SEN YUE HOLDINGS LIMITED
森跃控股有限公司

SEN YUE HOLDINGS LIMITED RCB REG. NO: 200105909M

Full Year Financial Statements and Dividend Announcement for the Financial Year Ended 30 September 2020 ("FY2020")

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Year ended 30/09/2020 (unaudited) $'000	**Year ended 30/09/2019 (audited) $'000**	**Change %**
Revenue	175,106	243,442	(28.1)
Cost of sales	(169,027)	(229,675)	(26.4)
Gross profit	6,079	13,767	(55.8)
Other operating income	1,924	1,134	69.7
Distribution costs	(1,130)	(1,405)	(19.6)
Administrative expenses	(9,366)	(9,444)	(0.8)
Other operating expenses	(2,661)*	(221)	NM
Impairment loss recognised on financial assets	(36,524)*	(62)	NM
Results from operating activities	(41,678)	3,769	NM
Finance costs	(2,104)	(2,567)	(18.0)
(Loss)/Profit before tax	**(43,782)**	**1,202**	**NM**
Income tax expense	(297)	(1,181)	(74.9)
(Loss)/Profit after tax	**(44,079)**	**21**	**NM**

NM: Not Meaningful

** Related to the Company's wholly-owned subsidiary SMC Industrial Pte Ltd ("**SMCI**")*

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Year ended 30/09/2020 (unaudited) $'000	**Year ended 30/09/2019 (audited) $'000**	**Change %**
(Loss)/Profit for the year	(44,079)	21	NM
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of properties	2,473	2,545	NM
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(269)	88	NM
Other comprehensive income, net of tax	2,204	2,633	NM
Total comprehensive (loss)/income for the year	**(41,875)**	**2,654**	**NM**

NM: Not Meaningful

1(a)(ii) Other profit and loss items disclosure.

The following items were charged or (credited) to the income statement:

	Group		
	Year ended 30/09/2020 (unaudited) $'000	**Year ended 30/09/2019 (audited) $'000**	**Change %**
Other income	(1,737)	(893)	94.5
Interest income	(187)	(241)	(22.4)
Interest expense	2,104	2,567	(18.0)
Depreciation of property, plant and equipment	2,893	3,246	(10.9)
Depreciation of right-of-use assets	755	-	NM
Gain on disposal of property, plant and equipment	(5)	(4)	25.0
Foreign exchange gain, net	(274)	(7)	NM
Allowance for inventories	1,790*	4	NM
Bad debts written off – trade and other receivables	-	4	NM
Property, plant and equipment written off	1	4	NM
Loss allowance for receivables	36,524*	58	NM
Impairment loss on property, plant and equipment	621*	66	NM
Impairment loss on right-of-use assets	918*	-	NM

NM: Not Meaningful

** Related to **SMCI***

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30/09/ 2020 (Unaudited) $'000	As at 30/09/ 2019 (Audited) $'000	As at 30/09/ 2020 (Unaudited) $'000	As at 30/09/ 2019 (Audited) $'000
Assets				
Current assets				
Cash and cash equivalents	7,321	21,413	91	295
Trade and other receivables	8,857	52,429	37	10
Inventories	9,028	13,961	-	-
Total current assets	**25,206**	**87,803**	**128**	**305**
Non-current assets				
Property, plant and equipment	28,853	30,006	-	-
Right-of-use assets	2,487	-	-	-
Goodwill	-	338	-	-
Subsidiaries	-	-	14,462	31,988
Other receivables	406	634	-	-
Financial assets at fair value through profit or loss	4,157	4,101	-	-
Total non-current assets	**35,903**	**35,079**	**14,462**	**31,988**
Total assets	**61,109**	**122,882**	**14,590**	**32,293**
Liabilities and equity				
Current liabilities				
Bank overdrafts, loans and trade bills	27,789	58,970	1,000	1,000
Trade and other payables	19,283	14,445	4,966	4,617
Finance leases	-	309	-	-
Lease liabilities	736	-	-	-
Income tax payable	104	252	-	-
Derivative financial instrument	46	-	-	-
Total current liabilities	**47,958**	**73,976**	**5,966**	**5,617**
Non-current liabilities				
Bank overdrafts, loans and trade bills	-	2,358	-	-
Finance leases	-	562	-	-
Lease liabilities	2,703	-	-	-
Other payables	103	78	-	-
Deferred tax liabilities	2,427	2,106	-	-
Total non-current liabilities	**5,233**	**5,104**	**-**	**-**
Total liabilities	**53,191**	**79,080**	**5,966**	**5,617**
Capital and reserves				
Share capital	46,246	40,255	46,246	40,255
Merger deficit	(3,454)	(3,454)	-	-
Translation reserve	(7,584)	(7,315)	-	-
Revaluation reserve	13,641	11,168	-	-
Capital reserve	2,605	2,605	-	-
(Accumulated losses)/Retained earnings	(43,536)	543	(37,622)	(13,579)
Equity attributable to owners of the Company	**7,918**	**43,802**	**8,624**	**26,676**
Total liabilities and equity	**61,109**	**122,882**	**14,590**	**32,293**

1(b)(ii) Aggregate amount of the group's borrowing and debt securities.

Amount repayable in one year or less, or on demand:

As at 30/09/2020 (Unaudited)		As at 30/09/2019 (Audited)	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
28,351	-	59,279	-

Amount repayable after one year:

As at 30/09/2020 (Unaudited)		As at 30/09/2019 (Audited)	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
-	-	2,920	-

Details of any collateral:-

As at 30 September 2020, total bank overdrafts, loans and trade bills amounting to $27,789,000 (30 September 2019: $61,328,000) were secured on one or more of the followings:

(i) Mortgage over certain freehold land and buildings of the Group;
(ii) Mortgage over a leasehold land and building of the Group;
(iii) Deposits pledged with financial institutions[(1)];
(iv) Corporate guarantee given by the Company;
(v) Personal guarantee by a Director;
(vi) Assignment of life insurance policies[(2)] assured on a Director; and
(vii) Assignment of life insurance policy[(2)] assured on a general manager of a subsidiary.

The lease liabilities of $562,000 (30 September 2019: $871,000) were secured by the lessor's title to the leased assets.

Note:

(1) During the year, SMCI withdrew certain fixed deposits pledged with DBS Bank Ltd. ("**DBS**") of $12,989,917 to settle the borrowings and trade financing balances outstanding. After the financial year end, fixed deposits of $3,021,900 that were pledged by SMCI to the Hong Kong and Shanghai Banking Corporation Limited ("**HSBC**") for banking facilities were withdrawn immediately to offset outstanding trade bills.

(2) The life insurance policies refer to keyman life insurance policies purchased by SMCI for the Non-Executive Chairman of the Company and a Key Management Personnel of SMCI, with SMCI being the beneficiary.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Year ended 30/09/2020 $'000 (unaudited)	**Year ended 30/09/2019 $'000 (audited)**
Operating activities		
(Loss)/Profit before income tax	(43,782)	1,202
Adjustments for:		
Allowance for inventories	1,790*	4
Bad debts written off on trade and other receivables	-	4
Loss allowance for receivables	36,524*	58
Interest income	(187)	(241)
Interest expense	2,104	2,567
Depreciation of property, plant and equipment	2,893	3,246
Depreciation of right-of-use assets	755	-
Net foreign exchange loss	67	62
Gain on disposal of property, plant and equipment	(5)	(4)
Property, plant and equipment written off	1	4
Post-employment benefits	29	22
Increase in fair value of financial assets at fair value through profit or loss	(96)	(91)
Fair value loss on derivative financial instruments	46	-
Impairment loss on goodwill	338	-
Impairment loss on property, plant and equipment	621*	66
Impairment loss on right-of-use assets	918*	-
Operating cash flows before movements in working capital	**2,016**	**6,899**
Trade and other receivables	7,225	(5,270)
Inventories	3,102	5,048
Trade and other payables	4,990	(104)
Cash generated from operations	17,333	6,573
Income taxes paid, net	(757)	(1,170)
Net cash generated from operating activities	**16,576**	**5,403**
Investing activities		
Interest received	313	178
Purchase of plant and equipment	(537)	(703)
Proceeds from disposal of property, plant and equipment	6	13
Net cash used in investing activities	**(218)**	**(512)**
Financing activities		
Trade bills	(17,905)	2,609
Interest paid	(2,230)	(2,567)
Repayments of borrowings	(2,694)	(1,168)
Repayments of finance lease liabilities	-	(337)
Repayments of lease liabilities	(697)	-
Decrease/(Increase) in pledged deposits with financial institutions	1,038	(1,075)
New bank loans raised	-	857
Issue of shares	5,991	-
Net cash used in financing activities	**(16,497)**	**(1,681)**
Net (decrease)/increase in cash and cash equivalents	**(139)**	**3,210**
Cash and cash equivalents at beginning of the year	4,000	1,056
Effect of exchange rate changes on the balance of cash held in foreign currencies	1	(266)
Cash and cash equivalents at the end of the year	**3,862**	**4,000**

** Related to **SMCI***

Cash at banks and in hand	4,261	4,325
Fixed deposits with financial institutions	3,060	17,088
Cash and cash equivalents in statements of financial position	7,321	21,413
Fixed deposits pledged with financial institutions	(3,060)	(17,088)
Bank overdraft (secured)	(399)	(325)
Cash and cash equivalents at the end of the year	**3,862**	**4,000**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	**Share capital $'000**	**Merger deficit $'000**	**Translation reserve $'000**	**Revaluation reserve $'000**	**Capital reserve $'000**	**Retained earnings (Accumulated losses) $'000**	**Net equity attributable to owners of the Company $'000**
Balance as at October 1, 2018 (audited)	**40,255**	**(3,454)**	**(7,403)**	**8,623**	**2,605**	**522**	**41,148**
Profit for the year	-	-	-	-	-	21	21
Other comprehensive income for the year	-	-	88	2,545	-	-	2,633
Total comprehensive income for the year	**-**	**-**	**88**	**2,545**	**-**	**21**	**2,654**
Balance as at September 30, 2019 (audited)	**40,255**	**(3,454)**	**(7,315)**	**11,168**	**2,605**	**543**	**43,802**
Loss for the year	-	-	-	-	-	(44,079)	(44,079)
Other comprehensive (loss)/income for the year	-	-	(269)	2,473	-	-	2,204
Total comprehensive (loss)/income for the year	**-**	**-**	**(269)**	**2,473**	**-**	**(44,079)**	**(41,875)**
Transactions with owners, recognised directly in equity							
Issue of share capital	5,991	-	-	-	-	-	5,991
Balance as at September 30, 2020 (unaudited)	**46,246**	**(3,454)**	**(7,584)**	**13,641**	**2,605**	**(43,536)**	**7,918**

Company	**Share Capital $'000**	**Accumulated losses $'000**	**Total $'000**
Balance as at October 1, 2018 (audited)	**40,255**	**(13,066)**	**27,189**
Loss for the year, representing total comprehensive loss for the year	-	(513)	(513)
Balance as at September 30, 2019 (audited)	**40,255**	**(13,579)**	**26,676**
Issue of share capital, representing transactions with owners, recognised directly in equity	5,991	-	5,991
Loss for the year, representing total comprehensive loss for the year	-	(24,043)	(24,043)
Balance as at September 30, 2020 (unaudited)	**46,246**	**(37,622)**	**8,624**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued and fully paid-up ordinary shares of the Company ("Shares")

Movements in the Company's share capital since 31 March 2020 up to 30 September 2020 were as follows:

	Number of Shares	Issued and paid-up capital – $
Balance as at 31 March 2020	984,280,038	46,245,942
Balance as at 30 September 2020	984,280,038	46,245,942

The Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 September 2020 and 30 September 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company as at 30/09/2020	Company as at 30/09/2019
Total number of issued shares excluding treasury shares	984,280,038	864,280,038

There were no treasury shares as at 30 September 2020 and 30 September 2019.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no sales, transfers, cancellations and/or use of treasury shares during FY2020.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no sales, transfers, cancellations and/or use of subsidiary holdings during FY2020.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (This is not required for any audit issue that has material uncertainty relating to going concern):—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable. The Group's latest financial statements for the financial year ended 30 September 2019 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The Group's latest financial statements for the financial year ended 30 September 2019 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those used in the most recently audited financial statements for the financial year ended 30 September 2019 ("**FY2019**").

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has adopted the SFRS(I) 16 Leases with effect from 1 October 2019 which is relevant to its operations. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the financial year ended 30 September 2019 reporting period as permitted under the specific transition provisions in the standard. The effect of the change on the adoption of SFRS(I) 16 Leases is the recognition of right-of-use assets and lease liabilities in the statement of financial position for the year ended 30 September 2020. Following the adoption of SFRS(I) 16, right-of-use assets and lease liabilities were being recognised in the balance sheet for the financial periods beginning on or after 1 October 2019 for the first time, without restatement of comparative amounts for the period prior to first adoption.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
Basic loss per ordinary share ("LPS") and Diluted LPS	**FY2020 (Unaudited)**	**FY2019 (Audited)**
(Loss)/Profit attributable to equity holders of the Company ($)	(44,079,000)	21,000
Weighted average number of ordinary shares in issue	957,066,923	864,280,038
(Loss)/Earnings per share (Singapore cents)	(4.61)	-*

* *Amount less than 0.01 cent*

The basic and diluted LPS for the financial year ended 30 September 2020 ("**FY2020**") and 30 September 2019 ("**FY2019**") were the same as there were no potentially dilutive ordinary shares in issue as at end of the respective financial years.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 30/09/2020 (Unaudited)	As at 30/09/2019 (Audited)	As at 30/09/2020 (Unaudited)	As at 30/09/2019 (Audited)
Net asset value as per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period (in Singapore cents)	0.80	5.07	0.88	3.09
Number of ordinary shares in issue	984,280,038	864,280,038	984,280,038	864,280,038

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

The Group's revenue decreased mainly due to the decrease of revenue across all segments with a significant decrease in the commodities segment. The Group conducted lower sales to its overseas customers with significant decrease to its clients from China, South Korea and Taiwan as a result of the Coronavirus Disease 2019 ("**Covid-19**") pandemic and lower demand from customers as well as cessation of transactions with any of the parties identified in the FKT Report in the fourth quarter of FY2020.

Cost of sales decrease proportionately with the decrease in revenue.

Gross profit margin decreased due to the competitive selling prices in the market for the commodities segment.

Other operating income increased due to grants of wage subsidies from Singapore and Malaysia government.

Distribution cost decreased in line with the decrease of revenue.

Other operating expenses increased mainly due impairment loss on plant and equipment as well as impairment loss on right-of-use assets, particularly in SMCI, consist of S$2.3 million.

Impairment loss recognised on financial assets due to loss allowance of receivables provided by three subsidiaries particularly in SMCI, consist of S$36.4 million. The loss allowance of receivables is made based on historical loss rate and specific provisions for a few customers mainly in the commodities segment as there are no subsequent collections for more than 6 months. The total allowance made constituted 83% of the gross trade receivables. Subsequently, if payment is received from the customers, the Group will make the reversal of allowance accordingly.

Finance cost decreased mainly due to reduction of bank borrowings.

Depreciation of property, plant and equipment decreased due to reclassification to depreciation of right-of-use assets as a result of the adoption of SFRS(I) 16 Leases.

As a result of the foregoing, the Group registered a loss after tax of $44.08 million in FY2020 as compared to a profit after tax of $0.02 million in FY2019, mainly due to the loss allowance for receivables amounting to $36.52 million.

Statement of Financial Position

Current Assets

The decrease in cash and cash equivalents was mainly due to reasons as detailed in the cashflow analysis below. During the year, SMCI withdrew certain fixed deposits pledged with DBS of $13.0 million to settle the borrowings and trade financing balances outstanding. Besides that, one of the subsidiaries also withdrew fixed deposits pledged with United Overseas Bank ("UOB") of $1.0 million to settle the trade financing balances and for working capital purposes.

The decrease in trade and other receivables was mainly due to loss allowance for receivables provided by three subsidiaries discussed in the earlier paragraphs and decrease in trade receivables balances due to decrease of sales.

The decrease in inventories was mainly due to stock clearance in the commodities segment to maintain minimum level of inventory and allowance for inventories.

Non-Current Assets

The decrease in property, plant and equipment was mainly due to impairment loss on plant and equipment as well as impairment loss on right-of-use assets provided by SMCI, depreciation charges and offset by the purchase of new equipment and increase in right-of-use assets.

Goodwill was fully impaired at group level due to deterioration of the financial position and business prospect of SMCI's commodities segment.

The decrease in other receivables due to charge out of the unamortised portion of prepaid keyman insurance to the administrative expenses and offset by the prepayment for purchase new equipment.

Current Liabilities

Bank overdrafts, loans and trade bills decreased as a result of repayment of bank loans and trade bills.

Trade and other payables increased mainly due to slower repayment to creditors.

Finance lease liabilities had been reclassified to lease liabilities as a result of adoption of SFRS(I) 16 Leases.

Income tax payable decreased mainly due to tax credit and availability of capital allowances brought forward from previous financial years to offset against the estimated chargeable income.

Non-Current Liabilities

The Group's non-current liabilities increased mainly due to the recognition of lease liabilities, partially offset by the reclassification of loans repayable from non-current liabilities to current liabilities.

Working Capital

The working capital of the Group as at 30 September 2020 and 30 September 2019 are set out below:

$'000	As at 30 September 2020 (Unaudited)	As at 30 September 2019 (Audited)
Total current assets	25,206	87,803
Total current liabilities	47,958	73,976
Working capital	**(22,752)**	**13,827**

The Board is of the opinion that the use of the going concern assumption for FY2020 is appropriate after taking into consideration, amongst others, the following measures and assumptions:

(I) The management has critically assessed the cash flow forecasts of the Group for the next twelve months and concluded that save for SMCI, there will be sufficient cash flows and resources to allow the Group to continue its operations and meet its obligations for the foreseeable future;

(II) The Group's ability to continue as a going concern is dependent on the support of SMCI's principal banks and creditors. In respect of SMCI,

- subsequent to 30 September 2020, SMCI received letters of demand from five creditors amounting to S$8,188,839.08 and US$196,724.36 in aggregate and from two banks amounting to S$7,170,254.15 and US$11,094,671.80 in aggregate. Company continues to engage with SMCI's creditors and HSBC to agree on a suitable repayment proposal. As at the date of this announcement, discussions with HSBC on a suitable repayment proposal is still ongoing.

- Following the Interim Judicial Management Applications filed by DBS, the Company and SMCI have appointed Cavenagh Law LLP as their legal counsel in respect of, among other things, the Interim Judicial Management Applications. At the hearing held on March 10, 2021, the Singapore High Court, amongst other directions and orders, adjourned the hearing of the Interim Judicial Management Applications to a date to be confirmed but which shall be no earlier than April 1, 2021. Company and SMCI are currently seeking legal advice in relation to their proposed course of action.

- The above matters and the court outcomes on the Interim Judicial Management Applications represent material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns subsequent to FY2020. Nonetheless, the Company has no intention to undergo voluntary liquidation or cease trading in the foreseeable future and intends to continue engaging with the principal banks and creditors to finalise a repayment plan and/or course of action to enable the Group to continue its operations and to repay or discharge outstanding debts due to such principal banks and creditors.

Cash Flow Analysis

Net cash generated from operating activities was mainly due to collection of trade and other receivables and slower repayment of trade and other payables.

Net cash used in investing activities was mainly due to purchases of plant and equipment, offset by interest received from deposits placed with financial institutions.

Net cash from financing activities was mainly due to net proceeds from issuance of new shares, offset by interest paid on bank borrowings, repayment of trade bills, repayment of borrowings and lease liabilities as well as uplift fixed deposits pledged with financial situation.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group will be undergoing significant restructuring in the commodities business segment.

The e-waste business segment has a promising business outlook with support from relevant agencies and the Group hopes to be able to play a key role in the nation's sustainability initiatives.

In FY2021, the Group's focus will be in the expansion of business activities in the e-waste business segment where the Group has in 2020 won a major contract from a global producer of e-waste products. The Group is also negotiating for more contracts with at least two global producers of e-waste products, especially lithium ion batteries. These contracts will assist in the restructuring of the group especially in SMCI. There are also personnel and management changes in SMCI between January 2021 to March 2021.

Management is also following up on the smelter joint venture (SMC Refinery Pte Ltd) and will update shareholders on any developments.

The Covid-19 situation has affected logistics and supply chain and this may present as a challenge which the management needs to manage.

The Malaysian and Indonesian subsidiaries' business segments (Electro-deposition and Metal components) remained stable and the Company will be adopting a prudent approach in managing the cashflow in these entities.

Please also refer to paragraph 8 above in relation to the actions undertaken by the Group with respect to the Interim Judicial Management Applications. The Group will be adversely affected in the event that the Group is placed under Judicial Management as certain contracts with suppliers and customers may be terminated.

In the meantime, the Board is of the opinion that, in light of the uncertainty surrounding the current Group's financial position, the Company should continue the voluntary suspension of trading in the Company's shares.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended for the current financial year reported on.

(b)(i) Amount per share:

Not applicable.

(b)(ii) Previous corresponding period:

Not applicable. No dividend has been declared or recommended for the previous corresponding period.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (if the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date of dividend payable

Not applicable.

(e) Books closure date.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for FY2020 as the Company is not profitable and would like to conserve cash in view of prevailing business conditions of the Group.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for interested person transactions ("IPTs").

During the financial year, the Company has engaged Foo Kon Tan Advisory Services Pte Ltd ("**FKT**") to conduct an independent review in relation to the concerns raised in respect of potential relationships that the former Executive Chairman of the Company, Mr Koh Mia Seng ("**Mr Koh**"), may have with certain companies that have dealings with the Group. For further background, please refer to the Company's announcement dated 10 February 2020.

FKT stated in the Final FKT report (details of which can be found in Annex A of the Company's announcement dated 10 February 2020 for the Final FKT's Report.) that having considered all the evidence available to them, they are of the view that Mr Koh indirectly controls the 7 identified customers set out in the table below ("Relevant Customer") and that the transactions between SMCI and these Relevant Customers are IPTs. The Company did not disclose the transactions between SMCI and these customers as IPTs and, on the assumption that the Relevant Customers are interested persons (as defined under the Catalist Rules), the non-disclosure of the said IPTs would constitute breaches of Catalist Rules 905, 906 and 907. FKT noted that the breaches of the relevant Catalist Rules did not arise from a breach of the Company's internal controls relating to IPT. Instead, the breaches arose due to non-disclosure by Mr Koh of his relationships with the 7 Relevant Customers to the Company.

	Name of Relevant Customers
i.	SMC Technology Sdn Bhd ("**SMCT**")
ii.	Matrade Co. Ltd ("**Matrade**")
iii.	Thai DD Recycle Co. Ltd ("**TDD**")
iv.	Fung Jet Logistics Trading Limited ("**FJL**")
v.	Mild On International Limited ("**MOI**")
vi.	Foshan City Nanhai District Sea Sheng Waste Materials Recycling Co. Ltd ("**FSS**")
vii.	Tai Zhou Yi Ze Metal Co. Ltd ("**TZY**")
Total amount of transactions (both sales and purchases) with SMCI (in S$'000)	51,404

As announced on 10 February 2021, the AC acknowledges FKT's findings that the alleged relationships between Mr Koh and the Relevant Customers would have resulted in breaches of Catalist Rules 905, 906 and 907. The AC further acknowledges FKT's conclusion that the breaches arose as a result of Mr Koh's non-disclosure, which could not be detected by the Company's existing internal controls. The AC notes that FKT flagged the high risk that some of the transactions between SMCI and the seven Relevant Customers are not conducted on an arm's length basis and/or may not be bona fide. The AC notes that the Company has implemented further measures to mitigate the risks highlighted by FKT, such as the internal controls disclosed in section 4 of the Announcement of 5 August 2020 and the suspension of Mr Koh's executive function from 8 January 2021 following Nominating Committee's recommendation.

In view of FKT's recommendation, the Company filed a report with the Commercial Affairs Department ("CAD") on January 5, 2021 in relation to the matters highlighted by FKT. CAD has on January 27, 2021 issued an order to the Company pursuant to Section 20 of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition) to produce certain documents and information in relation to offences under the Penal Code (Cap.224) and the Securities and Futures Act (Cap.289) pursuant to the Criminal Procedure Code for financial years ended September 30, 2015 to 2020. Mr Koh and certain staff of SMCI had been interviewed by the CAD officers. On February 1, 2021, the passport of Mr Koh has been impounded. To the best of the Company's knowledge, as at the date of this announcement, the investigation of CAD is still in progress.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Reportable Segments

FY2020 $'000	Metal components and tool and die	ED Coating	Commodities	Others	Inter-segment elimination	Group
Revenue	2,485	11,764	163,089	629	(2,861)	175,106
Cost of sales	(2,189)	(7,738)	(161,544)	(22)	2,466	(169,027)
Segment result	296	4,026	1,545	607	(395)	6,079
Other operating income						1,924
Distribution costs						(1,130)
Administrative expenses						(9,366)
Other operating expenses						(2,661)
Impairment loss recognised on financial assets						(36,524)
Finance costs						(2,104)
(Loss) before income tax						(43,782)
Income tax expense						(297)
(Loss) for the year						(44,079)
Segment assets	7,848	18,758	39,693	18,694	(23,884)	61,109
Segment liabilities	1,332	6,452	55,596	16,922	(27,111)	53,191
Other segment information						
Additions to non-current assets[1]	-	1,378	144	-	(869)	653
Depreciation expenses	54	923	2,892	16	(237)	3,648
Loss allowance for receivables	37	-	36,487	7,253	(7,253)	36,524
Impairment loss on property, plant and equipment	-	-	621	-	-	621
Impairment loss on right-of-use assets	-	-	918	-	-	918
Impairment loss on goodwill	-	-	338	-	-	338
Revaluation of properties	-	652	1,821	-	-	2,473
Fair value loss on derivative financial instruments	-	-	46	-	-	46
Fair value gain of financial assets at FVTPL	-	-	(96)	-	-	(96)

Note

[1] During FY2020, the Group acquired plant and equipment with an aggregate cost of $537,000 (2019: $909,000) of which $NIL (2019: $186,000) was acquired under finance lease arrangement and $NIL (2019: $43,000) remains unpaid as at September 30, 2020.

FY2019 $'000	Metal components and tool and die	ED Coating	Commodities	Others	Inter-segment elimination	Group
Revenue	4,413	14,135	227,557	1,073	(3,736)	243,442
Cost of sales	(3,411)	(8,465)	(220,985)	(21)	3,207	(229,675)
Segment result	1,002	5,670	6,572	1,052	(529)	13,767
Other operating income						1,134
Distribution costs						(1,405)
Administrative expenses						(9,444)
Other operating expenses						(283)
Finance costs						(2,567)
Profit before income tax						1,202
Income tax expense						(1,181)
Profit for the year						21
Segment assets	8,685	17,649	100,329	36,880	(40,661)	122,882
Segment liabilities	1,930	6,552	74,689	17,197	(21,288)	79,080
Other segment information						
Additions to non-current assets[1]	1,318	233	611	2	(1,255)	909
Depreciation and amortisation expenses	52	738	2,440	16	-	3,246
Impairment loss on property, plant and equipment	-	66	-	-	-	66
Revaluation of properties	274	1,239	1,032	-	-	2,545
Fair value change of financial assets at FVTPL	-	-	91	-	-	91

(b) Geographical information

	Revenue		Non-Current Assets	
$'000	**FY2020**	**FY2019**	**FY2020**	**FY2019**
Singapore	15,739	21,032	16,589	15,893
People's Republic of China	41,853	74,260	-	-
Malaysia	26,520	28,401	11,282	10,652
Indonesia	3,566	3,576	3,467	3,797
South Korea	36,145	47,503	-	-
Taiwan	27,151	41,578	-	-
Japan	15,250	15,840	-	-
Others	8,882	11,252	2	2
Total	**175,106**	**243,442**	**31,340**	**30,344**

Non-current assets presented comprise property, plant and equipment, right-of-use assets and goodwill.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

See paragraph 8 above.

16. A breakdown of sales

Group	FY2020	FY2019	Increase/ (Decrease)
	$'000	$'000	%
(a) Sales reported for first half year	115,609	127,312	(9.2)
(b) Operating (loss) profit after tax before deducting non-controlling interests reported for first half year	(19,748)	(555)	NM
(c) Sales reported for second half year	59,497	116,130	(48.8)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	(24,331)	576	NM

NM: Not Meaningful

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

No dividend has been recommended for the FY2020 and FY2019.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Xu Yi Rui	36	Nephew of Mr. Koh Mia Seng (Non-Executive Chairman)	Assistant Manager of SMC Industrial Pte Ltd since January 2008	Resigned in July 2020
Koh Wen An	27	Son of Mr. Koh Mia Seng (Non-Executive Chairman)	Assistant Operation Manager of SMCI since January 2020	Promoted from management trainee in January 2020[(1)]

Note:
(1): At the formation of the Group's steering committee on 3 December 2020, Koh Wen An was appointed as a member of the Steering Committee. Following the CAD investigation, Koh Wen An's role on the steering committee has been assumed by a staff of SMCI unrelated to Mr Koh Mia Seng as at 5 February 2021. Koh Wen An resigned as the Assistant Operation Manager of SMCI on 1 March 2021.

Save as disclosed above, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries, is related to a director, the chief executive officer or substantial shareholder of the Company or its principal subsidiaries.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

20. Disclosure on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalist Rules

Not applicable. There was no incorporation of new entities, acquisition and realisation of shares in FY2020.

21. Other Updates

The Company refers to Section B(i) of its announcement dated 28 February 2021 in relation to the timeline imposed by the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") to convene the FY2020 annual general meeting ("**AGM**"), and wishes to update shareholders that it is continuing to pursue its application to ACRA to reconsider its previous rejection of the Company's request for the extension of time to hold its FY2020 AGM, as the Company is unable to finalise its FY2020 annual report for issue by 17 March 2021.

BY ORDER OF THE BOARD

NEO GIM KIONG
EXECUTIVE DIRECTOR AND CEO

17 March 2021

*This announcement 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.*

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