SEN YUE HOLDINGS LIMITED
Registration Number 200105909M
(Incorporated in the Republic of Singapore)

RESPONSES TO QUERIES IN RELATION TO NOTICE OF COMPLIANCE ("NOC")

Capitalised terms not defined herein shall have the meanings ascribed to them in the NOC dated 18 June 2020 issued by the SGX RegCo to the Company.

The Board of Directors (the "**Board**") of Sen Yue Holdings Limited (the "**Company**" and together with its subsidiaries (the "**Group**") wishes to announce that it had on 30 July 2020 received queries from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in relation to the NOC. The queries and the Company's responses are set out below.

Queries	**Company's Responses**
1) What is the status of the FKT Independent Review? Has the FKT report gone through a maxwellisation process and what is the timeline leading to completion of the review and issuance of the final report? Will the Company announce a summary of the final report on SGXNET?	The FKT Independent Review commissioned by the Audit Committee ("**AC**") has concluded and a report by Foo Kon Tan Advisory Services Pte Ltd (the "**FKT Report**") has been issued to the AC, setting out its findings based on the work carried out by FKT. The FKT Report comprises 3 parts. Draft versions of Part 1 (Business Intelligence) and Part 3 (Data Analytics) of the FKT Report were issued on 13 June 2020 and finalised on 17 June 2020. The draft version of Part 2 (Electronic Document Review) was issued on 24 June 2020 and finalised on 14 July 2020. Mr Koh had been provided Parts 1 and 3 of the FKT Report when it was issued on 17 June 2020 and Part 2 of the FKT Report on 25 June 2020. Please refer to Mr Koh's response to Query 5 below in respect of the processes necessary for him to address the FKT findings. A Maxwellisation process was not conducted for the purpose of finalising the FKT Report as FKT had advised the AC that the FKT Report contains factual information, and that no allegation was made against any individual. Mr Koh disagrees and is of the view that he should have been asked to provide his input and response prior to the finalisation of the FKT Report, as the FKT Report contains allegations against or findings adverse to him. For example, amongst other things, the FKT Report states that there are "red flags" in respect of Mr Koh's relationships with certain customers of the Group. The summaries of Part 1 and Part 3 of the FKT Report have been disclosed in the Company's announcement dated 18 June 2020. The Company's announcement dated 14 July 2020 disclosed that the electronic correspondences reviewed in Part 2 of the FKT Report support the key findings previously made in Part 1 and Part 3 of the FKT Report. As such, shareholders may refer to the announcement dated 18 June 2020 for the summary of the key findings of the FKT Report.
2) The AC's views on whether to expand the scope of the Independent Review to look further into the relationships between Mr Koh / his	The AC intends to extend the scope of the Independent Review. In this regard, FKT had advised AC that the expansion of scope of the Independent Review should be dependent on Mr Koh's responses in relation to the findings in the FKT Report. The AC will seek clearance from the SGX on the

	associates / possible nominees and certain customers highlighted by FKT; and whether the transactions between SMCI and such customers are conducted on an arm's length. If so, please clear the expanded scope with the SGX.	expanded scope of work to be undertaken by FKT once it has a better visibility of the scope of work necessary to fully fulfil its obligations under the NOC. Based on the information currently available to the AC, the additional scope of work is envisaged to include further investigation into the identified relationships in the FKT Report and the validity of the transactions between SMCI and such customers.
3)	The Board's plans and timeline for the Company to resume trading.	The Board is of the opinion that, in light of the uncertainty surrounding the Group's financial position arising from the breach of loan covenants and the potential relationships between Mr Koh and certain customers of SMCI which is pending Mr Koh's official response, the Company should continue the voluntary suspension of trading in the Company's shares. Based on the information currently available to the Board, the indicative timeline and events for the Company to resume trading is as follows: (a) By 15 September 2020: Receipt of Mr Koh's response to the FKT; (b) Finalisation of FKT's extended scope of work with SGX's concurrence; (c) Finalisation of the audit scope with Company's external auditors, Deloitte & Touche LLP ("**Deloitte**") for FY2020. (d) By 30 November 2020: The announcement of the Group's unaudited results for the financial year ended 30 September 2020 ("**FY2020**"); (e) Completion of the external audit for FY2020 by Deloitte. The Board is of the opinion that at the earliest, both the extended scope of the Independent Review and the audit by Deloitte will need to be completed in order for the for the market to have sufficient information to trade in the Company's shares on an informed basis; (f) By 14 January 2021: Release of FY2020 Annual Report; (g) Satisfactory resolution of issues raised in NOC; and (h) Proposed lifting of voluntary trading suspension. The Board will provide an update to the above proposed timeline and events when there is further clarity or material developments.
4)	The Company's plans and timelines to implement the recommendations provided by the Internal Auditors.	As disclosed in the Company's announcement on 22 May 2020, the updates on the implementation status of the internal audit findings on SMCI is as follows: **High risk findings are as follows:** 1) Significant overdue accounts receivables ("**AR**");

	The Board has reviewed the AR and have made necessary provisions as disclosed in the financial results for the half year ended 31 March 2020. SMCI has also ceased, with effect from 19 June 2020, all new transactions with the customers with overdue AR exceeding 120 days. In addition, SMCI has been following up with its customers closely for payment and will continue to do so on past due receivables as collection has not improved significantly. To improve the collection from its customers, SMCI is also exploring other options available to collect payments, including but not limited consulting with lawyers to determine the best way to recover the amounts owing and issuing a formal demand to the debtors for payment. 2) Lack of clarity over the terms of the Joint Venture Agreement As announced on 1 July 2020, the construction of the smelter had ceased from 21 April 2020 until further notice due to the Covid-19 pandemic. The management is in the midst of preparing the proposal with regards to any additional cost to be borne by the Group, to be submitted to the Board for consideration when there is clarity on the resumption of construction and the availability of bank facilities to the Group. The management will also seek further clarification from the legal advisors prior to taking further action in respect of the smelter as disclosed in the Company's announcement dated 22 May 2020. **Medium risk findings are as follows:** 1) Weaknesses in procurement processes; 2) Supplier invoice not invalidated upon payment; 3) Absence of documented approval for trade procurement price; 4) Expenses claims not clearly substantiated; and 5) Policies and procedures to be updated and/or formally adopted To address the medium risk findings 1 to 4 above, the Board has implemented the following internal controls in respect of SMCI: (i) all purchases and sales in the daily course of the business will need to be approved by any two of Mr Koh, Mr Liew Nyok Wah, Mr Neo Gim Kiong and Mr Lau Yan Wai (as representative of the AC) (collectively, the "**Authorised Directors**");

	(ii) all other significant transactions which are not in the daily course of business are to be approved by any two of the Authorised Directors; (iii) all cheques and monetary transactions are to be signed and approved by any two of the Authorised Directors; (iv) all accounts opened for any new suppliers and customers are to be approved by any two of the Authorised Directors; (v) all sales to customers with past due outstanding are to be approved by any two of the Authorised Directors; and (vi) SMCI shall not transact with any of the parties identified in the FKT Report. The management is in the process of implementing the internal auditors' recommendations to address medium risks 1 to 5 by the target timeline of the fourth quarter of FY2020, and will be reporting to the Board on the implementation status at the Board meeting to approve the FY2020 results. The Board will also be requesting FKT to conduct a follow-up review in its internal audit for FY2020. In the interim, the Board is of the opinion that the internal controls listed above, which have been communicated to the staff of SMCI, are sufficient to address the medium risk findings.
5) The SGX further notes from the Company's announcement that Mr Koh has indicated that he will be responding to FKT's findings by 15 September 2020. (a) What are the reasons for the long response timeframe required? How is this in the best interest of the minority shareholders, as this will cause undue delay to the investigation process and trading suspension. (b) The SGX would require FKT and the AC to set out the milestones and timeline required to complete the Independent Review, including but not limited to time provided to Mr Koh to respond to FKT's findings.	(a) Mr Koh was first provided with the FKT Report on 17 June 2020 and after a Board meeting held on 19 June 2020 to discuss the requirements of the NOC, Mr Koh indicated to the AC Chairman a tentative response time of 29 June 2020. At a subsequent Board meeting held on 2 July 2020, Mr Koh informed the Board that the earliest time he would be able to respond was 10 July 2020, pursuant to correspondences with the AC Chairman. On 8 July 2020, Mr Koh informed the Board and the Sponsor, PrimePartners Corporate Finance Pte. Ltd. by way of a letter from his former lawyers, that he expected to be able to respond to the FKT Report by 31 August 2020. In the aforesaid letter, Mr Koh explained that he required time to engage a firm of professional accountants to assist him in preparing a full response to the issues raised in the FKT Report. Mr Koh subsequently instructed his new solicitors and informed the Board on 14 July 2020, that his full response is expected to be provided by 15 September 2020. This is because the FKT Report is substantial and raises various issues dating back several years across various companies in the Group. The FKT Report refers to a range of companies across different jurisdictions, such as the Peoples' Republic of China, Hong Kong, and Thailand, and it contains a

	comparative analysis of industry credit terms across various jurisdictions. Mr Koh is of the view that the issues raised in the FKT Report are complex and he requires the assistance of forensic accounting professionals. to assist in the preparation of a response to the issues raised in the FKT Report, as he was not consulted or provided with an opportunity to respond to any of the issues in the FKT Report prior to the announcement made by the Company on 18 June 2020. As such, due to the nature and extent of the issues raised, time is needed for the professionals appointed by Mr Koh to carry out the necessary review work and responses, and Mr Koh is of the opinion that the deadline of 15 September 2020 is reasonable. Mr Koh disagrees with the contents of the FKT Report and is of the view that it would not be in the interests of the minority Shareholders if Mr Koh is unable to fully respond to the issues raised in the FKT Report. The Board is of the view that it is necessary to make a determination on the extent of the customers' relationships with Mr Koh, and whether the transactions by the Group with these customers were on arm's length basis and not prejudicial to minority Shareholders, in order to provide sufficient information to allow Shareholders to trade in the Company's shares on the SGX-ST on an informed basis. As such, it is in the best interest of the Shareholders for trading in the Company's shares to remain suspended until the foregoing has been determined. (b) Please refer to the Company's response to Query 3 above.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

KOH MIA SENG
Executive Chairman
5 August 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).