SEN YUE HOLDINGS LIMITED
Registration Number 200105909M
(Incorporated in the Republic of Singapore)

COMPLETION OF EXPANDED SCOPE OF THE INDEPENDENT REVIEW – NON-EXECUTIVE CHAIRMAN'S RESPONSES AND FKT FINDINGS THERETO

*Capitalised terms not defined herein shall have the meanings ascribed to them in the Notice of Compliance ("**NOC**") dated 18 June 2020 issued by the SGX RegCo to the Company and the Company's announcements dated 18 June 2020, 14 July 2020, 5 August 2020,16 September 2020 and 22 October 2020, 29 December 2020, 13 January 2021, 27 January 2021 and 3 February 2021 (the "**Announcements**").*

The Board of Directors (the "**Board**") of Sen Yue Holdings Limited (the "**Company**" and together with its subsidiaries (the "**Group**") refers to the Announcements regarding the Independent Review, the expansion of the scope of the Independent Review and wishes to update that following the conclusion of the maxwellisation process, Foo Kon Tan Advisory Services Pte Ltd ("**FKT**") has issued its report on 16 December 2020 and supplemented by an addendum dated 20 January 2021 ("**Final FKT Report**"). The sequence of events is set out below for shareholders' understanding:

Date	**Event**
18 June 2020 and 14 July 2020	Release of report on FKT's findings pursuant to the Independent Review as announced on 18 June 2020 and 14 July 2020.
15 September 2020	Issue of responses by Mr Koh Mia Seng ("**Mr Koh**") to the findings of FKT accompanied by a report prepared by Strix Strategies Pte Ltd ("**Strix**"), a financial forensics and consultancy firm engaged by Mr Koh ("**1st Response Report**").
October to November 2020	Expansion of scope of Independent Review by FKT pursuant to the NOC (the "**Expanded Scope**") and issue of draft report by FKT on the Expanded Scope as announced on 22 October 2020.
25 November 2020	Issue of responses by Mr Koh to the draft FKT report on the Expanded Scope accompanied by Strix's report ("**2nd Response Report**")
16 December 2020 and 20 January 2021	Issue of Final FKT Report

Pursuant to the maxwellisation process in respect of the FKT findings, Mr Koh disagrees with FKT and denies that he is an interested party or related party to the SMCI customers identified in the FKT Report. Among others, Mr Koh's views read with the 1st Response Report and 2nd Response Report, are as follows:

(a) Strix has not identified any documents or information which calls into question the validity or propriety of transactions between Mr Koh and the customers of SMCI identified in the FKT Report;

(b) There are credible explanations for each of the "red flags" that are highlighted in the FKT Report and that the credit terms extended by SMCI to its PRC customers of 180 days follow market practice in the waste management business and/or metal commodities industry;

(c) None of the persons and customers identified by FKT are current interested persons as defined in Catalist Rule 904 and hence the transactions between SMCI and these customers are not interested person transactions ("**IPTs**") as defined in the Catalist Rules; and

(d) In relation to Mr Xu Yi Rui's employment with the Group, declarations have been made about his relationship as nephew of Mr Koh every year in the Company's annual reports.

A. Final FKT Report on the Expanded Scope of the Independent Review

Having considered all the evidence available to FKT, FKT maintains its conclusions announced on 18 June 2020, save that there is no breach of Catalist Rule 704(10) in relation to the lack of disclosure of Mr Xu Yi Rui's employment with the Group in the Company's full-year results announcements for FY2016 and FY2017. The Company had considered him not to be holding a managerial position for the relevant financial years and hence had not been required to disclose his employment in the full-year results announcements.

The executive summary of FKT's findings in the Final FKT Report is annexed to this announcement as Annex A. In addition, the Company wishes to highlight the following extracts from the Final FKT Report:

1. The Company did not disclose the transactions between SMCI and SMC Technology Sdn Bhd, Matrade Co. Ltd, Thai DD Recycle Co. Ltd, Fung Jet Logistics Trading Limited, Mild On International Limited, Foshan City Nanhai District Sea Sheng Waste Materials Recycling Co. Ltd and Tai Zhou Yi Ze Metal Co. Ltd (collectively, the "**7 Identified Customers**") as IPTs and had therefore breached Catalist Rules 905, 906 and 907. FKT noted that the breaches of the relevant Catalist Rules did not arise from a breach of the Company's internal controls relating to IPT (further details of which are set out in Section B(1) of this announcement). Instead, the breaches arose due to non-disclosure by Mr Koh of his relationships with the 7 Identified Customers to the Company.

2. As a director of the Company, under Section 157 of the Companies Act, Mr Koh has a duty at all times to act honestly and use reasonable diligence in the discharge of his duties as a director. In addition, Mr Koh is also not to make improper use of his position to gain, directly or indirectly, an advantage for himself or for any other person or to cause detriment to the Company. Through the wilful non-disclosure of his relationships with the 7 Identified Customers, Mr Koh appears to have breached his fiduciary duties as a director as his wilful non-disclosure has caused the Company to breach the Catalist Rules. In addition, by causing the Company to extend large credit limits to the 7 Identified Customers resulting in the material and long outstanding account receivables that are currently unlikely to be collected fully, Mr Koh has caused the Company to be exposed to potential large losses. As there may be other instances where Mr Koh had breached his duties as a director, the Company should seek legal advice on such breaches and the remedy that may be available to the Company.

B. Follow up actions taken by the AC in relation to the Final FKT Report and updates on the efforts undertaken by the Board to address the issues raised in the NOC

As disclosed in the Announcements dated 27 January 2021 and 3 February 2021, in view of FKT's recommendation, and after taking into consideration all the work done by FKT to arrive at their conclusions and the inherent limitations of the Group's investigative powers under law, Mr Chim Suan Kit Mark (Chairman of the AC) and Mr Neo Gim Kiong (Executive Director and CEO) have on 5 January 2021 filed a report with the Commercial Affairs Department ("**CAD**") in relation to the matters highlighted by FKT and a CAD investigation is ongoing. Please refer to the aforesaid Announcements for further details.

The Board has reviewed the Final FKT Report and sets out AC's assessment pursuant to paragraph 4.5 of the NOC as follows:

1. The AC acknowledges FKT's findings that the alleged relationships between Mr Koh and 7 Identified Customers would have resulted in breaches of Catalist Rules 905, 906 and 907. The

AC further acknowledges FKT's conclusion that the breaches arose as a result of Mr Koh's non-disclosure, which could not be detected by the Company's existing internal controls set out below:

(a) All directors are required to disclose their interests in companies (including directorships and shareholdings) on an annual basis. Any changes during the year are to be disclosed to the Board and company secretary on a timely basis;

(b) The AC has obtained all directors' (both executive and non-executive) confirmation that they do not have any interests in any of the companies that the Group trades with, for the purposes of determining if these transactions are IPT;

(c) The finance department will keep track of all IPTs as declared by the directors and present the list of IPTs to the AC for their review and approval. The finance department will also review the IPTs to ensure that these transactions are at arm's length;

(d) As part of internal control review, the Company also engages the internal auditors to review the identified IPTs on a periodic basis and will implement any recommendations put forward to strengthen the internal controls relating to IPT. The internal auditors did not raise any issues in its past audits of the Company's internal controls in relation to IPTs.

2. The AC notes that FKT flagged the high risk that some of the transactions between SMCI and the 7 Identified Customers are not conducted on an arm's length basis and/or may not be bona fide. The AC notes that the Company has implemented further measures to mitigate the risks highlighted by FKT, such as the internal controls disclosed in section 4 of the Announcement of 5 August 2020 and the suspension of Mr Koh's executive function from 8 January 2021 following Nominating Committee's recommendation.

   The AC further highlights that this matter has been referred to the CAD and investigations are ongoing. Please refer to Section B(5) below for details of the current audit progress for the financial year ended 30 September 2020 ("**FY2020**") conducted by Deloitte & Touche LLP ("**Deloitte**").

3. The Group had on 3 December 2020 formed a steering committee to manage SMCI's affairs and the key responsibility of the steering committee is to work out the repayment plans to SMCI's banks and creditors. At its formation, the steering committee comprised the AC chairman, the CEO, and a representative of SMCI management (who is Mr Koh's son, Koh Wen An), with a representative of RSM Corporate Advisory Pte Ltd, SMCI's special accountant, as advisor. Mr Koh's son was appointed as a member of the Steering Committee at the recommendation of the steering committee's advisor as he was responsible for providing information about the operations and management of SMCI and the commodities trading business, and facilitating the normal day-to-day business of SMCI. Following the CAD investigation, Mr Koh Wen An's role on the steering committee has been assumed by a staff of SMCI unrelated to Mr Koh and Mr Koh Wen An is no longer a member of the steering committee as at 5 February 2021.

4. SMCI's long outstanding accounts receivables from the 7 Identified Customers are currently not considered recoverable in light of the historical payment track record of these customers for the past year. Partial provision of doubtful debts had been made by SMCI's management for the outstanding balances of these 7 identified customers as at 31 March 2020 and SMCI's management are in the process of finalising the additional amount of provision of doubtful debts with Deloitte for the full year ended 30 September 2020.

5. The Group's ability to operate as a going concern is dependent on the following key factors:

   (a) The continued provision of bank facilities and extension of time for repayment granted by SMCI's creditors, some of which are guaranteed by the Company. The steering committee of SMCI continues to drive the negotiations with SMCI's creditors for

suitable repayment proposals to settle the outstanding amounts. Please refer to the Announcements for details of the letters of demand issued by the various creditors of SMCI;

(b) The ability of SMCI to collect the outstanding accounts receivables from its customers;

(c) The continued ability of the Group's other subsidiaries to continue to generate profits and cashflow; and

(d) The improvement in the macro-economic factors for business, such as the continued re-opening of key customer markets and the relaxation of borders to facilitate trade and labour.

The majority of the Board (with the exception of Mr Koh) concurs with the AC's assessment above.

The AC has also provided Deloitte the Final FKT Report for review as part of its FY2020 audit (which scope includes assessing the adequacy of disclosure regarding related party transactions). The audit is ongoing and Deloitte is in the process of obtaining all necessary information, explanations and supporting evidence outstanding, including those relating to transactions with certain parties identified in the FKT Final Report and the preparation of monthly cash flow relating to going concern assessment by management and the related supporting documents for the assumptions used in the preparation of the related cash flow. Until the satisfactory completion of the audit work, Deloitte is not in a position to issue their audit report. These matters, if not satisfactorily resolved, may result in modifications to the auditor's report on the financial statements of the Group. The AC will provide further updates on this matter in due course.

C. Next Steps

The Board's immediate priority is to work closely with the steering committee of SMCI to address the issues surrounding the Group's ability to operate as a going concern with a view to submit a trading resumption proposal to the SGX Regco at an appropriate time.

The Board will provide further updates when there are material developments on the above.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

NEO GIM KIONG
Executive Director and CEO

10 February 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this

document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.