SEN YUE HOLDINGS LIMITED
(Company Registration No. 200105909M)
(Incorporated in the Republic of Singapore)

RESPONSE TO MATTERS CITED IN CESSATION ANNOUNCEMENT DATED 4 OCTOBER 2022 RELATING TO BREACH OF SECTION 218 OF THE SFA

The Board of Directors (the "**Board**") of Sen Yue Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**" and each a "**Group Company**") refers to the Company's announcement dated 4 October 2022 (the "**Cessation Announcement**") in respect of the cessation of Mr Liew Nyok Wah ("**Mr Liew**") as an executive director of the Company.

1. BREACH OF SECTION 218 RAISED BY MR LIEW

1.1 In the Cessation Announcement, reference was made to the concerns raised by Mr Liew relating to a potential breach of Section 218 of the Securities and Futures Act 2001 of Singapore (the "**SFA**"). In particular, the following were raised by Mr Liew and set out in the Cessation Announcement:

(a) The profitability of the Group and Group Companies were not disclosed. This profitability may have positively affected the net asset value ("**NAV**") of the Group and the issue price of the new shares, as well as having other potential investors. Concerns were raised to the judicial manager (the "**JM**") and the Sponsor ahead of the due diligence by the white knight (Electroloy Metal Pte. Ltd.), that there could be potential breaches of Section 218 of the SFA if important price sensitive information gathered during the due diligence process such as management accounts and significant profitable contracts were not disclosed to shareholders and the independent financial adviser ("**IFA**") before the Extraordinary General Meeting ("**EGM**") on 21 July 2022.

(b) This is because even if the Company's shares were suspended from trading, new shares in the Company were issued to the white knight at a price that is well below the indicative unaudited NAV of the group. This may be prejudicial to the existing shareholders.

(c) As a director, Mr Liew was aware that the Group Company management accounts showed a profit even though the accounts were not audited. There is also a significant contract with a supplier that would have materially positively impacted the NAV of the Group. Such information was not provided to the shareholders or the IFA. Similar questions asked by shareholders at the EGM on the profitability and new contracts were not answered by the JM. It is unclear if the IFA opinion had taken into account the profitability of the Group, if such information was not disclosed.

(d) Mr Liew has recommended the Board to seek legal advice on whether Section 218 of the SFA was breached and take measures to address the above concerns.

1.2 On the same day of the Cessation Announcement, the Company announced the responses by the JM to the foregoing issue raised by Mr Liew, stating that the JM firmly disagreed with such allegation, and considered the allegation irrelevant. On 16 January 2023, the Company released a further announcement on the above issue raised, reiterating the JM's position on the issue which was previously announced on 4 October 2022.

2. THE COMPANY'S VIEWS

2.1 The Company has engaged legal advisers to assess the claim made by Mr Liew in the Cessation Announcement. Given the general nature of the claim made in the Cessation

Announcement, the scope of such advice was limited to addressing the issue of whether there was a breach of Section 218 of the SFA. As Mr Liew's concerns did not specify or allude to a breach of any particular subsection of Section 218 of the SFA, the assessment was undertaken in respect of the potential offences under Sections 218(2) and 218(3) of the SFA, respectively.

2.2 The Board has been advised by the legal counsel that there was unlikely any breach of Section 218 of the SFA by the JM or Electroloy Metal Pte. Ltd. ("**Electroloy**") (both being the connected persons identified for the purposes[1] of assessing whether there was a breach of Section 218 of the SFA) as not all the elements to establish a breach may be made out. In particular:

(a) One of the elements required to establish a breach of Section 218 of the SFA is that if the relevant information was generally available, a reasonable person would expect it to have a material effect on the price or value of the shares of the Company. Such information can be said to be material if, based on a reasonable person's view, the information would significantly alter the total mix of information available to persons who commonly invest in securities such that the information would substantially likely to influence persons who commonly invest in securities to subscribe for, buy or sell the Company's securities.

(b) Based on the circumstances of the Company and the Group at the material time and the announcements made by the Company during the material period, which disclosed, among others, the extension of the judicial management of the Company and SMC Industrial Pte. Ltd. and the fact that the Company (or the JM as agents of the Company at the material time) had been in discussion with other investors prior to Electroloy approaching the JM and expressing their interest in investing in the Company, it may be difficult to establish that the information would have significantly altered the total mix of information available to persons who commonly invest in securities, such that it would substantially likely to influence such persons to subscribe for, buy or sell the Company's securities.

The Board further noted that where an allegation is made as to a potential breach of Section 218 of the SFA, the Monetary Authority of Singapore will be the authority to bring enforcement action, if any. Accordingly, at this juncture, the Company does not expect to take any further action on this matter but will make the necessary announcements as and when there is any material development in respect of the concerns raised by Mr Liew relating to the alleged breach of Section 218 of the SFA.

3. CAUTIONARY STATEMENT

The shares in the Company have been suspended from trading since 4 May 2020. Although the shares of the Company are under suspension, shareholders and potential investors of the Company are advised to read this announcement and any past and future announcements of the Company carefully when dealing with the shares and securities of the Company. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants and other professional advisers.

By Order of the Board

Yap Meng Sing
Executive Chairman

5 May 2023

[1] For purposes of the advice sought and given that Mr Liew's claim specifically referred to the JM and Electroloy, the assessment made as to whether there was breach of Section 218 of the SFA was limited to the JM and Electroloy as the connected persons.

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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