



(Company Registration No. 200105909M)
(Incorporated in Singapore)

Material Variances Between Audited Financial Statements and Unaudited Financial Statements For the Full Year Ended 30 September 2022 (“FY2022”)

The board of directors (“**Board**” or “**Directors**”) of Sen Yue Holdings Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) refer to its audited financial statements in the Annual Report for FY2022 (the “**Audited Financial Statements**”) which released on the SGXNET on 31 August 2023 and the announcement relating to its unaudited financial statements for FY2022 released on the SGXNET on 23 February 2023 (the “**Unaudited Financial Statements**”).

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight and clarify the material differences between the Audited Financial Statements and the Unaudited Financial Statements for FY2022 upon the completion of financial audit by the Company’s external auditor, Deloitte & Touche LLP.

A summary of the differences between the Unaudited Financial Statements and Audited Financial Statements with the relevant explanatory notes are provided as follows:

(A) **Prior year adjustments and comparative figures – restatement of profit or loss and other comprehensive income for the financial year ended 30 September 2021 (“FY2021”)**

	Note	Group			
		FY2021	FY2021	Variance	Change
		(Restated)	(Audited)		
S\$'000	S\$'000	S\$'000	%		
Revenue		55,548	55,548	-	-
Cost of sales		(42,704)	(43,928)	(1,224)	(3)
Gross profit	AA1	12,844	11,620	(1,224)	11
Other operating income	AA2	471	859	(388)	(45)
Distribution expenses		(601)	(601)	-	-
Administrative expenses		(7,776)	(7,776)	-	-
Other operating expenses	AA2	-	(6,471)	6,471	(100)
Impairment loss recognised on financial assets	AA2	-	(1,184)	1,184	(100)
Other gains and losses	AA2	(2,959)	-	(2,959)	n.m.
Finance expenses		(1,612)	(1,612)	-	-
Profit/ (Loss) before income tax		367	(5,165)	(5,532)	n.m.
Income tax expense	AA3	(406)	(364)	(42)	12
Loss for the year		(39)	(5,529)	(5,490)	(99)
Other comprehensive loss					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Revaluation of properties	AA3	-	(4,153)	4,153	(100)
Remeasurement of deferred tax – Change in tax rates	AA3	-	(70)	70	(100)
<i>Items that will may be reclassified Subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations	AA3	(189)	(207)	18	(9)
Total comprehensive loss for the year, net of tax		(39)	(9,959)	(9,731)	(99)

n.m. denotes not meaningful

Explanatory Note:

AA1 Material differences in cost of sales was mainly attributable to:

- (i) capitalisation of cost of inventories conversion of S\$0.38 million, resulting in a decrease in cost of sales by S\$0.38 million; and
- (ii) effect of voluntary change in accounting policy for property, plant and equipment from revaluation model to cost model, resulting in decrease in depreciation expense of S\$0.85 million.

AA2 Material variances noted in other operating income, impairment loss recognised in financial assets, other operating expenses and other gains and losses were mainly attributable to reclassification adjustments and restatement of financial guarantee liabilities expenses:

- (i) reclassification of other operating income of S\$0.39 million to other gains and losses, resulting in a decrease in other operating income by S\$0.39 million;
- (ii) reclassification of impairment loss recognised on financial assets of S\$1.18 million to other gains and losses, resulting in a decrease in impairment loss recognised on financial assets by S\$1.18 million;

- (iii) reclassification of other operating expenses of S\$2.16 million to other gains and losses;
- (iv) reversal of financial guarantee liabilities of S\$4.31 million in respect of banking facilities extended to one of the subsidiary which was previously not eliminated in the consolidated financial statements and previously recognised as expense.

As a result of abovementioned (iii) and (iv), other operating expenses decrease by S\$6.47 million. The impact of reclassifications and adjustments in the abovementioned (i) to (iv) resulted in an increase in other losses by S\$2.96 million.

AA3 The effect of voluntary change in accounting policy for property, plant and equipment (“PPE”) from revaluation model to cost model in FY2022 has been applied retrospectively. The impact of the adjustments for FY2021 includes:

- (i) de-recognition of revaluation gain in properties and its corresponding impact on deferred tax expense of S\$4.15 million and S\$70,000 respectively;
- (ii) translation differences arising on consolidation of S\$18,000.

For more information on prior year adjustments made in FY2021, please refer to Note 32 to the Company’s financial statements detailed in FY2022’s annual report.

(B) Condensed interim statement of profit or loss and other comprehensive income and full year statement of profit or loss and other comprehensive income for the financial year ended 30 September 2022

	Note	Group			
		FY2022	FY2022	Variance	Change
		(Audited)	(Unaudited)		
		S\$'000	S\$'000	S\$'000	%
Revenue		41,041	41,687	(646)	(2)
Cost of sales		(22,986)	(22,148)	(838)	4
Gross profit		18,055	19,539	(1,484)	(8)
Other operating income	A1	516	1,141	(625)	(55)
Gain on debts settlement	A2	-	15,913	(15,913)	(100)
Distribution expenses	A3	(371)	(204)	(167)	82
Administrative expenses		(7,928)	(7,868)	(60)	1
Other operating expenses	A4	-	(336)	336	(100)
Impairment loss recognised on financial assets	A4	-	(189)	189	(100)
Other gains and losses	A5	3,503	-	3,503	n.m.
Finance expenses		(1,870)	(1,809)	(61)	3
Profit before income tax		11,905	26,187	(6,787)	n.m.
Income tax (benefits)/expense	A6	4,021	(1,036)	5,057	n.m.
Profit for the year		15,926	28,151	(6,787)	(37)
Other comprehensive loss					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Revaluation of properties	A7	-	3,199	(3,199)	(100)
Remeasurement of deferred tax – Change in tax rates		-	-	-	-
<i>Items that will may be reclassified Subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations	A8	(1,546)	(955)	(591)	62
Total comprehensive income for the year, net of tax		14,380	27,395	(13,015)	48

n.m. denotes not meaningful

Explanatory Note:

- A1 Decrease in other operating income by S\$0.63 million were mainly attributable to reclassification adjustments among revenue and other gains and losses:
- (i) reclassification of reversal of impairment loss on PPE and right-of-use (“**ROU**”) assets amounting to S\$0.22 million and S\$0.67 million respectively from other operating income to other gains and losses;
 - (ii) reclassification of fair value gain on fair value through profit or loss (“**FVTPL**”) of S\$0.10 million from other operating income to other gains and losses.
- offset by:
- (iii) reclassification of scrap sales of S\$0.37 million from revenue to other income.
- A2 Gain on debts settlement arising from the schemes of arrangement approved by the creditors (“**Schemes**”) was previously recognised on the basis that the realisation of such gain is “*virtually certain*”. As disclosed on page 12 of the Company’s FY2022 results announcement dated 23 February 2023, the recognition of gain on debts settlement in FY2022 was an application of judgement that were expected to have a significant effect on the unaudited condensed interim financial statement.
- Provided in Note 4(a) to the financial statements detailed in the Company’s FY2022 annual report, debt settlement gain arising from the Schemes “*will only be derecognised as liabilities and recognised as gain on debts settlements when it is extinguished upon making the second tranche of payment to creditors*”. Accordingly, gain on debt settlement of S\$15.91 million previously recognised in the unaudited financial statements is deferred, resulting in a decrease in gain on debt settlement of S\$15.91 million **[A]**.
- As provided the Note 4(a), the expected gain from extinguishment of liabilities will approximate to S\$11.54 million **[B]**, realising from a reduction in liabilities of trade and other payables of S\$9.39 million and loans and borrowings of S\$2.16 million respectively. The difference between **[A]** and **[B]** was due to prior year adjustment on financial guarantee liabilities explained in Section A, Note AA2(iv).
- A3 Increase in distribution expenses of S\$0.17 million was mainly due to reclassification of transportation charges from administrative expenses to distribution expenses.
- A4 Material variances noted in other operating expenses and impairment loss recognised in financial assets were mainly attributable to reclassification explained as follows:
- (i) reclassification of exchange losses and other miscellaneous losses totaling S\$0.34 million from other operating expenses to other gains and losses; and
 - (ii) reclassification of impairment loss recognised on financial assets of S\$0.19 million to other gains and losses.
- A5 Increase in other gains and losses of S\$3.50 million was mainly attributed to:
- (i) reclassifications adjustment mentioned in A1(i) and A4;
 - (ii) gain on debts restructuring arising from Schemes of S\$1.10 million arose from extinguishment of liabilities from creditors who did not file the proof of debts under the Schemes;
 - (iii) net foreign exchange gain of S\$1.91 million primarily resulting from a favourable restructuring of liabilities denominated in United States Dollar at lower exchange rate to Singapore Dollar under the Schemes.

- A6 Increase in income tax benefits of S\$5.06 million was mainly due to the recognition of unutilised tax losses as deferred tax assets. The recognition was grounded on probability of sufficient future taxable profits would be available to offset the utilised tax losses.
- A7 Decrease in revaluation of properties and of S\$3.20 million was due to change in accounting policy for PPE as explained in Section A, Note AA3.
- A8 Increase in translation losses recognised in other comprehensive income of S\$0.59 million was mainly due to:
- (i) Effect of change in accounting policy for PPE explained in Section A, Note AA3;
 - (ii) Effect on translation difference of S\$0.69 million arising from the change in functional currency adopted by a subsidiary from Singapore dollar to United State Dollar in FY2022.

(C) Restatement of financial position for the financial year ended 30 September 2021

FY2021 Group	Audited (Restated)	Audited	Variance		Note
	S\$'000	S\$'000	S\$'000	%	
Inventories	2,219	1,840	379	21	BB1
Property, plant and equipment	16,355	22,043	(5,688)	(26)	BB2
Financial guarantee liabilities	-	4,308	(4,308)	(100)	BB3
Deferred tax liabilities	225	1,175	(950)	(81)	BB2
Revaluation reserve	-	9,418	(9,418)	(100)	BB4

Explanatory Note:

- BB1 Increase in inventories of S\$0.38 million was due to capitalisation of cost of conversion, as explained in Section A, Note AA1.
- BB2 Decrease in PPE and deferred tax liabilities of S\$5.69 million and S\$0.95 million respectively was mainly due to effect of voluntary change in accounting policy for PPE from revaluation model to cost model, as explained in Section A, Note AA3.
- BB3 Please refer to explanation provided in Section A, Note AA2(iv).
- BB4 Decrease in revaluation reserve by S\$9.42 million was due to the effect of change in accounting policy for PPE explained in Section A, Note AA3

(D) Extract of Condensed interim statements of financial position and statement of financial position for the year ended 30 September 2022

FY2022	Audited	Unaudited	Variance		Note
Group	S\$'000	S\$'000	S\$'000	%	
Trade and other receivables	10,876	12,727	(1,851)	(15)	B1
Inventories	9,099	7,672	1,427	19	B2
Property, plant and equipment	14,997	24,155	(9,158)	(38)	B3
Deferred tax assets	5,461	-	5,461	100	B4
Bank overdrafts, loan and trade bills (Current)	12,596	4,038	8,558	212	B5
Financial guarantee liabilities	-	1,077	(1,077)	(100)	B5
Trade and other payables	18,882	10,377	8,505	82	B6
Bank overdrafts, loan and trade bills (Non-current)	472	5,799	(5,327)	(92)	B5
Deferred tax liabilities	370	2,090	(1,720)	(82)	B3
Revaluation reserve	-	12,617	(12,617)	(100)	B7

Explanatory Note:

- B1 Decrease in trade and other receivables by S\$1.85 million was mainly due to reclassification of advance payment of S\$1.94 million to inventory in-transit. The reclassification was made by reference to shipping terms of the raw materials.
- B2 Increase in inventories was mainly due to:
- (i) Reclassification mentioned in Note B1 above; and
 - (ii) Effect of translation difference arising from the change of functional currency mentioned in Section B, Note A8(ii). Inventories were denominated in United States Dollar and were revalued to Singapore Dollar on monthly basis prior to the change in functional currency.
- B3 Decrease in PPE and deferred tax liabilities of S\$9.16 million and S\$1.72 million respectively was mainly due to effect of voluntary change in accounting policy for PPE from revaluation model to cost model, as explained in Section A, Note AA3.
- B4 Please refer to explanation provided in Section B, Note A6.
- B5 Increase in current bank overdrafts, loan and trade bills of S\$8.56 million was mainly due to:
- (i) reclassification of non-current term loan amounting to S\$5.33 million due to an onerous term contained in the restructured facility agreement resulting the term loan becoming recallable in nature. The Company did not obtain a waiver letter from the bank that the loan shall not be recalled for the next 12 months with effect from 30 September 2022;
 - (ii) reversal of gain on debt settlement of S\$2.16 million, as explained in Section B, Note A2; and
 - (iii) reclassification of financial guarantee liabilities of S\$1.07 million to bank overdrafts, loan and trade bills.
- B6 Increased in trade and other payables of S\$8.51 million was mainly due to a reversal of gain on debt settlement previously recognised, explained in Section B, Note A2.
- B7 Decrease in revaluation reserve by S\$12.62 million was due to the effect of change in accounting policy for PPE explained in Section A, Note AA3

FY2022	Audited	Unaudited	Variance		Note
Company	S\$'000	S\$'000	S\$'000	%	
Financial guarantee liabilities	3,231	1,077	2,154	200	C1

Explanatory Note:

C1 As a result of reversal of gain on debt settlement, the financial guarantee liabilities were restated. As a result, financial guarantee liabilities recognised at the Company's level increased by S\$2.15 million. For avoidance of doubts, the increase in financial guarantee liabilities reported at Company level are eliminated in consolidated financial statement, hence, it does not give rise to financial impact in the consolidated financial statements.

By Order of the Board

Shirley Tan
Company Secretary
31 August 2023

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (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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