

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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**Unaudited Condensed Interim Financial Statements
for the Six Months Ended 31 March 2022**

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES
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(A) Condensed interim statement of profit or loss and other comprehensive income

	Group		Change %
	1H2022	1H2021	
	(unaudited)	(unaudited)	
	S\$'000	S\$'000	
Revenue	13,080	29,852	(56)
Cost of sales	(8,286)	(26,474)	(69)
Gross profit	4,794	3,378	42
Other operating income	141	589	(76)
Distribution expenses	(121)	(390)	(69)
Administrative expenses	(2,748)	(4,224)	(35)
Other operating expenses	(79)	(98)	(19)
Impairment loss recognised on financial assets	(12)	(792)	(98)
Finance expenses	(836)	(678)	23
Profit/ (Loss) before income tax	1,139	(2,215)	n.m.
Income tax expense	(422)	(320)	32
Profit/ (Loss) for the period	717	(2,535)	n.m.
Other comprehensive income/(loss)			
<i>Items that will may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(187)	(240)	(22)
Total comprehensive income/(loss) for the period, net of tax	530	(2,775)	n.m.
Profit/ (Loss) per share attributable to owners of the Company			
Basic and diluted (cents) ^[1]	0.07	(0.26)	n.m.
Total comprehensive profit/(loss) for the period attributable to owners of the Company			
Basic and diluted (cents) ^[1]	0.05	(0.28)	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 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) Condensed interim statements of financial position

	Note	Group		Company	
		As at	As at	As at	As at
		31.03.2022 (unaudited) S\$'000	30.09.2021 (audited) S\$'000	31.03.2022 (unaudited) S\$'000	30.09.2021 (audited) S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	20,997	22,043	-	-
Right-of-use assets		1,555	1,776	-	-
Investment in subsidiaries		-	-	8,887	8,887
Other receivables		49	49	-	-
Total non-current assets		22,601	23,868	8,887	8,887
Current assets					
Financial assets at fair value through profit or loss ("FVTPL")		4,254	4,226	-	-
Cash and bank balances		14,331	16,540	83	125
Trade and other receivables		6,075	7,203	5	10
Inventories		4,043	1,840	-	-
Total current assets		28,703	29,809	88	135
Total assets		51,304	53,677	8,975	9,022
LIABILITIES					
Current liabilities					
Loans and borrowings	10	21,254	21,153	571	571
Financial guarantee liabilities		4,308	4,308	4,308	4,308
Trade and other payables		22,883	25,584	5,964	6,032
Lease liabilities		438	491	-	-
Income tax payable		170	199	-	-
Total current liabilities		49,053	51,735	10,843	10,911
Non-current liabilities					
Loans and borrowings		555	577	-	-
Other payables		1,21	1,13	-	-
Lease liabilities		1,898	2,118	-	-
Deferred tax liabilities		1,188	1,175	-	-
Total non-current liabilities		3,762	3,983	-	-
Total liabilities		52,815	55,718	10,843	10,911
EQUITY					
Capital and reserves					
Share capital	9	46,246	46,246	46,246	46,246
Other reserves		591	778	-	-
Accumulated losses		(48,348)	(49,065)	(48,114)	(48,135)
Equity attributable to owners of the Company		(1,511)	(2,041)	(1,868)	(1,889)
Total equity and liabilities		51,304	53,677	8,975	9,022
Net asset value per ordinary share (cents)		(0.15)	(0.21)	(0.19)	(0.19)

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(C) Condensed interim 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 period	-	-	-	-	-	717	717
Other comprehensive loss	-	-	(187)	-	-	-	(187)
Total comprehensive income/(loss) for the period, net of tax	-	-	(187)	-	-	717	530
Balance at 31.03.2022 (unaudited)	46,246	(3,454)	(7,978)	9,418	2,605	(48,348)	(1,511)

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 period	-	-	-	-	-	(2,535)	(2,535)
Other comprehensive loss	-	-	(240)	-	-	-	(240)
Total comprehensive loss for the period, net of tax	-	-	(240)	-	-	(2,535)	(2,775)
Balance at 31.03.2021 (unaudited)	46,246	(3,454)	(7,824)	13,641	2,605	(46,071)	5,143

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(C) Condensed interim statements of changes in equity (cont'd)

	Share capital	Accumulated losses	Total
Company	S\$'000	S\$'000	S\$'000
Balance at 01.10.2021 (audited)	46,246	(48,135)	(1,889)
Profit for the period, representing total comprehensive income for the period	-	21	21
Balance at 31.03.2022 (unaudited)	46,246	(48,114)	(1,868)

	Share capital	Accumulated losses	Total
Company	S\$'000	S\$'000	S\$'000
Balance at 01.10.2020 (audited)	46,246	(37,622)	8,624
Loss for the period, representing total comprehensive loss for the period	-	(3,850)	(3,850)
Balance at 31.03.2021 (audited)	46,246	(41,472)	4,774

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(D) Condensed interim consolidated statement of cash flows

	Group	
	1H2022	1H2021
	(unaudited)	(unaudited)
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/ (Loss) before tax	1,139	(2,215)
Adjustments for:		
Allowance on/ (Reversal of) inventories	61	(1,811)
Bad debts written off on other receivables	-	21
Expected credit loss on trade receivables	12	792
Depreciation of property, plant and equipment	1,116	1,557
Depreciation of right-of-use assets	220	244
Gain on disposal of property, plant and equipment	-	71
Fair value gain on derivative financial instruments	-	(46)
Property, plant and equipment written off	-	6
(Increase)/ Decrease in fair value of financial assets at fair value through profit or loss	(52)	36
Post-employment benefits	-	14
Interest expenses	836	678
Interest income	(19)	(9)
Effects of exchange rate changes	55	(144)
	3,368	(806)
Changes in working capital:		
Inventories	(2,264)	3,555
Trade and other receivables	1,326	(5,824)
Trade and other payables	(3,486)	9,527
Cash (used in)/ generated from operations	(1,056)	6,452
Tax paid	(657)	(291)
Net cash (used in)/ generated from operating activities	(1,713)	6,161
Cash flows from investing activities		
Interest received	19	9
Purchase of plant and equipment	(215)	(320)
Net proceeds from disposal of plant and equipment	-	34
Net cash used in investing activities	(196)	(277)
Cash flows from financing activities		
Interest paid	(23)	(678)
Trade bills	-	(4,503)
Repayment of bank borrowings	(46)	(948)
Principal payment of lease liabilities	(273)	(122)
Decrease in pledged deposits with financial institutions	-	2,736
Net cash used in financing activities	(342)	(3,515)

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(D) Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	1H2022	1H2021
	(unaudited)	(unaudited)
	S\$'000	S\$'000
Net (decrease)/ increase in cash and cash equivalents	(2,251)	2,369
Cash and cash equivalents at beginning of financial period	16,360	3,862
Effects of exchange rate changes on cash and cash equivalents	38	43
Cash and cash equivalents at end of financial period	14,147	6,274
Group		
Cash and cash equivalents as per statement of financial position comprising:		
Cash at bank	13,589	6,212
Fixed deposits with financial institutions	742	621
Cash and cash equivalents as per statement of financial position	14,331	6,833
Fixed deposits pledged with financial institutions	(38)	(324)
Bank overdraft	(146)	(235)
Cash and cash equivalents as per consolidated statement of cash flows	14,147	6,274

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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 address of the Company’s registered office is 3 Jalan Pesawat, Singapore 619361. The Company is listed on the Catalist Board of the 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 ended 31 March 2022 (“**1H2022**”) comprise the Company and 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**”);
- (b) Electro deposition coating (“**ED Coating**”); and
- (c) Commodities.

1.1 Event During the Financial Period

(i) Appointment of Judicial Management

The Company and its wholly-owned subsidiary, SMC Industrial Pte Ltd (“**SMCI**”) were placed under judicial management in May 2021 and the judicial managers (“**JMs**”) took over the management of the affairs and business of the Company and SMCI from the Board of Directors (“**Board**”). SMCI and the Company were under judicial management during the financial period ended 31 March 2022.

(ii) Letter of Demand from Various Creditors

SMCI and SMC Refinery Pte. Ltd. had received several letters of demand from the 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.

2 Basis of Preparation

The unaudited condensed interim financial statements for 1H2022 and its comparative for the six months ended 31 March 2021 (“**1H2021**”) 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 the year ended 30 September 2021 (“**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 Creditors' claim amounts

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

The admission of debts by JMs was based on the claim amounts submitted by creditors as of on 31 March 2021 ("**Ascertainment date**"). On 15 July 2022, the JMs and the Creditors have unanimously approved the schemes of arrangement pursuant to Section 210 of the Companies Act 1967 read with Section 117 of the Insolvency, Restructuring and Dissolution Act 2018 ("**IRDA**") (the "**Schemes**") for both the Company and SMCI, which set out 50% recovery of the total approved unsecured claims for an aggregate amount of S\$22,624,000. Meanwhile, the unsecured creditors with guarantee claims of SMCI will have additional recovery for the shortfall equivalent to 50% of S\$4,308,000 (equivalent to 25% of the guarantee claims recorded by SMCI at S\$8,617,000) through the Schemes of the Company.

Based on the timeline of events, management considered these liabilities arose from debts admission by JMs which took place during and before FY2021 to be the financial obligations of the Group. Accordingly, the financial statements of the Group as of current reporting period have been adjusted to include financial guarantee liabilities S\$4,308,000 arising from the Company acted as corporate guarantor for SMCI to the principal lenders.

As for the Schemes which was approved in July 2022 (after reporting date or 30 September 2021), management has determined this to be a non-adjusting event under SFRS (I) 1-10 *Events after reporting period* on the basis that the quantum of the foregoing claims can only be ascertained after the creditors' approval of the Schemes were unanimously sought. Consequently, the financial effect of the Schemes will be recognised in subsequent financial periods.

2.3 Use estimates and assumptions

The preparation of the unaudited condensed interim financial statements 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.

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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)

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 period are included in the following notes:

- Calculation of expected credit loss allowance;
- Allowance for inventories;
- Impairment in value of investment in subsidiaries;
- Depreciation of property, plant and equipment and amortisation of intangible asset;
- Fair value measurements and valuation processes; and
- Impairment of plant and equipment and right-of-use assets.

2.4 Going concern assumption

The Group reported net profit of S\$0.72 million (1H2021: net loss of S\$2.54 million) for the financial year ended 31 March 2022. In addition, as at 31 March 2022, the Group's current liabilities exceeded the current assets by S\$20.35 million (as at 31 March 2021: S\$22.71 million) and the Company's current liabilities exceeded its current assets by S\$10.76 (as at 31 March 2021: S\$6.08 million).

A critical milestone to enable the Group and the Company to continue as going concern would be the successful implementation of the Schemes of the Company and SMCI and the securement of white knight investors. As at the date of this announcement, status of the Schemes and securement of white knight investors are as follows:

- (i) the Schemes, where (a) the unsecured creditors without guarantee claim to receive 50% of the total approved claims and (b) the unsecured creditors with guarantee claim to receive 75% of the total approved claims in aggregate, have been unanimously approved by the Creditors on 15 July 2022 and were sanctioned by the Singapore High Court (the "**Court**") on 28 July 2022, subsequently came into effect on 2 August 2022 upon the filing of the Orders of Court sanctioning the Schemes with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**"). The JMs shall administer the Schemes of the Company and SMCI in accordance with the Schemes as approved by the creditors and the Court.
- (ii) 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\$9,015,000, 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.

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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)

- (iii) 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. The Group may explore available equity or debt securities to meet its funding requirements.

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	Amount utilised as at	Balance
	Subscription Proceeds	the date of the date	
	S\$'000	of this announcement	S\$'000
Repayment of debts	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

- (iv) as the Company making its progress to normalcy under the helm of new management and new constitution of the Board, the judicial management orders placed on SMCI and the Company have been discharged on 17 August 2022.

In light of the abovementioned developments, the Board believes that the use of the going concern assumption in the preparation for financial statements for 1H2022 is appropriate on the following grounds:

1. the Company and SMCI have achieved the critical milestone to restructure its debts through the Schemes which came into effect on 2 August 2022. Pursuant to the Schemes, the unsecured creditors without guarantee claim and unsecured creditors with guarantee claim shall accept 50% reduction and 25% reduction respectively from the total approved claims;
2. the Group has secured the white knight investors and raised capital for an aggregate cash consideration of S\$9,015,000 in the financial year 2022;
3. as of the date of this announcement, the Group has strong and healthy cash position (after full settlement of an amount approximating S\$7.50 million due to excluded creditors and first tranche of scheme payment approximating S\$7.00 million, as explained in Section E, Note 11(i), pursuant to the Schemes);
4. 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; and
5. the Group and the Company are able to explore other available equity or debt securities to meet its funding requirements, if necessary.

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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)

If the Group and the Company are unable to continue as a going concern, adjustments would have to be made to the accompanying unaudited condensed interim financial statements to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. The accompanying unaudited condensed interim financial statements do not reflect these adjustments.

3 Seasonal Operations

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

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;
- (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 Group's 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 JM took over the management of the affairs and business of the Company and SMCI from the Board of Directors.

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(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	
	1H2022	1H2021	1H2022	1H2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Metal Components	1,868	1,375	115	(59)
ED Coating	7,948	8,156	2,318	2,475
Commodities	3,905	21,719	(776)	(3,428)
Inter-Segment Elimination	(641)	(1,398)	-	-
	13,080	29,852	1,657	(1,012)
Unallocated items:				
Other operating income			129	37
Other operating expenses			(79)	-
Administrative expenses			(555)	(1,219)
Finance cost			(13)	(21)
Profit/ (Loss) before income tax			1,139	(2,215)
Income tax expense			(422)	(320)
Profit/ (Loss) after income tax			717	(2,535)
Segment assets				
Metal Components			6,227	5,701
ED Coating			18,999	18,469
Commodities			25,525	37,049
Total segment assets			50,751	61,219
Unallocated assets [#]			553	531
Consolidated total assets			51,304	61,750
Segment liabilities				
Metal Components			1,154	1,308
ED Coating			2,656	3,113
Commodities			43,049	50,942
Total segment liabilities			46,859	55,363
Unallocated liabilities [^]			5,956	1,244
Consolidated total liabilities			52,815	56,607

[#] 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.

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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	ED Coating	Commodities	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Other segment information:					
<u>1H2022 (unaudited)</u>					
<u>Group</u>					
Additions to property, plant and equipment	38	176	-	1	215
Depreciation of property, plant and equipment	27	317	764	8	1,116
Depreciation of ROU assets	-	-	220	-	220
Loss/ (Reversal of) allowance for receivables	(12)	-	24	-	12
Fair value loss on derivative financial instruments	-	-	-	-	-
Fair value gain of financial Assets at FVTPL	-	-	(52)	-	(52)
<u>1H2021 (unaudited)</u>					
<u>Group</u>					
Additions to property, plant and equipment	6	216	98	-	320
Depreciation of property, plant and equipment	28	329	1,200	-	1,557
Depreciation of ROU assets	-	-	244	-	244
Loss/ (Reversal of) allowance for receivables	(25)	-	817	-	792
Fair value loss on derivative financial instruments	-	-	(46)	-	(46)
Fair value loss of financial Assets at FVTPL	-	-	36	-	36

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			Total
	Components	ED Coating	Commodities	
	S\$'000	S\$'000	S\$'000	S\$'000
1H2022 (unaudited)				
Primary geographical markets				
Singapore	-	-	3,908	3,908
Malaysia	1,868	5,893	-	7,761
People's Republic of China	-	-	-	-
Indonesia	-	1,414	-	1,414
Japan	-	-	-	-
Korea	-	-	-	-
Philippines	-	-	(3) [^]	(3)
Taiwan	-	-	-	-
Others	-	-	-	-
	1,868	7,307	3,905	13,080
Major products/service line				
Sale of goods	1,868	-	3,905	5,773
Revenue from the provision of electro-deposition coating services	-	7,307	-	7,307
	1,868	7,307	3,905	13,080
Timing of revenue recognition				
At a point in time	1,868	7,307	3,905	13,080
1H2021 (unaudited)				
Primary geographical markets				
Singapore	-	-	9,273	9,273
Malaysia	1,360	5,527	1,342	8,229
People's Republic of China	-	-	1,650	1,650
Indonesia	-	1,246	337	1,583
Japan	-	-	187	187
Korea	-	-	3,949	3,949
Philippines	-	-	4,293	4,293
Taiwan	-	-	364	364
Others	-	-	324	324
	1,360	6,773	21,719	29,852

[^] credit notes issued in relation to final settlement adjustment during 1H2022.

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 (cont'd)

Group	Metal	ED Coating	Commodities	Total
	Components			
	S\$'000	S\$'000	S\$'000	S\$'000
1H2021 (unaudited)				
Major products/ service line				
Sale of goods	1,360	-	21,719	23,079
Revenue from the provision of electro-deposition coating services	-	6,773	-	6,773
	1,360	6,773	21,719	29,852
Timing of revenue recognition				
At a point in time	1,360	6,773	21,719	29,852

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 2021 and 31 March 2022, 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	Total	Level 2
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
31.03.2022 (unaudited)					
Trade and other receivables	5,649	-	-	5,649	-
Cash and cash equivalents	14,331	-	-	14,331	-
Financial assets at FVTPL	-	4,254	-	4,254	4,254
	19,980	4,254	-	24,234	
Loan and borrowings	-	-	21,809	21,809	-
Leases liabilities	-	-	2,336	2,336	-
Trade and other payables	-	-	23,004	23,004	-
Financial guarantee liabilities	-	-	4,308	4,308	-
	-	-	51,457	51,457	

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(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 fair value	Total	Level 2
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
30.09.2021 (unaudited)					
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	
Company					
31.03.2022 (unaudited)					
Cash and cash equivalents	83	-	-	83	-
	83	-	-	83	
Loans and borrowings	-	-	571	571	-
Trade and other payables	-	-	5,964	5,964	-
Financial guarantee liabilities	-	-	4,308	4,308	-
	-	-	10,843	10,843	
30.09.2021 (audited)					
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

(Company Registration No. 200105909M)

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

6 Profit/(Loss) Before Income Tax

6.1 Significant Items

	Group		Change %
	1H2022	1H2021	
	(unaudited) S\$'000	(unaudited) S\$'000	
Bad debts written off	-	21	n.m.
Expected credit loss on trade receivables	12	792	(98)
Depreciation of:			
- property, plant and equipment ⁽¹⁾	1,116	1,557	(28)
- right-of-use assets ⁽¹⁾	220	244	(10)
Employee benefits expense	4,251	5,503	(23)
Raw materials, changes in finished goods and work-in-progress recognised as cost of sales	8,286	26,471	(69)
Fair value loss on derivative financial instruments	-	(46)	n.m.
(Increase)/ Decrease in fair value of financial assets at FVTPL	(52)	36	n.m.
Impairment loss on/ (Reversal of) inventories	61	(1,811)	n.m.
Loss on disposal of plant and equipment	-	71	n.m.
Plant and equipment written-off	-	6	n.m.
Net foreign exchange gain	(79)	(214)	(63)
Interest expenses	836	678	23
Interest income	(19)	(9)	n.m.

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

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(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	
	1H2022	1H2021
	(unaudited)	(unaudited)
	S\$'000	S\$'000
Tax expense on operations - Current year tax expense	422	320

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 2021. 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 31.03.2022		As at 30.09.2021	
	(unaudited)		(audited)	
	No. of shares	S\$'000	No. of shares	S\$'000
At the beginning and the end of the financial period	984,280,038	46,246	984,280,038	46,246

The Company did not hold any treasury shares as at 31 March 2022 and 30 September 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2022 and 30 September 2021.

The Company did not have any outstanding options and convertible securities as at 31 March 2022 and 30 September 2021.

10 Loans and borrowings

	Group		Company	
	As at	As at	As at	As at
	31.03.2022	30.09.2021	31.03.2022	30.09.2021
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Secured				
Bank overdrafts	146	141	-	-
Loan	5,355	5,381	571	571
Trade bills	16,308	16,208	-	-
	<u>21,809</u>	<u>21,730</u>	<u>571</u>	<u>571</u>
Classified as:				
- Current	21,254	21,153	571	571
- Non-current	555	577	-	-
	<u>21,809</u>	<u>21,730</u>	<u>571</u>	<u>571</u>

Details of any collateral

The Group's term loan facilities, revolving credit facilities, overdraft facility and trade facilities are secured on one or more of the following:

- (i) legal mortgage over certain freehold property;
- (ii) legal mortgage over a leasehold property;
- (iii) deposits pledged with financial institutions;
- (iv) corporate guarantee given by the Company;
- (v) personal guarantee by a director;
- (vi) assignment of three life insurance policies assured on a director of the Company;
- (vii) assignment of one life insurance policy assured on a former general manager of the subsidiary.

Please refer to Section E, Note 11 for the developments subsequent to period 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) Schemes of Arrangement

The Scheme of the Company and SMCI has come into effect on 2 August 2022 (“**Effective Scheme Date**”) upon sanction by High Court on date 28 July 2022 with the Schemes unanimously approved by the creditors on 15 July 2022. Details of the Schemes are set out as follows:

- (a) pursuant to the Schemes, unsecured creditors who are subject to the Scheme (“**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 Subscriptions (“**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 50% reduction from the total approved claims of S\$22,624,000.
- (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 50% reduction from the total approved guarantee claims of S\$4,308,000.
- (c) All creditors waive all interest, default interest, premium etc. in respect of the Claims after 31 March 2021 (“**Ascertainment Date**”). Accordingly, a total amount of interest accrued after the Ascertainment Date approximating S\$1.77 million will be reversed when the completion of the Schemes is assessed to be highly probable.
- (d) On and from the Effective Scheme Date until 2 full years have elapsed from the Effective Scheme Date, the beneficial interest in all assigned receivables as 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
- (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\$6,733,000 on 24 August 2022. The Second Tranche Scheme Payment and Second Tranche Guarantee Scheme Payment approximating to S\$6,733,000, being the final payment, will be falling due within 14 business days after the resumption of trading of the Company’s securities on the Singapore Exchange Securities Trading Limited.

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 (cont'd)

(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 the 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 Agreement (the “**Upfront Sum**”). The Group has repaid the Upfront Sum on 25 August 2022.
- The Group will repay the balance S\$6.80 million (“**Balance Sum**”) together with the applicable interest (as set out below) by way of 59 equal monthly principal payments of S\$0.11 million.
- 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 has been concluded and finalised which shall include the bank balances or overdrafts with the principal lender in October 2022.

(iii) Application of Subscriptions of new shares by Investors

Following the completion of the Proposed Subscriptions as mentioned in Section E, Note 2.4(ii), the Company has subsequently allotted 2,253,750,000 new ordinary shares for an aggregate cash consideration of S\$9,015,000 to the Investors. The issued and paid-up capital of the Company has since increased from S\$46,246,000 comprising 984,280,038 ordinary shares to S\$55,261,000 comprising 3,238,030,038 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.

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 (cont'd)

(iv) 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.

(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, as well as its internally generated funds to fulfill its obligation to repay 50% of its debts pursuant to the Scheme. 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.

(vi) Discharge of judicial management order

As the Company making its progress to normalcy under the helm of new management and new constitution of the Board, the JM Orders placed on the Company and SMCI have been discharged on 17 August 2022. The JMs have been re-appointed as Scheme Managers.

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 31 March 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 31 March 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 with certain companies that have dealings 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 have 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, as referred to disclaimer of opinion (iii) above, 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 Catalyst 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 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 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 either been 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 a third-party 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 plan for the vicinity. The management has assessed the valuation model and concurred that basis and assumptions used by the certified valuer are appropriate due to the nature of the lease and relatively shorter balance tenure lease.

(b) Impairment assessment of property, plant and equipment (“PPE”) and right-of-use assets (“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 FRS 1-36 *Impairment of Assets* and concluded that the carrying amount of the PPE and ROU were lower than its recoverable amount. Hence, further impairment losses were not provided for PPE and ROU recorded by SMCI.

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.

The management will assess the impairment on PPE and ROU on an ongoing basis and will make necessary adjustments to the provision, if necessary.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

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(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 believes that the recoverable amount of the respective investment in subsidiaries is 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.

The management will make appropriate disclosure with regards to the assumptions and judgements made in the financial statement as it assesses the impairment on investment in subsidiaries on an ongoing basis and will make necessary adjustments to the provision, if necessary.

(vii) 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

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

2 Review of performance of the Group

2(a) Income Statement

(i) Revenue, cost of sales and gross profit

	Revenue		
	1H2022	1H2021	Change
	(unaudited)	(unaudited)	
S\$'000	S\$'000	%	
Metal Components	1,868	1,375	36
ED Coating	7,948	8,156	(3)
Commodities	3,905	21,719	(82)
Inter-Segment Elimination	(641)	(1,398)	(54)
	13,080	29,852	(56)

The Group's revenue decreased by S\$16.78 million or 56%, from S\$29.85 million for 1H2021 to S\$13.08 million in 1H2022. Revenue from Commodities segment reported significant decline, 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. The decrease in revenue was cushioned by the increase in revenue contribution from the Metal Components on the back of general improvement in overall business activities amidst the COVID-19 pandemic.

In tandem with the decrease in revenue and lower labour cost as a result of reduced head count, cost of sales decreased by S\$18.19 million or 69%, from S\$26.47 million in 1H2021 to S\$8.29 million in 1H2022.

Depreciation expense decreased by S\$0.44 million or 28%, from S\$1.56 million in 1H2021 to S\$1.12 million in 1H2022, 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, depreciation of ROU assets decreased by S\$24,000 or 10%.

Following the discontinuation of non-ferrous metal trading business where the selling price fluctuated according to commodities price and lower direct labour cost, gross profit margin reported by the Group improved by 25.3 percentage point from 11.3% in 1H2021 to 36.7% in 1H2022. As a result, the Group's gross profit increased from S\$3.38 million in 1H2021 to S\$4.79 million in 1H2022.

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

Other operating income decreased by S\$0.45 million or 76% from S\$0.59 million in 1H2021 to S\$0.14 million in 1H2022, mainly due to (i) decrease in other income of S\$0.14 million from lower amount of Job Support Scheme and foreign worker levy rebate received in 1H2022; (ii) decrease in foreign exchange gain mainly resulting from exchange difference for account receivables denominated in USD of S\$0.18 million due to weakening of United State Dollar (“USD”) in 1H2022 (US\$1 approximated to S\$1.3472) against Singapore Dollar (“SGD”) as compared to FY2021 (US\$1 approximated to S\$1.3611); and (iii) decrease in handling fee and other miscellaneous income of S\$0.13 million associated with the discontinuation of non-ferrous metal trading business.

(ii) Distribution expenses

In tandem with the decrease in revenue from Commodities segment as a result of the discontinuation of non-ferrous metal trading business, distribution expenses decreased by S\$0.27 million or 69%, from S\$0.39 million in 1H2021 to S\$0.12 million in 1H2022.

(iii) Administrative expenses

The Group’s administrative expenses decreased by S\$1.48 million or 35% from S\$4.23 million in 1H2021 to S\$2.75 million in 1H2022, mainly due to (i) decrease in professional fees of S\$0.41 million as compared to 1H2021 which involved fees associated with legal consultation fee prior to entry of the interim judicial management and internal reviews in relation to the concerns raised in respect of potential relationships that the former executive chairman may have with certain companies that have dealings with the Group; (ii) decrease in staff cost totaled S\$0.43 million due to reduction in head counts; and (iii) general decrease in other administrative expenses.

(iv) Impairment loss recognised on financial assets

Impairment loss recognised on financial assets decreased by \$0.78 million or 98% from S\$0.79 million in 1H2021 to S\$12,000 in 1H2022. As disclosed in the Company’s Annual Report 2021, the impairment loss recognised on financial assets reported by the Group in 1H2021 amounted to S\$0.79 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 1H2022.

(v) Finance expenses

Finance expenses increased by S\$0.16 million or 23% from S\$0.69 million in 1H2021 to S\$0.84 million in 1H2022 mainly due to defaulted loans whereby a higher interest component has been accrued on defaulted loans.

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)

(vi) Profit/ (loss) for the period

As a result of the aforementioned, the Group reported net profit of S\$0.72 million for 1H2022 as compared to net loss of S\$2.54 million for 1H2021.

2(b) Statement of financial position

As at 31 March 2022, the Group recorded negative working capital of S\$20.35 million (30 September 2021: negative S\$21.93 million), and a net asset value per share of negative 0.15 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 1H2022 is appropriate. Please refer to Section E, Note 2.4 for explanation on going concern assumptions.

(i) Non-current assets

Non-current assets decreased by S\$1.27 million or 5%, from S\$23.87 million as at 30 September 2021 to S\$22.60 million as at 31 March 2022, mainly due to decrease in PPE and ROU assets.

PPE decreased from S\$22.04 million as at 30 September 2021 to S\$21.00 million as at 31 March 2022 mainly due to depreciation charges of PPE amounted to S\$1.12 million; and (ii) translation difference of S\$0.15 million due to appreciation of SGD against Malaysia Ringgit. The decrease in PPE was partially offset by the purchase of plant and equipment of S\$0.22 million.

ROU assets decreased from S\$1.78 million as at 30 September 2021 to S\$1.56 million as at 31 March 2022 mainly due to depreciation charges of S\$0.22 million.

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 (cont'd)

(ii) Current assets

Current assets decreased by S\$1.12 million or 4%, from S\$29.81 million as at 30 September 2021 to S\$28.70 million as at 31 March 2022, mainly due to decrease in trade and other receivables and cash and bank balances, offset by increase in inventories.

Trade and other receivables decreased by S\$1.13 million or 16% from S\$7.20 million as at 30 September 2021 to S\$6.08 million as at 31 March 2022, mainly due to decrease in trade receivables as a result of decrease in revenue.

Inventories increased by S\$2.20 million or 120%, from S\$1.84 million as at 30 September 2021 to S\$4.04 million as at 31 March 2022, mainly due to increase in e-waste finished goods of S\$2.39 million.

Cash and bank balances decreased from S\$16.54 million as at 30 September 2021 to S\$14.33 million as at 31 March 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\$2.68 million or 5%, from S\$51.74 million as at 30 September 2021 to S\$49.05 million as at 31 March 2022, mainly due to decrease in trade and other payables.

Trade and other payables decreased by S\$2.70 million or 11%, from S\$25.58 million as at 30 September 2021 to S\$22.88 million as at 31 March 2022, mainly due to settlement of payables to creditors in Commodities segment.

2(c) Statement of cash flows

Net cash used in operating activities in 1H2022 was S\$1.71 million. This was mainly due to (i) decrease in trade and other receivables of S\$1.33 million; (ii) increase in inventories of S\$2.26 million; (iii) decrease in trade and other payables of S\$3.49 million; and (iv) profit before changes in working capital of S\$3.37 million.

Net cash used in investing activities in 1H2022 was S\$0.20 million, mainly due to purchase of plant and equipment of S\$0.22 million, offset by interest income of S\$19,000.

Net cash used in financing activities in 1H2022 was S\$0.34 million, mainly due to (i) repayment of lease liabilities of S\$0.27 million; (ii) interest paid to financial institutions of S\$23,000; and (iii) repayment of bank loans of S\$46,000.

As a result, the Group used cash and cash equivalents of S\$2.25 million in 1H2022. The cash and cash equivalents as at 31 March 2022 amounted to S\$14.15 million.

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)

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

No forecast or prospect has been previously disclosed to shareholders.

- 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.**

This announcement relates to the financial results for 1H2022.

Please refer to Section E, Note 11 for subsequent events after current reporting period and announcements released to date by the Company on the SGXNet.

5 Dividend information

5a. Current Financial Period Reported on

Any dividend recommended/declared for the current financial period reported on?

No dividend had been declared or recommended for 1H2022 as the Company was placed under judicial management for the financial period reported on.

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.

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 1H2022

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)

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 Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the financial statements of the Group for the six-month period ended 31 March 2022 to be false or misleading in any material aspect.

9 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 1H2022.

**ORDER OF THE BOARD
SEN YUE HOLDINGS LIMITED**

Yap Meng Sing
Executive Chairman and CEO

Singapore
27 January 2023