



SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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**Unaudited Condensed Interim Financial Statements
for the Six Months and Full Year Ended 30 September 2022**

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

	Note	Group					
		2H2022	2H2021	Change	FY2022	FY2021	Change
		(unaudited)	(unaudited)		(unaudited)	(audited)	
S\$'000	S\$'000	%	S\$'000	S\$'000	%		
Revenue	4	28,607	25,696	11	41,687	55,548	(25)
Cost of sales		(13,862)	(17,454)	(21)	(22,148)	(43,928)	(50)
Gross profit		14,745	8,242	79	19,539	11,620	68
Other operating income		1,000	270	n.m.	1,141	859	33
Gain on debts settlement		15,913	-	100	15,913	-	100
Distribution expenses		(83)	(211)	(61)	(204)	(601)	(66)
Administrative expenses		(5,120)	(3,552)	44	(7,868)	(7,776)	1
Other operating expenses		(257)	(6,373)	(96)	(336)	(6,471)	(95)
Impairment loss recognised on financial assets		(177)	(392)	(55)	(189)	(1,184)	(84)
Finance expenses		(973)	(934)	4	(1,809)	(1,612)	12
Profit/(Loss) before income tax		25,048	(2,950)	n.m.	26,187	(5,165)	n.m.
Income tax expense	7	(614)	(44)	n.m.	(1,036)	(364)	n.m.
Profit/(Loss) for the period/year		24,434	2,994	n.m.	25,151	(5,529)	n.m.
Other comprehensive income/(loss)							
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Revaluation of properties		3,199	(4,153)	n.m.	3,199	(4,153)	n.m.
Remeasurement of deferred tax – Change in tax rates		-	(70)	(100)	-	(70)	(100)
<i>Items that will may be reclassified Subsequently to profit or loss:</i>							
Exchange differences on translation of foreign operations		(768)	33	n.m.	(955)	(207)	n.m.
Total comprehensive income/(loss) for the period/year, net of tax		26,865	(7,184)	n.m.	27,395	(9,959)	n.m.
Profit/(Loss) per share attributable to owners of the Company							
Basic and diluted (cents) ^[1]		1.94	(0.30)	n.m.	2.00	(0.56)	n.m.
Total comprehensive income/(loss) for the period/year attributable to owners of the Company							
Basic and diluted (cents) ^[1]		2.14	(0.73)	n.m.	2.18	(1.01)	n.m.

n.m. denotes not meaningful

^[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 1,257,567,710 (FY2021: 984,280,038) during the respective periods.

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) Statements of financial position

	Note	Group		Company	
		As at	As at	As at	As at
		30.09.2022 (unaudited) S\$'000	30.09.2021 (audited) S\$'000	30.09.2022 (unaudited) S\$'000	30.09.2021 (audited) S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	24,155	22,043	-	-
Right-of-use assets		2,183	1,776	-	-
Investments in subsidiaries		-	-	9,464	8,887
Other receivables		40	49	-	-
Total non-current assets		26,378	23,868	9,464	8,887
Current assets					
Financial assets at fair value through profit or loss ("FVTPL")		-	4,226	-	-
Cash and bank balances		11,299	16,540	827	125
Trade and other receivables		12,727	7,203	4,002	10
Inventories		7,672	1,840	-	-
Total current assets		31,698	29,809	4,829	135
Total assets		58,076	53,677	14,293	9,022
LIABILITIES					
Current liabilities					
Loans and borrowings	10	4,038	21,153	426	571
Financial guarantee liabilities		1,077	4,308	1,077	4,308
Trade and other payables		10,377	25,584	5,539	6,032
Lease liabilities		452	491	-	-
Income tax payable		56	199	-	-
Total current liabilities		16,000	51,735	7,042	10,911
Non-current liabilities					
Loans and borrowings		5,799	577	-	-
Other payables		106	113	-	-
Lease liabilities		1,727	2,118	-	-
Deferred tax liabilities		2,090	1,175	-	-
Total non-current liabilities		9,722	3,983	-	-
Total liabilities		25,722	55,718	7,042	10,911
EQUITY					
Capital and reserves					
Share capital	9	53,246	46,246	53,246	46,246
Other reserves		3,022	778	-	-
Accumulated losses		(23,914)	(49,065)	(45,995)	(48,135)
Equity attributable to owners of the Company		32,354	(2,041)	7,251	(1,889)
Total equity and liabilities		58,076	53,677	14,293	9,022
Basic and diluted net asset value per share (cents)		2.57	(0.21)	0.58	(0.19)

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(C) Statements of changes in equity

Group	Share capital	Merger deficit	Translation reserve	Revaluation reserve	Capital reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01.10.2021 (audited)	46,246	(3,454)	(7,791)	9,418	2,605	(49,065)	(2,041)
Profit for the year	-	-	-	-	-	25,151	25,151
Other comprehensive income/(loss)	-	-	(955)	3,199	-	-	2,244
Total comprehensive income/(loss) for the year, net of tax	-	-	(955)	3,199	-	25,151	27,395
Issuance of new shares, representing transactions with owners, recognised directly in equity	7,000	-	-	-	-	-	7,000
Balance at 30.09.2022 (unaudited)	53,246	(3,454)	(8,746)	12,617	2,605	(23,914)	32,354

Group	Share capital	Merger deficit	Translation reserve	Revaluation Reserve	Capital Reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01.10.2020 (audited)	46,246	(3,454)	(7,584)	13,641	2,605	(43,536)	7,918
Loss for the year	-	-	-	-	-	(5,529)	(5,529)
Other comprehensive loss	-	-	(207)	(4,223)	-	-	(4,430)
Total comprehensive loss for the year, net of tax	-	-	(207)	(4,223)	-	(5,529)	(9,959)
Issuance of new shares, representing transactions with owners, recognised directly in equity	-	-	-	-	-	-	-
Balance at 30.09.2021 (audited)	46,246	(3,454)	(7,791)	9,418	2,605	(49,065)	(2,041)



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(C) Statements of changes in equity (cont'd)

Company	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 01.10.2021 (audited)	46,246	(48,135)	(1,889)
Profit for the year, representing total comprehensive income for the year	-	2,140	2,140
Issuance of new shares, representing transactions with owners, recognised directly in equity	7,000	-	7,000
Balance at 30.09.2022 (unaudited)	53,246	(45,995)	7,251

Company	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 01.10.2020 (audited)	46,246	(37,622)	8,624
Loss for the year, representing total comprehensive loss for the year	-	(10,513)	(10,513)
Issuance of new shares, representing transactions with owners, recognised directly in equity	-	-	-
Balance at 30.09.2021 (audited)	46,246	(48,135)	(1,889)

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(D) Statement of cash flows

	Group	
	FY2022 (unaudited)	FY2021 (audited)
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/ (Loss) before tax	26,187	(5,165)
Adjustments for:		
Bad debts written off on other receivables	14	112
Depreciation of property, plant and equipment ("PPE")	2,070	2,953
Depreciation of right-of-use assets ("ROU assets")	306	446
Expected credit loss on trade receivables	175	1,072
Reversal of fair value loss on derivative financial instruments	-	(46)
Increase in fair value of financial assets at FVTPL	(103)	(83)
Allowance for/ (Reversal of) impairment loss on inventories	75	(1,732)
Allowance for impairment loss on other current assets	9	-
Reversal of impairment loss on PPE	(215)	-
Reversal of impairment loss on ROU assets	(665)	-
Gain on disposal of PPE	-	(38)
Loss on disposal of ROU assets	-	82
Plant and equipment written off	3	6
Post-employment benefits	5	7
Interest expenses	1,809	1,612
Interest income	(48)	(30)
Financial guarantee liabilities	-	4,308
Gain on lease modifications	(9)	-
Gain on debts settlement	(15,913)	-
Effects of exchange rate changes	73	(131)
	13,773	3,373
Changes in working capital:		
Inventories	(5,907)	8,920
Trade and other receivables	(5,469)	827
Trade and other payables ^[1]	(7,774)	4,856
Cash (used in)/ generated from operations	(5,377)	17,976
Tax paid	(1,085)	(719)
Net cash (used in)/ generated from operating activities	(6,462)	17,257
Cash flows from investing activities		
Interest received	48	30
Proceeds from disposal of plant and equipment	-	142
Proceeds from disposal of ROU assets	-	91
Purchase of plant and equipment	(542)	(1,363)
Net cash used in investing activities	(494)	(1,100)

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(D) Statement of cash flows (cont'd)

	Group	
	FY2022 (unaudited)	FY2021 (audited)
	S\$'000	S\$'000
Cash flows from financing activities		
Interest paid	(166)	(167)
Repayment of bank borrowings ^[1]	(3,596)	(1,063)
Repayment of financial guarantee liabilities ^[1]	(1,077)	-
Principal payment of lease liabilities	(468)	(742)
Decrease in pledged deposits with financial institutions	-	3,021
Trade bills	-	(4,726)
Net proceeds from issuance of new shares	7,000	-
Net cash from/ (used in) financing activities	1,693	(3,677)
Net (decrease)/ increase in cash and cash equivalents	(5,263)	12,480
Cash and cash equivalents at beginning of financial year	16,360	3,862
Effects of exchange rate changes on cash and cash equivalents	164	18
Cash and cash equivalents at end of financial year	11,261	16,360
Group		
Cash and cash equivalents as per statement of financial position comprising:		
Cash at bank	10,756	16,010
Fixed deposits with financial institutions	543	530
Cash and cash equivalents as per statement of financial position	11,299	16,540
Fixed deposits pledged with financial institutions	(38)	(39)
Bank overdraft	-	(141)
Cash and cash equivalents as per consolidated statement of cash flows	11,261	16,360

Note:

^[1] Inclusive of First Tranche Scheme Payment¹ made to Scheme Creditors¹ for an aggregate amount of S\$6.73 million.

¹ As defined in Section E, Note 1.1(iii)

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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 Catalist 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 six months (“2H2022”) and full year ended 30 September 2022 (“FY2022”) 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”); and
- (b) Electro deposition coating (“ED Coating”); and
- (c) Commodities.

1.1 Event During the Financial Year

(i) Discharge of Judicial Management

The Company and its wholly-owned subsidiary, SMC Industrial Pte Ltd (“SMCI”) were under judicial management during the financial period from 1 October 2021 to 17 August 2022. During this period, the judicial managers (“JMs”) took over the management of the affairs and business of the Company and SMCI from the Board of Directors (“Board”).

The schemes of arrangement to address the debts of the Company and SMCI were proposed in the respective Statement of Proposals (“SOP”) tabled by the JMs pursuant to Section 107 of the Insolvency, Restructuring and Dissolution Act 2018 (“IRDA”) (the “Schemes”). The SOP and the Schemes were approved by the creditors of the Company and SMCI pursuant to Section 210 of the Companies Act 1967 read with Section 117 of IRDA, and thereafter sanctioned by the Singapore High Court (the “Court”) on 28 July 2022.

The judicial management orders were discharged on 17 August 2022, and subsequently the JMs have been re-appointed as Scheme Managers.

(ii) Letter of Demand from Various Creditors

SMCI and SMCI Refinery Pte. Ltd. had received several letters of demand from their creditors. The total amounts owing were approximately S\$9,147,000. One of creditors of the Group issued a Writ of Summons to the Group on 5 October 2021 and executed a settlement agreement on 10 June 2022.

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(E) Notes to the unaudited condensed interim financial statements

1 Corporate information (cont'd)

1.1 Event During the Financial Year (cont'd)

(iii) Schemes of Arrangement

The Schemes were unanimously approved by the creditors on 15 July 2022 and sanctioned by the Court on 28 July 2022. The Schemes then came into effect on 2 August 2022 ("**Effective Scheme Date**"). Details of the Schemes are set out as follows:

- (a) Pursuant to the Schemes, unsecured creditors who are subject to the Schemes ("**Scheme Creditors**") will be paid (i) 25 cents in a dollar of the amount of each approved claim within 14 business days from the completion of the Proposed Subscriptions² ("**First Tranche Scheme Payment**") and (ii) 25 cents in a dollar of the amount of each approved claim within 14 business days after the resumption of trading of the Company's securities on the SGX-ST ("**Second Tranche Scheme Payment**"). Effectively, the total payment to Scheme Creditors translates to a 50% reduction from the total approved claims of S\$22.62 million.
- (b) In addition to payments prescribed in (a) above, Scheme Creditors with guarantee claims arising by virtue of the Company providing corporate guarantee for banking facilities of SMCI ("**Guarantee Claim**") will be paid (i) 12.5 cents in a dollar of the Guarantee Claim within 14 business days from the completion of the Proposed Subscriptions ("**First Tranche Guarantee Claim Payment**") and (ii) 12.5 cents in a dollar of the Guarantee Claim within 14 business days after the resumption of trading of the Company's securities on the SGX-ST ("**Second Tranche Guarantee Claim Payment**"). Effectively, the total payout to Scheme Creditors with Guarantee Claim translates to a 50% reduction from the total approved guarantee claims of S\$4.31 million.
- (c) All Schemes Creditors waive all interest, default interest, premium etc. in respect of the claims after the Ascertainment Date. Accordingly, a total amount of interest accrued after the Ascertainment Date approximating S\$1.77 million to be reversed upon the completion of the Schemes is assessed to be highly probable.
- (d) On and from the Effective Scheme Date to 2 full years of elapse of the Effective Scheme Date, the beneficial interest in all assigned receivables from the parties as set out below shall be vested in the Scheme Creditors.
 - Foshan City Nanhai District Sea Sheng Waste Materials Recycling Co., Ltd
 - Foshan Xiangao Waste Hardware Processing Co., Ltd
 - Tai Zhou Yi Ze Metal Co., Ltd
 - Fung Jet Logistic Trading Limited
 - Mild On International Limited
 - Matrade Co., Ltd
 - Thai DD Recycle Co., Ltd
 - Qing Yuan Hua Ren Hardware & Plastics Co., Ltd
 - Yin Qin (HK) Agent Co., Limited

² As defined in Section E, Note 1.1(iv)

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(E) Notes to the unaudited condensed interim financial statements

1 Corporate information (cont'd)

1.1 Event During the Financial Year (cont'd)

(iii) Schemes of Arrangement (cont'd)

- (e) As at the date of this announcement, the Group has fulfilled its obligation to repay the First Tranche Scheme Payment and First Tranche Guarantee Scheme Payment for an aggregate amount of S\$6.73 million on 24 August 2022. Pursuant to the Scheme, the Second Tranche Scheme Payment and Second Tranche Guarantee Scheme Payment approximating to S\$6.73 million, being the final payment, will be falling due within 14 business days after the resumption of trading of the Company's securities on the SGX-ST.

(iv) 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 share subscriptions comprising 1,750,000,000 Subscription Shares issued and allotted to Electroloy and an aggregate 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 Subscriptions, the Company has subsequently allotted 1,750,000,000 new ordinary shares for an aggregate cash consideration of S\$7.00 million to Electroloy during FY2022. In FY2022, the issued and paid-up capital of the Company has increased from S\$46.25 million comprising 984,280,038 ordinary shares to S\$53.25 million comprising 2,734,280,038 shares.

All new ordinary shares shall rank *pari passu* in all respects with the then existing shares for any dividends, rights, allotments or other distributions.

(v) Utilisation of proceeds from placement exercise

As of the date of this announcement, the Group has utilised the proceeds from the placement exercise as well as its internally generated funds to fulfill its obligation to repay 50% of its debts pursuant to the Schemes. The Group may explore available equity or debt securities to meet its funding requirements.

Please refer to Section E, Note 2.4(iii) for the use of the proceeds from issuance of ordinary shares as at the date of this announcement.

2 Basis of Preparation

The unaudited condensed interim financial statements for the six months and full year ended 30 September 2022 and its comparative for the six months ("**2H2021**") and full year ended 30 September 2021 ("**FY2021**") 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 last audited annual financial statements for FY2021.

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

2 Basis of Preparation (cont'd)

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 and full year financial statements are presented in Singapore dollar which is the Company's functional currency.

Please refer to outstanding audit matters arising from latest audited financial statements discussed under Section F, Note 1.1(a).

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) 3	<i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	<ul style="list-style-type: none"> - Amendments to SFRS(I) 1 <i>First-time Adoption of SFRS(I)</i> - Amendments to SFRS(I) 9 <i>Financial Instruments</i> - Amendments to Illustrative Examples accompanying SFRS(I) 16 <i>Leases</i> - Amendments to SFRS(I) 1-41 <i>Agriculture</i> 	1 January 2022
SFRS(I) 17 and Amendments to SFRS(I) 17	<i>Amendments to SFRS(I) 9 Financial Instruments</i>	1 January 2023
Amendments to SFRS(I) 1-2 and SFRS(I) Practice Statement 2	<i>Amendments to Illustrative Examples accompanying SFRS(I) 16 Leases</i>	1 January 2023
Amendments to SFRS(I) 1-8	<i>Amendments to SFRS(I) 1-41 Agriculture</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transactions</i>	1 January 2023
Amendment to SFRS(I) 17	<i>Initial Application of SFRS(I) 17 and SFRS(I) 9— Comparative Information</i>	1 January 2023
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

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 of Critical judgements and estimates

In the process of applying the Group's accounting policies, the application of judgement that are expected to have a significant effect on the amounts recognised in the unaudited condensed interim financial statements are discussed below:

Recognition of Gain on Debts Settlement

As disclosed in Section E, Note 1.1, the Court had in May 2021 granted creditors' application for the Company and SMCI to be placed under judicial management.

The admission of debts by JMs was based on the claim amounts submitted by creditors on the Ascertainment Date (being 31 March 2021). On 15 July 2022, the JMs and the Scheme Creditors have unanimously approved the Schemes, which set out 50% recovery of the total approved unsecured claims for an aggregate amount of S\$22.62 million. Meanwhile, the unsecured creditors with guarantee claims of SMCI will have additional recovery for the shortfall equivalent to 50% of S\$4.31 million (equivalent to 25% of the guarantee claims recorded by SMCI at S\$8.62 million) through the Schemes.

As at the date of this announcement, the quantum of the foregoing Second Tranche Scheme Payment has been ascertained. Subject to the grant of waiver by the Investors, the Company does not rule out the possibility to complete the Schemes earlier. Given that the present obligation of the Company pursuant to the Schemes have been confirmed and the Company is able to measure the total reduction in liabilities, overprovision of interest and correspondingly the gain on debts settlement and the realisation of such gain is virtually certain, accordingly, the unaudited condensed interim financial statements of FY2022 have been adjusted to include gain on debts settlement approximate to S\$15.82 million after taking into account of the reversal for overprovision of interest charges of S\$2.67 million, offset by the fair value of four keymen insurance policies as at 30 September 2022 assigned to a principal lender of S\$4.33 million.

2.3 Use estimates and assumptions

The preparation of the unaudited condensed interim financial statements for 2H2022 and FY2022 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 financial statements as at and for FY2021.

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.

The critical accounting policies concerning source of estimation uncertainty used in the preparation of the unaudited condensed interim financial statements for 2H2022 and FY2022 are discussed below.

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

2 Basis of Preparation (cont'd)

2.3 Use estimates and assumptions (cont'd)

(a) Impairment of non-financial assets – PPE and ROU Assets

The Group assesses at each reporting date whether there is indication that its non-financial assets are impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of the fair value less cost to sell and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. The value in use computation involves estimations relating to projected future cashflows, market demand and a discount rate of 9.8% (FY2021: 10%). The estimation of future cash flows requires judgement and the computed recoverable amount could change significantly if actual market conditions deviate from management's judgement. Any change in such projections and estimates can result in changes to the impairment loss in future periods.

During the financial year, the management has determined that the recoverable amount of plant and equipment and ROU assets through value in use is higher than its carrying amount had no impairment loss been recognised in prior periods. Accordingly, a reversal of impairment loss of S\$0.32 million and S\$0.66 million was made for in respect of the Group's plant and equipment and ROU assets respectively.

(b) Impairment of non-financial assets – Investment in subsidiaries

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses. In determining whether the investments in subsidiaries are impaired involves the consideration of the performance of the subsidiaries and the market condition in which the subsidiaries operate in. In assessing the impairment losses, the recoverable amounts for investments in subsidiaries were determined based on the higher of estimated fair value less cost to sell and value in use of the underlying assets of the individual subsidiaries.

During the financial year, the management has determined that the recoverable amount of investment in one of the subsidiaries through fair value less cost to sell is higher than its carrying amount. Accordingly, a reversal of impairment loss of S\$0.58 million.

Save as disclosed, 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 periods are included in the following notes:

- Calculation of expected credit loss allowance;
- Allowance for inventories;
- Depreciation of property, plant and equipment; and
- Fair value measurements and valuation processes.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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

2 Basis of Preparation (cont'd)

2.4 Going concern assumption

The judicial management orders placed on SMCI and the Company have been discharged on 17 August 2022.

The Group reported net profit of S\$25.15 million (FY2021: net loss of S\$5.53 million) for the financial year ended 30 September 2022. In tandem with the profits reported by the Group, the Group recorded positive working capital of S\$15.70 million and net assets of S\$32.35 million, reversing from its negative working capital of S\$21.93 million and net liabilities of S\$2.04 million in FY2021. The Company is currently making its progress to normalcy under the helm of new management and newly constituted Board.

As of the date of this announcement, the Group has utilised the proceeds from the placement exercise with Proposed Subscriptions, as well as its internally generated funds to fulfill its obligation to repay 50% of its debts pursuant to the Scheme.

As at the date of this announcement, the use of the proceeds from issuance of ordinary shares is presented in below table:

Use of proceeds	Allocation of the Subscription Proceeds S\$'000	Amount utilised as at the date of the date of this announcement S\$'000	Balance S\$'000
Repayment of debts pursuant to the Schemes	6,993	5,640	1,353
Working capital purpose ^(a)	2,022	2,022	-
Total	9,015	7,662	1,353

Note (a): Purchase of raw materials

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

2 Basis of Preparation (cont'd)

2.4 Going concern assumption (cont'd)

In light of the abovementioned developments, the Board believes that the use of the going concern assumption in the preparation for financial statements for FY2022 is appropriate on the following grounds:

1. the Group reported commendable net operating profits of approximately S\$9.24 million before a one-off gain on debts settlement of S\$15.91 million;
2. the Company and SMCI had completed first tranche of the Schemes and is making substantial progress into completion of the remaining tranche of the Schemes which came into effect on 2 August 2022;
3. the Group has raised capital for an aggregate cash consideration of S\$9.02 million by November 2022 following the completion of Subscription Agreement;
4. as of the date of this announcement, the Group recorded strong and healthy cash position (after full settlement of an amount approximating S\$7.50 million due to creditors excluded from the Schemes, and the First Tranche Scheme Payment and First Tranche Guarantee Scheme Payment approximating S\$6.73 million, as explained in Section E, Note 1.1(iii), pursuant to the Schemes); and
5. as at the date of this announcement, no material factors or circumstances exist which indicate the Group is unable to preserve and maintain its revenue streams from its business operations over the next 12 months.

3 Seasonal Operations

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

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

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, and are managed separately because they require different technology and marketing strategies. For each of the segments, the Group's 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 e-waste raw materials, commodities, which include copper, stainless steel, other special alloys.

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.

The Company and SMCI were placed under judicial management during the period reported on and the JMs took over the management of the affairs and business of the Company and SMCI from the Board of Directors.

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)

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

4.1 Reportable Segments

	Group			
	Revenue		Segments results	
	2H2022	2H2021	2H2022	2H2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Metal Components	1,394	1,497	28	(99)
ED Coating	7,367	5,827	1,645	1,223
Commodities	20,375	18,533	22,518 ^[1]	1,272
Inter-Segment Elimination	(529)	(161)	(34)	(161)
	28,607	25,696	24,157	2,235
Unallocated items:				
Other operating income			2,500	-
Other operating expenses			(211)	(2,083)
Administrative expenses			(1,371)	(3,089)
Finance cost			(27)	(13)
Profit/ (Loss) before income tax			25,048	(2,950)
Income tax expense			(614)	(44)
Profit/ (Loss) after income tax			24,434	(2,994)

	Group			
	Revenue		Segments results	
	FY2022	FY2021	FY2022	FY2021
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Metal Components	3,262	2,872	143	(158)
ED Coating	15,315	13,983	3,963	3,698
Commodities	24,280	40,252	21,742 ^[1]	(2,156)
Inter-Segment Elimination	(1,170)	(1,559)	(34)	(161)
	41,687	55,548	25,814	1,223
Unallocated items:				
Other operating income			2,629 ^[2]	27
Other operating expenses			(290)	(2,073)
Administrative expenses			(1,926)	(4,308)
Finance cost			(40)	(34)
Profit/ (Loss) before income tax			26,187	(5,165)
Income tax expense			(1,036)	(364)
Profit/ (Loss) after income tax			25,151	(5,529)

^[1] Included gain on debts settlement of S\$13.67 million recorded in Commodities segment

^[2] Included gain on debts settlement of S\$2.25 million recorded as unallocated item

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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

4 Segment and Revenue Information (cont'd)

4.1 Reportable Segments (cont'd)

	Group	
	Segments results	
	As at 30.09.2022 (unaudited) S\$'000	As at 30.09.2021 (audited) S\$'000
Segment assets		
Metal Components	6,752	5,994
ED Coating	21,373	17,674
Commodities	27,894	29,278
Total segment assets	56,019	52,946
Unallocated assets [#]	2,057	731
Consolidated total assets	58,076	53,677
Segment liabilities		
Metal Components	1,416	1,313
ED Coating	3,015	2,371
Commodities	18,755	45,998
Total segment liabilities	23,186	49,682
Unallocated liabilities [^]	2,536	6,036
Consolidated total liabilities	25,722	55,718

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

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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)

	Metal Components S\$'000	ED Coating S\$'000	Commodities S\$'000	Unallocated S\$'000	Total S\$'000
Other segment information:					
<u>2H2022 (unaudited)</u>					
<u>Group</u>					
Additions to PPE	14	292	21	-	327
Additions to ROU assets	-	34	-	-	34
Depreciation of PPE	25	310	611	8	954
Depreciation of ROU assets	-	51	35	-	86
Bad debts written off - trade	-	14	-	-	14
Loss allowance for receivables	12	-	151	-	163
Fixed asset written off	-	-	3	-	3
(Reversal of)/ allowance loss on inventories	(10)	(5)	29	-	14
Impairment loss on PPE	-	-	(215)	-	(215)
Impairment loss on ROU assets	-	-	(665)	-	(665)
Revaluation of properties	835	2,118	246	-	3,199
Gain on settlements	-	-	(13,667)	(2,246)	(15,913)
Fair value loss of financial assets at FVTPL	-	-	(51)	-	(51)
<u>2H2021 (unaudited)</u>					
<u>Group</u>					
Additions to PPE	140	903	-	-	1,043
Additions to ROU assets	-	65	31	-	96
Depreciation of PPE	27	319	1,029	20	1,395
Depreciation of ROU assets	-	50	152	-	202
Bad debts written off - trade	-	-	91	-	91
Loss allowance for receivables	-	85	195	-	280
Fixed asset written off	-	-	-	-	-
(Reversal of)/ allowance loss on inventories	93	1,801	(1,815)	-	79
Impairment loss on PPE	-	-	-	-	-
Impairment loss on ROU assets	-	-	-	-	-
Revaluation of properties	-	-	(4,223)	-	(4,223)
Gain on settlements	-	-	-	-	-
Fair value gain of financial assets at FVTPL	-	-	(118)	-	(118)

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(E) Notes to the unaudited condensed interim financial statements and full year 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:					
<u>FY2022 (unaudited)</u>					
<u>Group</u>					
Additions to PPE	52	468	21	1	542
Additions to ROU assets	-	34	-	-	34
Depreciation of PPE	52	627	1,375	16	2,070
Depreciation of ROU assets	-	51	255	-	306
Bad debts written off - trade	-	14	-	-	14
Loss allowance for receivables	-	-	175	-	175
Fixed asset written off	-	-	3	-	3
Allowance loss on inventories	51	(5)	29	-	75
Impairment loss on PPE	-	-	(215)	-	(215)
Impairment loss on ROU assets	-	-	(665)	-	(665)
Revaluation of properties	835	2,118	246	-	3,199
Fair value loss on derivative financial instruments	-	-	-	-	-
Gain on settlements	-	-	(13,667)	(2,246)	(15,913)
Fair value gain of financial assets at FVTPL	-	-	(103)	-	(103)
<u>FY2021 (audited)</u>					
<u>Group</u>					
Additions to PPE	146	1,119	98	-	1,363
Additions to ROU assets	-	65	31	-	96
Depreciation of PPE	55	648	2,230	20	2,953
Depreciation of ROU assets	-	50	396	-	446
Bad debts written off - trade	-	-	112	-	112
(Reversal of)/Loss allowance for receivables	(25)	85	1,012	-	1,072
Fixed asset written off	-	6	-	-	6
Allowance loss on inventories	98	(15)	(1,815)	-	(1,732)
Impairment loss on PPE	-	-	-	-	-
Impairment loss on ROU assets	-	-	-	-	-
Revaluation of properties	-	-	(4,223)	-	(4,223)
Fair value loss on derivative financial instruments	-	-	(46)	-	(46)
Gain on settlements	-	-	-	-	-
Fair value gain of financial assets at FVTPL	-	-	(83)	-	(83)

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

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.

<u>Group</u>	Metal	ED Coating	Commodities	Total
	Components			
	S\$'000	S\$'000	S\$'000	S\$'000
2H2022 (unaudited)				
Primary geographical markets				
Singapore	1,312	97	13,740	15,149
Malaysia	35	5,366	-	5,401
People's Republic of China	23	-	3,210	3,233
Indonesia	-	1,399	-	1,399
Japan	-	-	-	-
Korea	-	-	-	-
Philippines	-	-	-	-
Taiwan	-	-	-	-
Hong Kong	-	-	3,425	3,425
Others	-	-	-	-
	1,370	6,862	20,375	28,607
Major products/service line				
Sale of goods	1,370	-	20,375	21,475
Revenue from the provision of electro-deposition coating services	-	6,862	-	6,862
	1,370	6,862	20,375	28,607
Timing of revenue recognition				
At a point in time	1,370	6,862	20,375	28,607
2H2021 (unaudited)				
Primary geographical markets				
Singapore	-	-	16,305	16,305
Malaysia	1,497	4,360	-	5,857
People's Republic of China	-	-	-	-
Indonesia	-	1,305	-	1,305
Japan	-	-	-	-
Korea	-	-	(199)^	(199)
Philippines	-	-	2,399	2,399
Taiwan	-	-	-	-
Hong Kong	-	-	-	-
Others	-	-	29	29
	1,497	5,665	18,534	25,696

^ credit notes issued in relation to final settlement adjustment during FY2022.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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

4 Segment and Revenue Information (cont'd)

4.2 Disaggregation of Revenue (cont'd)

<u>Group</u>	Metal	ED Coating	Commodities	Total
	Components			
	S\$'000	S\$'000	S\$'000	S\$'000
2H2021 (unaudited)				
Major products/ service line				
Sale of goods	1,497	-	18,534	20,031
Revenue from the provision of electro-deposition coating services	-	5,665	-	5,665
	1,497	5,665	18,534	25,696
Timing of revenue recognition				
At a point in time	1,497	5,665	18,534	25,696

<u>Group</u>	Metal	ED Coating	Commodities	Total
	Components			
	S\$'000	S\$'000	S\$'000	S\$'000
FY2022 (unaudited)				
Primary geographical markets				
Singapore	1,312	97	17,648	19,057
Malaysia	1,903	11,259	-	13,162
People's Republic of China	23	-	3,210	3,233
Indonesia	-	2,813	-	2,813
Japan	-	-	-	-
Korea	-	-	-	-
Philippines	-	-	(3)^	(3)
Taiwan	-	-	-	-
Hong Kong	-	-	3,425	3,425
Others	-	-	-	-
	3,238	14,169	24,280	41,687
Major products/service line				
Sale of goods				
Revenue from the provision of electro-deposition coating services	3,238	-	24,280	27,518
	-	14,169	-	14,169
	3,238	14,169	24,280	41,687
Timing of revenue recognition				
At a point in time	3,238	14,169	24,280	41,687

^ credit notes issued in relation to final settlement adjustment during FY2022.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

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(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 Components S\$'000	ED Coating S\$'000	Commodities S\$'000	Total S\$'000
FY2021 (audited)				
Primary geographical markets				
Singapore	-	-	25,578	25,578
Malaysia	2,857	9,887	1,342	14,086
People's Republic of China	-	-	1,650	1,650
Indonesia	-	2,552	337	2,889
Japan	-	-	187	187
Korea	-	-	3,750	3,750
Philippines	-	-	6,693	6,693
Taiwan	-	-	364	364
Hong Kong	-	-	-	-
Others	-	-	351	351
	2,857	12,439	40,252	55,548
Major products/service line				
Sale of goods	2,857	-	40,252	43,109
Revenue from the provision of electro-deposition coating services	-	12,439	-	12,439
	2,857	12,439	40,252	55,548
Timing of revenue recognition				
At a point in time	2,857	12,439	40,252	55,548

A breakdown of sales:

		Group		Increase/ (Decrease)
		FY2022 (unaudited)	FY2021 (audited)	
		S\$'000	S\$'000	%
(a)	Sales reported for first half of year	13,080	29,852	(56)
(b)	Operating profit/(loss) after tax before deducting minority interests reported for first half year	717	(2,535)	n.m.
(c)	Sales reported for second half of year	28,607	25,696	11
(d)	Operating profit/(loss) after tax before deducting minority interests reported for second half year ^[1]	8,521	(2,994)	n.m.

^[1] Excluded gain on debts settlement of S\$15.91 million reported by the Group in 2H2022 and FY2022

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

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(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 September 2021, including their levels in the fair value hierarchy are as follows:

Group	Carrying amount				Fair value
	Amortised cost	Fair value through profit or loss	Other financial liabilities not measured at fair value		Level 2
			fair value	Total	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
30.09.2022 (unaudited)					
Trade and other receivables	5,133	-	-	5,133	-
Cash and cash equivalents	11,299	-	-	11,299	-
Financial assets at FVTPL	-	-	-	-	-
	16,432	-	-	16,432	
Loan and borrowings	-	-	9,837	9,837	-
Leases liabilities	-	-	2,179	2,179	-
Trade and other payables	-	-	10,483	10,483	-
Financial guarantee liabilities	-	-	1,077	1,077	-
	-	-	23,576	23,576	
30.09.2021 (audited)					
Trade and other receivables	6,891	-	-	6,891	-
Cash and cash equivalents	16,540	-	-	16,540	-
Financial assets at FVTPL	-	4,226	-	4,226	4,226
	23,431	4,226	-	27,657	
Loan and borrowings	-	-	21,730	21,730	-
Leases liabilities	-	-	2,609	2,609	-
Trade and other payables	-	-	25,697	25,697	-
Financial guarantee liabilities	-	-	4,308	4,308	-
	-	-	54,344	54,344	



SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

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

5 Financial Assets and Financial Liabilities (cont'd)

	Carrying amount				Fair value
	Amortised cost	Fair value through profit or loss	Other financial liabilities not measured at		Level 2
			fair value	Total	
	S\$'000	S\$'000	S\$'000	S\$'000	
Company					
30.09.2022 (unaudited)					
Trade and other receivables	4,000	-	-	4,000	-
Cash and cash equivalents	827	-	-	827	-
	4,827	-	-	4,827	
Loans and borrowings	-	-	426	426	-
Trade and other payables	-	-	5,539	5,539	-
Financial guarantee liabilities	-	-	1,077	1,077	-
	-	-	7,042	7,042	
30.09.2021 (audited)					
Trade and other receivables	-	-	-	-	-
Cash and cash equivalents	125	-	-	125	-
	125	-	-	125	
Loans and borrowings	-	-	571	571	-
Trade and other payables	-	-	6,032	6,032	-
Financial guarantee liabilities	-	-	4,308	4,308	-
	-	-	10,911	10,911	

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES
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(E) Notes to the unaudited condensed interim financial statements (cont'd)

6 Profit/(Loss) Before Income Tax

6.1 Significant Items

	Group					
	2H2022	2H2021	Change	FY2022	FY2021	Change
	(unaudited)	(unaudited)		(unaudited)	(audited)	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Bad debts written off	14	91	(85)	14	112	(88)
Loss allowance for trade receivables	163	280	(42)	175	1,072	(84)
Depreciation of:						
- PPE ⁽¹⁾	954	1,396	(32)	2,070	2,953	(30)
- ROU assets ⁽¹⁾	86	202	(57)	306	446	(31)
Employee benefits expense	4,585	4,177	10	8,836	9,680	(9)
Cost of inventories recognised as expense	13,862	25,763	(46)	22,148	43,928	(50)
Fair value loss on derivative financial instruments	-	-	-	-	(46)	(100)
Increase in fair value of financial assets at FVTPL	(51)	(83)	(39)	(103)	(83)	24
(Reversal)/Impairment loss on inventories	14	79	(82)	75	(1,732)	n.m.
Gain on disposal of plant and equipment	-	(109)	(100)	-	(38)	(100)
Loss on disposal of ROU Assets	-	82	(100)	-	82	(100)
Plant and equipment written-off	3	-	100	3	6	(50)
Reversal of impairment loss on PPE	(215)	-	100	(215)	-	100
Reversal of impairment loss on ROU assets	(665)	-	100	(665)	-	100
Impairment loss on other current assets	9	-	100	9	-	100
Net foreign exchange (gain)/loss	403	44	n.m.	324	(170)	n.m.
Financial guarantee expenses	-	4,308	(100)	-	4,308	(100)
Gain on settlement	(15,913)	-	100	(15,913)	-	100
Interest expenses	973	934	4	1,809	1,612	12
Interest income	(29)	(21)	38	(48)	(30)	60

⁽¹⁾ Included in cost of sales and administrative expenses.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

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(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			
	2H2022	2H2021	FY2022	FY2021
	(unaudited)	(unaudited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax expense				
- Current year	538	541	960	861
- Overprovision in respect of previous financial year	(15)	(47)	(15)	(47)
	523	494	945	814
Deferred tax expense				
- Origination and reversal of temporary differences	51	(118)	51	(118)
- (Under)/ Overprovision in respect of previous financial year	40	(332)	40	(332)
	91	(450)	91	(450)
Tax expense on operations	614	44	1,036	364

8 Property, Plant and Equipment

8.1 Valuation of Freehold Land and Building ("Property Assets")

The management undertook annual review of the carrying amounts of Property Assets under property, plant and equipment for indicators of impairment. Where indicators of impairment were identified, the recoverable amounts were estimated based on internal or external valuations undertaken by the Group.

The fair value of the Group's Property Assets is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy. Level 3 fair value has been derived using the comparison method and the depreciated replacement cost method of valuation to determine the fair value of the properties.

During the financial period under review, the Group reviewed the fair value of the Group's Property Assets for financial reporting purposes based on valuation report as at 30 September 2022. Accordingly, the management has assessed that the recoverable amount of the Group's Property Assets is above its carrying value and concluded that the Group's Property Assets are not impaired.

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 30.09.2022 (unaudited)		As at 30.09.2021 (audited)	
	No. of shares	S\$'000	No. of shares	S\$'000
At the beginning of the financial year	984,280,038	46,246	984,280,038	46,246
Issuance of new shares	1,750,000,000	7,000	-	-
At the end of the financial year	2,734,280,038	53,246	984,280,038	46,246

During the financial year, an aggregate of 1,750,000,000 placement shares were allotted and issued to the subscriber, Electroloy 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(iv) for more details.

As at 30 September 2022, the Proposed Subscriptions for Jiangmenshi and Mr. Di to subscribe 503,750,000 new ordinary shares for an aggregate cash consideration of S\$2.02 million was subject to approval of the State Administration of Foreign Exchange and the People's Bank of China for the remittance of the Proposed Subscriptions, as announced by the Company on 30 October 2022.

The Company does not hold any treasury shares as at 30 September 2022 and 30 September 2021.

The Company does not hold any subsidiaries holdings as at 30 September 2022 and 30 September 2021.

The Company did not have any outstanding options or convertible securities as at 30 September 2022 and 30 September 2021

10 Loans and borrowings

	Group		Company	
	As at 30.09.2022 (unaudited) S\$'000	As at 30.09.2021 (audited) S\$'000	As at 30.09.2022 (unaudited) S\$'000	As at 30.09.2021 (audited) S\$'000
	Secured			
Bank overdrafts	-	141	-	-
Loan	7,683	5,381	426	571
Trade bills	2,154	16,208	-	-
	9,837	21,730	426	571
Classified as:				
- Current	4,038	21,153	426	571
- Non-current	5,799	577	-	-
	9,837	21,730	426	571

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.

Please refer to Section E, Note 11 for the developments subsequent to year end.

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) Application of Subscriptions of new shares by Investors

Following the completion of the Proposed Subscription with Jiangmenshi and Mr. Di as mentioned in Section E, Note 1.1(iv), the Company has subsequently 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\$55.26 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.

(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. The bank borrowings were secured by the following:

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

Pursuant to the Schemes, 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 amounted to S\$0.44 million comprising of interest charges and miscellaneous charges of approximated to S\$15,000. As at the date of this announcement, the Group is in the progress of discharging mortgage pledged over a freehold land and building of a subsidiary.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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

OTHER INFORMATION

1 Review

The unaudited condensed consolidated statement of financial position of Sen Yue Holdings Limited and its subsidiaries as at 30 September 2022 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 six-month period then ended 30 September 2022 and certain 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 former independent auditor, Crowe Horwath First Trust LLP (“**Crowe**”), has issued a disclaimer of opinion on the consolidated financial statements of the Group for the financial year ended 30 September 2021. The basis for the disclaimer of opinion was in relation to the following:

- (i) *Opening balances – Sales/purchase transactions with certain customers/ suppliers*
- (ii) *Revenue and cost of sales*

The disclaimers of opinion were relating to legacy issues carried forward.

During the financial year ended 30 September 2020, the Company has engaged Foo Kon Tan Advisory Services Pte Ltd (“**FKT**”) to conduct an independent review in relation to the concerns raised in respect of potential relationships that the former Executive Chairman of the Company, Mr. Koh Mia Seng (“**Mr. Koh**”), may have interested party transaction with the Group. FKT disclosed in its report the high risk that some transactions between SMCI, a wholly-owned subsidiary of the Company, and the seven identified companies (“**Identified Entities**”) were interested person transactions and were not conducted on an arms’ length basis and/or may not be bona fide.

The Company has since ceased dealing with the Identified Entities and has discontinued the non-ferrous metal trading business.

- (iii) *Ongoing investigation*

In view of FKT’s recommendation and as disclosed in the Company’s announcement on 27 January 2021, the Company filed a report with the Commercial Affairs Department (“**CAD**”) in relation to the matters highlighted by FKT. As at the date of this announcement, the investigation of CAD is still in progress. For more information, please refer to the Company’s announcement dated 27 January 2021.

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)

1 Review (cont'd)

1.1 (a) Updates on the efforts taken to resolve each outstanding audit issue (cont'd)

(iv) Joint venture ("JV") arrangement

SMCI has engaged a legal advisor to advise the Board on the above matter and will update shareholders on the same in due course. Electroloy, being one of the parties to the tripartite JV agreement, has become the major corporate shareholder of the Group following the completion of the subscription agreement. Consequently, re-negotiation of the terms to the JV agreement between SMCI and Electroloy may subject to shareholders' approval via general meeting.

As at the date of this announcement, the construction of the smelting facility has been suspended since FY2021.

(v) Existence, valuation and completeness of inventories

The disclaimer of opinion was in relation to inventories reported by SMCI.

Crowe was appointed as statutory auditors via the extraordinary general meeting held on 21 July 2022. Despite that Crowe attended the full inventories count exercise of SMCI on 3 October 2022, it was impractical for the management to perform alternative procedures to validate the inventory quantities as at 30 September 2021 due to constraint caused by substantial time lapse from the balance sheet date to the date of the date of physical inventories count. Moreover, Crowe was not granted access to the audit working papers of the predecessor auditor.

Cost of finished goods and work-in-progress goods includes an appropriate share of production overheads and labour cost based on normal operation capacity. As disclosed in Note 12 to the financial statement of Annual Report 2021, the carrying amount of the finished goods balance was S\$12,000 and hence, the cost of conversion of finished goods was believed to be immaterial and hence was not included in the cost of finished goods.

Allowance for inventories obsolescence amounting to S\$1.73 million were reversed after the management's review of sales transactions during the financial year under audit and concluded that they had been either over-provided or realised during the financial year ended 30 September 2021. The management has also assessed and concluded that the provision for inventory obsolesces was not necessary based on the review of sales transactions subsequent to the financial year where the inventories were sold above their carrying amounts. The management will assess the valuation of the inventories in accordance with SFRS(I) 1-2 *Inventories* on an ongoing basis and will make necessary provision, if necessary.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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

1 Review (cont'd)

1.1 (a) Updates on the efforts taken to resolve each outstanding audit issue (cont'd)

(vi) *Valuation and impairment assessment of non-financial assets*

(a) *Valuation of leasehold factory building ("Leasehold Factory")*

The disclaimer of opinion was in relation to Leasehold Factory held by SMCI at 3 Jalan Pesawat Singapore 619361.

Management has engaged an independent valuer to determine the fair value of the Leasehold Factory which is required to be revalued based on the Group's accounting policy. As at 30 September 2021, the balance tenure of the Leasehold Factory was 6.25 years and it was further understood that the lease extension after the expiry of the existing term is highly unlikely as Jurong Town Corporation may have redevelopment plans for the vicinity. Due to the nature of the lease and relatively shorter balance tenure lease, the management has reviewed the valuation model and concurred that basis and assumptions used by the certified valuer are appropriate.

(b) *Impairment assessment of PPE and ROU assets*

An asset is impaired when its carrying amount exceeds its recoverable amount. The management assessed the indication of impairment in accordance with para 12 – 14 of SFRS(I) 1-36 *Impairment of Assets* and concluded that the carrying amount of the PPE and ROU recorded by SMCI were lower than its recoverable amount. Hence, no further impairment losses were provided for PPE and ROU.

The management must act prudently in respect of any reversal of impairment losses for PPE and ROU. As disclosed in Note 5 to the financial statement of Annual Report 2021, there was lack of strong indicators suggesting the impairment loss already provided in the book may have partly or fully reversed or to determine an appropriate amount of reversal to be recognised in the profit and loss.

As evident in this announcement, SMCI has turned around to get back into the black with good amount of waste supplies to be processed, while making good progress to normalcy. Accordingly, the management has revised its estimates used in the discounted future cashflow and determined that the recoverable amount of plant and equipment and ROU assets through value in use is higher than its carrying amount had no impairment loss been recognised in prior periods. As disclosed in Section E, Note 2.3(a), a reversal of impairment loss of S\$0.32 million and S\$0.66 million was made for in respect of the Group's plant and equipment and ROU assets respectively in FY2022.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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

1 Review (cont'd)

1.1 (a) Updates on the efforts taken to resolve each outstanding audit issue (cont'd)

(c) Impairment assessment of investment in subsidiaries

Management provided additional impairment losses for cost of investment in dormant subsidiaries which are not cash-generating units and some with negative net tangible assets (“NTA”) in FY2021. Accordingly, management believed that the recoverable amount of the respective investment in subsidiaries was close to the NTA reported by the respective subsidiaries. Hence, the management assessed that it was appropriate to determine impairment losses with respect to cost of investment based on net assets approach.

In tandem with the increase in valuation of a leasehold property held by a dormant subsidiary, the recoverable amount of the investment in the subsidiary has increased correspondingly. The management has determined that the recoverable amount of the investments subsidiaries is higher than its carrying amount and hence, recorded a reversal of an impairment of S\$0.58 million, as disclosed in Section E, Note 2.3(b).

(vi) Going concern assumption

Please refer to Section E, Note 2.4 for explanation on going concern assumptions.

- (b) The Board of refers to the outstanding audit issues in relation to JV arrangement. Due to inconsistent understanding of the JV arrangement amongst the parties and different interpretation to the terms of the JV agreement, the Company is unable to determine an appropriate accounting treatment to account for the transactions in relation to the JV arrangement. Consequently, the Company and the Board are unable to determine whether adjustments to the accompanying financial statements might be necessary in respect of this matter. In light of the foregoing, the Board is unable to determine whether the financial statements of the Group were fairly presented.

Save as disclosed, the Board confirm that, to the best of their knowledge, the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

2(a) Income Statement

(i) Revenue, cost of sales and gross profit

2H2022 vs 2H2021

	Revenue		
	2H2022	2H2021	Change
	(unaudited)	(unaudited)	
S\$'000	S\$'000	%	
Metal Components	1,394	1,497	(7)
ED Coating	7,367	5,827	26
Commodities	20,375	18,533	10
Inter-Segment Elimination	(529)	(161)	n.m.
	28,607	25,696	11

The Group's revenue increased by S\$2.91 million or 11%, from S\$25.70 million for 2H2021 to S\$28.61 million in 2H2022. On the back of general improvement in overall business activities amidst the COVID-19, ED Coating revenue increased by S\$1.54 million or 26% from S\$5.83 million in 2H2021 to S\$7.37 million in 2H2022. Following the discontinuation of the non-ferrous metal trading business, the Commodities segment transitioned its operation in 2H2022 to lithium battery recycling business and achieved slight increase in revenue of S\$1.84 million or 10% from S\$18.53 million in 2H2021 to S\$20.38 million in 2H2022.

Cost of sales decreased by S\$3.60 million or 21% from S\$17.45 million in 2H2021 to S\$13.86 million in 2H2022 mainly due to decrease in lower labour cost as a result of reduced head count.

Depreciation expense decreased by S\$0.44 million or 32%, from S\$1.34 million in 2H2021 to S\$0.95 million in 2H2022, mainly due to downward revaluation adjustment on cost of a leasehold properties made in last financial year as at 30 September 2021.

In tandem with lower carrying amount of ROU assets as at beginning of the financial year as compared to FY2021, depreciation of ROU assets decreased by S\$0.12 million or 57% from S\$0.20 million in 2H2021 to S\$86,000 in 2H2022.

As a result, the Group's gross profit increased from S\$8.24 million in 2H2021 to S\$14.75 million in 2H2022, the gross profit margin reported by the Group improved by 19.5 percentage point from 32.1% in 2H2021 to 51.5% in 2H2022.

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)

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

2(a) Income Statement (cont'd)

(ii) Revenue, cost of sales and gross profit (cont'd)

FY2022 vs FY2021

	Revenue		
	FY2022 (unaudited)	FY2021 (audited)	Change
	S\$'000	S\$'000	%
Metal Components	3,262	2,872	14
ED Coating	15,315	13,983	10
Commodities	24,280	40,252	(40)
Inter-Segment Elimination	(1,170)	(1,559)	(25)
	41,687	55,548	(25)

The Group reported a decline in revenue by S\$13.86 million or 25%, from S\$55.55 million in FY2021 to S\$41.69 million in FY2022. Revenue from Commodities segment decreased by \$15.97 million or 40%, mainly attributable to the impact of (i) judicial management order placed on SMCI; and (ii) the discontinuation of SMCI's trading of non-ferrous metal business in first half year of FY2022. The decrease in revenue was cushioned by the increase in revenue contribution from the Metal Components and ED Coating segments on the back of general improvement in overall business activities.

Depreciation expense decreased by S\$0.88 million or 30%, from S\$2.95 million in FY2021 to S\$2.07 million in FY2022, mainly due to downward revaluation adjustments on cost of leasehold properties made in last financial year as at 30 September 2021, offset by impact of additions of plant and equipment in FY2022.

In tandem with decrease in ROU assets recorded in the beginning of the financial year as compared to FY2021, depreciation of ROU assets decreased by S\$0.14 million or 31% from S\$0.45 million in FY2021 to S\$0.31 million in FY2022.

In tandem with the decrease in revenue, coupled with decrease in lower labour cost and other overheads cost attributable to discontinuation of non-ferrous metal trading business, cost of sales decreased by S\$21.78 million or 50%, from S\$43.93 million in FY2021 to S\$22.15 million in FY2022.

As a result, the Group's gross profit increased from S\$11.62 million in FY2021 to S\$19.54 million in FY2022, the gross profit margin reported by the Group improved by 26.0 percentage point from 20.9% in FY2021 to 46.9% in FY2022.

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

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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

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

2(a) Income Statement (cont'd)

(i) Other operating income

2H2022 vs 2H2021

Other operating income increased by S\$0.73 million or 270% from S\$0.27 million in 2H2021 to S\$1.00 million in 2H2022, mainly due to (i) reversal of impairment losses for PPE and ROU assets for an aggregate amount of S\$0.99 million provided in prior financial periods as mentioned in Section E, Note 2(a); (ii) increase in fair valuation gain in financial assets of S\$20,000, partially offset by (i) decrease in other income of S\$0.18 million from lower amount of Job Support Scheme and foreign worker levy rebate ("**Government Grants**") received in 2H2022 and (iii) impairment loss provided for plant and equipment in 2H2022 of S\$0.11 million.

FY2022 vs FY2021

Other operating income increased by S\$0.28 million or 33% from S\$0.86 million in FY2021 to S\$1.14 million in FY2022, mainly due to above-mentioned reversal of impairment losses amounted to S\$0.99 million, partially offset by (i) decrease in Government Grants of S\$0.30 million received by the Company in FY2022; (ii) absence of foreign exchange gain due to weakening of United States Dollar against Singapore Dollar (FY2021: foreign exchange gain of S\$0.17 million) and (iii) impairment loss provided for plant and equipment in FY2022 of S\$0.11 million.

(ii) Gain on debts settlement

As at the date of this Announcement, the Group and the Company had completed first tranche of the Schemes and is making substantial progress into completion of the remaining tranche of the Schemes, the realisation of such gain is assessed to be virtually certain. Accordingly, the unaudited condensed interim financial statements of FY2022 have been adjusted to include gain on debts settlement approximate to S\$15.91 million after taking into account of the reversal for overprovision of interest charges of S\$2.67 million, offset by the fair value of four keymen insurance policies of S\$4.33 million as at 30 September 2022 assigned to a principal lender.

Please refer to Section E, Note 2.2 of this announcement for further details.

(iii) Other operating expenses

Other operating expenses reported by the Group of S\$6.38 million in 2H2021 referred to (i) accounting for financial guarantee claims by the Company arising from being a corporate guarantor for the banking facilities extended by its principal lenders to SMCI at an aggregate amount of S\$4.31 million pursuant to the Schemes, and (ii) recognition of expenses admitted by judicial managers of S\$2.18 million previously not recorded by the Group. No such expenses were recorded in 2H2022. Correspondingly, the group recorded a decrease in operating expenses of S\$6.12 million or 96% in 2H2022 and a decrease in operating expenses of S\$6.14 million of 95% in FY2022 respectively.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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

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

2(a) Income Statement (cont'd)

(iv) Distribution expenses

In tandem with the discontinuation of non-ferrous metal trading business in the Commodities segment, distribution expenses decreased by S\$0.13 million or 61%, from S\$0.21 million in 2H2021 to S\$83,000 million in 2H2022. Correspondingly, the total distribution expenses decreased by S\$0.40 million or 66% from S\$0.60 million in FY2021 to S\$0.20 million in FY2022.

(v) Administrative expenses

The Group's administrative expenses increased by S\$1.57 million or 44% from S\$3.55 million in 2H2021 to S\$5.12 million in 2H2022, mainly due to increase in professional fees relating to interim judicial management and judicial management order of S\$1.12 million and general increase in other administrative expenses.

The administrative expenses remained at similar level for FY2022 and FY2021.

(vi) Impairment loss recognised on financial assets

Impairment loss recognised on financial assets decreased by \$0.22 million or 55% in 2H2022 and decreased by S\$1.00 million or 84% for FY2022. As disclosed in the Company's Annual Report 2021, the impairment loss recognised on financial assets reported by the Group in FY2021 amounted to S\$0.93 million was mainly provided for suspected interested party transactions between SMCI and customers suspected to be indirectly controlled by Mr. Koh, as identified by FKT. No such provision was provided for in 2H2022 and FY2022.

(vii) Income tax expenses

In tandem with higher profits recorded by ED Coating segment, income tax expense increased by S\$0.57 million in 2H2022 and S\$0.67 million in FY2022 respectively.

The income tax assessment for Commodities segment was prepared on the assumption that the Group will be able to utilise unabsorbed tax losses brought forward to offset operating profits and gain on debts settlement recognised in FY2022.

(viii) Profit/ (loss) for the six months and full year

As a result of the aforementioned, the Group reported net profit of S\$24.43 million for 2H2022 as compared to net loss of S\$2.99 million for 2H2021. Correspondingly, the Group reported net profit of S\$25.15 million in FY2022, as compared to net loss of S\$5.53 million in FY2021.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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

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

2(b) Statement of financial position

As at 30 September 2022, the Group recorded positive working capital of S\$15.70 million (30 September 2021: negative S\$21.93 million) and basic net asset value per share of 1.18 Singapore cents (30 September 2021: negative 0.21 Singapore cents).

The Board believes that the use of the going concern assumption in the preparation for unaudited financial statements for FY2022 is appropriate. Please refer to Section E, Note 2.4 for explanation on going concern assumptions.

(i) Non-current assets

Non-current assets increased by S\$2.51 million or 11%, from S\$23.87 million as at 30 September 2021 to S\$26.38 million as at 30 September 2022, mainly due to increase in PPE and ROU assets.

PPE increase from S\$22.04 million as at 30 September 2021 to S\$24.16 million as at 30 September 2022 mainly due to (i) upward revaluation of properties of S\$4.06 million for leasehold and freehold properties held by the Group in Malaysia; (ii) net reversal of impairment loss of S\$0.22 million as disclosed in Section E, 2(a); and (iii) purchase of plant and equipment of S\$0.54 million, partially offset by depreciation charges of PPE amounted to S\$2.07 million.

As disclosed in Section E, 2(a), ROU assets increase from S\$1.78 million as at 30 September 2021 to S\$2.18 million as at 30 September 2022 mainly due to reversal of impairment loss amounted to S\$0.67 million, offset by depreciation charges of S\$0.31 million recorded in FY2022.

(ii) Current assets

Current assets increased by S\$1.89 million or 6%, from S\$29.81 million as at 30 September 2021 to S\$31.70 million as at 30 September 2022, mainly due to increase in trade and other receivables and inventories, offset by decrease in cash and bank balances and financial assets at fair value through profit or loss.

Trade and other receivables increased by S\$5.52 million or 77% from S\$7.20 million as at 30 September 2021 to S\$12.73 million as at 30 September 2022, mainly due to prepayment for waste supplies of S\$6.87 million under the tripartite agreement, offset by decrease in trade receivables of S\$1.55 million as a result of decrease in revenue.

Inventories increased by S\$5.83 million or 317%, from S\$1.84 million as at 30 September 2021 to S\$7.67 million as at 30 September 2022, mainly due to increase in e-waste finished goods of S\$5.91 million.

As mentioned in Section E, Note 11, the fair value of keymen insurance policies accounted as financial assets at fair value through profit or loss has been assigned to a principal lender as the parties entered into the Restructured Facility Agreement pursuant to the Schemes. Accordingly, the fair value of keymen insurance policies approximating to S\$4.33 million as at 30 September 2022 has been offset with total outstanding loan and borrowings due to the principal lender.

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 (cont'd)

(ii) Current assets (cont'd)

Cash and bank balances decreased from S\$16.54 million as at 30 September 2021 to S\$11.30 million as at 30 September 2022. Please refer to Section F, Note 2(c) below on statement of cash flows for explanations on the decrease in cash and cash equivalents of the Group.

(iii) Current liabilities

The Group recorded a decrease in current liabilities by S\$35.74 million or 69%, from S\$51.74 million as at 30 September 2021 to S\$16.00 million as at 30 September 2022, mainly due to decrease in trade and other payables, loans and borrowings and financial guarantee liabilities.

Following the partial implementation of the Schemes and the completion of subscriptions agreement with Investors as mentioned in Section E, Note 1.1(iv), the Group recorded the extinguishment of liabilities under the Schemes on the basis that the present obligation of the Company pursuant to the Schemes has been confirmed and the completion of the Schemes is assessed to be virtually certain.

Trade and other payables decreased by S\$15.21 million or 59% from S\$25.58 million as at 30 September 2021 to S\$10.38 million as at 30 September 2022, mainly due to (i) repayment of First Tranche of Scheme Payment amounting to S\$3.36 million; (ii) recognition of extinguishment of liabilities under the Schemes approximating S\$9.09 million; and (iii) repayment of outstanding amount due to excluded creditor approximating S\$4.48 million.

Financial guarantee liabilities decreased by S\$3.23 million or 75% due to repayment of First Tranche of Scheme Payment of S\$1.08 million and the recognition of extinguishment of liabilities under the Schemes of S\$2.15 million.

Loans and borrowings registered a decrease of S\$17.12 million or 81% from S\$21.15 million as at 30 September 2021 to S\$4.04 million as at 30 September 2022, mainly due to (i) repayment of First Tranche of Scheme Payment amounting to S\$2.30 million; (ii) repayment of S\$1.20 million upon execution of Restructured Facility Agreement as mentioned in Section E, Note 11(ii) and the reclassification of non-current term loan from current liabilities to non-current liabilities amounting to S\$5.33 million; (iii) repayment of secured borrowing through the assignment of four keymen insurance policies at fair value of S\$4.33 million; and (iv) recognition of extinguishment of liabilities under the Schemes approximating S\$4.67 million.

Please refer to Section E, Note 1.1(iii) of this announcement for further details about the Schemes.

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 (cont'd)

(iv) Non-current liabilities

The Group recorded an increase in non-current liabilities by S\$5.74 million or 144%, from S\$3.98 million as at 30 September 2021 to S\$9.72 million as at 30 September 2022, mainly due to increase in loan and borrowings and deferred tax liabilities, offset by decrease in lease liabilities.

The increase in loan and borrowings of S\$5.22 million was attributable to non-current portion of Restructured Facility Agreement of S\$5.33 million being reclassified from current liabilities to non-current liabilities, as mentioned in Section F, Note 2b(ii).

Deferred tax liabilities increase from S\$1.18 million as at 30 September 2021 to S\$2.09 million as at 30 September 2022 mainly due to deferred tax impact arising from upward revaluation of properties located in Malaysia amounted to S\$4.06 million.

Lease liabilities comprised finance leases and ROU liabilities, decreased from S\$2.12 million as at 30 September 2021 to S\$1.73 million as at 30 September 2022, mainly due to reclassification of current portion of lease liabilities from non-current liabilities to current liabilities as Company repaid its lease liabilities in FY2022.

2(c) Statement of cash flows

Net cash used in operating activities in FY2022 was S\$6.46 million. This was mainly due to (i) decrease in trade and other receivables of S\$5.47 million; (ii) increase in inventories of S\$5.91 million; (iii) decrease in trade and other payables of S\$7.77 million; and (iv) payment for tax expense of S\$1.09 million, offset by (v) profit before changes in working capital of S\$13.77 million.

Net cash used in investing activities in FY2022 was S\$0.49 million, mainly due to purchase of plant and equipment of S\$0.54 million, offset by interest income of S\$48,000.

Net cash generated from financing activities in FY2022 was S\$1.69 million, mainly due to (i) repayment of lease liabilities of S\$0.47 million; (ii) interest paid to financial institutions of S\$0.17 million; (iii) repayment of bank loans of S\$3.60 million; (iv) repayment of financial guarantee liabilities of S\$1.08 million, offset by (v) proceeds from issuances of shares of S\$7.00 million.

As a result, the Group used cash and cash equivalents of S\$5.26 million in FY2022. The cash and cash equivalents as at 30 September 2022 amounted to S\$11.26 million.

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

The unaudited condensed interim financial statements for the full year ended 30 September 2022 set out in this announcement are in line with the business operations and financial performance update announcement released by the Company on 15 February 2023.

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)

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 Group's core businesses segments comprising ED Coating, Metal Component and Commodities, offer different products, solutions and services. Currently, these business operations are managed independently as they are specialised in their niche sector along the metallurgical value chain.

The global lithium-ion battery recycling market size was valued at US\$4.6 billion in 2021 and is projected to reach USD22.85 billion by 2030, growing at CAGR 19.6% from 2021 to 2023, mainly fuelled by global demand for electric vehicles. Major electric vehicle battery manufacturers include LG Chem and Panasonic³. As mentioned in the results announcements released on 15 November 2022 and 27 January 2023, the Commodities segment revenue from non-ferrous metal trading business was subject to fluctuations in commodities prices and the Group may, from time to time, incur losses due to lack of holding power. Hence, the Group decided to discontinue the non-ferrous trading business. Under the Commodities segment, the Group now focuses on developing its E-Waste Management business. Due to limited capacity and resources, the Group currently focuses on collecting and recycling lithium-ion batteries and has achieved commendable results. Moving forward, the Group will continue its effort in developing E-Waste Management business with international partners and investors whom have shown interest in our hand-on and know-how.

Nonetheless, the Group will remain a cautious outlook for the Commodities segment in the next 12 months, mainly due to:

1. Cobalt has reported a decline in price by US\$16,265 per tonne or 31.3%, from US\$51,955 per tonne as at 30 September 2022 to S\$35,690 per tonne as at 14 February 2023 and is expected to trade at US\$35,448 per tonne in 12 months time⁴. Corresponding to lower estimated trade price for Cobalt, coupled with increasing market competitiveness in E-Waste recycling industry over time, the Group anticipates that margins in the Commodities segment may decline.
2. A substantial amount of Group's revenue and bank balances are denominated in United State Dollars ("USD") which may expose the Group to foreign currency risk, despite the risk may be mitigated by natural hedge. The USD has dropped 7.6% against Singapore Dollar from US\$1.00 approximated to S\$1.438 as at 30 September 2022 to S\$1.328 as at 14 February 2023.

The Group's ED Coating business segment has secured a stable position in the a automotive market. The Group currently maintains a cluster of customers and established good reputation in the market. The Group is undergoing commissioning and certification for its new hot dip zinc galvanizing line. As we envisage the certification process may encounter delay, this may have an adverse impact on the financial performance of the Group's ED Coating segment due to increase in overhead expenses to keep the hot dip zinc galvanising line operating. Further update will be provided as and when appropriate.

³ <https://www.marketsandmarkets.com/Market-Reports/lithium-ion-battery-recycling-market-153488928.html#:~:text=The%20global%20lithium%20battery,19.6%25%20from%202021%20to%202030.>

⁴ <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)

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 FY2022 as it is crucial for the Company to preserve cash to fulfil its obligation under the Schemes.

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 transaction.

There were no interested person transactions conducted under the IPT Mandate pursuant to Rule 920 that were more than S\$100,000 in FY2022

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 Review of the performance of the Group – turnover and earnings

Please refer to Section F, Note 2(a) of this announcement.

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)

9 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) of the Catalist Rules

There is no relative of a director or chief executive officer or substantial shareholder of the issuer occupying a managerial position in the issuer or any of its principal subsidiaries pursuant to Rule 704(13) of the Catalist Rules.

10 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 during FY2022.

ORDER OF THE BOARD

SEN YUE HOLDINGS LIMITED

Yap Meng Sing
Executive Chairman and CEO

Singapore
23 February 2023