Our Ref: REG/LC/GT/SH/NOC-SYHL

18 June 2020

The Board of Directors
Sen Yue Holdings Limited
3 Jalan Pesawat
Singapore 619361

Dear Sirs,

NOTICE OF COMPLIANCE (THE "NOTICE")

SEN YUE HOLDINGS LIMITED
("SEN YUE" OR THE "COMPANY", TOGETHER WITH ITS SUBSIDIARIES, THE "GROUP")

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1. Singapore Exchange Regulation ("**SGX RegCo**" or the "**Exchange**") refers to the Company's following SGXNet announcements:

(a) Dated 21 April 2020 (Announcement Reference No: SG200421OTHRHBXR) titled "*Requisition Notice to Convene EGM under Section 176*";

(b) Dated 27 April 2020 (Announcement Reference No: SG200427OTHRVVYQ) titled "*Response to SGX Queries*";

(c) Dated 29 April 2020 (Announcement Reference No: SG200429OTHR4NDP) titled "*Response to SGX Queries*";

(d) Dated 4 May 2020 (Announcement Reference No: SG200504SUSPR5X3) titled "*Request for Suspension*";

(e) Dated 22 May 2020 (Announcement Reference No: SG200522OTHRO9XS) titled "*Response to SGX Queries*";

(f) Dated 25 May 2020 (Announcement Reference No: SG200525XMETE087) titled "*Extraordinary / Special General Meeting*";

(g) Dated 29 May 2020 (Announcement Reference No: SG200529OTHR0HX3) titled "*Response to SGX Queries*"); and

(h) Dated 18 June 2020 (Announcement Reference No: SG200618OTHRB7KP) titled "*Update on Independent Review*")

(collectively, the "**Announcements**").

2. Requisition Notice & Trading Suspension

2.1 On 21 April 2020, the Company's Chairman and controlling shareholder, Mr Koh Mia Seng ("**Mr Koh**") sent a requisition notice to the Company's Board of Directors (the "**Board**") (the "**Requisition Notice**") to:

(i) remove the entire Board with the exception of Independent Non-Executive Director Mr Lau Yan Wai (who was newly appointed in Dec 2019); and

(ii) appoint two new Independent Non-Executive Directors.

2.2 On 29 April 2020, the Company called for a trading halt as its wholly-owned subsidiary, SMC Industrial Pte Ltd ("**SMCI**") received a letter of demand from a bank, which was subsequently withdrawn upon full repayment by SMCI.

2.3 On 4 May 2020, the trading halt was converted into a voluntary trading suspension as the Audit Committee ("**AC**") needed to review SMCI's financial position and consequently, the Group's ability to operate as a going concern. The AC had commissioned its internal auditors, Foo Kon Tan Advisory Services Pte Ltd ("**FKT**") to review, amongst others, aging and collectability of SMCI's outstanding accounts receivables.

2.4 The requisitioning member, Mr Koh, who holds 37.5% of the total shareholding of the Company, requested the Company to convene an EGM on 23 June 2020, pursuant to Section 176 of the Companies Act, Chapter 50 of Singapore.

2.5 In response to the Exchange's queries, Mr Koh and the other Executive Directors alluded to differences in opinion on management and strategic direction of the Group that led to the Requisition Notice.

3. Independent Review

3.1 On 22 May 2020, the Company announced in response to the Exchange's queries that the Company had received two feedback raising the following concerns: (i) that employees will not be paid; and (ii) potential relationships that Mr Koh may have with the Group's customers.

3.2 For feedback (i), the AC had concluded the allegation to be unsubstantiated based on findings by FKT as no late payment to employees was noted. As for feedback (ii), the AC has further commissioned FKT to conduct an independent review, which as of to-date, is ongoing (the "I**ndependent Review**").

3.3 On 18 June 2020, the Company announced the interim findings which indicated existing or close relationship between Mr Koh and certain customers of SMCI.

FKT also noted long credit repayment period, sales with low/negative margins, supplier-customer relationship and expressed concerns on the validity of sales to certain customers, and whether the sales are conducted at arm's length. FKT's findings also raises doubts about the collectability of the debts due from certain of these customers.

3.4 In light of the current findings above, the AC has recommended to the Board and the management of the Company that all trades with the identified customers of SMCI mentioned in the Independent Review shall be halted until all investigations are completed satisfactorily.

4. Exchange's Directives

4.1 Catalist Rule 305(1) provides that the Exchange may exercise administrative powers for the purpose of ensuring that the market is fair, orderly and transparent.

4.2 In light of the above findings which raise concerns on the relationships between Mr Koh and certain customers, changes and/or new appointments to the Board as Mr Koh has proposed shall not be made as SGX RegCo is concerned that changes to the Board could compromise the continuing independent oversight and completion of the ongoing Independent Review.

Pursuant to Catalist Rule 305(1)(k), SGX RegCo requires that the Company's board composition shall remain unchanged until completion of the Independent Review and satisfactory resolution of the findings by FKT.

4.3 In addition, SGX RegCo requires FKT to report to SGX RegCo and the AC concurrently on the findings of the Independent Review. SGX RegCo shall have the right to require FKT to report solely to SGX RegCo, if required.

4.4 Pursuant to Catalist Rule 305(1)(e), SGX RegCo requires the AC to, when necessary, expand the scope of the Independent Review and/or appoint another reviewer to look further into (a) the relationships between Mr Koh / his associates / possible nominees and certain customers as FKT has highlighted; and (b) transactions between SMCI and such customers. The terms of reference of the expanded scope must be cleared with SGX RegCo.

4.5 SGX RegCo requires the current Board to continue providing full assistance in connection with the Independent Review. The AC would need to assess the findings and determine whether:

(i) the aforementioned relationships between Mr Koh and some of the customers had resulted in breach of the Catalist Rules;

(ii) the transactions between SMCI and its customers are valid and conducted on normal commercial terms and on an arm's length basis; and

(iii) the recoverability of SMCI's long outstanding accounts receivables and whether the Group is able to operate as a going concern.

4.6 Please note that this Notice is an official notification to the Company with immediate effect.

4.7 Pursuant to Catalist Rule 305(4), failure to comply with the requirements SGX RegCo has imposed shall be deemed to be a contravention of the Catalist Rules.

4.8 Please note that compliance with this Notice does not constitute a waiver of any kind, and SGX RegCo reserves the right to take disciplinary action against the Company and/or any Relevant Person(s) for breaches of the Catalist Rules, including any failure to comply with the requirements SGX RegCo has imposed.

Yours faithfully,

June Sim
Senior Vice President
Head, Listing Compliance
Singapore Exchange Regulation

cc: Ms. Gillian Goh, PrimePartners Corporate Finance Pte. Ltd.