SEN YUE HOLDINGS LIMITED

Registration Number 200105909M
(Incorporated in Singapore)

CESSATIONS OF MR LIEW NYOK WAH AS EXECUTIVE DIRECTOR AND MR NEO GIM KIONG AS CHIEF EXECUTIVE OFFICER

– SUPPLEMENTAL DISCLOSURES TO CESSATION ANNOUNCEMENTS DATED 4 OCTOBER 2022

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1. The Board of Directors ("**Board**") of Sen Yue Holdings Limited ("**Company**" and together with its subsidiaries, "**Group**") refers to the Company's announcement dated 4 October 2022 in respect of the cessations of Mr Liew Nyok Wah ("**Mr Liew**") as executive director and Mr Neo Gim Kiong ("**Mr Neo**") as chief executive officer of the Company.

2. The following outstanding matters have been cited by Mr Liew and Mr Neo in the aforesaid announcements:

   Mr Liew

   (a) On the issue with regard to National Environment Agency ("NEA"), there appears to have been an inconsistent classification of goods to NEA. The matter has been highlighted to NEA who is reviewing the matter. Despite numerous requests for correspondences between SMC Industrial Pte Ltd/JM and NEA, such correspondences were not provided. Mr Liew was therefore forced to seek clarifications from NEA.

   (b) There was sales of goods instructed by the JM which did not follow the company's protocols. Queries on the compliance of the protocols were not answered. The financial impact has not been ascertained due to the non-compliance.

   (c) The profitability of the Group and Group companies were not disclosed. This profitability may have positively affected the net asset value of the Group and the issue price of the new shares, as well as having other potential investors. Concerns were raised to the JM and the Sponsor ahead of the due diligence by the white knight (Electroloy Metal Pte Ltd), that there could be potential breaches to Section 218 of the Securities and Futures Act 2001 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 advisor's ("IFA") before the Extraordinary General Meeting ("EGM") on 21 July 2022.

   This is because even if the shares were suspended, 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.

   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 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.

   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.

   (d) Some matters which were highlighted in the Independent Foo Kon Tan Report remained outstanding with no follow up, including the issues regarding the JV agreement and smelter.

(e) The Company/JM have not complied with the Notice of Compliance issued by SGX for the period from 1 May 2021 to 20 July 2022.

Mr Neo

(f) SYH Resources Pte Ltd ("SYHR") received a letter of demand ("LOD") from SMC Industrial Pte Ltd ("SMC") in August 2021 for outstanding amounts allegedly payable by SYHR to SMC for (i) invoices issued by SMCI to SYHR for the sale of aluminium foil with cobalt and cobalt powder, and (ii) the profit-sharing arrangement for the supplies from a supplier. Please refer to the announcement dated 25 August 2021 for further details of the LOD.

Mr Neo disagrees with the grounds for the LOD which primarily arose from the sales of goods between SMC and SYHR. Such sales process commenced under the previous management during the time when the special accountant was already appointed by SMC. No resolution was reached with regard to the LOD.

Subsequently, a tripartite agreement was signed between SYHR, SMC and the supplier. As part of the agreement, the supplier will be repaid in full all the debts owing to the supplier based on a certain formula. There is currently no resolution between SYHR and SMC on the LOD. Both companies have agreed that the LOD will be put on hold as long as the tripartite agreement continues. If there is any issue with the agreement or payments, the 2 companies will then go for mediation or other form of dispute resolution.

The tripartite agreement signed between SMC, SYHR and the supplier significantly contributes positively to the profits of SMC, SYHR and the Group, as both companies are 100% owned by the Company.

Mr Neo has suggested to the Company to commission a review to obtain the factual sequence of events and documents leading to the tripartite agreement, in light of the above circumstances.

(g) On the smelter JV, the matter is still outstanding pending resolution as recommended in the Foo Kon Tan Report.

3. As announced by the Company on 19 August 2022, the JM Orders have been discharged in respect of the Company and SMC with effect from 17 August 2022.

4. Notwithstanding, as the matters cited pertained to the period during which the JM Orders were in place, the JM has requested to respond, which responses (in the same sequential order) are set out below for the information of shareholders:

(a) The JM had responded robustly to disagree that there was any issue on the classification of goods to NEA, and highlighted that they had previously and on 30 June 2022 already responded to Mr Liew on this allegation, and for good measure, copied NEA in its response. The JM had even invited NEA to visit the premises of SMC, to help address any queries of NEA. The matter had then concluded when NEA on 16 August 2022 confirmed that they had found no violations whatsoever.

(b) The JM strongly disagree that there was any non-compliance with protocols in the sale of goods by the Company. They had previously and on 16 March 2022 already responded to these allegations made by Mr Liew.

The JM would further reiterate sternly that they had at all times acted reasonably and within their powers, taking into account all relevant considerations and circumstances.

(c) The JM had on 21 July 2022 at the Company's EGM provided its response, and shareholders may refer to the responses to questions received at the EGM as announced by the Company on 4 August 2022.

As previously stated, the JM must act prudently in respect of any disclosure of information of the Group, particularly financial information. Neither the Group nor all its subsidiaries' accounts have been audited subsequent to FY2020.

Any announcements of the consolidated financial statements of the Group can only be made after ensuring they are materially accurate, and relevant assurance have been received from the accounting personnel and professionals of the Group.

Shareholders can also refer to the IFA opinion to determine the factors which have been considered and evaluated.

The JM firmly disagrees with Mr Liew's allegation relating to Section 218 of the SFA, which it considers irrelevant. The JM will however leave it to the board to decide if it is relevant at all for the board to seek legal advice on this alleged issue, as recommended by Mr Liew.

(d) Matters raised in the FKT Report are pending investigations by the Commercial Affairs Department, and the JM is not in a position to comment on the status of such investigation.

The Company has also previously announced that the JV agreement relating to the smelter has been put on hold, pending discussions and decision by the new controlling shareholder, Electroloy Metal Pte. Ltd. ("Electroloy").

(e) The JM is not aware of any non-compliance with the Notice of Compliance issued by the SGX-ST.

(f) The new controlling shareholder, Electroloy, has been amply briefed by the JM on the tripartite agreement. The JM would further observe that the Company has control over both SMC and SYHR.

In this context, the JM thoroughly disagrees with Mr Neo. The JM will however leave it to the board to decide if it is relevant for the board to commission such a review.

(g) Already responded to in (d) above.

BY ORDER OF THE BOARD

YAP MENG SING
Executive Chairman
4 October 2022

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*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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