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

RESPONSES TO QUERIES REGARDING THE UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020 ("FY2020")

*Capitalised terms not defined herein shall have the meanings ascribed to them in the Company's unaudited results announcement for FY2020 dated 17 March 2021 (the "**Announcement**").*

The Board of Directors (the "**Board**") of Sen Yue Holdings Limited (the "**Company**" and together with its subsidiaries (the "**Group**")) wishes to announce that it had on 18 March 2021 received the following queries from the Singapore Exchange Regulation Pte Ltd in relation to the Announcement:

	Queries	**Company's Responses**
1.	An amount of S$36.5 million was recorded as impairment loss on financial assets due to loss allowance of receivables mainly from SMCI subsidiaries. In this regard, please disclose the following information: (i) how the amount of impairment was determined;	The amount of loss allowance for the Group's trade receivables as at 30 September 2020 was determined based on management's discussions with the Independent Auditor on its recoverability having regard to factors such as subsequent cash receipts, payment history, settlement arrangement or the ongoing business relationship with the debtors involved. Out of the $36.5 million loss allowance for receivables, $36.4 million relates to loss allowances made for SMCI's trade receivables. Total specific provision amounting to $34.6 million (of which $34.4 million relates to long outstanding SMCI's trade receivables) was made for long outstanding trade receivables which are individually determined to be impaired at the end of the financial year and include trade receivables which are not secured by any collateral or credit enhancements.
	(ii) the total allowance constituted 83% of the gross trade receivables. Are the remaining 17% trade receivables balance current / are there concerns on collectability of these receivables? Do they mainly pertain to SMCI?	The remaining 17% trade receivables amounted to $7.4million as at 30 September 2020 and which 97% of these trade receivables are due within 90 days. 49% of the remaining 17% trade receivables pertain to SMCI. Barring any unforeseen circumstances, the Board (having discussed with the Independent Auditor) is of the view that the remaining 17% of the Group's trade receivables are reasonably collectible.
2.	As at 30 Sept 2020, the Group recorded significant negative working capital of -S$22.8 million (ie, net current liability position), and has cash and cash equivalents of S$7.3 million. In the announcement, the Board is of the opinion that the Group's ability to continue as a going concern is dependent on the	

	Queries	Company's Responses
	support of SMCI's principal banks and creditors, outcome of the interim Judicial Management Application filed by DBS. The management has critically assessed the cash flow forecasts of the Group for the next twelve months and concluded that save for SMCI, there will be sufficient cash flows and resources to allow the Group to continue its operations and meet its obligations for the foreseeable future. Nonetheless, the Company has no intention to undergo voluntary liquidation or cease trading in the foreseeable future and intends to continue engaging with the principal banks and creditors to finalise a repayment plan and/or course of action to enable the Group to continue its operations and to repay or discharge outstanding debts due to such principal banks and creditors.	
	(i) While we noted the Board's opinion in the announcement, SMCI is still part of the Group currently. With reference to Catalist Rule 1303(3), please provide the Board of Directors' assessment of the Group's current ability to continue operating as a going concern as a Group and the bases for the said assessment.	The majority of the Board has voluntarily suspended trading of the Company's shares as of 4 May 2020 pursuant to Catalist Rule 1303(3)(c). As at the date of this response, the Board is of the opinion that the Company remains unable to reasonably assess its financial position and inform the market accordingly, particularly in light of the interim judicial management and judicial management applications ("**IJM and JM Applications**") filed by DBS Bank Ltd. Accordingly, it is the view of the Board that the Company should continue the voluntary suspension of trading in the Company's shares pursuant to Catalist Rules 1303(3). The Board's opinion and bases of the going concern assessment for FY2020 has been disclosed in page 11 of the FY2020 results announcement dated 17 March 2021. The Board has reviewed the cashflow forecast of the Group for the next twelve months prepared by the Management and conclude that save for SMCI, the other subsidiaries of the Group would generate sufficient cashflow to allow the Group to continue its operations and meet its obligations for the foreseeable future. The Board wishes to highlight that there have been personnel and management changes in SMCI between January 2021 to March 2021. The Group's going concern issues are dependent on, *inter alia*, the following two key factors:

	Queries	Company's Responses
		(i) The ability of the new management in SMCI to manage the existing contracts in e-waste management; and (ii) The outcome of the hearings on the IJM and JM Applications which shall be announced in due course. The Company and SMCI are working with its legal advisers and intends to contest both applications.
	(ii) Please provide the Board's assessment on the Group's ability to meet its debt covenants (if any) and its ability to meet its short-term obligations when they fall due.	The Company and SMCI continue to engage with the principal banks and creditors to finalise a repayment plan and/or course of action to enable the Group to continue its operations and to repay or discharge outstanding debts due to such principal banks and creditors.
	(iii) What are the Sponsor's opinions on whether the Group is able to continue as a going concern, with reference to Catalist Rule 1303(3)? Please provide justifications.	With reference to Catalist Rule 1303(3)(c), the Sponsor agrees with the Board's views that the trading of the Company's shares should continue to be suspended for reasons set out in the response to question 2(i). The Sponsor believes the Board's opinion that the Group can continue as a going concern is reasonable following its discussions with the Independent Auditors and the Board regarding their review and views of the 12-month cash flow forecast of the Group, in particular that save for SMCI, the other subsidiaries of the Group would generate sufficient cashflow to allow the Group to continue its operations and meet its obligations for the foreseeable future. The Sponsor further notes that the Company and SMCI have appointed a legal advisor and understands that the Company intends to contest the Interim Judicial Management Applications and Judicial Management Applications.

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
19 March 2021

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

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

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