

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (“Catalist Rules”), the Company is required by the SGX-ST to announce its quarterly financial statements in view of the qualified opinion issued by the Company’s auditors in the audited financial statements of the Group for the financial year ended 30 September 2022.

This announcement has been reviewed by the Company’s sponsor, SAC Capital 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. Tay Sim Yee (Telephone no.: (65) 6232 3210), 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

**Unaudited Condensed Interim Financial Statements
For The Third Quarter and Nine-Months Ended 30 June 2023**

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(A) Condensed interim statement of profit or loss and other comprehensive income

	Note	Group								
		Six Months Ended			Third Quarter Ended			Nine Months Ended		
		31.03.2023	31.03.2022	Change	30.06.2023	30.06.2022	Change	30.06.2023	30.06.2022	Change
		(unaudited/ restated)	(unaudited/ restated)		(unaudited/ restated)	(unaudited/ restated)		(unaudited/ restated)		
S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%		
Revenue	4	42,169	13,084	>100	12,589	13,219	(5)	54,758	26,303	>100
Cost of sales		(21,382)	(8,654)	>100	(18,363)	(7,977)	>100	(39,745)	(16,631)	>100
Gross profit/(loss)		20,787	4,430	>100	(5,774)	5,242	n.m.	15,013	9,672	55%
Other operating income		210	140	50	324	34	>100	534	174	>100
Distribution expenses		(272)	(121)	>100	(67)	(24)	>100	(339)	(145)	>100
Administrative expenses		(3,175)	(2,755)	15	(1,976)	(2,447)	(19)	(5,151)	(5,202)	(1)
Other gains and losses		(2,876)	(176)	>100	1,893	879	>100	(983)	703	n.m.
Finance expenses		(169)	(807)	(79)	(142)	(475)	(70)	(311)	(1,282)	(76)
Profit/(loss) before income tax		14,505	711	>100	(5,742)	3,209	n.m.	8,763	3,920	>100
Income tax (credit)/expense	7	(2,888)	(424)	>100	1,023	(184)	n.m.	(1,865)	(608)	>100
Profit/(loss) after income tax		11,617	287	>100	(4,719)	3,025	n.m.	6,898	3,312	>100
Other comprehensive loss										
<i>Items that may be reclassified</i>										
<i>Subsequently to profit or loss:</i>										
Exchange differences on translation of foreign operations		(198)	(107)	85	(238)	(909)	(74)	(436)	(1,016)	(57)
Total comprehensive income/(loss) for the period, net of tax		11,419	180	>100	(4,957)	2,116	n.m.	6,462	2,296	>100

*n.m. denotes not meaningful

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(A) Condensed interim statement of profit or loss and other comprehensive income (Cont'd)

	Group								
	Six Months Ended			Third Quarter Ended			Nine Months Ended		
	31.03.2023	31.03.2022	Change	30.06.2023	30.06.2022	Change	30.06.2023	30.06.2022	Change
	(unaudited/ restated)	(unaudited/ restated)		(unaudited/ restated)	(unaudited/ restated)		(unaudited/ restated)		
S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Profit/(loss) per share attributable to owners of the Company									
Basic and diluted (cents) ^[1]	0.39	0.03	>100	(0.16)	0.31	n.m.	0.23	0.34	(31)
Total comprehensive income/(loss) per share for the period attributable to owners of the Company									
Basic and diluted (cents) ^[1]	0.39	0.02	>100	(0.17)	0.22	n.m.	0.22	0.23	(6)

^[1] Basic profit/(loss) per share is calculated on the Group's profit/(loss) for the respective periods attributable to owners of the Company divided by the weighted average number of ordinary shares in issue of 2,943,905,038 for six months ended 31.3.2023 (six months ended 31 March 2022: 984,280,038) and 2,959,534,103 for 3Q2023 and 9M2023 (3Q2022 and 9M2022:984,280,038) respectively.

Diluted profit/(loss) per share is calculated on the same basis as basic profit / (loss) per share as there were no dilutive potential ordinary shares in the respective periods.

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(B) Condensed interim statements of financial position

	Note	Group		Company	
		As at 30.06.2023 (unaudited)	As at 30.09.2022 (audited)	As at 30.06.2023 (unaudited)	As at 30.09.2022 (audited)
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	14,045	14,997	-	-
Right-of-use assets		2,012	2,293	-	-
Intangible assets		106	-	-	-
Investments in subsidiaries		-	-	9,463	9,463
Other receivables		38	39	-	-
Deferred tax assets		4,018	5,461	-	-
Total non-current assets		20,219	22,790	9,463	9,463
Current assets					
Cash and bank balances		16,692	11,299	2,342	827
Trade and other receivables		5,847	10,876	2,714	3,896
Inventories		17,361	9,099	-	-
Total current assets		30,900	31,274	5,056	4,723
Total assets		60,119	54,064	14,519	14,186
LIABILITIES					
Current liabilities					
Loans and borrowings	10	11,114	12,596	-	426
Financial guarantee liabilities		-	-	3,231	3,231
Trade and other payables		18,186	18,882	6,193	5,872
Lease liabilities		531	478	-	-
Income tax payable		139	59	-	-
Total current liabilities		29,970	32,015	9,424	9,529
Non-current liabilities					
Loans and borrowings	10	410	472	-	-
Other payables		118	106	-	-
Lease liabilities		1,502	1,812	-	-
Deferred tax liabilities		353	370	-	-
Total non-current liabilities		2,383	2,760	-	-
Total liabilities		32,353	34,775	9,424	9,529
EQUITY					
Capital and reserves					
Share capital	9	55,261	53,246	55,261	53,246
Other reserves		(10,791)	(10,355)	-	-
Accumulated losses		(16,704)	(23,602)	(50,166)	(48,589)
Equity attributable to owners of the Company		27,766	19,289	5,095	4,657
Total equity and liabilities		60,119	54,064	14,519	14,186
Basic and diluted net asset value per share (cents)					
		0.86	0.71	0.16	0.17

^[1] Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current period reported on and immediately preceding financial year.

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(C) Condensed interim statements of changes in equity

Group	Share capital	Merger deficit	Translation reserve	Capital reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01.10.2022 (audited)	53,246	(3,454)	(9,506)	2,605	(23,602)	19,289
Profit for the period	-	-	-	-	6,898	6,898
Other comprehensive loss	-	-	(436)	-	-	(436)
Total comprehensive income/(loss) for the period, net of tax	-	-	(436)	-	6,898	6,462
Issuance of new shares, representing transactions with owners, recognised directly in equity	2,015	-	-	-	-	2,015
Balance at 30.06.2023 (unaudited)	55,261	(3,454)	(9,942)	2,605	(16,704)	27,766

Group	Share capital	Merger deficit	Translation reserve	Capital Reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01.10.2021 (audited & restated)	46,246	(3,454)	(7,960)	2,605	(39,528)	(2,091)
Profit for the period	-	-	-	-	3,312	3,312
Other comprehensive loss	-	-	(1,016)	-	-	(1,016)
Total comprehensive income/(loss) for the period, net of tax	-	-	(1,016)	-	3,312	2,296
Balance at 30.06.2022 (unaudited & restated)	46,246	(3,454)	(8,976)	2,605	(36,216)	205



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(C) Condensed interim statements of changes in equity (cont'd)

Company	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 01.10.2022 (audited)	53,246	(48,589)	4,657
Loss for the period, representing total comprehensive loss for the period	-	(1,577)	(1,577)
Issuance of new shares, representing transactions with owners, recognised directly in equity	2,015	-	2,015
Balance at 30.06.2023 (unaudited)	55,261	(50,166)	5,095

Company	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 01.10.2021 (audited & restated)	46,246	(48,135)	(1,889)
Profit for the period, representing total comprehensive income for the period	-	65	65
Balance at 30.06.2022 (unaudited)	46,246	(48,070)	(1,824)

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

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(D) Condensed interim consolidated statement of cash flows

	Group	
	Nine Months Ended	
	30.06.2023	30.06.2022
	(unaudited)	(unaudited/ restated)
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	8,763	3,920
Adjustments for:		
Bad debts recovery	(2)	-
Depreciation of property, plant and equipment ("PPE")	1,386	1,554
Depreciation of right-of-use assets ("ROU assets")	442	184
Reversal of expected credit loss on trade receivables	-	(16)
Increase in fair value of financial assets at fair value through profit or loss	-	(77)
Allowance for impairment loss on inventories	10	90
Gain on lease modification	(242)	-
Gain on disposal of PPE	(41)	-
Post-employment benefits	19	-
Plant and equipment written off	-	2
Interest expenses	309	1,282
Interest income	(165)	(32)
Effects of exchange rate changes	(126)	(1,071)
	10,353	5,836
Changes in working capital:		
Inventories	(8,272)	(1,343)
Trade and other receivables	5,267	1,681
Trade and other payables	(703)	(6,705)
Cash generated from/ (used in) operations	6,645	(531)
Tax paid	(1,067)	(671)
Net cash from/ (used in) operating activities	5,578	(1,202)
Cash flows from investing activities		
Interest received	165	32
Proceeds from disposal of plant and equipment	52	-
Purchase of plant and equipment	(636)	(306)
Expenditure on intangible assets	(106)	-
Net cash used in investing activities	(525)	(274)
Cash flows from financing activities		
Interest paid	(293)	(35)
Repayment of bank borrowings	(1,550)	(77)
Principal payment of lease liabilities	(148)	(301)
Proceeds from issuance of shares	2,015	-
Net cash from/ (used in) financing activities	24	(413)



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(D) Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	Nine Months Ended	
	30.06.2023	30.06.2022
	(unaudited)	(unaudited/ restated)
	S\$'000	S\$'000
Net increase/(decrease) in cash and cash equivalents	5,077	(1,889)
Cash and cash equivalents at beginning of financial period	11,261	16,360
Effects of exchange rate changes on cash and cash equivalents	319	96
Cash and cash equivalents at end of financial period	16,657	14,567
Group		
Cash and cash equivalents as per statement of financial position comprising:		
Cash at bank	13,181	12,020
Fixed deposits with financial institutions	3,511	2,736
Cash and cash equivalents as per statement of financial position	16,692	14,756
Fixed deposits pledged with financial institutions	(35)	(38)
Bank overdraft	-	(151)
Cash and cash equivalents as per consolidated statement of cash flows	16,657	14,547

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

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(E) Notes to the unaudited condensed interim financial statements

1 Corporate information

Sen Yue Holdings Limited (“Company”, together with its subsidiaries, the “Group”) is a company incorporated in Singapore. The Company’s registered office is at 3 Jalan Pesawat, Singapore 619361. The Company is listed on the Catalyst Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

As at the date of this announcement, the immediate and ultimate holding company is Electroloy Metal Pte. Ltd. (“Electroloy”), a company incorporated in Singapore.

These unaudited condensed interim consolidated financial statements as at and for the third quarter (“3Q2023”) and nine months ended 30 June 2023 (“9M2023”) comprise the Company and its subsidiaries (together referred to as the “Group”).

The principal activity of the Company is that of an investment holding company. The Group is organised into the following main business segments:

- (a) Metal components and tool and die (“Metal Components”) - includes manufacturing and sales of perforated materials, speaker nets, tool, die and other metal components;
- (b) Electro deposition coating (“ED Coating”) - includes ED coating services and secondary process; and
- (c) Commodities - trading of black mass powder and other materials including copper and aluminum;

1.1 Event During the Financial Period

(i) Application of Subscriptions of new shares by Investors

The JMs had on 1 April 2022 on behalf of the Company, entered into three separate definitive subscription agreements with Electroloy, Jiangmenshi Changxin Technology Limited (“Jiangmenshi”) and Di Lingbin (“Mr. Di”) (collectively the “Investors”) for an aggregated cash consideration of S\$9.02 million, comprising individually a “Proposed Subscription” and collectively “Proposed Subscriptions”. The Proposed Subscriptions comprising 1,750,000,000 shares (“Subscription Shares”) issued and allotted to Electroloy and an aggregate of 503,750,000 Subscription Shares issued and allotted to Jiangmenshi and Mr. Di, at an issue price of S\$0.004 per Subscription Share have been completed on 5 August 2022 and 23 November 2022 respectively.

Following the completion of the Proposed Subscription with Jiangmenshi and Mr. Di, the Company has allotted 503,750,000 new ordinary shares for an aggregate cash consideration of S\$2.02 million to Jiangmenshi and Mr. Di on 23 November 2022. Accordingly, the issued and paid-up capital of the Company has since increased from S\$53.25 million comprising 2,734,280,038 ordinary shares to S\$55.27 million comprising 3,238,030,038 shares as at the date of this announcement.

All new ordinary shares issued to Jiangmenshi and Mr. Di rank *pari passu* in all respects with the then existing shares for any dividends, rights, allotments or other distributions.

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(E) Notes to the unaudited condensed interim financial statements

1 Corporate information (cont'd)

1.1 Event During the Financial Period (cont'd)

(ii) Loan restructuring with a Principal Lender

The Group recorded bank borrowings owing to one of the principal lenders for an aggregate amount of S\$17.46 million as at the ascertainment date on 31 March 2021. The bank borrowings were secured by the following:

1. Corporate guarantee given by the Company;
2. Personal guarantee by Mr. Koh Mia Seng, one of the directors of the Company;
3. Mortgage over the leasehold building at No. 3 Jalan Pesawat, Singapore 619361; and
4. Assignment of four keymen life insurance policies.

Pursuant to the schemes of arrangement pursuant to Section 210 of the Companies Act 1967 read with Section 117 of the Insolvency, Restructuring and Dissolution Act 2018 (“Schemes”), unanimously approved by the creditors and sanctioned by the Singapore High Court on 15 July 2022 and 28 July 2022 respectively, the secured claim for an aggregate amount of S\$12.18 million have been restructured under a Restructured Facility Agreement with salient terms provided below:

- The Group agrees to repay the Principal Lender of S\$1.20 million upon the execution of the Restructured Facility Agreement (the “**Upfront Sum**”). The Group has repaid the Upfront Sum on 25 August 2022.
- The Group will repay the balance of S\$6.80 million (“**Balance Sum**”) together with the applicable interest (as set out below) by way of 59 equal monthly principal payments at S\$0.11 million per month.
- Interest will be charged on the Balance Sum at the prevailing Singapore Dollars 3-month SORA (Singapore Overnight Rate Average) plus 2% per annum. Default interest shall be payable at the rate of 3.5% per annum above the aforementioned prescribed interest rate (both before and after judgement) on all sums payable and not paid when due or upon demand, as the case may be.
- The principal lender shall be entitled to retain the entire proceeds of four keyman insurance policies and shall have the absolute discretion to either terminate or continue to maintain the policies.

The provisional sum of unsecured claims for an aggregate amount of S\$5.28 million which has been concluded and finalised shall include the bank balances or overdrafts with the principal lender in October 2022.

(iii) Redemption of outstanding amount with CIMB Bank Berhad, Singapore Branch

The Group had on 31 October 2022 fully redeemed the outstanding amount under revolving credit facility amounting to S\$0.44 million comprising of interest charges and miscellaneous charges of approximately S\$15,000. As at the date of this announcement, the mortgage pledged over a freehold land and building of a subsidiary has been discharged.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

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(E) Notes to the unaudited condensed interim financial statements

2 Basis of Preparation

The unaudited condensed interim financial statements for the third quarter and nine months ended 30 June 2023 and its comparatives for the third quarter (“**3Q2022**”) and nine months ended 30 June 2022 (“**9M2022**”) have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The unaudited condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the audited annual financial statements for the financial year ended 30 September 2022 (“**FY2022**”).

The Company had on 30 August 2023 issued its audited financial statements for FY2022. The comparative figures presented in this unaudited condensed interim financial statements have been restated to reflect the audit adjustments made during the audit for FY2022. For clarification, the comparative figures included in the unaudited condensed interim financial statements released before the completion of FY2022 audit, i.e. 1Q2023 and 2Q2023 were unaudited. When reviewing the comparative figures, please refer to the Company’s FY2022 annual report and the Company’s announcement in relation to material variances between audited and unaudited financial statements for FY2022 dated 31 August 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The unaudited condensed interim financial statements are presented in Singapore dollar (“**SGD**”) which is the Company’s functional currency. The functional currencies of the Group include SGD, Ringgit Malaysia, Indonesia Rupiah and United States Dollar (“**USD**”).

2.1 New and amended standards adopted by the Group

The following standards have been issued and are relevant to the Group and the Company, but not yet effective:

		Effective for annual financial periods beginning on or after
SFRS(I) 10 and SFRS(I) 1-28	<i>Amendments to SFRS(I) 10 and SFRS(I) 1-28 Investments in Associates and Joint Ventures – Sale or contribution of assets between an investor and its associate or joint venture</i>	Deferred indefinitely, early application is still permitted
Amendments to SFRS(I) 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-Current</i>	1 January 2024

The adoption of the abovementioned standards is not expected to have any material impact on the financial statements of the Group and the Company in the period of initial application.

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(E) Notes to the unaudited condensed interim financial statements (cont'd)

2 Basis of Preparation (cont'd)

2.2 Use estimates and assumptions

The preparation of the unaudited condensed interim financial statements for the nine months ended 30 June 2023 have been prepared in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated unaudited financial statements as at and for FY2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Calculation of expected credit loss allowance;
- Impairment in value of investment in subsidiaries;
- Impairment of plant and equipment and ROU assets;
- Accounting for debt settlement arising from the scheme of arrangement; and
- Going concern assumption.

3 Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

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(E) Notes to the unaudited condensed interim financial statements (cont'd)

4 Segment and Revenue Information

For the purpose of resource allocation and assessment of segment performance, the Group's Chief Executive Officer ("CEO") who is the chief operating decision maker have focused on the business operating units which in turn, are segregated based on the types of goods supplied and services provided.

The Metal Components segment, ED Coating segment and Commodities segment offer different products and services, they are, hence, managed separately as they require different technology and marketing strategies. For each of the segments, the CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- (a) Metal Components – includes manufacturing and sales of perforated materials, speaker nets, tool, die and other metal components;
- (b) ED Coating – includes ED coating services and secondary process; and
- (c) Commodities – trading of black mass powder and other materials including copper and aluminum.

There are varying levels of integration between the Metal Components and ED Coating reportable segments. This integration includes ED Coating services for metal component, shared customers, sale of equipment and provision of maintenance services and rental of industrial properties. Inter-segment pricing is determined on an arm's length basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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(E) Notes to the unaudited condensed interim financial statements (cont'd)

4 Segment and Revenue Information (cont'd)

The following is an analysis of the Group's revenue and results by reportable segment:

4.1 Reportable Segments

	Group			
	Revenue		Segments results	
	Third Quarter Ended		Third Quarter Ended	
	30.6.2023 (unaudited)	30.6.2022 (unaudited/ restated)	30.6.2023 (unaudited)	30.6.2022 (unaudited/ restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Metal Components	798	586	25	(11)
ED Coating	3,348	3,479	530	672
Commodities	8,440	9,149	(5,448)	2,816
Inter-Segment Elimination	3	5	-	-
	12,589	13,219	(4,892)	3,477
Unallocated items:				
Other operating income			21	-
Other operating expenses			(117)	(9)
Administrative expenses			(754)	(244)
Finance cost			-	(15)
(Loss) /Profit before income tax			(5,742)	3,209
Income tax (credit)/ expense			1,023	(184)
(Loss)/ Profit after income tax			(4,719)	3,025

	Group			
	Revenue		Segments results	
	Nine Months Ended		Nine Months Ended	
	30.6.2023 (unaudited)	30.6.2022 (unaudited/ restated)	30.6.2023 (unaudited)	30.6.2022 (unaudited/ restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Metal Components	2,125	2,454	81	105
ED Coating	10,886	11,427	2,301	3,034
Commodities	42,219	13,058	8,305	1,579
Inter-Segment Elimination	(472)	(636)	(6)	-
	54,758	26,303	10,681	4,718
Unallocated items:				
Other operating income			32	-
Other gains and losses			(48)	31
Administrative expenses			(1,904)	(801)
Finance cost			2	(28)
Profit before income tax			8,763	3,920
Income tax expense			(1,865)	(608)
Profit after income tax			6,898	3,312

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(E) Notes to the unaudited condensed interim financial statements (cont'd)

4 Segment and Revenue Information (cont'd)

4.1 Reportable Segments (cont'd)

	Group	
	As at 30.06.2023 (unaudited) S\$'000	As at 30.06.2022 (unaudited/ restated) S\$'000
Segment assets		
Metal Components	4,285	4,762
ED Coating	17,051	15,793
Commodities	35,908	23,946
Total segment assets	57,244	44,501
Unallocated assets [#]	2,875	484
Consolidated total assets	60,119	44,985
Segment liabilities		
Metal Components	966	923
ED Coating	2,204	1,967
Commodities	27,475	40,290
Total segment liabilities	30,645	43,180
Unallocated liabilities [^]	1,708	1,600
Consolidated total liabilities	32,353	44,780

[#] Unallocated assets are mainly related to a portion of the cash and cash equivalents and property, plant and equipment which are utilised by more than one segment of the Group.

[^] Unallocated liabilities are mainly related to the Group's loans and borrowings from external parties which are utilised by more than one segment of the Group, as well as tax payable and trade and other creditors accounted by the Company which are not allocated to any segment of the Group.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(E) Notes to the unaudited condensed interim financial statements (cont'd)

4 Segment and Revenue Information (cont'd)

4.1 Reportable Segments (cont'd)

	Metal Components	ED Coating	Commodities	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Other segment information:					
Group					
3Q2023 (unaudited)					
Additions to PPE	-	-	-	-	-
Depreciation of PPE	28	145	287	3	463
Depreciation of ROU assets	-	96	106	-	202
Bad debts written off - trade	-	1	-	-	1
Reversal of loss allowance for receivables	-	-	-	-	-
Fixed asset written off	-	-	-	-	-
Fair value gain of financial assets at FVTPL	-	-	-	-	-
3Q2022 (unaudited & restated)					
Additions to PPE	9	82	-	-	91
Depreciation of PPE	12	145	281	6	444
Depreciation of ROU assets	-	-	(36)	-	(36)
Bad debts recovery	-	-	-	-	-
(Reversal of)/Loss allowance for receivables	41	-	(69)	-	(28)
Fixed asset written off	-	2	-	-	2
Fair value gain of financial assets at FVTPL	-	-	(25)	-	(25)
9M2023 (unaudited)					
Additions to PPE	-	346	290	-	636
Depreciation of PPE	47	488	841	10	1,386
Depreciation of ROU assets	-	128	314	-	442
Bad debts recovery	-	(2)	-	-	(2)
Reversal of loss allowance for receivables	-	-	-	-	-
Fixed asset written off	-	-	-	-	-
Fair value gain of financial assets at FVTPL	-	-	-	-	-
9M2022 (unaudited & restated)					
Additions to PPE	47	258	-	1	306
Depreciation of PPE	37	456	1,047	14	1,554
Depreciation of ROU assets	-	-	184	-	184
Bad debts written off – trade	-	-	-	-	-
(Reversal of)/Loss allowance for receivables	29	-	(45)	-	(16)
Fixed asset written off	-	2	-	-	2
Fair value gain of financial assets at FVTPL	-	-	(77)	-	(77)

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(E) Notes to the unaudited condensed interim financial statements (cont'd)

4 Segment and Revenue Information (cont'd)

4.2 Disaggregation of Revenue (cont'd)

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

Group	Metal	ED Coating	Commodities	Total
	Components			
	S\$'000	S\$'000	S\$'000	S\$'000
3Q2023 (unaudited)				
Primary geographical markets				
Singapore	-	-	8,440	8,440
Malaysia	798	2,557	-	3,355
People's Republic of China	-	-	-	-
Indonesia	-	794	-	794
Philippines	-	-	-	-
Others	-	-	-	-
	798	3,351	8,440	12,589
Major products/service line				
Sale of goods				
Revenue from the provision of electro-deposition coating services	798	-	8,440	9,238
	-	3,351	-	3,351
	798	3,351	8,440	12,589
Timing of revenue recognition				
At a point in time	798	3,351	8,440	12,589
3Q2022 (unaudited & restated)				
Primary geographical markets				
Singapore	-	-	9,149	9,149
Malaysia	586	2,837	-	3,423
People's Republic of China	-	-	-	-
Indonesia	-	647	-	647
Philippines	-	-	-	-
Others	-	-	-	-
	586	3,484	9,149	13,219
Major products/ service line				
Sale of goods				
Revenue from the provision of electro-deposition coating services	586	-	9,149	9,662
	-	3,483	-	3,483
	586	3,484	9,149	13,219
Timing of revenue recognition				
At a point in time	586	3,484	9,149	13,219

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(E) Notes to the unaudited condensed interim financial statements (cont'd)

4 Segment and Revenue Information (cont'd)

4.2 Disaggregation of Revenue (cont'd)

Group	Metal	ED Coating	Commodities	Total
	Components			
	S\$'000	S\$'000	S\$'000	S\$'000
9M2023 (unaudited)				
Primary geographical markets				
Singapore	584	8	42,219	42,811
Malaysia	1,331	7,994	-	9,325
People's Republic of China	1	-	-	1
Indonesia	-	2,419	-	2,419
Philippines	-	-	-	-
Others	202	-	-	202
	2,118	10,421	42,219	54,758
Major products/service line				
Sale of goods				
Revenue from the provision of electro-deposition coating services	2,118	-	42,219	44,337
	-	10,421	-	10,421
	2,118	10,421	42,219	54,758
Timing of revenue recognition				
At a point in time	2,118	10,421	42,219	54,758
9M2022 (unaudited & restated)				
Primary geographical markets				
Singapore	-	-	13,062	13,062
Malaysia	2,454	8,730	-	11,184
People's Republic of China	-	-	-	-
Indonesia	-	2,060	-	2,060
Philippines	-	-	(3)^	(3)
Others	-	-	-	-
	2,454	10,790	13,059	26,303
Major products/service line				
Sale of goods	2,454	-	13,059	15,513
Revenue from the provision of electro-deposition coating services	-	10,790	-	10,790
	2,454	10,790	13,059	26,303
Timing of revenue recognition				
At a point in time	2,454	10,790	13,059	26,303

^ credit notes issued in relation to final settlement adjustment.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(E) Notes to the unaudited condensed interim financial statements (cont'd)

5 Financial Assets and Financial Liabilities

Fair value measurement

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 in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The carrying amounts and fair values of financial assets and financial liabilities of the Group as at 30 September 2022 and 30 June 2023, including their levels in the fair value hierarchy are as follows:

	Carrying amount
	Amortised cost
	S\$'000
Group	
<u>30.6.2023 (unaudited)</u>	
Trade and other receivables	4,950
Cash and cash equivalents	16,692
	21,642
Loan and borrowings	11,524
Leases liabilities	2,033
Trade and other payables	18,304
	31,861
<u>30.09.2022 (audited)</u>	
Trade and other receivables	5,157
Cash and cash equivalents	11,299
	16,456
Loan and borrowings	13,068
Leases liabilities	2,290
Trade and other payables	18,988
	34,346

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(E) Notes to the unaudited condensed interim financial statements (cont'd)

5 Financial Assets and Financial Liabilities (cont'd)

	<u>Carrying amount</u>
	<u>Amortised cost</u>
	<u>S\$'000</u>
Company	
30.6.2023 (unaudited)	
Trade and other receivables	2,696
Cash and cash equivalents	2,342
	<u>5,038</u>
Loans and borrowings	-
Trade and other payables	6,193
Financial guarantee liabilities	3,231
	<u>9,424</u>
30.09.2022 (audited)	
Trade and other receivables	3,894
Cash and cash equivalents	827
	<u>4,721</u>
Loans and borrowings	426
Trade and other payables	5,872
Financial guarantee liabilities	3,231
	<u>9,529</u>

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(E) Notes to the unaudited condensed interim financial statements (cont'd)

6 Profit/(Loss) Before Income Tax

6.1 Significant Items

	Group					
	3Q2023	3Q2022	Change	9M2023	9M2022	Change
	(unaudited)	(unaudited)		(unaudited)	(unaudited)	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
<u>Included in other gain and losses:</u>						
Bad debts written off/(recovery)	1	-	n.m.	(2)	-	n.m.
Gain on disposal of plant and equipment	(25)	-	n.m.	(41)	-	n.m.
Net foreign exchange (gain)/loss	(2,352)	(889)	>100	850	(726)	n.m.
Reversal of expected credit lo trade receivables	-	(28)	n.m.	-	(16)	n.m.
Allowance for impairment loss on inventories	120	151	(21)	10	90	(89)
<u>Included in cost of sales and administrative expenses:</u>						
Depreciation of:						
- PPE	463	444	4	1,386	1,554	(11)
- ROU assets	202	(36)	n.m.	442	184	>100
Employee benefits expense	3,043	2,153	41	7,384	6,406	15
Raw materials, changes in finished goods and work-in-progress recognised as cost of sales	23,800	4,672	>100	39,745	7,810	>100
Interest expenses	142	475	(70)	309	1,282	(76)
Interest income	(88)	(13)	>100	(165)	(32)	>100

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(E) Notes to the unaudited condensed interim financial statements (cont'd)

7 Income Tax Expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the unaudited condensed interim consolidated statement of profit or loss are:

	Group			
	3Q2023	3Q2022	9M2023	9M2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	'S\$'000	'S\$'000	'S\$'000	'S\$'000
Tax credit/(expense) on operations	1,023	(184)	(1,865)	(608)

8 Property, Plant and Equipment ("PPE")

In FY2022, the management re-assessed the group accounting policy of valuation of building and land. Considering that the Group's building and land are used for production purpose solely, rather than investment purpose, management decided to voluntarily elect change of accounting policy from revaluation model to cost model. With retrospective application of change in accounting policy, valuation of all buildings and lands as at 30 September 2021 are thus restated. Difference in valuation is reversed from revaluation reserve, resulting in restatement of \$4,850,000 opening retained earnings as at 30 September 2021. Consequently, prior year financial statements have been adjusted accordingly.

As at 30 June 2023, the Group acquired PPE amounting to S\$0.64 million (30 September 2022: S\$0.55 million) and disposed of PPE amounting to S\$0.01 million (30 September 2022: S\$ Nil).

As at 30 September 2023, freehold land and buildings and leasehold land and buildings of the Group with an aggregate carrying amount S\$4.95 million (30 September 2022: S\$5.74 million) are pledged as security to secure bank loans.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(E) Notes to the unaudited condensed interim financial statements (cont'd)

9 Share Capital

	Group and Company			
	As at 30.06.2023		As at 30.09.2022	
	(unaudited)		(audited)	
	No. of shares	'S\$'000	No. of shares	'S\$'000
At the beginning of the financial period	2,734,280,038	53,246	984,280,038	46,246
Issuance of new shares	503,750,000	2,015	1,750,000,000	7,000
At the end of the financial period	<u>3,238,030,038</u>	<u>55,261</u>	<u>2,734,280,038</u>	<u>53,246</u>

On 23 November 2022, an aggregate of 503,750,000 placement shares were allotted and issued to the subscribers, Jiangmenshi and Mr. Di at an issue price of S\$0.004 for each placement share, in accordance with the terms of the Subscription Agreement. Please refer to Section E, Note 1.1(i) for more details.

The Company did not hold any treasury shares as at 30 June 2023 and 30 September 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 30 September 2022.

The Company did not have any outstanding options and convertible securities as at 30 June 2023 and 30 September 2022.

10 Loans and borrowings

	Group		Company	
	As at	As at	As at	As at
	30.06.2023	30.09.2022	30.06.2023	30.09.2022
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	'S\$'000	'S\$'000	'S\$'000
<u>Secured</u>				
Loan	6,139	7,682	-	426
Trade bills	5,385	5,386	-	-
	<u>11,524</u>	<u>13,068</u>	<u>-</u>	<u>426</u>
Classified as:				
- Current	11,114	12,596	-	426
- Non-current	410	472	-	-
	<u>11,524</u>	<u>13,068</u>	<u>-</u>	<u>426</u>

Details of any collateral

The Group's restructured term loan as at reporting date are secured by:

- (i) legal mortgage over a leasehold property; and
- (ii) corporate guarantee given by the Company.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(E) Notes to the unaudited condensed interim financial statements (cont'd)

11 Subsequent events

(i) Early payment of second tranche of Schemes payment

Under the Company's Schemes which came into effect on 2 August 2022, (a) unsecured creditors who are subject to the Schemes ("Scheme Creditors") were paid the First Tranche Scheme Payment (comprising 25 cents in a dollar of the amount of each approved claim) and First Tranche Guarantee Claim Payment (comprising 12.5 cents in a dollar of the Guarantee Claim) after the completion of the Proposed Subscriptions, and (b) they will be paid the Second Tranche Scheme Payment (comprising 25 cents in a dollar of the amount of each approved claim) and Second Tranche Guarantee Claim Payment (comprising 12.5 cents in a dollar of the Guarantee Claim) for an aggregate amount of S\$6.59 million, within 14 business days after the resumption of trading of the Company's securities on the SGX-ST. The Company had on 31 August 2023 announced its intention to initiate an early pay-out of the Second Tranche Schemes Payment in good faith by 30 September 2023.

As announced by the Company on 29 September 2023, the Company and SMCI had disbursed the Second Tranche Payment, being the final payment to the Scheme Creditors, through its Schemes Manager, RSM Corporate Advisory Pte Ltd. Pursuant to Paragraphs 9.1(a) and 9.2(a)(c) of the Schemes of the Company and SMCI respectively, the Schemes have ceased and concluded, and all creditors (regardless of whether they are scheme creditors and regardless of whether they had filed a proof of debt under the Schemes) shall irrevocably, unconditionally and permanently surrender, release, acquit, and forever discharge the Company and SMCI (and the Company and SMCI shall be completely and absolutely released and discharged from) any and all known or unknown claims that such creditor may have, including under the Schemes for any reason.

As a result, the expected gain from extinguishment of liabilities approximating to S\$11.54 million, realising from a reduction in liabilities of trade and other payables of S\$9.38 million and loans and borrowings of S\$2.16 million respectively, will be recognised in profit and loss in the financial year ended 30 September 2023.

(ii) Ongoing investigation of the Commercial Affairs Department ("CAD")

Management has obtained an external independent legal opinion on the CAD's investigation. Taking into consideration of the legal opinion, management understand that (i) it is unlikely that the Board of Directors were acting in an intentional or reckless manner in the failure to notify the SGX of any of the suspected interested person transactions ("IPT"). Consequently, no criminal liability for a contravention of section 203 of the Securities and Futures Act will be attributed to the Company; (ii) in the present case, it is arguable that the former executive chairman had been acting in his personal capacity at all material times. In this respect, the Company should not be held liable for the former executive chairman's conduct; (iii) the possible financial penalties that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of the Company.

As at the date of the announcement, the CAD's investigation is still on-going. Based on the review of the legal opinion, management has assessed that it is premature to ascertain such financial liabilities will crystallise and to measure the quantum with sufficient reliability, if any. To the extent that it is uncertain whether such liabilities would be made out, it is appropriate to disclose the liabilities as contingent liabilities.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(E) Notes to the unaudited condensed interim financial statements (cont'd)

11 Subsequent events (cont'd)

(iii) Joint venture arrangement

As at 29 August 2023, the Management has obtained an acknowledgement letter from JV Partners, who acknowledged and confirmed that (i) the conditions precedents in the JV agreement dated 7 October 2019 ("JVA") were not fulfilled or waived by the JV Partners by 31 January 2020 and hence, the JVA had ceased; and (ii) none of the JV Partners have any claim against each other and there had been no antecedent breaches of the terms of the JVA.

The Group does not intend to continue the construction of the Smelter. Accordingly, the construction costs incurred by SMCI which were expensed into profit or loss in earlier periods, was appropriately expensed rather capitalised in prior financial periods. The management has also assessed, by taking into consideration the legal opinion obtained, that neither the Company or SMCI is exposed to any claims from JV Partners arising from the JVA. Accordingly, no further adjustments are necessary to the prior year financial statements.

(F) Other information required pursuant to Appendix 7C of the Catalist Rules

OTHER INFORMATION

1 Review

The unaudited condensed interim consolidated statement of financial position of Sen Yue Holdings Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months period then ended 30 June 2023 and the explanatory notes have not been audited or reviewed.

1.1 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

(a) The Company's independent auditors, Deloitte & Touche LL ("DT"), have issued a qualified opinion on the consolidated financial statements of the Group for FY2022. The opinion of DT on the FY2022 financial statements were qualified on the matters listed below:

- (i) impairment assessment of property, plant and equipment and ROU assets of SMCI as at 30 September 2021;
- (ii) impairment assessment of the Company's investment in subsidiaries as at 30 September 2021; and
- (iii) possible impact on comparability of current year and corresponding figures revenue and cost of sales.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(F) Other information required pursuant to Appendix 7C of the Catalyst Rules

1 Review (Cont'd)

- (b) The Board confirm that, to the best of their knowledge, there are no outstanding audit issues as at 30 September 2022 and these have been adequately disclosed in the financial statements.

2 Review of performance of the Group

2(a) Income Statement

(i) Revenue, cost of sales and gross profit

3Q2023 vs 3Q2022

	Revenue		
	3Q2023 (unaudited)	3Q2022 (unaudited/ restated)	Change
	S\$'000	S\$'000	%
Metal Components	798	586	36
ED Coating	3,348	3,479	(4)
Commodities	8,440	9,149	(8)
Inter-Segment Elimination	3	5	(40)
	12,589	13,219	(5)

9M2023 vs 9M2022

	Revenue		
	9M2023 (unaudited)	9M2022 (unaudited/ restated)	Change
	S\$'000	S\$'000	%
Metal Components	2,125	2,454	(13)
ED Coating	10,886	11,427	(5)
Commodities	42,219	13,058	>100
Inter-Segment Elimination	(472)	(636)	(26)
	54,758	26,303	>100

In 3Q2023, the Group reported a similar level of revenue at S\$12.59 million as 3Q2022. The Group's 9-month's revenue increased by S\$28.46 million or 108%, from S\$26.30 million in 9M2022 to S\$54.76 million in 9M2023. The primary factor behind this growth was the rise in revenue of S\$29.16 million from the Commodities segment. This growth was made possible by the successful transition of the business into lithium battery recycling industry following the lifting of judicial management order placed on the Company and SMCI in August 2022.

Cost of sales increased by S\$10.39 million from S\$7.98 million in 3Q2022 to S\$18.37 million in 3Q2023. The Group reported an increase in cost of sales by S\$23.11 million from S\$16.63 million in 9M2022 to S\$39.75 million in 9M2023.

The group reported an increase in amortisation for ROU assets by S\$0.26 million or 140% due to new lease agreement entered into by the Group during 9M2023.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

2 Review of performance of the Group (cont'd)

2(a) Income Statement (cont'd)

(i) Revenue, cost of sales and gross profit

Affected by the decrease in pricing for cobalt and lithium carbonate, the Group reported a gross loss of S\$5.78 million (3Q2023: gross profit of S\$5.24 million) and gross loss margin of 45.9% in 3Q2023 (3Q2022: gross profit margin of 39.7%). In 3Q2023, the trading price for Cobalt was in the lower range of between US\$33,375 and US\$34,786 per tonne¹, a decrease from between US\$73,602 and US\$81,663 per tonne in 3Q2022. On the other hand, lithium carbonate price has plummeted from between RMB476,071 and RMB495,466 per tonne¹ in 2Q2022 to between RMB231,486 and RMB296,473 per tonne in 3Q2023. As a result, the Group's gross profit margin normalised from 36.8% in 9M2022 to 27.4% in 9M2023, an decrease of 9.4 percentage points.

Please refer to Section E, Note 4.1 of this announcement for further details.

(ii) Other operating income

The Group's other operating income increased from S\$34,000 in 3Q2022 to S\$0.32 million in 3Q2023. The increase was mainly attributed to: (i) increase in interest income of S\$75,000 resulting from an increase in fixed deposit interest rate; and (ii) a gain of S\$0.17 million on lease modification of lease liability. The increase was partially offset by a decrease of S\$51,000 in fair valuation gain from financial assets. The financial assets refer to the four keymen insurance policies that were assigned to the Group's principal lender in October 2022, as mentioned in Section E, Note 1.1(ii). Correspondingly, the Group saw an increase in operating income increased from S\$0.17 million in 9M2022 to S\$0.53 million in 9M2023.

(iii) Other gains and losses

In 3Q2023, the Group reported an increase in other gains by S\$1.01 million from S\$0.88 million in 3Q2022 to S\$1.89 million. The increase was primarily attributed to a foreign exchange gain amounting to \$2.35 million recorded in 3Q2023, as a result of the strengthening of the USD against the SGD in 3Q2023 when compared to 30 June 2023. During 3Q2023, the USD strengthened from approximately S\$1.327 as at 30 June 2023 to S\$1.356 as at 30 June 2023. This gain from foreign exchange was partially offset by an increase in provision for impairment loss on receivables amounting to S\$0.42 million.

Conversely, in 9M2023, the Group reported other losses of S\$0.98 million in contrast to other gains of S\$0.70 million in 9M2022. These losses were primarily attributed to a foreign exchange loss amounting to S\$0.85 million, which resulted from the weakening of the USD against the SGD. The USD exchange declined from approximately S\$1.434 as at 30 September 2022 to S\$1.327 as at 30 June 2023.

Please refer to Section E, Note 6 for more details.

¹ Cobalt price. Available at: <https://tradingeconomics.com/commodity/cobalt>

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

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(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

2 Review of performance of the Group (cont'd)

2(a) Income Statement (cont'd)

(iv) Finance expenses

In tandem with lower borrowing, finance expenses decreased by S\$0.33 million or 70% from S\$0.48 million in 3Q2022 to S\$0.14 million in 3Q2023. Accordingly, the Group saw a decrease in finance expenses of S\$0.97 million or 76% from S\$1.28 million in 9M2022 to S\$0.31 million in 9M2023.

Included in finance expenses reported in 9M2022 were interest expenses accrued on defaulted loans. No such expense was recorded in 9M2023.

(v) Distribution expenses

In tandem with the increase in trading activities from the Commodities segment, distribution expenses increased by S\$0.19 million from S\$0.15 million 9M2022 to S\$0.34 million in 9M2023.

The increase in distribution expenses in 3Q2023 as compared to 3Q2022 was not material.

(vi) Administrative expenses

The Group's administrative expenses decreased by S\$0.47 million or 19% from S\$2.45 million in 3Q2022 to S\$1.98 million in 3Q2023. The decrease was mainly due to the absence of certain professional fee in relation to judicial management order, partially offset by a general increase in other administrative expenses due to normalisation of business operations in the Commodities segment in 3Q2023. Accordingly, the Group reported similar level of administrative expenses in 9M2023 and 9M2022.

(vii) Income tax expense/credit

The Group provided its tax expenses in accordance with the net profit reported by the Group for 9M2023. The increase in tax expenses in 9M2023 is line with the increase in net profit compared to 9M2022.

In light of the net losses reported in 3Q2023, the Group reversed an over-provision of tax expense amounting to S\$1.02 million in 3Q2023.

(viii) Profit/ (loss) for the three months and half year

As a result of the aforementioned, the Group reported net loss of S\$4.72 million for 3Q2023 (3Q2022: net profit of S\$3.03 million) and net profit of S\$6.90 million in 9M2023 (9M2022: S\$3.31 million).

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

2 Review of performance of the Group (cont'd)

2(b) Statement of financial position

As at 30 June 2023, the Group recorded positive working capital of S\$9.93 million (30 September 2022: negative working capital of S\$0.74 million) and basic net asset value per share of 0.86 Singapore cents (30 September 2022: 0.71 Singapore cents).

(i) Current assets

Current assets increased by S\$8.63 million or 28%, from S\$31.27 million as at 30 September 2022 to S\$39.90 million as at 30 June 2023, mainly due to increase in inventories and cash and bank balances, offset by decrease in trade and other receivables.

Trade and other receivables decreased by S\$5.03 million or 46% from S\$10.88 million as at 30 September 2022 to S\$5.85 million as at 30 June 2023, mainly due to the decrease in prepayment for waste supplies of S\$4.93 million under the tripartite agreement following the receipts of waste supplies in 9M2023 and decrease in trade receivable of S\$0.33 million due to collection received in 9M2023, offset by an increase in tax recoverable of S\$0.21 million.

Inventories increased by S\$8.26 million or 91%, from S\$9.10 million as at 30 September 2022 to S\$17.36 million as at 30 June 2023. The increase was mainly attributable to an increase in e-waste finished goods by S\$8.38 million and e-waste raw materials by S\$1.81 million in 9M2023. The Group slowed its e-waste finished goods trading during 3Q2023 due to unfavourable market conditions.

Cash and bank balances increased from S\$11.30 million as at 30 September 2022 to S\$16.69 million as at 30 June 2023. Please refer to Section F, Note 2(c) below on statement of cash flows for explanations on the increase in cash and cash equivalents of the Group.

(ii) Non-current assets

Non-current assets decreased by S\$2.57 million or 11% mainly due to a decrease in deferred tax assets, PPE and ROU assets.

PPE decreased from S\$15.00 million as at 30 September 2022 to \$14.05 million as at 30 June 2023. The decrease was mainly due to a depreciation charge of S\$1.39 million, offset by new purchases of plant and equipment amounting to S\$0.64 million and translation difference amounting to S\$0.19 million.

Decrease in ROU assets from S\$2.29 million as at 30 September 2022 to S\$2.01 million as at 30 June 2023 was mainly due to amortisation charge of S\$0.44 million, offset by a gain on lease modification of S\$0.24 million.

In tandem with the profits reported by the Group where taxable profit is offset against the utilised tax losses brought forward from previous years, the Group registered a decrease in deferred tax assets from S\$5.46 million as at 30 September 2022 to S\$4.02 million as at 30 June 2023.

Intangible assets of S\$0.11 million reported by the Group as at 30 June 2023 referred to new purchase of inventories management software and is currently under construction stage.

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(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

2 Review of performance of the Group (cont'd)

2(a) Statement of financial position (cont'd)

(iii) Current liabilities and non-current liabilities

The Group saw a decrease in trade payables and loans in general as a result of repayment. Saved as disclosed, there were no other significant changes noted for current liabilities and non-current liabilities between 30 June 2023 and 30 September 2022 reported thereon.

2(c) Statement of cash flows

Net cash from operating activities in 9M2023 was S\$5.58 million. This was mainly due to (i) decrease in trade and other receivables of S\$5.27 million; (ii) profit before changes in working capital of S\$10.35 million; offset by (iii) increase in inventories of S\$8.27 million, (iv) tax payment of S\$1.07 million and (v) decrease in trade and other payables of S\$0.70 million.

Net cash used in investing activities in 9M2023 was S\$0.53 million, mainly due to the purchase of plant and equipment of S\$0.64 million, downpayment paid for intangible asset of S\$0.11 million, partially offset by interest income of S\$0.17 million.

Net cash from financing activities in 9M2023 was S\$24,000, mainly due to (i) net repayment of lease liabilities of S\$0.15 million; (ii) repayment of bank loans of S\$1.55 million; (iii) interest paid of S\$0.29, partially offset by (iv) proceeds from issuances of shares of S\$2.02 million.

As a result, the Group generated cash and cash equivalents of S\$5.08 million in 9M2023. The cash and cash equivalents as at 30 June 2023 amounted to S\$16.66 million.

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(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

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

No forecast or prospect has been previously disclosed to shareholders.

4 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 business within the Commodity segment, as reported by the Group, has effectively redirected its focus towards the lithium battery recycling industry. This shift occurred following the discharge of the judicial management order that was imposed on the Company and SMCI in August 2022. The profitability of the Commodity segment is substantially influenced by fluctuations in metal prices, primarily cobalt, nickel and lithium.

According to Reuters (2023)², rising cobalt supplies from Indonesia and Africa are projected to significantly outstrip the demand from electric vehicles in the next few years, leading to substantial surpluses that will exert downward pressure on cobalt prices. Chinese firms are planning to significantly increase cobalt production capacity in Indonesia, which could result in a substantial jump in cobalt supplies from the world's second-largest producer to 83,800 tonnes by 2027, accounting for more than 30% of the total supply compared to 10% in 2022. However, on the demand side, China's electric vehicle industry is shifting from nickel, cobalt, and manganese (NCM) chemistry to cheaper lithium iron phosphate (LFP) batteries, leading to slower growth in cobalt demand than previously anticipated. It is anticipated that this shift will be partially offset by increased electric vehicle sales. As at the date of this announcement, cobalt metal prices plummeted to their lowest point in two years, falling to price averaged US\$32,982 per metric tonne in September 2023 (September 2022: US\$52,082 per metric tonne)³. This marked a 57.2% decrease or US\$44,137 per metric tonne from June 2022 when the market began to factor in the impending oversupply.



Cobalt price trend from 2021 to 2023 (Focus Economics, 2023)

² Reuters (2023). "Surpluses, low prices to remain a feature of cobalt market". Available at: <https://www.reuters.com/default/surpluses-low-prices-remain-feature-cobalt-market-2023-08-14/>

³ Focus Economics (2023). "Cobalt Prices". Available at: <https://www.focus-economics.com/commodities/base-metals/cobalt/>

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The pricing for nickel is under pressure due to oversupply in the market. According to Focus Economic (2023), the price of nickel fell from an average of US\$26,033 per metric tonne in January 2023 to an average of US\$20,396 per metric tonne. This decline amounts to a decrease of 21.7% despite reported increase demand in China. This drop in price is primarily attributed to a growing market surplus in July 2023⁴.



Nickel price trend from 2021 to 2023 (Focus Economics, 2023)

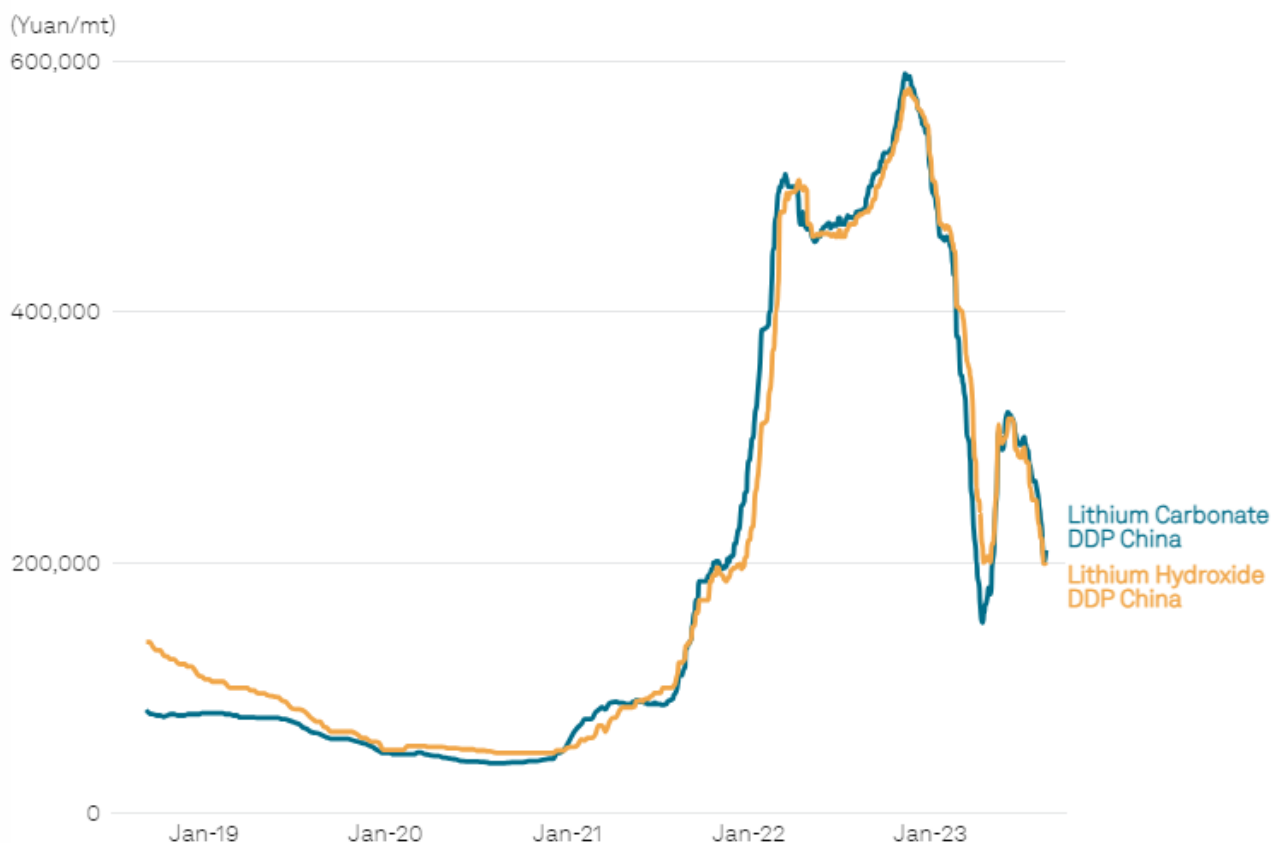
The Platts DDP China lithium carbonate assessment witnessed a significant decline, falling by almost 75% from its peak in November 2022 to Yuan 152,000/mt on April 17, marking its lowest point in 2023 so far⁵. Nevertheless, there is possibility of a global lithium supply shortage due to growing demand for lithium, with some analysts suggesting that this shortage might emerge as early as 2025. However, there are varying opinions on when this shortfall will occur⁶.

⁴ Focus Economic (2023). "Nickel Price". Available at: <https://www.focus-economics.com/commodities/base-metals/Nickel/>

⁵ S&P Global (2023). "Spodumene prices under pressure from slow demand, growing supply". Available at: <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/metals/100523-interactive-feature-spotlight-on-african-lithium-supply-prices-outlook>

⁶ CNBC. "A worldwide lithium shortage could come as soon as 2025". Available at: <https://www.cnbc.com/2023/08/29/a-worldwide-lithium-shortage-could-come-as-soon-as-2025.html>

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Source: S&P Global (2023)

The Group anticipates the volatility prevailing in the commodities market to persist in the near term. With weakening demand for cobalt, nickel and lithium, and an oversupply situation that is putting downward pressure on these prices, the Group expects a softening of profit margins in the Commodities segment over the next 12 months.

The main source of revenue for ED Coating is from the automotive industry in Malaysia. Although the Malaysian automotive sector reported substantial growth in the first half of 2023, there are concerns about its outlook for the upcoming year, as indicated by RHB Research⁷. These concerns align with the mixed opinions held by analysts at Affin Hwang Investment Bank regarding Malaysia's automotive industry⁸. It is predicted that the overall industry volume will decrease in 2024 due to a decline in car sales. The ED segment within the Group anticipates grappling with a challenging business environment, marked by competitive pressures and rising operational costs, notably in expenses labour related expenses driven by government regulations on minimum wages and housing requirement. In response, the Group will maintain a cautious approach and prioritise cost control, while also focusing on enhancing productivity and efficiency in its operations.

⁷ RHB Research. "Promising 2023 but uncertain 2024 for Malaysia's automotive sector". Available at: <https://www.nst.com.my/business/2023/08/940153/promising-2023-uncertain-2024-malysias-automotive-sector#:~:text=KUALA%20LUMPUR%3A%20Malaysia's%20automotive%20sector.volume%20to%20soften%20in%202024.>

⁸ Affin Hwang Investment Bank. "Analysts hold mixed views on Malaysia's automotive sector." Available at: <https://english.news.cn/20230724/d4ef58b5b6514a9da64afe677c78c36e/c.html>

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5 Dividend information

5a. Current Financial Period Reported on

Any dividend recommended/declared for the current financial period reported on?

No.

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

No dividend had been declared or recommended for the financial period ended 30 June 2023. The Company opted to retain earnings to reinvest in its operations, with the aims of increasing shareholder value in the long term.

5b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

None.

5c. Date Payable

Not applicable.

5d. Books Closure Date

Not applicable.

5e. A breakdown of total annual dividend for the latest full year and the previous full year.

Not applicable.

6 Interested person transactions (“IPTs”)

The Group has not obtained a general mandate from shareholders for interested person transactions.

There were no interested person transactions conducted that were more than S\$100,000 during the financial period ended 30 June 2023.

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(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

7 Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that it has procured all the required undertakings under Rule 720(1) of the Catalist Rules from all the Directors and Executive Officers of the Company in the format set out in Appendix 7H of the Catalist Rules.

8 Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the financial statements of the Group for the third quarter and nine months ended 30 June 2023 to be false or misleading in any material aspect.

9 Disclosure pursuant to Rule 706A of the Catalist Rules

The Company did not acquire or dispose shares in an entity which will result in that entity in becoming or ceasing to be, a subsidiary or associated company of the Company, or result in a change in the Company's shareholding percentage in a subsidiary or associated company since the end of the previous reporting period.

ORDER OF THE BOARD

SEN YUE HOLDINGS LIMITED

Yap Meng Sing
Executive Chairman and CEO

Singapore
13 October 2023