

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

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**Unaudited Financial Statements for the
Half Year Ended 31 March 2021 ("1H2021")**

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Change %
	1H2021	1H2020	
	(unaudited) S\$'000	(unaudited) S\$'000	
Revenue	29,852	115,609	(74)
Cost of sales	(26,474)	(108,906)	(76)
Gross profit	3,378	6,703	(50)
Other operating income	589	581	1
Distribution expenses	(390)	(716)	(46)
Administrative expenses	(4,224)	(4,681)	(10)
Other operating expenses	(98)	(65)	51
Impairment loss recognised on financial assets	(792)	(19,933)	(96)
Finance expenses	(678)	(1,280)	(47)
Loss before income tax	(2,215)	(19,391)	(89)
Income tax expense	(320)	(357)	(10)
Loss for the period	(2,535)	(19,748)	(87)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of properties	-	197	n.m.
<i>Items that will may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(240)	(490)	(51)
Total comprehensive loss for the period, net of tax	(2,775)	(20,041)	(86)

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

1(a)(ii) Notes to combined statements of profit or loss and other comprehensive income

The loss before income tax is arrived at after charging/ (crediting) the following items:

Group	1H2021	1H2020	Increase/
	(unaudited)	(unaudited)	(Decrease)
	S\$'000	S\$'000	%
Bad debts written off	21	-	n.m.
Interest income	(9)	(115)	(92)
Interest expense	678	1,280	(47)
Depreciation of property, plant and equipment	1,557	1,818	(14)
Depreciation of right-of-use assets	244	190	28
Fair value gain on derivative financial instruments	(46)	-	n.m.
Decrease/(Increase) in fair value of financial assets at fair value through profit or loss	36	(38)	n.m.
Loss/(Gain) on disposal of plant and equipment	71	(5)	n.m.
Plant and equipment written off	6	-	n.m.
Reversal of allowance for inventories	(1,811)	(50)	n.m.
Expected credit loss on trade receivables	792	19,933	(96)
Net foreign exchange (gain)/loss	(214)	63	n.m.

n.m. denotes not meaningful

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31.03.2021 (unaudited) S\$'000	As at 30.09.2020 (audited/ restated) S\$'000	As at 31.03.2021 (unaudited) S\$'000	As at 30.09.2020 (audited/ restated) S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	27,356	28,853	-	-
Right-of-use assets	1,882	2,487	-	-
Other receivables	51	406	1,966	-
Financial assets at fair value through profit or loss	4,121	4,157	-	2,221
Subsidiaries	-	-	8,887	12,241
Total non-current assets	33,410	35,903	10,853	14,462
Current assets				
Inventories	7,283	9,028	-	-
Trade and other receivables	14,224	8,857	11	37
Cash and bank balances	6,833	7,321	23	91
Total current assets	28,340	25,206	34	128
Total assets	61,750	61,109	10,887	14,590
LIABILITIES				
Current liabilities				
Bank overdrafts, loans and trade bills	21,538	27,131	570	1,000
Trade and other payables	28,810	19,283	5,543	4,966
Lease liabilities	565	736	-	-
Derivative financial instruments	-	46	-	-
Income tax payable	133	104	-	-
Total current liabilities	51,046	47,300	6,113	5,966
Non-current liabilities				
Lease liabilities	2,392	2,703	-	-
Loans borrowings	636	658	-	-
Other payables	117	103	-	-
Deferred tax liabilities	2,416	2,427	-	-
Total non-current liabilities	5,561	5,891	-	-
Total liabilities	56,607	53,191	6,113	5,966
EQUITY				
Capital and reserves				
Share capital	46,246	46,246	46,246	46,246
Reserves	4,968	5,208	-	-
Accumulated losses	(46,071)	(43,536)	(41,472)	(37,622)
Equity attributable to owners of the Company	5,143	7,918	4,774	8,624
Total equity and liabilities	61,750	61,109	10,887	14,590

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

Group			
As at 31.03.2021 (unaudited)		As at 30.09.2020 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
21,725	-	27,376	-

Amount repayable after one year

Group			
As at 31.03.2021 (unaudited)		As at 30.09.2020 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
693	-	975	-

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

The lease liabilities of S\$244,000 (FY2020: S\$562,000) were secured by the lessor's title to the leased assets.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1H2021	1H2020
	(unaudited)	(unaudited)
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(2,215)	(19,391)
Adjustments for:		
Reversal of allowance for inventories	(1,811)	(50)
Bad debts written off on other receivables	21	-
Expected credit loss on trade receivables	792	19,933
Depreciation of property, plant and equipment	1,557	1,818
Depreciation of right-of-use assets	244	190
Loss/(Gain) on disposal of property, plant and equipment	71	(5)
Fair value gain on derivative financial instruments	(46)	-
Property, plant and equipment written off	6	-
Decrease/(Increase) in fair value of financial assets at fair value through profit or loss	36	(38)
Post-employment benefits	14	11
Interest expenses	678	1,280
Interest income	(9)	(115)
Effects of exchange rate changes	(144)	(40)
	(806)	3,593
Changes in working capital:		
Inventories	3,555	(2,577)
Trade and other receivables	(5,824)	(6,235)
Trade and other payables	9,527	1,751
Cash generated from/(used in) operations	6,452	(3,468)
Tax paid	(291)	(444)
Net cash generated from/(used in) operating activities	6,161	(3,912)
Cash flows from investing activities		
Interest received	9	169
Purchase of plant and equipment	(320)	(432)
Net proceeds from disposal of plant and equipment	34	6
Net cash used in investing activities	(277)	(257)
Cash flows from financing activities		
Interest paid	(678)	(1,280)
Trade bills	(4,503)	(531)
Repayment of bank borrowings	(948)	(592)
Principal payment of lease liabilities	(122)	(172)
Repayment of finance lease liabilities	-	(154)
Decrease/(Increase) in pledged deposits with financial institutions	2,736	(60)
Net proceeds from issuance of new shares	-	5,991
Net cash (used in) /generated from financing activities	(3,515)	3,202

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Group	
	1H2022	1H2021
	(unaudited)	(unaudited)
	S\$'000	S\$'000
Net increase/(decrease) in cash and cash equivalents	2,369	(967)
Cash and cash equivalents at beginning of financial period	3,862	4,000
Effects of exchange rate changes on cash and cash equivalents	43	(62)
Cash and cash equivalents at end of financial period	6,274	2,971
Group		
Cash and cash equivalents as per statement of financial position comprising:		
Cash at bank	6,212	3,481
Fixed deposits with financial institutions	621	17,148
Cash and cash equivalents as per statement of financial position	6,833	20,629
Fixed deposits pledged with financial institutions	(324)	(17,148)
Bank overdraft	(235)	(510)
Cash and cash equivalents as per consolidated statement of cash flows	6,274	2,971

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

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

Group	Share capital	Merger deficit	Translation reserve	Revaluation Reserve	Capital Reserve	Retained earnings/ (Accumulated losses)	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01.10.2019 (audited)	40,255	(3,454)	(7,315)	11,168	2,605	543	43,802
Loss for the period	-	-	-	-	-	(19,748)	(19,748)
Other comprehensive income/(loss)	-	-	(490)	197	-	-	(293)
Total comprehensive income/(loss) for the period, net of tax	-	-	(490)	197	-	(19,748)	(20,041)
Issue of share capital representing transactions with owners, recognised directly in equity	5,991	-	-	-	-	-	5,991
Balance at 31.03.2020 (unaudited)	46,246	(3,454)	(7,805)	11,365	2,605	(19,205)	29,752



SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

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 period, representing total comprehensive loss for the period	-	(3,850)	(3,850)
Balance at 31.03.2021 (unaudited)	46,246	(41,472)	4,774

Company	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 01.10.2019 (audited)	40,255	(13,579)	26,676
Loss for the period, representing total comprehensive loss for the period	-	(552)	(552)
Issue of share capital representing transactions with owners, recognised directly in equity	5,991	-	5,991
Balance at 31.03.2020 (unaudited)	46,246	(14,131)	32,115

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Group and Company	
	No. of shares ('000)	Issued and paid up share capital (\$'000)
Ordinary shares		
Balance as at 30 September 2020 and 31 March 2021	984,280	46,246

The Company did not have any outstanding options, convertible securities, treasury shares and/or subsidiary holdings as at 30 September 2020 and 31 March 2021.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Company	
	31.03.2021	30.09.2020
Total number of issued shares excluding treasury shares ('000)	984,280	984,280

There were no treasury shares as at 30 September 2020 and 31 March 2021.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have treasury shares during and as at the end of the half year ended 31 March 2021.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the half year ended 31 March 2021.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures in this announcement have not been audited or reviewed by Company's auditors.

Restatements and comparative figures

The audit of the corresponding figures relating to the financial statements for the year ended 30 September 2020 was carried out by Deloitte who expressed a disclaimer of opinion on those financial statements on 15 April 2021.

Certain line items of the prior year statement of financial position and the related notes to the financial statements have been restated to correct prior year reclassification errors, as set out below:

	Group		
	As previously reported S\$'000	Restatement S\$'000	As Restated S\$'000
30 September 2020			
Current liabilities			
Loans and borrowings	27,789	(658)	27,131
Non-current liabilities			
Loans and borrowings		658	658
	Company		
	As previously reported S\$'000	Restatement S\$'000	As Restated S\$'000
30 September 2020			
Non-current assets			
Subsidiaries	14,462	(2,221)	12,241
Other receivables	-	2,221	2,221

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).

Not applicable.

3A 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 issues on the financial statements have been adequately disclosed.**

- (a) The former independent auditor, Deloitte & Touche LLP ("**Deloitte**"), has issued a disclaimer of opinion on the consolidated financial statements of the Group for the financial year ended 30 September 2020. The basis for the disclaimer of opinion was in relation to the following:

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

- (i) Sales/purchase transactions with certain customers/ suppliers
- (ii) Revenue recognition and payment received
- (iii) Ongoing investigations
- (iv) Going concern assumption
- (v) Joint venture arrangement

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, as referred to disclaimer of opinion (i) and (ii) above. FKT disclosed in its report the high risk that some transactions between SMC Industrial Pte. Ltd. (“**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. Save as disclosed in Note 13, the Company has since ceased dealing with the Identified Entities.

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 Note 35 of the Company’s FY2020 Annual Report or the Company’s announcement dated 27 January 2021.

On 15 July 2022, a meeting of the creditors of the Company and SMCI respectively, was convened to consider and, if thought fit, approve the scheme 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**”). A critical milestone to enable the Company to continue as going concern would be the successful implementation of the Scheme and the ability of the Company to secure white knight investors. As at the date of this announcement, the status of is as follows:

- The Schemes have been unanimously approved by the Creditors on 15 July 2022 and were sanctioned by 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 judicial managers (“**JM**”) had on 1 April 2022 entered into three definitive subscription agreements to raise capital for an aggregated cash consideration of S\$9.02 million with Electroloy Metal Pte. Ltd. (“**Electroloy**”), Jiangmenshi Changxin Technology Limited (“**Jiangmenshi**”) and Di Lingbin (“**Mr. Di**”) (individually a “**Proposed Subscription**” and collectively “**Proposed Subscriptions**”). The cash consideration of S\$7.00 million for the Proposed Subscription with Electroloy has been received on 5 August 2022 and the balance cash consideration of S\$2.02 million with other subscribers, i.e. Jiangmenshi and Mr. Di, is expected to receive by 31 December 2022.
- As the Company is 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.
- The Company has utilised the proceeds from the placement exercise with Electroloy, as well as its internally generated funds to fulfill its obligation to repay 50% of its debts pursuant to the Scheme. The Company may explore available equity or debt securities to meet its funding requirements.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

In light of the above-mentioned developments, the Board of Directors of the Company (“**Board**”) is of the opinion that the use of the going concern assumption for FY2021 is appropriate.

Lastly, two subsidiaries of the Company, namely SMCI and SMCI Refinery Pte Ltd entered into a joint venture agreement (“**JV agreement**”) with Electroloy and Mr Wang Chun Jian to build a smelting facility in Singapore. The Company is evaluating the options to obtain temporary occupation permit for of the smelting facility under the JV agreement. The Company will also make its effort to resolve the outstanding issues in relation to the JV agreement between SMCI and the JV partners. Electroloy, being one of the party to the JV agreement, has since become the immediate and ultimate holding company 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.

- (b) The Board refers to the outstanding audit issues in relation to JV agreement. Due to inconsistent understanding of the JV agreement 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 agreement. 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.

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

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5, the accounting policies and methods of computation applied by the Group for the financial statements for the current financial period reported on are consistent with those used in its most recently audited financial statements for the financial year ended 30 September 2020 (“**FY2020**”).

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has prepared the Group’s financial statements for 1H2021 in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) and has adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 October 2020:

Amendments to SFRS(I)16 Covid-19-related Rent Concessions

The adoption of this SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group and of the Company.

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the standard.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change (cont'd)

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
SFRS(I) 1-34	<i>Interim Financial Reporting</i>	30 June 2021
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 FRSS 2018-2020 - Amendments to SFRS(I) 1 - Amendments to SFRS(I) 9 - Amendments to Illustrative Examples accompanying SFRS(I) 16 - Amendments to SFRS(I) 1-41	<i>First-time Adoption of SFRS(I) Financial Instruments Leases Agriculture</i>	1 January 2022
Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
SFRS(I) 17 and Amendments to SFRS(I) 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 1-2 and SFRS(I) Practice Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1	<i>Disclosure of Accounting Policies and SFRS(I) Practice Statement to Making Materiality Judgements</i>	1 January 2023
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</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

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.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Loss per ordinary share of the Group for the financial period based on net loss attributable to owners of the Company are as follows: -

	Group	
	1H2021	1H2020
	(unaudited)	(unaudited)
Basic and diluted loss per ordinary share (Singapore cents)	(0.26)	(2.06)
Weighted average number of ordinary shares in issue ('000)	984,280,038	957,066,923

Loss per ordinary share for 1H2021 and the six months ended 31 March 2020 ("1H2020") are calculated based on net loss attributable to the owners of the Company for the respective financial periods divided by the weighted average number of ordinary shares in issue during the respective financial periods.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 31.03.2021	As at 30.09.2020	As at 31.03.2021	As at 30.09.2020
	(unaudited)	(audited)	(unaudited)	(audited)
Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	0.53	0.80	0.49	0.88

The net asset value per ordinary share of the Group and the Company as at 31 March 2021 and 30 September 2020 are calculated based on the total number of issued ordinary shares of 984,280,038.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

- 8** A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8(a) Income Statement

(i) Revenue, cost of sales and gross profit

	Revenue		
	1H2021	1H2020	Change
	(unaudited)	(unaudited)	
	S\$'000	S\$'000	%
Metal Components	1,375	1,755	(22)
ED Coating	6,758	6,117	10
Commodities	21,719	107,737	(80)
	29,852	115,609	(74)

The Group's revenue decreased S\$85.76 million or 74%, from S\$115.61 million for 1H2020 to S\$29.85 million in 1H2021. 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.

In tandem with the decrease in revenue, cost of sales decreased by S\$82.43 million or 76%, from S\$108.91 million in 1H2020 to S\$26.48 million in 1H2021.

Depreciation expense decreased by S\$0.26 million 14%, from S\$1.82 million in 1H2020 to S\$1.56 million in 1H2021, mainly due to full depreciation of certain plant and equipment in 1H2021.

As a result, the Group's gross profit decreased from S\$6.70 million in 1H2020 to S\$3.38 million in 1H2021. Following the discontinuation of non-ferrous metal trading business and after taking into account the reversal of overprovision for impairment loss provided for inventories in prior year of S\$1.81 million, gross profit margin reported by the Group improved by 5.5 percentage point from 5.8% in 1H2020 to 11.3% in 1H2021.

(ii) Other operating income

The Group recorded exchange gain of S\$0.21 million in 1H2021 mainly due to weakened United States Dollar ("USD") against Singapore Dollar arising from trade payables denominated in USD. The increase in exchange gain was partially offset by decrease in handling fee of S\$0.21 million charged by SMCI to its customers as a result of the discontinuation of non-ferrous metal trading business. As a result, there was no material changes in other operating income between 1H2022 and 1H2021.

(iii) 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\$0.33 million or 46%, from S\$0.72 million in 1H2020 to S\$0.39 million in 1H2021.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

(iv) Administrative expenses

The Group's administrative expenses decreased by S\$0.46 million or 10%, from S\$4.68 million in 1H2020 to S\$4.22 million in 1H2021, mainly due to (i) decrease in bank charges due to decrease in operating activities; (ii) decrease in director's remuneration due to re-designation of executive chairman to non-executive chairman; (iii) decrease in staff cost due to reduction in head counts, offset by (iv) increase in professional fees incurred on debt restructuring exercises.

(v) Other operating expenses

Included in other operating expenses reported by the Group in 1H2021 was loss on disposal of plant and equipment of S\$71,000 (1H2020: Nil) and bad debts written off amounted to S\$21,000 (1H2020: Nil).

(vi) Impairment loss recognised on financial assets

As disclosed in the Company's Annual Report 2020, the impairment loss recognised on financial assets reported by the Group in 1H2020 amounted to S\$19.93 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. In 1H2021, increase in impairment loss recognised on financial assets of S\$0.79 million mainly due to additional provision of expected credit loss on receivables.

(vii) Finance expenses

In tandem with the decrease in revenue from Commodities segment where utilisation of credit facilities was higher to support the trading activities, finance expenses decreased by S\$0.60 million from S\$1.28 million in 1H2020 to S\$0.68 million in 1H2021.

(viii) Loss for the period

As a result of the aforementioned, the Group's net loss for the period contracted from S\$19.75 million in 1H2020 to S\$2.54 million in 1H2021.

8(b) Statement of financial position

As at 31 March 2021, the Group recorded negative working capital of S\$22.82 million (30 September 2020: negative S\$22.75 million), and a net asset value per share of 0.53 Singapore cents (30 September 2020: 0.80 Singapore cents).

In light of the abovementioned developments in Para 3(A)(a), the Board believes that the use of the going concern assumption in the preparation for unaudited financial statements for 1H2021 is appropriate after taking into considerations the following measures and assumptions:

1. The Group is able to preserve and maintain its revenue streams from its business operations over the next 12 months;
2. The Group and the Company are able to explore other available equity or debt securities to meet its funding requirements;

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

3. The Group will continue to review and assess the Group's existing business strategies and overall financial performance of the Group and carry out re-organisation and restructuring as and when appropriate; and

4. The Group generated positive cashflow from its operating activities for 1H2021.

(i) Non-current assets

Non-current assets decreased by S\$2.49 million or 7%, from S\$35.90 million as at 30 September 2020 to S\$33.41 million as at 31 March 2021, mainly due to decrease in property, plant and equipment ("PPE"), Rights-Of-Use ("ROU") assets and non-current receivables.

PPE decreased from S\$28.85 million as at 30 September 2020 to S\$27.36 million as at 31 March 2021 mainly due to (i) depreciation charges of PPE amounted to S\$1.56 million, and (ii) translation difference arising from foreign entities of S\$0.14 million, partially offset by purchase of plant and equipment of S\$0.32 million.

ROU assets decreased from S\$2.49 million to S\$1.88 million mainly due to (i) depreciation charges of S\$0.24 million and (ii) derecognition of ROU assets amounted to S\$0.36 million.

Non-current receivables reported by the Group as at 30 September 2020 entailed down payment placed for the purchase of plant and machineries amounted to S\$0.37 million. The above-mentioned down payment was reclassified from non-current receivables to PPE upon delivery of plant and machineries in 1H2021. Correspondingly, non-current receivables decreased from S\$0.41 million as at 30 September 2020 to S\$49,000 as at 31 March 2021.

(ii) Current assets

Current assets increased by S\$3.13 million or 12%, from S\$25.21 million as at 30 September 2020 to S\$28.34 million as at 31 March 2021, mainly due to increase in trade and other receivables, offset by decrease in inventories and cash and bank balances.

Trade and other receivables increased by S\$5.37 million or 61% from S\$8.86 million as at 30 September 2020 to S\$14.22 million as at 31 March 2021 due to increase in advances to suppliers of S\$5.63 million in relation to prepayment made for purchase of raw materials.

Inventories decreased by S\$1.75 million or 19%, from S\$9.03 million as at 30 September 2020 to S\$7.28 million as at 31 March 2021, mainly due to sales of finished goods took place in 1H2021, partially offset by reversal of overprovision of impairment loss on inventories in prior years amounted to S\$1.81 million.

Cash and bank balances decreased from S\$7.32 million as at 30 September 2020 to S\$6.83 million as at 31 March 2021. Please refer to Section 8(c) below on statement of cash flows for explanations on the decrease in cash and cash equivalents of the Group.

(iii) Non-current liabilities

Non-current liabilities decreased by S\$0.21 million or 4%, from S\$5.23 million as at 30 September 2021 to S\$5.44 million as at 31 March 2021, mainly due to decrease in non-current lease liabilities and non-current payables.

Lease liabilities comprised finance leases and ROU liabilities, decreased from S\$2.70 million as at 30 September 2020 to S\$2.39 million as at 31 March 2021, mainly due to reclassification of

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

current portion of lease liabilities from non-current liabilities to current liabilities as Company repaid its lease liabilities in 1H2021.

(iv) Current liabilities

The Group recorded an increase in current liabilities by S\$3.21 million or 7%, from S\$47.96 million as at 30 September 2020 to S\$51.16 million as at 31 March 2021, mainly due to increase in trade and other payables, partially offset by decrease in loans and borrowings and lease liabilities.

Trade and other payables increased by S\$9.64 million or 50%, from S\$19.28 million as at 30 September 2020 to S\$28.93 million as at 31 March 2021, mainly due to non-settlement of payables to creditors in Commodities segment and the Company due to on-going debt restructuring exercise when SMCI and the Company were under judicial management in FY2021.

Lease liabilities decreased by S\$0.17 million or 23%, from S\$0.74 million as at 30 September 2020 to S\$0.57 million as at 31 March 2021, mainly due to repayment of ROU liabilities and finance leases of S\$0.36 million, offset by increase in lease liabilities of S\$0.19 million as a result of renewal of tenancy agreement.

Loans and borrowings decreased from S\$27.79 million as at 30 September 2020 to S\$21.54 million as at 31 March 2021, mainly due to (i) repayment of trade bills and term loans amounted to S\$4.53 million and S\$1.55 million respectively; and (ii) repayment of bank overdraft of S\$0.17 million.

8(c) Statement of cash flows

Net cash generated from operating activities in 1H2021 was S\$6.16 million. This was mainly due to (i) decrease in inventories of S\$3.56 million, and (ii) increase in trade and other payables of S\$9.54 million, partially offset by (iii) increase in trade and other receivables of S\$5.82 million, (iv) loss before changes in working capital of S\$0.82 million, and (v) tax payment of S\$0.29 million.

Net cash used in investing activities in 1H2021 was S\$0.27 million, mainly due to purchase of property, plant and equipment of S\$0.32 million, partially offset by net proceeds from disposal of plant and equipment of S\$34,000.

Net cash used in financing activities in 1H2021 was S\$3.52 million, mainly due to (i) repayment trade bills of S\$4.50 million; (ii) repayment of bank borrowings of S\$0.95 million; (iii) principal repayment of lease liabilities of S\$0.12 million; (v) interest paid to financial institutions of S\$0.68 million, partially offset by (vi) decrease in pledged deposits with financial institutions of S\$2.74 million.

As a result, the Group generated cash and cash equivalents of S\$2.37 million in 1H2021. The cash and cash equivalents as at 31 March 2021 amounted to S\$6.27 million.

9 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.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

10 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 1H2021.

Subsequent events after current reporting period:

- (a) As at the date of this announcement, the immediate and ultimate holding company is Electroloy Metal Pte Ltd, a company incorporated in Singapore.
- (b) On April 1, 2021, the Singapore High Court has granted the Interim Judicial Management Application to place the Company and its subsidiary SMCI under interim judicial management. Subsequently on 10 May 2021, the High Court of Singapore granted judicial management application against the Company and SMCI. Mr. Chee Yoh Chuang and Mr. Lin Yueh Hung have been appointed as the JM of the Company and SMCI.
- (c) As mentioned in Note 3(A), the Company had on 4 April 2022 entered into three definitive subscription agreements with Electroloy, Jiangmenshi and Mr. Di who have agreed to subscribe for an aggregate of 2,253,750,000 new ordinary shares in the capital of the Company (the “**Subscription Shares**” and each a “**Subscription Share**”) at an issue price of S\$0.004 for an aggregate cash consideration of S\$9,015,000. The Company had on 5 August 2022 issued and allotted 1,750,000 Subscription Share to Electroloy for an aggregated consideration of S\$7,000,000. The completion for the Proposed Subscriptions with Jiangmenshi and Mr. Di to raise another S\$2,015,000 cash proceeds for the Company is expected to complete by 31 December 2022, as announced on 30 October 2022.
- (d) JM’s application to the Singapore High Court for leave to convene meetings of the creditors of the Company and SMCI respectively to consider and, if thought fit, approve a scheme of arrangement pursuant to IRDA has been granted by the General Division of the Singapore High Court on 18 May 2022 and the JM had on 15 July 2022 held the Scheme Meetings with the creditors of the Company and SMCI and unanimously approved their respective Schemes. The Company further announced on 11 August 2022 that the Schemes were sanctioned by the Court on 28 July 2022 and subsequently came into effect on 2 August 2022 upon the filing of the Orders of Court sanctioning the Schemes with the ACRA. For detailed information, please refer to the Company’s announcements dated 28 July 2022 and 2 August 2022 for further information.

As disclosed in the Company’s announcement on 19 August 2022, the application to discharge the judicial management order has been granted by the Court on 17 August 2022.

- (e) The Group’s land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. As at the date of the announcement, revaluation for the Group’s freehold and leasehold properties have not reflected its fair value measurements respectively performed by independent valuers as at 30 September 2021.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

10 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 (cont'd)

- (f) As disclosed in the above-mentioned Section 3A(a), the Schemes were sanctioned by the Court on 28 July 2022 and 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. As at the date of this announcement, the Company has fulfilled its obligation to repay first tranche of cash payment under the Scheme. The second tranche of cash payment, being the final payment, will be falling due within 14 business after the resumption of trading of the Company's securities on the SGX-ST. The Company has not considered the financial impact of the Scheme on the financial statements for 1H2021.
- (g) As at the date of this announcement, the Company is evaluating the options to obtain temporary occupation permit for of the smelting facility under the JV agreement. Due to inconsistent understanding of the JV arrangement and different interpretation to the terms of the JV agreement, the Company is unable to determine whether adjustments to the accompanying financial statements might be necessary in respect of this matter.

11 Dividend

(a) Current Financial Period Reported On

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

No dividend had been declared or recommended for 1H2021.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for 1H2021, as the Group recorded net loss in 1H2021 and the Board of Directors deemed it appropriate to conserve funds for the Group's business activities.

SEN YUE HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 200105909M)

- 13 If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for interested person transaction.

There were no interested person transactions that were more than S\$100,000 in 1H2021.

Note:

The Company referred to independent review conducted by FKT as disclosed by Company’s announcement dated 10 February 2021. During the financial period ended 31 March 2021, the Company noted transactions between SMCI and Tai Zhou Yi Ze Metal Co. Ltd (“TZY”), one of the Identified Entities identified by FKT, for an aggregate amount of S\$0.93 million during 1H2021.

As disclosed in FKT’s report, FKT is of the view that TZY is indirectly controlled by Mr. Koh and the transactions between SMCI and TZY are interested person transactions, which may be resulted in potential breach of Catalist Rules 905, 906 and 907. The transactions were entered into during the period when Mr. Koh was an Executive Chairman of the Group. Mr. Koh was relieved of his role and duties as Executive Director in January 2021.

The investigation of CAD in relation to alleged IPT transactions highlighted by FKT is still on-going.

- 14 Disclosure pursuant to Rule 706A of the Catalist Rule**

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 1H2021.

- 15 Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to 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.

- 16 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 30 March 2021 to be false or misleading in any material aspect.

ORDER OF THE BOARD

SEN YUE HOLDINGS LIMITED

Yap Meng Sing
Executive Chairman and CEO

Singapore
15 November 2022