial year, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The Group and Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for trade receivables by 3 (2020: 3) customers which accounted for 23% (2020:26%) of the total trade receivables of the Group as at the end of the reporting period. At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each of the financial asset in the statements of financial position.

The Group's and Company's major classes of financial assets are cash and cash equivalents and trade and other receivables and financial assets at FVTPL.

The Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance using lifetime Expected Credit Loss ("ECL") model. The Group determines the ECL based on historical credit loss experience and past due status of the receivables, adjusted as then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates. The ECL on the trade receivables are disclosed in Note 5 to the financial statements as well as the credit impaired ECL.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.1 Credit risk (Continued)

Credit risk also arises from deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "BBB" are accepted and hence, subjected to insignificant credit loss.

32.2 Market risks

Foreign exchange risk

The Group transacts in various foreign currencies, including United States dollar (USD), Philippines peso ("PHP"), Euro, Malaysian ringgit, Singapore dollar ("SGD") and Chinese renminbi ("RMB") and therefore is exposed to foreign exchange risk.

The Group uses a combination of natural hedges of matching assets and liabilities to manage its exposure to fluctuation in foreign exchange rates. Foreign currency exposures are monitored by management on an ongoing basis.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year are as follows:

Net monetary assets/(liabilities)

| | Group | | Company | |
|----------------------|---------|---------|---------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| United States dollar | 4,382 | 5,359 | – | – |
| Philippines peso | (2,115) | 2,928 | – | – |
| Euro | 414 | 369 | – | – |
| Malaysian ringgit | 918 | 287 | – | – |
| Singapore dollar | (3,742) | (1,955) | (6,403) | 2,140 |
| Chinese renminbi | (1,881) | (1,795) | (1,881) | (1,795) |

The following table details the Group's and the Company's sensitivity to a 5% change in USD, SGD, Peso and RMB against the functional currencies of the respective entities. In the analysis, the net monetary assets/liabilities of only certain entities in the Group are used in sensitivity analysis. The sensitivity analysis assumes an instantaneous 5% change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in USD, SGD, Peso and RMB are included in the analysis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.2 Market risks (Continued)

Foreign currency sensitivity analysis

| | ← Gain/(Loss) → | | | |
|-------------------------|-----------------|--------|---------|--------|
| | Group | | Company | |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| USD | | | | |
| Strengthens against RMB | 38 | 87 | – | – |
| Weakens against RMB | (38) | (87) | – | – |
| Strengthens against THB | 182 | 182 | – | – |
| Weakens against THB | (182) | (182) | – | – |
| SGD | | | | |
| Strengthens against USD | (320) | (222) | (320) | 107 |
| Weakens against USD | 320 | 222 | 320 | (107) |
| Strengthens against THB | 133 | 125 | – | – |
| Weakens against THB | (133) | (125) | – | – |
| Peso | | | | |
| Strengthens against USD | (106) | 146 | – | – |
| Weakens against USD | 106 | (146) | – | – |
| RMB | | | | |
| Strengthens against USD | (94) | (90) | (94) | (90) |
| Weakens against USD | 94 | 90 | 94 | 90 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.2 Market risks (Continued)

Interest rate risk

The Group's and the Company's exposure to interest rate risk mainly arises from bank borrowings. Their interest rates and terms of repayment are disclosed in Note 16 to the financial statements.

The Group's and the Company's borrowings as at the end of the financial year are as follows:

| | Group | | Company | |
|-----------------|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Bank borrowings | 9,219 | 7,949 | 2,823 | 1,689 |

Assuming that the amount of borrowings outstanding at the end of the financial year was outstanding for the whole year and interest rates increase/decrease instantaneously by 100 basis points from the end of the financial year, with all other variables held constant, the interest expense of the Group would increase/decrease by approximately \$92,000 (2020: \$79,000), while the interest expense of the Company would increase/decrease by approximately \$28,000 (2020: \$17,000).

32.3 Liquidity risk

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. The Group's and the Company's liquidity risk management policy is to maintain a sufficient level of liquid financial assets through proper management of its receivables and payables and by arranging for appropriate bank financing facilities.

Contract maturity analysis

The following table details the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to pay.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.3 Liquidity risk (continued)

Contract maturity analysis (continued)

Financial liabilities

| | 1 year or less \$'000 | 2 to 5 years \$'000 | After 5 years \$'000 | Total \$'000 |
|-------------------------------|-----------------------------|---------------------------|----------------------------|-----------------|
| 2021 | | | | |
| Group | | | | |
| Trade and other payables | 15,147 | – | 285 | 15,432 |
| Bank borrowings | 4,102 | 5,613 | – | 9,715 |
| Lease liabilities | 180 | 109 | – | 289 |
| | 19,429 | 5,722 | 285 | 25,436 |
| Company | | | | |
| Trade and other payables | 4,823 | 3,438 | 285 | 8,545 |
| Bank borrowings | 776 | 2,311 | – | 3,087 |
| Lease liabilities | 167 | 89 | – | 256 |
| | 5,766 | 5,834 | 285 | 11,888 |
| Financial guarantee contracts | – | – | – | – |
| 2020 | | | | |
| Group | | | | |
| Trade and other payables | 8,583 | – | 289 | 8,872 |
| Bank borrowings | 5,045 | 3,256 | – | 8,301 |
| Lease liabilities | 203 | 176 | 33 | 412 |
| | 13,831 | 3,432 | 322 | 17,585 |
| Company | | | | |
| Trade and other payables | 4,645 | 3,341 | 289 | 8,275 |
| Bank borrowings | 332 | 1,487 | – | 1,819 |
| Lease liabilities | 185 | 162 | 33 | 380 |
| | 5,162 | 4,990 | 322 | 10,474 |
| Financial guarantee contracts | 88 | – | – | 88 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.3 Liquidity risk (Continued)

Contract maturity analysis (Continued)

Financial liabilities (Continued)

The disclosures for financial guarantees contracts represent the maximum amount of issued financial guarantees in the earliest period for which the guarantees would be called upon in the contractual maturity analysis.

32.4 Capital management policies and objectives

The Group manages capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. It maintains sufficient cash and cash equivalents and internally generated cash flows to finance its activities. Adequate lines of credit and availability of committed funding lines are maintained at all times to meet its obligations as and when they fall due.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising issued share capital and reserves.

Management monitors its capital to ensure that there is adequate liquidity, taking into consideration internal funding requirements as well as external economic conditions.

As disclosed in Note 19 to the financial statements, the Group's subsidiaries in the People's Republic of China and Thailand are required by local regulations to contribute to and maintain a non-distributable statutory reserve fund.

The Group and the Company are in compliance with the financial covenants in respect of bank borrowings disclosed in Note 16 to the financial statements and the above externally imposed capital requirements for the financial years ended 31 August 2021 and 2020.

The Group's overall strategy remains unchanged from 2020.

32.5 Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

32.5 Fair value of financial assets and financial liabilities (Continued)

Fair value of financial instruments that are not carried at fair value

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of non-current financial liabilities that are not carried at fair value in relation to other payables and bank borrowings are disclosed in Notes 14 and 16 to the financial statements respectively. The management considers that the fair values of Group's and Company's non-current financial liabilities were not materially different from their carrying amounts at the end of the reporting years as explained in Notes 14 and 16 to the financial statements.

Fair value of financial instruments carried at fair value

The fair value of financial assets at FVTPL is disclosed in Note 9 to the financial statements.

32.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the financial year:

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | |
| Cash and bank balances | 3,045 | 3,074 | 236 | 356 |
| Fixed deposits | 152 | 149 | – | – |
| Trade and other receivables (excluding advances and GST recoverable) | 10,197 | 10,433 | 2,430 | 1,589 |
| Financial assets at amortised cost | 13,394 | 13,656 | 2,666 | 1,945 |
| Financial assets at FVTPL | – | – | – | – |
| Financial liabilities | | | | |
| Trade and other payables (excluding advance received) | 13,487 | 8,872 | 8,545 | 8,232 |
| Bank borrowings | 9,219 | 7,949 | 2,823 | 1,689 |
| Lease liabilities | 268 | 394 | 237 | 363 |
| Financial liabilities at amortised cost | 22,974 | 17,215 | 11,605 | 10,284 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

| | 2021 | 2020 |
|------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| <u>With related parties</u> | | |
| Sales | – | 12 |
| Disposal of assets | 87 | 29 |
| Lease rental | 107 | 99 |
| Purchases | 150 | 1 |

As at 31 August, the outstanding balances in respect of the above related party transactions are disclosed in Notes 5 and 14 to the financial statements.

Compensation of Directors and key management personnel

The remuneration of Directors and other members of key management during the financial year was as follows:

| | Group | |
|--------------------------|---------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Short-term benefits | 1,098 | 1,094 |
| Post-employment benefits | 43 | 42 |
| | 1,141 | 1,136 |

| | Group | |
|-------------------------|---------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Directors' remuneration | | |
| - of the Company | 580 | 589 |
| - of the subsidiaries | 165 | 151 |
| | 745 | 740 |

The remuneration of Directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

34. GROUP SEGMENTAL INFORMATION

34.1 Analysis by business segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Income taxes are managed by the management of the Group.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses.

Segment assets and liabilities: Segment assets include all operating assets used by a reportable segment and consist principally of property, plant and equipment, investment properties, inventories and operating receivables, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of trade and other payables, lease liabilities and borrowings.

The Group is primarily engaged in four business segments, namely:

(i) Data Storage

Manufacture of metal semi-finished components for hard disk drives and removable storage devices.

(ii) Consumer Electronics

Manufacture of metal semi-finished components for photocopiers, scanners and printers.

(iii) Automotive

Manufacture of finished products of light electric vehicles and semi-finished metal components for motor vehicles.

(iv) Rental

Rental income arising from investment properties.

The revenue from one customer from each of the Group's data storage and automotive segment represents \$3,452,000 (2020: \$4,882,000) and \$21,281,000 (2020: \$12,514,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

34. GROUP SEGMENTAL INFORMATION (CONTINUED)

34.1 Analysis by business segments (Continued)

The Group adopts these four business segments for segment reporting.

| | Consumer electronics | | Automotive | | Data storage | | Rental | | Unallocated | | Group | |
|--|----------------------|---------|------------|----------|--------------|--------|--------|--------|-------------|---------|---------|----------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | | | | | | | | |
| External sales | 19,334 | 19,503 | 21,281 | 15,501 | 3,452 | 8,422 | 1,391 | 1,367 | – | – | 45,458 | 44,793 |
| Results | | | | | | | | | | | | |
| Segment results | (2,931) | (2,772) | 1,008 | (19,942) | (1,184) | (556) | 1,301 | 1,300 | (5,311) | (698) | (7,117) | (22,668) |
| Interest expense | – | – | – | – | – | – | – | – | (342) | (356) | (342) | (356) |
| Interest income | – | – | – | – | – | – | – | – | 23 | 8 | 23 | 8 |
| Loss before income tax | (2,931) | (2,772) | 1,008 | (19,942) | (1,184) | (556) | 1,301 | 1,300 | (5,630) | (1,046) | (7,436) | (23,016) |
| Income tax expense | | | | | | | | | | | (296) | (305) |
| Loss for the financial year | | | | | | | | | | | (7,732) | (23,321) |
| Allowance/ (Reversal) for impairment of: | | | | | | | | | | | | |
| - trade and other receivables | (20) | 45 | – | 17 | – | – | – | – | – | – | (20) | 62 |
| - plant and equipment | 3,280 | 191 | 1,456 | 208 | 259 | 37 | – | – | – | – | 4,995 | 436 |
| - inventory obsolescence | 16 | 32 | – | 322 | – | 263 | – | – | – | – | 16 | 617 |
| Depreciation | 1,565 | 1,479 | 957 | 863 | 287 | 786 | – | – | – | – | 2,809 | 3,128 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

34. GROUP SEGMENTAL INFORMATION (CONTINUED)

34.1 Analysis by business segments (Continued)

| | Consumer electronics | | Automotive | | Data storage | | Rental | | Unallocated | | Group | |
|--|----------------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| (Gain) / | | | | | | | | | | | | |
| Loss on disposal of plant and equipment | - | - | - | - | - | - | - | - | (273) | 56 | (273) | 56 |
| Net fair value loss on investment property | - | - | - | - | - | - | 316 | 262 | - | - | 316 | 262 |
| Loss arising from valuation of retained interest in former associate | - | - | - | 17,764 | - | - | - | - | - | - | - | 17,764 |
| Plant and equipment written off | - | 422 | - | 199 | - | 903 | - | - | - | - | 1,416 | 1,524 |
| Segment assets | 26,824 | 24,915 | 20,351 | 16,446 | 2,846 | 8,417 | 8,170 | 9,177 | 21 | 26 | 58,212 | 58,981 |
| Segment assets include: | | | | | | | | | | | | |
| Additions to: | | | | | | | | | | | | |
| - Right-of-use assets | 109 | - | - | - | - | - | - | - | - | - | 109 | - |
| - Property, plant & equipment | 3,551 | 827 | 3,854 | 658 | 546 | 357 | - | - | - | - | 7,951 | 1,842 |
| | 3,660 | 827 | 3,854 | 658 | 546 | 357 | - | - | - | - | 8,060 | 1,842 |
| Segment liabilities | 15,943 | 3,364 | 5,382 | 1,650 | 1,543 | 7,078 | 294 | 353 | 3,197 | 6,241 | 26,359 | 18,686 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

34. GROUP SEGMENTAL INFORMATION (CONTINUED)

34.2 Analysis by geographical segments

Revenue is analysed by the location of the customers. Non-current assets excluding financial assets at FVTPL, other receivables and deferred tax are analysed by the location of the assets:

| | External sales | | Non-current assets | |
|-------------|----------------|--------|--------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Philippines | 17,157 | 20,068 | 20,628 | 21,912 |
| PRC | 15,148 | 11,455 | 5,692 | 6,331 |
| Thailand | 4,764 | 5,541 | 2,745 | 2,636 |
| Mexico | 3,266 | 1,933 | – | – |
| Hungary | 1,422 | 1,269 | – | – |
| Malaysia | 1,211 | 1,114 | 3,531 | 3,895 |
| Singapore | 873 | 1,013 | 3,691 | 3,154 |
| Others | 1,617 | 2,400 | – | – |
| | 45,458 | 44,793 | 36,287 | 37,928 |

35. IMPACT OF THE NOVEL CORONAVIRUS (“COVID-19”) ON THE OPERATIONS

The COVID-19 outbreak since early 2020 has brought about additional uncertainties in the general operating environment and across many sectors of the economies around the world.

The evolving COVID-19 pandemic has contributed to the increased costs to the business, the rising cost of raw material will have an impact to the Group's financial performance. Due to uncertain future impact that the COVID-19 might have on the Group's operations, the Group maintains a cautious outlook in the next 12 months and continues to monitor the situation and ensure adequate funds available for its operating requirement and meeting debts obligations.

DIRECTORS' STATEMENT

The Directors of Miyoshi Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 August 2021 and the statement of financial position of the Company as at 31 August 2021.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2021 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Mr Sin Kwong Wah, Andrew
Mr Lim Thean Ee
Mr Wee Piew
Mr Pek Ee Perh, Thomas

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except as disclosed in paragraph 5 of this statement.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

| Name of Directors and company in which interests are held | Shareholdings registered in the name of Directors | | Shareholdings in which Directors are deemed to have an interest | |
|---|---|----------------|---|----------------|
| | At beginning of year | At end of year | At beginning of year | At end of year |
| The Company | Number of ordinary shares | | | |
| Mr Sin Kwong Wah, Andrew | 62,624,800 | 117,624,800 | 103,726,500 | 48,726,500 |
| Mr Lim Thean Ee | 100,000 | 100,000 | – | – |
| Mr Pek Ee Perh, Thomas | 16,454,500 | 16,454,500 | – | – |

| Name of Directors and company in which interests are held | Shareholdings registered in the name of the Directors | |
|---|---|----------------|
| | At beginning of year | At end of year |

Subsidiaries Ordinary shares of Philippine Peso 1,000 each

- Miyoshi Technologies Phils., Inc.

| | | |
|--------------------------|------------------|------------------|
| Mr Sin Kwong Wah, Andrew | 1 ⁽⁴⁾ | 1 ⁽⁴⁾ |
|--------------------------|------------------|------------------|

(1) By virtue of Section 7 of the Act, Mr Sin Kwong Wah, Andrew and Mdm Pek Yee Chew are deemed to have an interest in all the subsidiaries of the Company.

(2) Mr Sin Kwong Wah, Andrew is deemed to have an interest in the 46,444,000 shares held by his spouse, Mdm Pek Yee Chew and 1,500,000 shares held by his daughter, Sin Shi Min, Andrea and 782,500 shares held by his son, Sin Shi Han, Kenneth.

(3) Mdm. Pek Yee Chew is deemed to have an interest in the Shares held or deemed to be held by her spouse, Mr. Sin Kwong Wah, Andrew, 1,500,000 Shares held by her daughter, Ms. Sin Shi Min Andrea and 782,500 Shares held by her son, Mr. Sin Shi Han, Kenneth.

(4) Shares held in trust for the Company.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("Catalist Rules"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 September 2021 in the shares or debentures of the Company and its related corporations have not changed from those disclosed as at 31 August 2021.

DIRECTORS' STATEMENT

5. Share plans

Restricted Share Plan and Performance Share Plan

The Company implemented a Miyoshi Restricted Share Plan ("RSP") and Miyoshi Performance Share Plan ("PSP") which were approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 23 December 2016. Both the RSP and PSP are administered by the Remuneration Committee.

The RSP and PSP apply to group employees, executive directors and non-executive directors, who are not controlling shareholders or their associate.

In the current financial year, the board of directors approved share awards under RSP 2018 and RSP 2019 to be paid in cash to the Participants who have given their consent in writing to the Company. All employees under RSP 2018 and RSP 2019 have provided consent to receive the share awards in cash.

Details of the RSP are disclosed in Note 20 to the financial statements.

The shares awarded under RSP are as follows:

| Date of grant | Number of Shares | | | | Balance at 31.08.2021 |
|----------------------|------------------------------|----------------|---------------|------------------|------------------------------|
| | Balance at 01.09.2020 | Granted | Vested | Forfeited | |
| <u>RSP</u> | | | | | |
| 11 February 2019 | 265,744 | – | (265,744) | – | – |

Save for the above, there were no options or share awards granted under PSP and RSP to:

- (i) Directors of the Company;
- (ii) Participants who are controlling shareholders of the Company and their associates; and
- (iii) Participants who receive 5% or more of the total number of options or share awards under the PSP and RSP.

There were no PSP shares granted by the Company or its subsidiary corporations during the financial year.

DIRECTORS' STATEMENT

6. Audit committee

The members of the Audit Committee are:

Mr Wee Piew (Chairman)
Mr Lim Thean Ee
Mr Pek Ee Perh, Thomas

The Audit Committee, which has written terms of reference, performs the following delegated functions:

- (i) Reviews the audit plans and scope of audit examination of external auditor and approves the audit plans of the internal auditors;
- (ii) Reviews the nature and extent of non-audit services performed by the external auditor;
- (iii) Evaluates the overall effectiveness of both the internal and external audits through meetings with each group of auditors;
- (iv) Evaluates the adequacy of the Group's internal controls by reviewing written reports from the internal and external auditors, and management's responses and actions to correct any deficiencies;
- (v) Reviews the annual financial statements and quarterly financial announcements to shareholders before submission to the Board of Directors for approval;
- (vi) Reviews interested person transactions;
- (vii) Nominates the internal and external auditors for re-appointment;
- (viii) Reviews the statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company; and
- (ix) Reviews the co-operation and assistance given by the management to the Company's internal and external auditors.

The Audit Committee has full access to and has the co-operation of the Management, and has been given the resources required for it to discharge its function properly. It has also full discretion to invite any Director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee also carried out annual review of non-audit services provided by the external auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors prior to recommending their re-nomination.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

7. Auditor

The auditor, BDO LLP, has expressed its willingness to accept re-appointment.

8. Additional disclosure requirements of the Listing Manual of the SGX-ST

The auditors of the subsidiaries of the Company are disclosed in Note 8 to the financial statements. In the opinion of the Board of Directors and the Audit Committee, Rules 712 and 715 of the Listing Manual of SGX-ST have been complied with.

On behalf of the Board of Directors

Sin Kwong Wah, Andrew

Director

Pek Ee Perh, Thomas

Director

Singapore

13 December 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Miyoshi Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the financial statements of Miyoshi Limited (the "Company") and its subsidiaries (the "Group"), which comprise as set out on pages 46 to 125:

- (i) the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 August 2021;
- (ii) the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- (iii) notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 August 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Qualified Opinion

The Group's and the Company designated the investment in Core Power (Fujian) New Energy Automobile Co., Ltd ("Core Power") as a financial asset at Fair Value through Profit or Loss ("FVTPL"). During the current financial year, as the management was unable to obtain any relevant information from the investee company, management has determined the fair value of the financial asset at FVTPL as at 31 August 2021 remains to be Nil.

We were unable to obtain sufficient appropriate audit evidence about the fair value of the financial asset at FVTPL. Consequently, we were unable to determine whether any adjustments to the Group's and the Company's on the financial asset at FVTPL were necessary. Our opinion on the financial statements for the financial year ended 31 August 2020 was modified on the Group's and Company's financial asset at FVTPL as at 31 August 2020 on a similar basis.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITOR'S REPORT

To the Members of Miyoshi Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

AUDIT RESPONSE

1 Impairment assessment of property, plant and equipment ("PPE")

As at 31 August 2021, the Group's carrying amount of PPE amounted to approximately \$29,938,000 and accounted for 51.4% of the Group's total assets. During the financial year, there were impairment indications on its PPE for the loss-making operating facilities in Singapore, Philippines, Malaysia and People's Republic of China.

Management had carried out an impairment assessment to determine whether the recoverable amounts of these PPEs are less than the respective carrying amounts using the fair value less costs of disposal method. The assessment involved critical assumptions and judgement in determining the recoverable amounts. The review led to the recognition of impairment loss amounted to \$4,995,000 during the financial year.

The critical assumptions used for assessing:

- the fair value of freehold land was based on selling price of comparable properties in similar locations adjusted for property size and costs of disposal;
- the fair value of leasehold land was based on selling price of comparable properties in similar locations adjusted for property size, ages and costs of disposal;
- the fair value of leasehold and freehold buildings was based on cost approach for buildings and costs of disposal; and
- the fair value of plant and equipment, motor vehicles was based on the selling price for similar item adjusted for age and costs of disposal.

We have determined the impairment assessment of PPE to be a key audit matter as the impairment assessment involved significant judgements and critical assumptions applied by management in their assessment of the recoverable amounts of PPE.

Our procedures included, amongst others, the following:

- Reviewed the management's impairment assessment of PPE in accordance with SFRS(I) 1-36;
- Assessed the reasonableness of the key assumptions such as similar property, plant and equipment, adjusted for age and cost of disposal by evaluating the underlying data;
- Independently verified the external sources data used by the management in deriving at the fair value of PPE;
- Performed sensitivity analysis on the related key assumptions such as adjusted equipment and motor vehicle age and cost of disposal used in management's computation;
- Checked the mathematical accuracy of management's computation of the fair value less costs of disposal; and
- Reviewed adequacy of the related disclosures in the financial statements.

Refer to Notes 3 and 10 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Miyoshi Limited

| KEY AUDIT MATTER | AUDIT RESPONSE |
|--|--|
| <p>2 Impairment loss on investment in subsidiaries and loans deemed as investment in subsidiaries</p> <p>As at 31 August 2021, the Company's investment in subsidiaries and loans deemed as investment in subsidiaries amounted to \$17,453,000 and \$9,909,000 respectively.</p> <p>During the financial year, the impairment indications were arising from certain cash-generating units ("CGUs") in Malaysia and Philippines after these CGUs incurred losses during the financial year. Management had carried out an impairment assessment to determine whether the recoverable amounts of the investment in subsidiaries and loans deemed as investment in subsidiaries are less than the carrying amounts.</p> <p>For the loans deemed as investment in subsidiaries in Malaysia's CGU, the management has applied expected credit losses model in accordance with SFRS (I) 9. Subsequently, management determined the recoverable amounts of investment in subsidiaries and loans deemed as investment in subsidiaries based on fair value less costs of disposal method using the adjusted net tangible assets, which approximate the fair value less costs of disposal in accordance with SFRS(I) 1-36.</p> <p>In the current financial year, the Company recognised an impairment on investment in subsidiaries and loans deemed as investment in Malaysia's CGU of \$466,000.</p> <p>We have determined the impairment assessment on investment in subsidiaries and loans deemed as investment in subsidiaries to be a key audit matter as the impairment assessment involved significant judgements and critical assumptions applied by management in their assessment of the expected credit losses and recoverable amounts of investment in subsidiaries and loans deemed as investment in subsidiaries.</p> | <p>Our procedures included, amongst others, the following:</p> <ul style="list-style-type: none">• Discussed with management and evaluate their assessment of the indication of the impairment loss;• Assessed the reasonableness of the key assumptions used by management to determine the expected credit losses and recoverable amount;• Independently verified the external sources data used by the management in deriving at the adjustments to net tangible assets;• Checked the mathematical accuracy of management's computation of the fair value less cost of disposal; and• Reviewed adequacy of the related disclosures in the financial statements. |

Refer to Notes 3 and 8 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Miyoshi Limited

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis for Qualified Opinion section above, we have concluded that the other information is materially misstated with respect to the Directors' opinion in the Directors' Statement whereby the Directors opined that *"the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2021 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date"*.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Miyoshi Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

To the Members of Miyoshi Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is William Ng Wee Liang.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
13 December 2021

GROUP FIVE-YEAR FINANCIAL SUMMARY

GROUP FINANCIAL HIGHLIGHTS

| FOR THE YEAR (\$'000) | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|-------------------------------|--------|--------|--------|----------|---------|
| Revenue | 52,763 | 51,318 | 53,452 | 44,793 | 45,458 |
| Revenue Growth (%) | 3% | -3% | 4% | -16% | 1% |
| Profit/ (loss) for the Period | 2,202 | 1,017 | (973) | (23,321) | (7,732) |

GROUP SEGMENTAL INFORMATION

| FOR THE YEAR (\$'000) | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|-----------------------|--------|--------|--------|--------|--------|
| Consumer Electronics | 19,875 | 21,526 | 22,646 | 19,503 | 19,334 |
| Automotive | 11,720 | 15,316 | 16,604 | 15,501 | 21,281 |
| Data Storage | 20,194 | 13,461 | 12,945 | 8,422 | 3,452 |
| Rental | 974 | 1,015 | 1,257 | 1,367 | 1,391 |
| | 52,763 | 51,318 | 53,452 | 44,793 | 45,458 |

GROUP CASH FLOWS

| FOR THE YEAR (\$'000) | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|---|----------------|----------------|----------------|------------|-----------|
| Operating cash flow before working capital changes | 5,930 | 5,512 | 4,465 | 2,216 | 1,863 |
| Work capital changes | (990) | 2,917 | 250 | 1,571 | 4,444 |
| Interest paid, net | (469) | (397) | (403) | (348) | (319) |
| Income tax paid | (463) | (447) | (458) | (339) | (494) |
| Net cash from operating activities | 4,008 | 7,585 | 3,854 | 3,100 | 5,494 |
| Net cash used in investing activities | (7,472) | (15,279) | (2,914) | (2,462) | (6,247) |
| Net cash (used in)/ from financial activities | (500) | 2,843 | (1,956) | (87) | 670 |
| (Decrease)/increase in cash and cash equivalents | (3,964) | (4,851) | (1,016) | 551 | 83 |

GROUP FIVE-YEAR FINANCIAL SUMMARY

GROUP FINANCIAL RATIOS

| FOR THE YEAR (\$'000) | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|-----------------------------------|--------|--------|--------|---------|---------|
| Earnings per share (cents) | 0.48 | 0.24 | (0.13) | (3.84) | (1.30) |
| Net asset value per share (cents) | 11.55 | 10.48 | 10.14 | 6.32 | 5.02 |
| Dividend per share (cents) | 0.4 | 0.2 | – | – | – |
| Return on equity (%) | 3.87 | 2.11 | (1.28) | (46.71) | (22.91) |
| Return on assets (%) | 2.80 | 1.22 | (1.11) | (32.57) | (13.20) |
| Gearing ratio | 0.18 | 0.16 | 0.13 | 0.21 | 0.31 |
| Current ratio | 2.21 | 1.89 | 1.38 | 1.54 | 1.13 |
| Cash ratio | 0.53 | 0.27 | 0.18 | 0.24 | 0.16 |

GROUP FINANCIAL POSITION

| FOR THE YEAR (\$'000) | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|---|---------------|---------------|---------------|---------------|---------------|
| Property, plant and equipment | 27,504 | 32,049 | 34,543 | 31,106 | 29,938 |
| Available-for-sale financial assets (non-current) | 8,978 | – | – | – | – |
| Investment properties | 6,584 | 6,827 | 6,933 | 6,755 | 6,303 |
| Associate | – | 20,583 | 18,640 | – | – |
| Intangible assets | 13 | 15 | 39 | 41 | 46 |
| Other assets | 215 | 208 | 296 | 221 | 266 |
| Cash and cash equivalents | 8,830 | 5,342 | 3,139 | 3,223 | 3,197 |
| Trade and other receivables | 18,475 | 16,713 | 13,867 | 11,007 | 10,663 |
| Inventories | 5,449 | 5,249 | 6,776 | 6,017 | 7,188 |
| Assets classified as held for sale | 3,569 | 3,601 | – | 611 | 611 |
| Total Assets | 79,617 | 90,587 | 84,233 | 58,981 | 58,212 |
| Equity attributable to owners of the parent | 57,057 | 63,825 | 61,630 | 38,371 | 29,937 |
| Non-controlling interests | 2,354 | 2,008 | 1,894 | 1,924 | 1,916 |
| Bank borrowings: non-current | 2,665 | 3,785 | 2,105 | 3,126 | 5,313 |
| Bank borrowings: current | 7,348 | 6,121 | 6,145 | 4,823 | 3,906 |
| Lease liabilities | – | 118 | 89 | 394 | 268 |
| Trade and other payables | 9,053 | 13,769 | 11,097 | 8,872 | 15,432 |
| Other liabilities | 1,140 | 1,064 | 1,273 | 1,471 | 1,440 |
| Total Equity and Liabilities | 79,617 | 90,587 | 84,233 | 58,981 | 58,212 |

CONTACT DETAILS

MIYOSHI LIMITED

HUA-SAN PTE. LTD.

(formerly known as Miyoshi Saitoh Pte. Ltd.)

OE AQUITECH (SINGAPORE) PTE. LTD.

26 Boon Lay Way #01-80

Singapore 609970

Tel: (65) 6265-5221

MIYOSHI MECHATRONIC (S) PTE. LTD.

(formerly known as Miyoshi Optronics (S) Pte. Ltd.)

28D Penjuru Close #01-07

Singapore 609132

Tel: (65) 6904-4376

MIYOSHI TECHNOLOGIES PHILS., INC.

MIYOSHI INTERNATIONAL PHILIPPINES., INC.

Lot B1-5, Road 6, Carmelray Industrial Park II,

Barangay Tulo, Calamba City, Laguna 4027,

The Philippines

Tel: (63) (049) 508-1388

Lot 3 Block 2, Daiichi Industrial Park,

Barangay Maguyam, Silang Cavite 4118,

The Philippines

MIYOSHI HI-TECH CO., LTD

38 Moo 1, Hi-Tech Industrial Estate,

BanPo, Ban Pa-In, Ayutthaya 13160

Thailand

Tel: (66) (35) 314-031

WUXI MIYOSHI PRECISION CO., LTD

No. 108, Hong Da Road, Hongshan Machine Photoelectric Industrial Park,

Wuxi New District, Jiangsu Province, 214115,

People's Republic of China

Tel: (86) (510) 8530-0128

MIYOSHI PRECISION HUIZHOU CO., LTD

Jin Chuan Road, Tong Qiao Industrial Park

Huicheng District, Huizhou,

516032 Guangdong Province,

People's Republic of China

Tel: (86) (752) 711-9926

MIYOSHI PRECISION (MALAYSIA) SDN BHD

OE AQUITECH (M) SDN BHD

No. 4, Jalan Wira 3, Taman Tan Sri Yaacob

81300 Skudai, Johor D.T.,

Malaysia

Tel: (60) 7511-1855

CORE POWER (FUJIAN) NEW ENERGY

AUTOMOBILE CO., LTD

229 Luo Xi Road, Yong An City, Fujian Province,

People's Republic of China

STATISTICS OF SHAREHOLDINGS

As at 8 December 2021

| | | |
|--|---|--------------------|
| Class of equity securities | : | Ordinary Shares |
| No. of equity securities (excluding treasury shares) | : | 614,829,408 |
| Number of subsidiary shareholdings | : | Nil |
| Voting Rights | : | One vote per share |

As at 8 December 2021, the total number of treasury shares held is 16,358,600 (2.59%)

DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | | NO. OF SHARES | |
|-----------------------|---------------------|---------------|--------------------|---------------|
| | | % | | % |
| 1 - 99 | 9 | 0.33 | 277 | 0.00 |
| 100 - 1000 | 248 | 9.21 | 133,629 | 0.02 |
| 1,001 - 10,000 | 901 | 33.44 | 4,914,200 | 0.80 |
| 10,001 - 1,000,000 | 1,484 | 55.09 | 159,468,630 | 25.94 |
| 1,000,001 and above | 52 | 1.93 | 450,312,672 | 73.24 |
| TOTAL | 2,694 | 100.00 | 614,829,408 | 100.00 |

LIST OF SUBSTANTIAL SHAREHOLDERS

| | Direct Interest | | Deemed Interest | |
|---------------------------------|-----------------|--------|--------------------------|--------|
| | No. of shares | % | No. of shares | % |
| Substantial shareholders | | | | |
| Miyoshi Industry Co., Ltd | 50,901,890 | 8.28% | – | – |
| Sin Kwong Wah Andrew | 117,624,800 | 19.13% | 48,726,500 ¹ | 7.93% |
| Pek Yee Chew | 46,444,000 | 7.55% | 119,907,300 ² | 19.50% |

Notes:

- 1 Mr Sin Kwong Wah, Andrew is deemed to have an interest in the 46,444,000 shares held by his spouse, Mdm Pek Yee Chew, 1,500,000 shares held by his daughter, Sin Shi Min Andrea and 782,500 shares held by his son, Sin Shi Han Kenneth.
- 2 Mdm. Pek Yee Chew is deemed to have an interest in the Shares held or deemed to be held by her spouse, Mr. Sin Kwong Wah, Andrew, 1,500,000 Shares held by her daughter, Ms. Sin Shi Min Andrea and 782,500 Shares held by her son, Mr. Sin Shi Han, Kenneth.

STATISTICS OF SHAREHOLDINGS

As at 8 December 2021

TWENTY LARGEST SHAREHOLDERS

| NO. | NAME | NO. OF SHARES | % |
|-----|-------------------------------------|--------------------|--------------|
| 1 | SIN KWONG WAH ANDREW | 117,624,800 | 19.13 |
| 2 | MIYOSHI INDUSTRY CO LTD | 50,901,890 | 8.28 |
| 3 | PEK YEE CHEW | 46,444,000 | 7.55 |
| 4 | DBS NOMINEES PTE LTD | 26,250,189 | 4.27 |
| 5 | LIM YUH PING | 23,800,300 | 3.87 |
| 6 | HONG LEONG FINANCE NOMINEES PTE LTD | 17,545,900 | 2.85 |
| 7 | KHOO TECK POH | 16,700,000 | 2.72 |
| 8 | PEK EE PERH THOMAS | 16,454,500 | 2.68 |
| 9 | LOW HUAT YEW | 11,716,800 | 1.91 |
| 10 | KUAN BON HENG | 10,436,000 | 1.70 |
| 11 | NG HWEE KOON | 9,000,000 | 1.46 |
| 12 | RAFFLES NOMINEES (PTE) LIMITED | 8,639,100 | 1.40 |
| 13 | PHILLIP SECURITIES PTE LTD | 8,166,545 | 1.33 |
| 14 | LEE BOON SEONG | 7,800,000 | 1.27 |
| 15 | ONG ENG HONG | 5,102,700 | 0.83 |
| 16 | LUO JINPING | 4,000,000 | 0.65 |
| 17 | MAYBANK KIM ENG SECURITIES PTE LTD | 3,681,130 | 0.60 |
| 18 | TOH GUAN HENG | 3,251,800 | 0.53 |
| 19 | LIM AH KAW @ LIM LAN CHING | 3,224,800 | 0.52 |
| 20 | LAI WENG KAY | 3,076,300 | 0.50 |
| | TOTAL | 393,816,754 | 64.05 |

As at 8 December 2021, 61.97% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual: Section B: Rules of Catalist which require that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("**AGM**") of Miyoshi Limited (the "**Company**") will be held by way of electronic means on Thursday, 30 December 2021 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 August 2021 together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect the following Director of the Company who retires by rotation in accordance with Regulation 89 of the Company's Constitution and who, being eligible, offers himself for re-election:

Mr Pek Ee Perh, Thomas

(Resolution 2)

*Mr Pek Ee Perh, Thomas will, upon his re-election as a Director of the Company, remain as a member of the Audit and Remuneration Committees and will be considered non-independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"). Further information on Mr Pek Ee Perh, Thomas can be found under the section entitled "Board of Directors" on page 4 and table entitled "Disclosure of Information on Directors Seeking Re-election" on pages 149 to 154 of the Annual Report 2021.*

Note: The Company had received letters from Mr Wee Piew and Mr Lim Thean Ee indicating that they do not wish to seek re-election and will retire at the close of this Annual General Meeting. Mr Wee and Mr Lim will relinquish all their positions in the Board Committees.

3. To approve the payment of Directors' fees of S\$60,000 for the year ended 31 August 2021 (2020: S\$60,000). **(Resolution 3)**
4. To re-appoint BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 4)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as Ordinary Resolutions, with or without amendments:-

6. Authority to issue shares

That pursuant to Section 161 of the Companies Act Chapter 50 of Singapore ("**Companies Act**") and subject to Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors to:

- (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of bonus issue, rights issue or otherwise; and/or
- (ii) to make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

- (i) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution) and Instruments to be issued pursuant to this Ordinary Resolution, on a pro rata basis, shall not exceed 100% of the total issued Shares at the time of passing of this Ordinary Resolution (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 50% of the total issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the Catalist Rules) for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (i) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
- (1) new Shares arising from the conversion or exercise of any convertible securities;
 - (2) new Shares arising from exercising share options or vesting of share awards; and
 - (3) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (b)(ii)(1) or (b)(ii)(2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and
- (iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
- [See Explanatory Note (i)] **(Resolution 5)**

7. Authority to allot, issue and deliver shares pursuant to Miyoshi Restricted Share Plan 2016

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards ("**RSP Awards**") under the prevailing Miyoshi Restricted Share Plan ("**Miyoshi RSP**") and to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be delivered pursuant to the vesting of RSP Awards under the Miyoshi RSP, provided that the aggregate number of (1) new Shares allotted and issued and/or be allotted and issued and (2) existing Shares (including Shares held in treasury) delivered and/or to be delivered, and (3) Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to the Miyoshi RSP and the Miyoshi Performance Share Plan and all options or awards granted under any other share option schemes or share schemes implemented by the Company and for the time being in force shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (ii)] **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING

8. Authority to allot, issue and deliver shares pursuant to Miyoshi Performance Share Plan 2016

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards ("**PSP Awards**") under the prevailing Miyoshi Performance Share Plan ("**Miyoshi PSP**") and to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be delivered pursuant to the vesting of PSP Awards under the Miyoshi PSP, provided that the aggregate number of (1) new Shares allotted and issued and/or be allotted and issued and (2) existing Shares (including Shares held in treasury) delivered and/or to be delivered, and (3) Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to the Miyoshi RSP and the Miyoshi PSP and all options or awards granted under any other share option schemes or share schemes implemented by the Company and for the time being in force shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (iii)]

(Resolution 7)

9. Proposed Renewal of Share Buy-Back Mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or
- (ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with an equal access scheme as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Catalist Rules and the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the Catalist Rules as may for the time being be applicable be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the conclusion of the next annual general meeting of the Company is held or date by which such annual general meeting is required to be held;
- (ii) the date on which the Share Buy-Backs are carried out to the full extent of the Share Buy-Back Mandate; or
- (iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

NOTICE OF ANNUAL GENERAL MEETING

- (c) for purposes of this ordinary resolution:

“Average Closing Price” means the average of the closing market prices of the Shares for the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the Catalist Rules of the SGX-ST for any corporate action that occurs during the relevant five (5)-Market Day period and the date on which the purchases are made;

“Date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price (as hereinafter defined) for an off-market purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

“Maximum Limit” means ten per cent. (10%) of the total issued Shares of the Company as at the date of the passing of this ordinary resolution, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share buy-back) in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined in the Appendix) in which event the issued Shares of the Company shall be taken to be the total number of the issued Shares as altered by such capital reduction (the total number of Shares shall exclude any Shares that may be held as treasury shares by the Company from time to time);

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price;

“Market Day” means a day on which the SGX-ST is open for trading in securities;

- (d) the number of Shares which may in aggregate be purchased or acquired by the Company during the Relevant Period shall be subject to the Maximum Limit;
 - (e) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buy-Back Mandate in any manner as they think fit, which is permitted under the Companies Act; and
 - (f) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this ordinary resolution.
- [See explanatory note (iv)]

(Resolution 8)

By Order of the Board

Ong Wei Jin
Company Secretary

15 December 2021
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolution 5 in item 6 above, if passed, will empower the Directors, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders of the Company.
- (ii) The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Miyoshi RSP and such other share-based incentive schemes up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (iii) The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Miyoshi PSP and such other share-based incentive schemes up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (iv) The Ordinary Resolution 8 in item 9 above, if passed, will empower the Directors of the Company to exercise all powers of the Company in purchasing or acquiring Shares pursuant to the terms of the Share Buy-Back Mandate. This authority will continue in force until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting or the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated, whichever is the earlier. Information relating to this proposed Resolution is set out in the Appendix dated 15 December 2021 (in relation to the proposed renewal of the Share Buy-Back Mandate) attached to the Company's Annual Report 2021.

Please read the following notes and the explanations of the resolutions before deciding how to vote.

Appointment of Proxy and Voting

(a) Attendance in Person

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendments No. 2 & 3) Order 2020 (the "**Order**"), the AGM will be conducted by electronic means and Shareholders will not be able to attend the AGM physically.

All Shareholders or their corporate representatives (in the case of Shareholders which are legal entities) will be able to participate in the AGM proceedings by watching a "live" webcast (the "**Live AGM Webcast**") or listen to a "live" audio feed (the "**Live AGM Audio Feed**").

Shareholders who wish to participate in the AGM proceedings through the Live AGM Webcast via their mobile phones, tablets or computers must pre-register at <https://rebrand.ly/Miyoshi-Limited-AGM-2021> by 10.00 a.m. on 27 December 2021 (the "**Registration Deadline**") to enable the Company to verify their status.

Following the verification, authenticated Shareholders will receive an email by 2.30 p.m. on 28 December 2021 and will be able to access the Live AGM Webcast by clicking on the link in the email and entering the password.

Shareholders who register by the Registration Deadline but do not receive an email response by 2.30 p.m. on 28 December 2021 may contact the Company via email at shaun@easyvideo.sg, with the full name of the shareholder and his/her identification number.

NOTICE OF ANNUAL GENERAL MEETING

Submission of Questions

Shareholders will NOT be able to ask questions during the AGM via Live AGM Webcast or Live Audio Feed, and therefore it is important for Shareholders to submit their questions in advance of the AGM.

Shareholders may submit questions relating to the items on the agenda of the AGM by email to GPE@mncsingapore.com or by post to the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01 Singapore 068902

When submitting the questions, please provide the Company with the following details, for verification purpose:

- (i) Full name;
- (ii) Current address;
- (iii) Number of shares held; and
- (iv) The manner in which you hold shares in the Company (e.g. via CDP, CPF/SRS or scrip).

Shareholders are encouraged to submit their questions early i.e. well before the AGM Registration Deadline and no later than 10.00 a.m. on 24 December 2021, as this will enable the Board and the Company to address and answer any substantial and relevant questions, before the deadline for submission of the proxy forms. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) and will endeavour to publish its responses to those questions via SGXNet prior to the AGM. Where substantial and relevant questions submitted by shareholders are unable to be addressed prior to the AGM, the Company will address them during the AGM.

(b) Voting solely via appointing Chairman of the Meeting as Proxy

In compliance with the Order, a Shareholder who wishes to vote at the Meeting can only do so by appointing the Chairman of the Meeting to act as his/her proxy to vote on his/her behalf in respect of all the Shares held by him/her. In the Proxy Form, a Shareholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the Meeting. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. All valid votes cast via proxy on each resolution will be counted.

(c) Investors who hold Shares through Relevant Intermediaries (including CPF/SRS Investors)

Investors holding Shares through relevant intermediaries (as defined under Section 181 of the Companies Act)(including CPF/SRS investors), should not use the Proxy Form and should contact their relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks / SRS Operators at least seven (7) working days before the AGM (i.e. by 5.00 p.m. a.m., 20 December 2021) in order to allow sufficient time for their respective intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date. Other investors holding shares through other relevant intermediaries who wish to vote should approach his/her relevant intermediary as soon as possible to specify voting instructions.

(d) This Proxy Form must be submitted to the Company in the following manner:

- I. if submitted by post, to be lodged with the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902; or
- II. if submitted electronically, be submitted via email to GPE@mncsingapore.com,

in either case, by no later than 10:00 a.m. on 27 December 2021, being at least 72 hours before the time appointed for holding the AGM.

A shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current COVID-19 situation and the related safe management measures which may make it difficult for shareholders to submit completed Proxy Forms by post, shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.**

NOTICE OF ANNUAL GENERAL MEETING

(e) Access to documents or information relating to the AGM

In accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, all documents and information relating to the business of the AGM (including the Annual Report and the Proxy Form) have been published on the Company's website at www.miyoshi.biz and on the SGXNet at <https://www.sgx.com/securities/company-announcements>.

(f) Further updates

In view of the evolving COVID-19 situation, the Company reserves the right to take such further precautionary measures as may be appropriate up to the date of the AGM, including any precautionary measures required or recommended by government agencies, in order to curb the spread of COVID-19. Shareholders should continually check for announcements by the Company for updates on the AGM. The Company would like to thank all shareholders for their patience and co-operation in enabling the Company to continue holding its AGM amidst the COVID-19 situation.

(g) Personal data privacy

By (i) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, (ii) completing the registration form for the AGM Live Webcast in accordance with this Notice, or (iii) submitting any question(s) prior to the AGM in accordance with this Notice, a member of the Company:

- (A) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the following purposes:
 - (aa) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof);
 - (bb) the verification, preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) recordings and transmitting images and/or voice recordings when broadcasting the AGM proceedings through webcast and providing any technical assistance where necessary;
 - (cc) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and
 - (dd) enabling the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines,(collectively, the **Purposes**);
- (B) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (C) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Website

Please refer to <http://www.miyoshi.biz> for more information about the Company, including the Annual Report 2021 and the Appendix, Notice of AGM and Proxy Form.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Pek Ee Perh, Thomas is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 30 December 2021 ("AGM") (the "Retiring Director").

Pursuant to Rule 720(5) of the Catalist Rules, the following is the information relating to the Retiring Director as set out in Appendix 7F to the Catalist Rules:

| | MR PEK EE PERH, THOMAS |
|---|---|
| Date of Appointment | 27 October 2014 |
| Date of last re-appointment | 27 December 2019 |
| Age | 61 |
| Country of principal residence | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Pek Ee Perh, Thomas for re-appointment as Non-Executive and Non-Independent Director of the Company. The Board have reviewed and concluded that Mr Pek possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Executive and Non-Independent Director, member of the Audit Committee and Remuneration Committee |
| Professional qualifications | Diploma of Business Management |
| Working experience and occupation(s) during the past 10 years | <p>June 2019 to current Tai Hua Food Industries Pte. Ltd. ⁽ⁱ⁾ (Managing Director)</p> <p>November 2019 to current Tai Hua Food Industries (M) Sdn. Bhd. ⁽ⁱ⁾ (Managing Director)</p> <p>November 2008 to current Cheng Chuan Holdings Pte. Ltd. (Managing Director)</p> <p>December 2004 to current Food Corporation (S) Pte Ltd, (Director)</p> <p>(i) Companies within the Group of Tai Hua Food Industries Pte. Ltd.</p> |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR PEK EE PERH, THOMAS |
|--|---|
| Shareholding interest in the listed issuer and its subsidiaries | Direct Interest: 16,454,500 shares in the Company |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | <ol style="list-style-type: none"> 1. Brother-in-law of Mr Andrew Sin Kwong Wah, the Executive Director and CEO of the Company 2. Brother of Ms Pek Yee Chew, a controlling shareholder of the Company |
| Conflict of Interest (including any competing business) | No |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes |
| Other Principal Commitments* Including Directorships# Past (for the last 5 years) | <ol style="list-style-type: none"> 1. Clementi Town Secondary School Advisory Committee (Chairman) 2. Singapore Ann Kway Association (Committee Member) 3. Business China (Apex Committee Member) 4. Total Defence Awards (TDA) Evaluation Board (Member) 5. Singapore Corporation of Rehabilitative Enterprises (SCORE) (Board of Directors) |
| Present | <ol style="list-style-type: none"> 1. Cheng Chuan Holdings Pte Ltd 2. Food Corporation (S) Pte Ltd 3. Tai Hua Food Industries Pte Ltd 4. Tai Hua Food Industries (M) Sdn Bhd 5. Singapore Chinese Chamber of Commerce & Industry (Chairman, General Affairs Committee) 6. Singapore Federation of Chinese Clan Associations (Council Member and Vice Treasurer) 7. Lions Club of Singapore Oriental (Honorary Adviser) 8. Chinese Airlines Singapore Office (Advisor) 9. Telok Blangah Community Club Management Committee (Patron) 10. Telok Blangah Citizen's Consultative Committee (Vice Chairman) 11. Singapore Noodles Manufacturers' Association (Life Honorary President) 12. Kwan-In Welfare Society Singapore (Life Honorary President) 13. Singapore Food Manufacturers' Association (Life Honorary President) 14. Singapore Food Manufacturers' Association (Immediate Past President) 15. Peh Clan Association (Life Honorary President) 16. Singapore Amoy Association (Life Honorary President, Vice President) 17. Sarawak Importers & Exporters Association (General Affairs Chairman) 18. Eng Ho Trading Association (General Affairs Chairman) 19. Ee Hoe Hean Club (Honorary President) 20. Business China (Go East Committee Member) 21. Yellow Ribbon Singapore (YRSG) Board Member 22. Yellow Ribbon Industries Board Chairman 23. Justice of the Peace 2020 – 2025 |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| MR PEK EE PERH, THOMAS | |
|---|----|
| <p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</p> | |
| <p>a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p> | No |
| <p>b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p> | No |
| <p>c) Whether there is any unsatisfied judgment against him?</p> | No |
| <p>d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p> | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR PEK EE PERH, THOMAS |
|---|------------------------|
| e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No |
| f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No |
| g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No |
| h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR PEK EE PERH, THOMAS |
|--|------------------------|
| <p>i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</p> | No |
| <p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR PEK EE PERH, THOMAS |
|---|---|
| k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No |
| Disclosure applicable to the appointment of Director only | |
| <p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p> | Not applicable as this relates to the re-election of a director |

APPENDIX

APPENDIX DATED 15 DECEMBER 2021

This Appendix is circulated to shareholders of Miyoshi Limited (the “**Company**”) (“**Shareholders**”) together with the Company’s annual report for the financial year ended 31 August 2021 (“**Annual Report**”). Its purpose is to provide Shareholders with the relevant information relating to, and seek Shareholders’ approval for the renewal of the Share Buyback Mandate (as defined herein) to be tabled at the Annual General Meeting of the Company to be held by way of electronic means on Thursday, 30 December 2021 at 10:00 am.

The Notice of Annual General Meeting and Proxy Form are enclosed with the Annual Report.

IF YOU ARE IN ANY DOUBT IN RELATION TO THIS APPENDIX OR AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

This Appendix has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”). 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 Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.



MIYOSHI LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198703979K)

APPENDIX IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

APPENDIX

In this Appendix, the following definitions apply throughout unless otherwise stated:

| | | |
|---------------------------------|---|--|
| "Annual Report 2021" | : | Annual report of the Company for the financial year ended 31 August 2021 |
| "ACRA" | : | Accounting & Corporate Regulatory Authority of Singapore |
| "AGM" | : | The annual general meeting of the Company |
| "Associates" | : | (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more |
| "Auditors" | : | The auditors of the Company for the time being |
| "Board" or "Directors" | : | The board of directors of the Company for the time being |
| "Catalist" | : | The sponsor-supervised listing platform of the SGX-ST |
| "Catalist Rules" | : | The SGX-ST Listing Manual (Section B: Rules of Catalist), as amended, supplemented or modified from time to time |
| "CDP" | : | The Central Depository (Pte) Limited |
| "Appendix" | : | This Appendix to Shareholders dated 15 December 2021 |
| "Company" | : | Miyoshi Limited |
| "Companies Act" or "Act" | : | The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time |
| "Concert Parties" | : | Collectively, Mr. Sin Kwong Wah, Andrew, Mdm. Pek Yee Chew, Ms. Sin Shi Min Andrea and Mr. Sin Shi Han Kenneth. |

APPENDIX

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| "Constitution" | : | The constitution of the Company, comprising the memorandum and articles of association of the Company or other regulations of the Company for the time being in force |
| "Controlling Shareholder" | : | A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting Shares (excluding treasury shares and subsidiary holdings) in the Company. The SGX-ST may determine that such a person is not a controlling shareholder; or (b) in fact exercises control over the Company |
| "EPS" | : | Earnings per Share |
| "FRS" | : | Financial Reporting Standard |
| "FY" | : | Financial year ending or ended (as the case may be) 31 August of a particular year as stated |
| "Group" | : | The Company and its subsidiaries |
| "Latest Practicable Date" | : | 3 December 2021, being the latest practicable date prior to the issuance of this Appendix |
| "Market Day" | : | A day on which the SGX-ST is open for trading in securities |
| "Market Purchases" | : | On-market purchases transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose |
| "NTA" | : | Net tangible assets |
| "Off-Market Purchases" | : | Off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme as defined in Section 76C of the Companies Act |

APPENDIX

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| "Relevant Period" | : | The period commencing from the date on which the ordinary resolution in relation to the Share Buy-Back Mandate is passed in a general meeting and expiring on the earliest of: <ul style="list-style-type: none">(a) the date on which the next annual general meeting is held or is required by law or the Constitution to be held;(b) the date on which the Share buy-backs are carried out to the full extent mandated; or(c) the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting |
| "Relevant Persons" | : | The Concert Parties and the parties acting in concert with them |
| "ROE" | : | Return on equity |
| "Securities Account" | : | The securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent |
| "SFA" | : | The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time |
| "SGX-ST" | : | Singapore Exchange Securities Trading Limited |
| "Share Buy-Back" | : | The Buy-Back of Shares by the Company pursuant to the terms of the Share Buy-Back Mandate |
| "Share Buy-Back Mandate" | : | The mandate to authorize the Directors to exercise all powers of the Company to purchase or otherwise acquire, on behalf of the Company, its issued Shares on the terms of such mandate in accordance with the terms set out in the Appendix as well as the rules and regulations set forth in the Companies Act and Catalyst Rules |
| "Shareholders" | : | Registered holder(s) of the Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose securities accounts are credited with those Shares |
| "Shares" | : | Ordinary shares in the capital of the Company |
| "SIC" | : | The Securities Industry Council of Singapore |
| "Sponsor" | : | PrimePartners Corporate Finance Pte. Ltd. |

APPENDIX

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| "Substantial Shareholder" | : | A person who has an interest (directly or indirectly) in 5% or more of the total issued share capital of the Company |
| "Take-over Code" or "Code" | : | The Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time |
| "Treasury Share(s)" | : | A share that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been called |
| "S\$" and "cents" | : | Singapore dollars and cents, respectively |
| "%" or "per cent" | : | Per cent. or percentage |

The terms **"Depositor"**, **"Depository Agent"** and **"Depository Register"** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term **"subsidiary"** shall have the meaning ascribed to it under Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term defined under the SFA, the Companies Act or the Catalist Rules, or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the SFA, the Companies Act or the Catalist Rules, or such modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Appendix between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

APPENDIX

MIYOSHI LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198703979K)

Directors:

Lim Thean Ee (Non-Executive Chairman and Independent Director)
Sin Kwong Wah, Andrew (Chief Executive Officer and Executive Director)
Wee Piew (Independent Director)
Pek Ee Perh, Thomas (Non-Independent & Non-Executive Director)

Registered Office:

26 Boon Lay Way
#01-80
Singapore 609970

15 December 2021

To: Shareholders of Miyoshi Limited (the “**Company**”)

Dear Sir/Madam

1. INTRODUCTION

- 1.1 The Directors wish to refer to (i) the Notice of AGM dated 15 December 2021, accompanying the Annual Report 2021 to convene the AGM to be held on 30 December 2021; and (ii) the ordinary resolution to seek Shareholders’ approval for the proposed renewal of the Share Buy-Back Mandate.
- 1.2 The purpose of this Appendix is to provide Shareholders with relevant information relating to the proposed renewal of the Share Buy-Back Mandate and to seek Shareholders’ approval at the AGM.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by the Companies Act, the Catalist Rules and such other laws and regulations as may, for the time being, be applicable. It is also a requirement that a company which wishes to purchase or acquire its own shares should obtain approval from its shareholders to do so at a general meeting of its shareholders.

Shareholders had at the last AGM held on 28 December 2020 (“**2020 AGM**”), renewed the Share Buy-Back Mandate for the Directors to exercise all the powers of the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time of passing of the resolution on the terms of the Share Buy-Back Mandate.

As the said Share Buy-Back Mandate will expire on the forthcoming AGM, being 30 December 2021, the Directors propose that the Share Buy-Back Mandate be renewed at the forthcoming AGM to be held on 30 December 2021.

APPENDIX

If approved by the Shareholders at the AGM, the authority conferred by the renewed Share Buy-Back Mandate will take effect from the date of the AGM and continue in force until the date of the next AGM of the Company or such date as the next AGM is required by law or by the Constitution of the Company, whereupon it will lapse, unless renewed at such meeting, unless prior thereto, Share Buy-Backs are carried out to the full extent mandated or the Share Buy-Back Mandate is revoked or varied by the Company in a general meeting. The Share Buy-Back Mandate will be put to Shareholders' approval for renewal at each subsequent general meetings of the Company.

2.2 Rationale

The approval of the Share Buy-Back Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share Buy-Backs of not more than ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), as described in paragraph 2.3.1 below, at any time during the period when the Share Buy-Back Mandate is in force.

The rationale for the Company to undertake the Share Buy-Back or acquisition of its issued Shares is as follows:-

- a) In line with international practice, the Share Buy-Back Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to Shareholders. To the extent that the Company has capital and sufficient funds which are in excess of its working capital needs, taking into account its growth and expansion plans, the Share Buy-Back Mandate will facilitate the return of excess cash and surplus funds (if any) to Shareholders in an expedient, effective and cost-efficient manner.
- b) In managing the business of the Group, the management of the Group will strive to increase Shareholders' value by improving, amongst others, the ROE of the Company. In addition to growth and expansion of the business, Share Buy-Backs may be considered as one of the ways through which the ROE of the Company may be enhanced.
- c) The Share Buy-Back Mandate will provide the Company with the flexibility to undertake Share Buy-Backs or acquisitions at any time, subject to market conditions and compliance with the Catalist Rules, during the period when the Share Buy-Back Mandate is in force.
- d) Share Buy-Backs may help mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholder confidence. The lack of liquidity in most times makes it difficult for Shareholders to realise their gains. The Company now offers Shareholders an exit path.
- e) The Company is also able to protect Shareholders' investments in the Company in a depressed share price situation through judicious purchases of Shares to enhance the EPS. Shares purchased or acquired by the Company may also enhance the net asset value per Share of the Group if the Shares are purchased at a price below the net asset value per Share of the Group.

While the Share Buy-Back Mandate would authorise a purchase or acquisition of Shares up to the said ten per cent. (10%) limit during the duration referred to in paragraph 2.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate may not be carried out to the full ten per cent. (10%) limit as authorised. In particular, no purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from Catalist. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on Catalist.

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2.3 Authority and Limits on the Share Buy-Back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Buy-Back Mandate are summarised below: -

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Buy-Back Mandate is limited to that number of Shares representing not more than ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (ascertained as at the date of the forthcoming AGM at which the Share Buy-Back Mandate is approved), unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions under the Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the capital reduction. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the ten per cent. (10%) limit.

For illustrative purposes only, on the basis of 614,829,408 Shares (excluding 16,358,600 treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, not more than 61,482,940 Shares (representing not more than ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate during the duration referred to in paragraph 2.3.2 below.

2.3.2 Duration of authority

Purchases or acquisitions of Shares pursuant to the proposed Share Buy-Back Mandate may be made, at any time and from time to time, on and from the date of the forthcoming AGM, at which the renewal of the Share Buy-Back Mandate is approved, up to the earlier of: -

- (a) the conclusion of the next AGM;
- (b) the date by which the next AGM is required by law to be held;
- (c) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Buy-Back Mandate are carried out to the full extent mandated; or
- (d) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by Shareholders in a general meeting.

The authority conferred on the Directors by the Share Buy-Back Mandate to purchase or acquire Shares may be renewed at the next AGM or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the renewal of the Share Buy-Back Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Buy-Back Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

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2.3.3 Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of: -

- (a) on-market purchase(s) ("**Market Purchase**"), transacted on the SGX-ST through the ready market and which may be transacted through one (1) or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchase(s) ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST), in accordance with any equal access scheme or schemes as defined in Section 76C of the Companies Act, and otherwise be in accordance with all other laws and regulations and rules of the SGXST.

The Directors may impose such terms and conditions which are consistent with the Share Buy-Back Mandate, the Catalist Rules Constitution and the Companies Act, as they consider appropriate in the interests of the Company in connection with or in relation to any equal access scheme(s).

An Off-Market Purchase must, however, satisfy all the following conditions: -

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, pursuant to the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will have to issue an offer document to all Shareholders containing, amongst others, the following information: -

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchase or acquisition of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

APPENDIX

2.3.4 Purchase price

The purchase price per Share (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for Shares to be purchased or acquired pursuant to the Share Buy-Back Mandate will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes of determining the Maximum Price:

- (i) "**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Day period and the date on which the purchases are made; and
- (ii) "**date of making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company and as the Directors deem fit in the interest of the Company at that time.

2.4.1 Cancellation

Any Share which is purchased or acquired by the Company shall, unless held as Treasury Shares to the extent permitted under the Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Act) will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as is reasonably practicable following settlement of any such purchase or acquisition.

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2.4.2 Treasury Shares

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under the Act are summarised below: -

(i) Maximum Holdings

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares ("**Treasury Shares Limit**"). Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months or such further periods as ACRA may allow.

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision of any Treasury Shares into Treasury Shares of a larger amount, or consolidation of any treasury share into Treasury Shares of a smaller amount, is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares are held as Treasury Shares, the Company may at any time:-

- (a) sell the Treasury Shares for cash;
- (b) transfer the Treasury Shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the Treasury Shares; or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

Where Shares purchased pursuant to the Share Buy-Back Mandate are held as Treasury Shares, the number of such Shares to be held as Treasury Shares, when aggregated with the existing Treasury Shares held, shall not, subject to the Act, exceed the Treasury Shares Limit at any time.

Under the Catalist Rules, immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares (in each case, the "usage"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of Treasury Shares comprised in the usage, the number of Treasury Shares before and after the usage, the percentage of the number of Treasury Shares comprised in the usage against the total number of issued shares (of the same class as the Treasury Shares) which are listed on the SGX-ST before and after the usage and the value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

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2.5 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve the purchases or acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

Within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including, amongst others, the details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Act, the Company shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

The Catalyst Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.: -

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

2.6 Source of Funds

The Companies Act provides that any purchase or acquisition of Shares by the Company may be made out of the Company's capital or profits, so long as the Company is solvent (as defined in paragraph 2.7 below). The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such an extent that the working capital position and/or the gearing of the Group would be materially adversely affected.

The Company intends to use internal sources of funds and/or if need be, external borrowings, to finance purchases or acquisitions of its Shares. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of the Shares pursuant to the proposed Share Buy-Back Mandate will depend on, amongst others, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

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2.7 Solvency Test

Under the Act in force as at the Latest Practicable Date, we may not purchase Shares if we know that our Company is not solvent. For this purpose, pursuant to Section 76F(4) of the Act, a company is solvent if at the date of the payment for the purchase, the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if:
 - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

2.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the financial effects of purchases or acquisitions of Shares that may be made pursuant to the Share Buy-Back Mandate as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. The purchase price paid by the Company for the Shares, if made out of profits, such consideration (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

- (a) Information as at the Latest Practicable Date

As at the Latest Practicable Date, the Company has 614,829,408 issued Shares (excluding 16,358,600 Shares held in treasury).

- (b) Illustrative Financial Effects

Purely for **illustrative purposes**, on the basis of 614,829,408 Shares (excluding the 16,358,600 Treasury Shares) in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as Treasury Shares on or prior to the AGM, the purchase by the Company of 10% of its issued Shares (excluding Shares held in treasury or subsidiary holdings) will result in the purchase of 61,482,940 Shares.

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In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 61,482,940 Shares at the Maximum Price of S\$0.026 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 61,482,940 Shares is approximately S\$1,598,556.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 61,482,940 Shares at the Maximum Price of S\$0.030 for each Share (being the price equivalent to twenty per cent. (20%) above the Average Closing Price of the Shares over the last five (5) Market Days on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 61,482,940 Shares is approximately S\$1,844,488.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following: -

- (i) the Share Buy-Back Mandate had been effective since 1 September 2020;
- (ii) such Share purchases are funded solely by internal resources and/or borrowings;
- (iii) purchase or acquisition of 61,482,940 Shares by the Company pursuant to the Share Buy-Back Mandate by way of Market Purchases made entirely out of capital and cancelled;
- (iv) purchase or acquisition of 61,482,940 Shares by the Company pursuant to the Share Buy-Back Mandate by way of Off-Market Purchases made entirely out of capital and cancelled;
- (v) purchase or acquisition of 61,482,940 Shares by the Company pursuant to the Share Buy-Back Mandate by way of Market Purchases made entirely out of capital and held in treasury; and
- (vi) purchase or acquisition of 61,482,940 Shares by the Company pursuant to the Share Buy-Back Mandate by way of Off-Market Purchases made entirely out of capital and held in treasury,

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the financial effects on the audited consolidated financial results of the Group for FY2021, are set out below: -

Scenario 1: Purchases made entirely out of capital and cancelled

| (S\$'000) | Group | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|
| | Market Purchase | | Off-Market Purchase | |
| | Before Share Buy-Back | After Share Buy-Back | Before Share Buy-Back | After Share Buy-Back |
| As at 31 August 2021 | | | | |
| Share capital and Reserves | 30,570 | 28,971 | 30,570 | 28,726 |
| Treasury Shares | (633) | (633) | (633) | (633) |
| Total Shareholders' Equity | 29,937 | 28,338 | 29,937 | 28,093 |
| Net Tangible Assets attributable to owners of the Company | 29,937 | 28,338 | 29,937 | 28,093 |
| Current Assets | 21,904 | 20,305 | 21,904 | 20,060 |
| Current Liabilities | 19,450 | 19,450 | 19,450 | 19,450 |
| Working Capital | 2,454 | 855 | 2,454 | 610 |
| Total Borrowings | 9,219 | 9,219 | 9,219 | 9,219 |
| Number of shares (excluding treasury shares ('000)) | 614,829 | 553,346 | 614,829 | 553,346 |
| Number of treasury shares ('000) | 16,359 | 16,359 | 16,359 | 16,359 |
| Weighted average number of shares ('000) | 602,203 | 540,720 | 602,203 | 540,720 |
| Financial Ratios | | | | |
| NTA per share (cents) ⁽¹⁾ | 4.87 | 5.12 | 4.87 | 5.08 |
| Gearing (times) | 0.31 | 0.33 | 0.31 | 0.33 |
| Current Ratio (times) | 1.13 | 1.04 | 1.13 | 1.03 |
| Basic EPS (cents) | (1.30) | (1.45) | (1.30) | (1.45) |

(1) The ratios are calculated on the basis of the share capital of 614,829,408 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.

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Scenario 2: Purchases made entirely out of capital and held as treasury shares

| (S\$'000) | Group | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|
| | Market Purchase | | Off-Market Purchase | |
| | Before Share Buy-Back | After Share Buy-Back | Before Share Buy-Back | After Share Buy-Back |
| As at 31 August 2021 | | | | |
| Share capital and Reserves | 30,570 | 30,570 | 30,570 | 30,570 |
| Treasury Shares | (633) | (2,232) | (633) | (2,477) |
| Total Shareholders' Equity | 29,937 | 28,338 | 29,937 | 28,093 |
| Net Tangible Assets attributable to owners of the Company | 29,937 | 28,338 | 29,937 | 28,093 |
| Current Assets | 21,904 | 20,305 | 21,904 | 20,060 |
| Current Liabilities | 19,450 | 19,450 | 19,450 | 19,450 |
| Working Capital | 2,454 | 855 | 2,454 | 610 |
| Total Borrowings | 9,219 | 9,219 | 9,219 | 9,219 |
| Number of shares (excluding treasury shares) ('000) | 614,829 | 553,346 | 614,829 | 553,346 |
| Number of treasury shares ('000) | 16,359 | 77,842 | 16,359 | 77,842 |
| Weighted average number of shares ('000) | 602,203 | 540,720 | 602,203 | 540,720 |
| Financial Ratios | | | | |
| NTA per share (cents) ⁽¹⁾ | 4.87 | 5.12 | 4.87 | 5.08 |
| Gearing (times) | 0.31 | 0.33 | 0.31 | 0.33 |
| Current Ratio (times) | 1.13 | 1.04 | 1.13 | 1.03 |
| Basic EPS (cents) | (1.30) | (1.45) | (1.30) | (1.45) |

(1) The ratios are calculated on the basis of the share capital of 614,829,408 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.

The financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate by way of purchases or acquisitions made out of profits are similar to that of purchases or acquisitions made out of capital. Therefore, only the financial effects of the purchase or acquisition of the Shares pursuant to the Share Buy-Back Mandate by way of purchases or acquisitions made out of capital are set out in this Circular.

Shareholders should note that the financial effects set out herein are purely for illustrative purposes only. In particular, it is important to note that the analysis herein is based on the audited consolidated financial statements of the Company and the Group for FY2021 and is not necessarily representative of future financial performance.

Although the proposed Share Buy-Back Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of its total number of issued Shares (excluding Treasury Shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. (10%) of its total number of issued Shares (excluding Treasury Shares and subsidiary holdings). In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or acquired.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the proposed Share Buy-Back Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

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2.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.9.1 Obligation to make a take-over offer

Rule 14 of the Take-over Code ("**Rule 14**") requires, *inter alia*, that except with the consent of SIC, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry thirty per cent. (30%) or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than one per cent. (1%) of the voting rights

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentage of voting rights of such person and their concert parties, treasury shares shall be excluded.

2.9.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert under the Take-over Code:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

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- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, the Directors and their concert parties will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of any purchase or acquisition by the Company of its Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or in the event that such Directors and their concert parties hold between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Buy-Back Mandate.

2.9.4 Application of the Take-over Code

As at the Latest Practicable Date, Mr, Sin Kwong Wah, Andrew, has a total direct and deemed interest of approximately 27.1% of the entire issued and paid up share capital of the Company, and is the chief executive officer and executive Director, and Controlling Shareholder of the Company. Mr. Sin Kwong Wah, Andrew is deemed to have an interest in the 46,444,000 Shares held by his spouse, Mdm. Pek Yee Chew, 1,500,000 Shares held by his daughter, Ms. Sin Shi Min Andrea and 782,500 Shares held by his son, Mr. Sin Shi Han Kenneth. Please refer to shareholding details as set out in paragraph 3 of this Appendix.

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Accordingly, by virtue of their relationships, Mr, Sin Kwong Wah, Andrew, Mdm. Pek Yee Chew, Ms. Sin Shi Min Andrea and Mr. Sin Shi Han Kenneth (“**Concert Parties**”) are presumed acting in concert with each other in relation to the Company for the purposes of the Take-over Code in respect of their combined direct and deemed holdings of approximately 27.1% of the entire issued and paid up share capital of our Company.

The obligation of the Concert Parties under (i) Market Purchase; and (ii) Off-Market Purchase in accordance with an equal access scheme, is illustrated using the following examples:

(a) Market Purchase

Assumptions

- (i) the Company purchases a maximum 61,482,940 Shares, the total being ten per cent. (10%) of the total number of Shares in issue (excluding Treasury Shares and subsidiary holdings);
- (ii) the 61,482,940 Shares are not held as treasury shares and are cancelled; and
- (iii) there was no change in the number of Shares held or deemed to be held by the Concert Parties.

| Concert Parties | Interests in Shares directly held or held by a nominee company before Share Buy-Back (No. of Shares) | Interests in Shares directly held or held by a nominee company after Share Buy-Back (No. of shares) | Before Share Buy-Back assuming Market Purchases (%) ⁽¹⁾ | After Share Buy-Back assuming Market Purchases (%) ⁽²⁾ |
|---------------------------|---|--|---|--|
| Mr. Sin Kwong Wah, Andrew | 117,624,800 | 117,624,800 | 19.1 | 21.3 |
| Mdm. Pek Yee Chew | 46,444,000 | 46,444,000 | 7.6 | 8.4 |
| Ms. Sin Shi Min Andrea | 1,500,000 | 1,500,000 | 0.2 | 0.3 |
| Mr. Sin Shi Han Kenneth | 782,500 | 782,500 | 0.1 | 0.1 |
| Total | 166,351,300 | 166,351,300 | 27.1 | 30.1 |

Notes: -

- (1) The percentages are calculated on the basis of the share capital of 614,829,408 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) The percentages are calculated on the basis of the issued share capital of 553,346,468 Shares after the purchase or acquisition by the Company of 61,482,940 Shares, being ten per cent. (10%) of the Shares (excluding Treasury Shares and subsidiary holdings).

Based on the example above, in the event that the Company purchases or acquires up to ten per cent. (10%) of its Shares (excluding Treasury Shares and subsidiary holdings) pursuant to the proposed Share Buy-Back Mandate by way of Market Purchases, the aggregate holdings of Mr. Sin Kwong Wah, Andrew, Mdm. Pek Yee Chew, Ms. Sin Shi Min Andrea and Mr. Sin Shi Han Kenneth and their concert parties will increase to more than thirty per cent. (30%).

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Accordingly, under the Take-over Code, the Concert Parties and the parties acting in concert with them (collectively the “**Relevant Persons**”), unless exempted, will become obliged to make a general offer under the Take-over Code for the Shares not owned by them, if as a result of the exercise of the Share Buy-Back Mandate, their interest in the voting rights of the Company increase to more than thirty per cent. (30%).

(b) Off-Market Purchase

Assumptions

- (i) the Company purchases a maximum 61,482,940 Shares, total being ten per cent. (10%) of the total number of Shares in issue (excluding Treasury Shares and subsidiary holdings);
- (ii) the 61,482,940 Shares are not held as treasury shares and are cancelled; and
- (iii) off-market purchases via an equal access scheme and assuming all shareholders accept the offer.

| Concert Parties | Interests in Shares directly held or held by a nominee company before Share Buy-Back (No. of shares) | Interests in Shares directly held or held by a nominee company after Share Buy-Back (No. of shares) | Before Share Buy-Back Assuming Off-Market Purchases (%) ⁽¹⁾ | After Share Buy-Back assuming Off-Market Purchases (%) ⁽²⁾ |
|---------------------------|---|--|---|--|
| Mr. Sin Kwong Wah, Andrew | 117,624,800 | 105,862,320 | 19.1 | 19.1 |
| Mdm. Pek Yee Chew | 46,444,000 | 41,799,600 | 7.6 | 7.6 |
| Ms. Sin Shi Min Andrea | 1,500,000 | 1,350,000 | 0.2 | 0.2 |
| Mr. Sin Shi Han Kenneth | 782,500 | 704,250 | 0.1 | 0.1 |
| Total | 166,351,300 | 149,716,170 | 27.1 | 27.1 |

Notes: -

- (1) The percentages are calculated on the basis of the share capital of 614,829,408 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) The percentages are calculated on the basis of the issued share capital of 553,346,468 Shares after the purchase or acquisition by the Company of 61,482,940 Shares, being ten per cent. (10%) of the Shares (excluding Treasury Shares and subsidiary holdings).

Based on the example above, in the event that the Company purchases or acquires up to ten per cent. (10%) of its Shares (excluding Treasury Shares and subsidiary holdings) pursuant to the proposed Share Buy-Back Mandate by way of Off-Market Purchases in accordance with an equal access scheme, the percentage shareholding interests of Mr. Sin Kwong Wah, Andrew, Mdm. Pek Yee Chew, Ms. Sin Shi Min Andrea and Mr. Sin Shi Han Kenneth and their concert parties will remain the same after the purchases or acquisition of up to ten per cent. (10%) by the Company of its Shares pursuant to the proposed Share Buy-Back Mandate and the Relevant Persons will not be obliged to make a general offer under the Take-over Code for the Shares not owned by them.

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2.9.5 Exemptions under the Take-over Code

The Relevant Persons will be exempted from the requirement under Rule 14.1, Note 6 of notes on dispensation from Rule 14, and Appendix 2 – Share Buy-Back Guidance Note of the Take-over Code to make a general offer for the Company in the event that their total shareholding increases to more than thirty per cent. (30%) as a result of the Company acquiring its own shares under the proposed Share Buy-Back Mandate (“**Relevant Scenario**”), subject to the following conditions:

- (a) this Appendix to Shareholders on the resolution to authorise the proposed Share Buy-Back Mandate contains advice to the effect that by voting for the approval of the proposed Share Buy-Back Mandate, Shareholders are waiving their rights to a general offer at the required price from Relevant Persons who, as a result of the Company buying back its Shares, would increase their voting rights to more than thirty per cent. (30%) and the names of the Relevant Persons and their voting rights at the time of the resolution and after the Share Buy-Back are disclosed in the same Appendix;
- (b) the resolution to authorise the proposed Share Buy-Back Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Share Buy-Back;
- (c) the Relevant Persons abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the proposed Share Buy-Back Mandate;
- (d) within seven (7) days after the passing of the resolution to authorise the proposed Share Buy-Back Mandate, each of the Relevant Parties is to submit to the SIC a duly signed form as prescribed by the SIC;
- (e) the Relevant Persons have not acquired and will not acquire any Shares of the Company between the date on which they know that the announcement of the proposed Share Buy-Back Mandate is imminent and the earlier of:
 - (i) the date on which the authority of the proposed Share Buy-Back Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the proposed Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase to thirty per cent. (30%) or more; and

- (f) the Relevant Persons, together holding between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the proposed Share Buy-Back Mandate is imminent and the earlier of:
 - (i) the date on which the authority of the proposed Share Buy-Back Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the proposed Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buy-Back would cause their aggregate voting rights to increase by more than one per cent. (1%) in the preceding six (6) months.

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The required price in relation to the obligation of the Relevant Persons to make a general offer arising from the proposed Share Buy-Back Mandate is the higher of:

- (a) the highest price paid by the Relevant Persons for the Shares in the preceding six (6) months; or
- (b) the highest price paid by the Company for the Shares in the preceding six (6) months.

It follows that where the aggregate voting rights held by the Relevant Persons increase to more than 30% solely as a result of the Relevant Scenario and none of them has acquired any Shares during the relevant period defined in paragraph (f) above, then the Relevant Persons would be eligible for the SIC's exemption from the requirement to make a general offer under Rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy back its Shares under the proposed Share Buy-Back Mandate and the increase in the aggregate voting rights held by the Relevant Persons as a result of the Company repurchasing its Shares at the time of such cessation is less than 30%, the Relevant Persons will be allowed to acquire Shares. However, any increase in the Relevant Persons' percentage of voting rights in the Company as a result of the Share Buy-Back will be taken into account together with any Shares acquired by the Relevant Persons (by whatever means) in determining whether the Relevant Parties have increased their aggregate voting rights in the Company to more than 30%.

Shareholders should therefore note that by voting in favour of the ordinary resolution to approve the proposed Share Buy-Back Mandate, they will be waiving their rights to a general offer at the required price by Relevant Persons in the circumstances set out above.

For the purposes of this Appendix, "required price" shall mean in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the offer shall be in cash or be accompanied by a cash alternative at a price in accordance with Rule 14.3 of the Take-over Code which is the highest of the price paid by the Relevant Persons for the Company's Shares (i) during the offer period and within the preceding six (6) months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six (6) months of the offer and during the offer period, or (iii) acquire through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six (6) months of the offer or during the offer period; or at such price as determined by SIC under Rule 14.3 of the Take-over Code.

Save as disclosed, the Directors confirm that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the proposed Share Buy-Back Mandate.

As at the Latest Practicable Date, the Relevant Persons consist of the Concert Parties.

Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share Buy-Backs by the Company.

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2.9.6 Listing status of Shares on the SGX-ST

The Company does not have any individual shareholding limit or foreign shareholding limit. However, the Company is required under Rule 723 of the Catalist Rules to ensure that at least ten per cent. (10%) of its Shares (excluding treasury shares, preference shares and convertible equity securities) are in the hands of the public. The term "public", as defined under the Catalist Rules, are persons other than (a) the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries; and (b) the Associates of persons in (a).

As at the Latest Practicable Date, approximately 381,021,718 issued Shares were held by the public, representing approximately 62.0% of the total number of issued Shares. For illustration purposes only, assuming that the Company purchases the maximum number of ten per cent. (10%) of the issued Shares (excluding treasury shares and subsidiary holdings), being 61,482,940 Shares as at the Latest Practicable Date, and assuming that such Shares are held in public hands, the resultant number of Shares held by the public after the purchase of such Shares would be 319,538,778 Shares, representing approximately 57.7% of the remaining issued Shares of the Company.

Before deciding to effect a purchase of Shares, the Directors will consider whether, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

The Directors will use their best efforts to ensure that the Company does not effect a purchase or acquisition of Shares if the purchase or acquisition of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

2.10 **Timing of purchases**

While the Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Catalist Rules on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of two (2) weeks immediately preceding the announcement of the Company's results for each of the first three (3) quarters and one (1) month immediately preceding the announcement of the Company's full-year results, as the case may be, and ending on the date of announcement of the relevant results.

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2.11 Previous Share Purchases

Information on the Share Purchases carried out by the Company during the 12 months preceding the Latest Practicable Date is set out below: -

| Date of Share Purchase | Type of Transaction | Total Number of Shares Purchased | Highest Price paid per Share (\$\$) | Lowest Price paid per Share (\$\$) | Total Consideration (\$\$)⁽¹⁾ |
|-------------------------------|----------------------------|---|--|---|---|
| 27 November 2020 | On-Market Share Purchase | 447,500 | 0.035 | 0.034 | 15,264.69 |
| 30 November 2020 | On-Market Share Purchase | 250,000 | 0.036 | 0.034 | 8,546.80 |
| 01 December 2020 | On-Market Share Purchase | 500,000 | 0.037 | 0.034 | 17,550.67 |
| 02 December 2020 | On-Market Share Purchase | 500,000 | 0.036 | 0.035 | 17,550.67 |
| 03 December 2020 | On-Market Share Purchase | 305,500 | 0.038 | 0.035 | 11,045.88 |
| 24 December 2020 | On-Market Share Purchase | 47,700 | 0.034 | 0.032 | 1,617.95 |
| 30 December 2020 | On-Market Share Purchase | 200,000 | 0.034 | 0.034 | 6,846.08 |
| 25 January 2021 | On-Market Share Purchase | 450,000 | 0.036 | 0.034 | 16,052.01 |
| 27 January 2021 | On-Market Share Purchase | 500,000 | 0.036 | 0.035 | 18,050.87 |
| 16 February 2021 | On-Market Share Purchase | 500,000 | 0.037 | 0.035 | 18,050.87 |
| 23 February 2021 | On-Market Share Purchase | 300,000 | 0.036 | 0.036 | 10,847.80 |
| 24 February 2021 | On-Market Share Purchase | 400,000 | 0.036 | 0.034 | 14,309.26 |
| 01 March 2021 | On-Market Share Purchase | 300,000 | 0.036 | 0.035 | 10,748.76 |
| 02 March 2021 | On-Market Share Purchase | 300,000 | 0.036 | 0.035 | 10,637.71 |
| 03 March 2021 | On-Market Share Purchase | 300,000 | 0.035 | 0.034 | 10,547.67 |
| 05 March 2021 | On-Market Share Purchase | 400,000 | 0.035 | 0.034 | 14,049.16 |

Note: -

(1) Inclusive of stamp duties, clearing charges, etc, paid or payable for the Shares.

None of the Shares purchased was resold or cancelled in the preceding 12 months. All the purchased Shares were held as Treasury Shares.

APPENDIX

2.12 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer of the Company or Controlling Shareholders of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

2.13 Tax Implications

Shareholders who are in doubt as to their respective tax positions or tax implications of a Share Buy-Back by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders (both direct and deemed) in the Shares as at the Latest Practicable Date are as follows:

| | Direct Interest | | Deemed Interest | | Total Interest | |
|--|------------------|--------------------|------------------|--------------------|------------------|--------------------|
| | Number of Shares | (%) ⁽¹⁾ | Number of Shares | (%) ⁽¹⁾ | Number of Shares | (%) ⁽¹⁾ |
| Directors | | | | | | |
| Sin Kwong Wah, Andrew ⁽²⁾ | 117,624,800 | 19.2 | 48,726,500 | 7.9 | 166,351,300 | 27.1 |
| Pek Ee Perh, Thomas | 16,454,500 | 2.7 | – | – | 16,454,500 | 2.7 |
| Wee Piew | – | – | – | – | – | – |
| Lim Thean Ee | 100,000 | n.m. | – | – | 100,000 | n.m. |
| Substantial Shareholders (other than Directors) | | | | | | |
| Miyoshi Industry Co., Ltd | 50,901,890 | 8.3 | – | – | 50,901,890 | 8.3 |
| Pek Yee Chew ⁽³⁾ | 46,444,000 | 7.6 | 119,907,300 | 19.5 | 166,351,300 | 27.1 |

Notes: -

- (1) Based on the issued share capital of the Company of 614,829,408 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) Mr Sin Kwong Wah, Andrew is deemed to have an interest in the 46,444,000 shares held by his spouse, Mdm. Pek Yee Chew, 1,500,000 Shares held by his daughter, Ms. Sin Shi Min Andrea and 782,500 Shares held by his son, Mr. Sin Shi Han Kenneth.
- (3) Mdm. Pek Yee Chew is deemed to have an interest in the Shares held or deemed to be held by her spouse, Mr. Sin Kwong Wah, Andrew, 1,500,000 Shares held by her daughter, Ms. Sin Shi Min Andrea and 782,500 Shares held by her son, Mr. Sin Shi Han, Kenneth.

Neither the Directors nor the Substantial Shareholders of the Company (other than in his capacity as a Director or Shareholder of the Company), as well as their respective associates, has any interest, direct or indirect, in the Share Buy-Back Mandate.

APPENDIX

4. DIRECTORS' RECOMMENDATION

The Directors (save for Mr. Sin Kwong Wah, Andrew, who is a Relevant Person, has accordingly refrained from making any voting recommendations to Shareholders) are of the opinion that the proposed renewal of the Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Resolution 8 as set out in the Notice of AGM dispatched to Shareholders together with the Annual Report 2021 of the Company.

5. APPROVAL AND RESOLUTION

Shareholders' approval for the proposed renewal of the Share Buy-Back Mandate will be sought at the AGM. The resolution relating to the proposed renewal of the Share Buy-Back Mandate is contained in the Notice of AGM as Resolution 8.

6. ABSTENTION FROM VOTING

The Relevant Persons will abstain from voting at the AGM in respect of the resolution relating to the proposed renewal of the Share Buy-Back Mandate in view of Note 3(iii) of Appendix 2 of the Take-over Code and would not accept nominations as proxy or otherwise for voting at the AGM in respect of the said ordinary resolution.

The Relevant Persons have also undertaken to ensure that their Associates will abstain from making any recommendation and from voting at the AGM in respect of the ordinary resolution relating to the proposed renewal of the Share Buy-Back Mandate and would not accept nominations as proxy or otherwise for voting at the AGM relating to the proposed renewal of the Share Buy-Back Mandate. Any votes cast by the Relevant Persons and their Associates on the resolution to approve the renewal of the Share Buy-Back Mandate will be disregarded by the Company.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

8. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 26 Boon Lay Way #01-80 Singapore 609970 during normal business hours for a period of three (3) months from the date of this Appendix:

- (a) the annual report of the Company for FY2021; and
- (b) the Constitution of the Company.

By Order of the Board
MIYOSHI LIMITED

Sin Kwong Wah, Andrew
Chief Executive Officer and Executive Director
15 December 2021

MIYOSHI LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198703979K)

Important

1. The Annual General Meeting ("AGM") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendments No. 2 & 3) Order 2020 (the "Order").
2. Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 15 December 2021. The announcement may be accessed at the Company's website at www.miyoshi.biz and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**
4. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM by 10.00 a.m. on 20 December 2021.
6. By submitting an instrument appointing the Chairman of the Meeting as proxy, completing the registration form for the AGM live webcast, or submitting any questions to the Company prior to the AGM, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 December 2021 which may be accessed at the Company's website at www.miyoshi.biz and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
7. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the Annual General Meeting.**

I/We, _____

of _____

being a member/members of MIYOSHI LIMITED (the "Company"), hereby appoint:

the Chairman of the Annual General Meeting of the Company (the "AGM") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on Thursday, 30 December 2021 at 10.00 a.m. and at any adjournment thereof.

| No. | Resolutions relating to: | No. of Votes For | No. of Votes Against | Abstain |
|-----|--|------------------|----------------------|---------|
| 1 | Adoption of Directors' Report and the Audited Financial Statements for the year ended 31 August 2021 | | | |
| 2 | Re-election of Mr Pek Ee Perh, Thomas as a Director | | | |
| 3 | Approval of Directors' fees amounting to S\$60,000 | | | |
| 4 | Re-appointment of BDO LLP as Auditors | | | |
| 5 | Authority to issue new shares | | | |
| 6 | Authority to allot, issue and deliver shares pursuant to Miyoshi Restricted Share Plan 2016 | | | |
| 7 | Authority to allot, issue and deliver shares pursuant to Miyoshi Performance Share Plan 2016 | | | |
| 8 | Proposed renewal of Share Buy-Back Mandate | | | |

(*Please indicate your vote "For", "Against" or "Abstain" with an "X" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" within the box provided. If you wish the Chairman of the Meeting as your proxy to "Abstain" from voting on a resolution, please indicate an "X" in the "Abstain" box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.)

Dated this _____ day of _____, 2021

| Total number of Shares in: | No. of Shares |
|----------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

Signature(s) of member(s)

or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Please note that a member may not vote at the AGM otherwise than by way of appointing the Chairman of the Meeting as the member's proxy.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3. A member who is a relevant intermediary entitled to vote at the AGM must appoint the Chairman of the AGM to vote at the AGM instead of the member.

"Relevant intermediary" means:

- (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Future Act, Chapter 289 of Singapore and who holds shares in that capacity; or
- (iii) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Central Provident Fund Act, Chapter 36 of Singapore, providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM by 10.00 a.m. on 20 December 2021.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (i) if submitted electronically, be submitted via email to GPE@mncsingapore.com ; or
 - (ii) if submitted by post, be lodged with the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902.

in either case, by no later than **10.00 a.m. on 27 December 2021**, being at least 72 hours before the time for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email to GPE@mncsingapore.com.

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.
7. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject an instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares entered against their names in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares against their names in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. Members should take note that once this proxy form is submitted electronically via email to GPE@mncsingapore.com or lodged with the Company's Share Registrar, they cannot change their vote as indicated in the box provided above.



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A Tomorrow-Focused Manufacturer

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