SEN YUE HOLDINGS LIMITED
森跃控股有限公司

ANNUAL REPORT 2021

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COMPANY PROFILE

Sen Yue Holdings Limited ("**Sen Yue**" or the "**Company**" and together with its subsidiaries, the "**Group**") is an established metallurgical solutions provider for products used across a diverse range of industries including micro motor, automotive, electrical & electronics, audio visual, screw & fastener, luggage & power tools, bicycles, and general hardware. The main business activities of the Group can be classified into three broad business segments: (i) Metal Components, (ii) electrodeposition ("**ED**") coating, and (iii) Commodities.

The **Metal Components** segment involves the manufacturing and sales of perforated materials including speaker nets and frames, tool and die, and other metal components. It is complemented by the **ED Coating** segment that acts as a secondary and finishing process on metal components, offering coating services such as ED coating, powder coatings, spray-painting, and silk-screening.

The **Commodities** segment is streamlined to providing waste management solutions, treatment and recycling of metal scraps, industrial waste and electronic waste such as lithium-ion batteries.

Sen Yue is listed on the Singapore Exchange Securities Trading Limited under the stock code **5BS**.

CHAIRMAN'S LETTER TO SHAREHOLDERS

DEAR FELLOW SHAREHOLDERS,

On behalf of the board of directors (the "**Board**"), we are pleased to update that the Group was granted a discharge of the judicial management orders ("**JMO**") in respect of the Company and our wholly-owned subsidiary, SMC Industrial Pte Ltd ("**SMCI**") on 17 August 2022. This was achieved after shareholders' approval was obtained at the extraordinary general meeting held on 22 July 2022 on the Proposed Subscriptions[1] and the debt restructuring exercise to address the debts of the Company and SMCI.

The Group had on 23 November 2022 completed the Proposed Subscriptions of new ordinary shares at an issue price of S$0.004 per subscription share to raise an aggregate of S$9.015 million, where bulk of the cash proceeds has been used for the repayment of debts. On 5 August 2022, the allotment and issue of 1.75 billion new ordinary shares for an aggregate consideration of S$7.00 million resulted in the transfer of controlling interest to Electroloy Metal Pte. Ltd ("**Electroloy**"). This was followed by subscriptions from Jiangmenshi Changxin Technology Limited and Mr. Di Lingbin, with an aggregate of S$2.05 million on 23 November 2022.

We are appreciative of your patience and support in giving the Group the opportunity to regain traction. Meanwhile, the Board together with the new management team will continue to work conscientiously to fulfil overdue obligations from the last two financial years, putting the house in order and working towards the goal on resumption of trading of the Company's stock counter on the Singapore Exchange.

WORKING TOWARDS A CLEAN SLATE

During the financial year ended 30 September 2021 ("**FY2021**"), the Company and SMCI were placed under JMO from 10 May 2021. The Group's operations in the respective business segments of (i) Metal Components, (ii) ED Coating, and (iii) Commodities, continued to function normally amid disruptions from time to time when safe management measures were heightened in the respective countries. The disruptions include the 12-day temporary suspension of operations of the Group's subsidiary, PNE Micron (Kuala Lumpur) Sdn. Bhd., where 62% of its employees were tested positive for COVID-19 in April 2021, as well as the Movement Control Order implemented by the Malaysian government in a bid to prevent transmission of the COVID-19 virus.

Despite the challenges, the Group narrowed its loss-making position from S$44.08 million in FY2020 to S$5.53 million in FY2021. The improvement in financial performance mainly stemmed from the discontinuation of its non-ferrous metal trading business within the Commodities segment, where the significant net loss was attributable to the volatility in prices of commodities. The discontinuation of the non-ferrous metal trading business had also resulted in a steep decline in revenue from S$175.11 million in FY2020 to S$55.55 million in FY2021. Nevertheless, the decline was cushioned by higher revenue contribution from the Metal Components and ED Coating segments as well as the waste management solutions, treatment and recycling business under the Commodities segment, which lifted gross profit by 91.1% year-on-year from S$6.08 million in FY2020 to S$11.62 million in FY2021. Correspondingly, gross margin increased from 3.5% in FY2020 to 20.9% in FY2021.

1 Company's Circular to Shareholders dated 6 July 2022

CHAIRMAN'S LETTER TO SHAREHOLDERS

FUNDAMENTALS REINFORCED

The resurgence of new COVID-19 variants, while resulting in lockdowns and continual slowdown in economies, had also seen conventional business operations and lifestyles transformed. Demand for electronic communication devices continued to grow as telecommuting, virtual meetings, e-commerce ('livestreaming' and online consumer purchasing) and home-based learning became the new norm. This accelerated the 5G rollout that in turn, spurred demand and growth for the global electronics sector, which bodes well for the Group's conventional business segments – Metal Components and ED Coating.

The prolonged US-China trade dispute, aggravated by the disruption in the supply chain, had also resulted in the disequilibrium of supply of raw materials and components, and workforce to meet the increasing demand for metallurgical products. This bodes well for the Group's waste management solutions, treatment and recycling business of metal scraps, industrial and electronic waste such as lithium-ion batteries.

We believe the Group has overcome the biggest hurdle, that is, achieving the discharge from JMO and settling 50% of the debts of the Company and SMCI under the approved scheme of arrangement pursuant to Section 210 of the Companies Act 1967 read with Section 117 of the Insolvency, Restructuring and Dissolution Act 2018. Together with our prioritised stakeholders – employees and business partners, we will reset and begin the new chapter for the Group.

ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our stakeholders including our customers, business partners, shareholders, and dedicated management and employees, for your support over the years.

I would also like to convey my appreciation to the Board and, on its behalf, thank our board members, Ms. Yu Li Hong, Mr. Liew Nyok Wah and Mr. Chim Suan Kit Mark who will be retiring and not seeking re-election at the upcoming Annual General Meeting, as well as the former Chief Executive Officer, Mr. Neo Gim Kiong, for their commitments and invaluable contributions to the Group.

On 8 August 2022, the Group announced the appointment of Mr. Yap Meng Sing as the new Executive Chairman and Chief Executive Officer on 5 August 2022 upon the transfer of controlling interest of the Company to Electroloy. We also extend our welcome to Mr. Limjoco Ross Yu and Mr. Tay Boon Zhuan Max who joined the Board on 5 August 2022.

We look forward to the continuous support and confidence of our stakeholders as we work together towards the goal of rebuilding sustainable growth in the Group's businesses.

MR. YAP MENG SING
Executive Chairman and Chief Executive Officer

GROUP STRUCTURE

- **100%** **SYH E-Waste Management Pte. Ltd.** (Singapore)
- **100%** **SYH Resources Pte. Ltd.** (Singapore)
- **100%** **PNE-Sino Pte Ltd** (Singapore)
  - **100%** **PT PNE Indonesia** (Indonesia)
  - **100%** **PT Le Royaume PNE** (Indonesia)
- **100%** **SMC Industrial Pte Ltd** (Singapore) Under Interim Judicial Management (with effect from 1 April 2021)
  - **100%** **SMC Industrial (HK) Limited** (Hong Kong)
  - **100%** **SMC Industrial (UK) Co Ltd** (United Kingdom)
  - **100%** **SMCI Refinery Pte. Ld.** (Singapore)
- **100%** **PNE Micron Engineering Sdn. Bhd.** (Malaysia)
- **100%** **PNE Marvellous Sdn. Bhd.** (Malaysia)
- **100%** **CED System Sdn. Bhd.** (Malaysia)
- **100%** **Hong Nam Industry (M) Sdn. Bhd.** (Malaysia)
- **100%** **PNE Micron (Kuala Lumpur) Sdn. Bhd.** (Malaysia)
- **100%** **PNE Precision Sdn. Bhd.** (Malaysia)
- **100%** **Macore Technology (M) Sdn. Bhd.** (Malaysia)

BUSINESS OPERATIONS

The Group, with operations primarily in Singapore, Malaysia, and Indonesia, continued to grapple with challenges brought about by the COVID-19 pandemic, as new COVID-19 variants emerged in the financial year ended 30 September 2021 ("**FY2021**").

During FY2021, the Company filed a report with the Commercial Affairs Department ("**CAD**") in relation to the matters highlighted by Foo Kon Tan Advisory Services Pte. Ltd. in respect of potential relationships that the former Executive Chairman of the Company, Mr. Koh Mia Seng, may have with certain companies that have dealings with the Group. The CAD investigation is still in progress. On 1 April 2021, the Singapore High Court granted the Interim Judicial Management Application to place the Company and its wholly-owned subsidiary, SMC Industrial Pte Ltd ("**SMCI**") under interim judicial management, and subsequently, the Company and SMCI were placed under judicial management on 10 May 2021.

Whilst the Company and SMCI were placed under judicial management, operations in the respective business segments of (i) Metal Components, (ii) ED Coating, and (iii) Commodities, continued to function normally amid disruptions from time to time when safe management measures were heightened in the respective countries. In the year under review, the Group streamlined its operations in the Commodities segment that had an adverse impact on its overall financial performance. The non-ferrous metal trading business which incurred losses due to the volatility in prices of commodities, was discontinued.

Meanwhile, telecommuting and home-based learning amidst the COVID-19 pandemic led to the surge in demand for consumer electronics. This bolstered the growth in our Metal Components and ED Coating segments in FY2021. The performance of these two business segments cushioned the significant decrease in revenue contribution from the Commodities segment, which used to be driven primarily by the metal commodities trading business. The waste management and recycling business within the Commodities segment continued to perform well.

ANALYSIS BY BUSINESS SEGMENTS

	Revenue			Segment Results		
FYE 30 Sep (in S$'000)	**FY2021**	**FY2020 (restated)**	**Variance**	**FY2021**	**FY2020 (restated)**	**Variance**
Metal Components	2,872	2,461	+ 16.7%	(158)	(20)	N.M.
ED Coating	13,983	11,764	+ 18.9%	3,698	1,823	> 100.0%
Commodities	40,252	161,884	- 75.1%	(2,156)	(43,546)	- 95.0%
Inter-segment elimination	(1,599)	(1,003)	+ 59.4%	(161)	(13)	> 100.0%
Total	**55,548**	**175,106**	**- 68.3%**	**1,223**	**(41,756)**	**N.M.**

Metal Components
This business segment involves in the manufacturing and sales of perforated materials including speaker nets and frames, tool and die, and other metal components.

ED Coating
This business segment provides electrodeposition ("**ED**") coating, powder coatings, spray-painting and silk-screening services and secondary process for products across a diverse range of industries including micro motor, automotive, electrical & electronics, audio visual, screw & fastener, luggage & power tools, bicycles, and general hardware.

Commodities
This business segment comprises (i) trading of metal commodities including copper, non-ferrous metals and other special alloys, and (ii) provision of waste management solutions, treatment and recycling of metal scraps, industrial waste and electronic waste such as lithium-ion batteries.

In the year under review, the business activity on trading of metal commodities was discontinued.

FINANCIAL REVIEW

The Group and its wholly-owned subsidiary, SMC Industrial Pte Ltd ("**SMCI**") were placed under judicial management during the financial year ended 30 September 2021 ("**FY2021**").

The Group registered a 68.3% year-on-year decline in revenue from S$175.11 million for the financial year ended 30 September 2020 ("**FY2020**") to S$55.55 million in FY2021. The significant decrease in revenue mainly stemmed from the Commodities segment, which saw (i) a judicial management order being placed on SMCI, and (ii) the discontinuation of the non-ferrous metal trading business which incurred losses due to the volatility in prices of commodities. This was, however, cushioned by the increase in revenue contribution from the Metal Components and ED Coating segments on the back of general improvement in overall business activities amidst the COVID-19 pandemic.

REVENUE ANALYSIS BY BUSINESS SEGMENTS

Business Segments	FY2021 (S$'000)	FY2020 (S$'000)	Variance
Metal Components	2,872	2,461	+ 16.7%
ED Coating	13,983	11,764	+ 18.9%
Commodities	40,252	161,884	- 75.1%
Inter-segment elimination	(1,559)	(1,003)	+55.4%
Total	**55,548**	**175,106**	**- 68.3%**

In tandem with the decrease in revenue and taking into account the reversal of an overprovision of impairment loss provided for inventories in the Commodities segment amounting to S$1.73 million, cost of sales decreased by 74.0% year-on-year from S$169.03 million in FY2020 to S$43.93 million in FY2021. Together with the discontinuation of the loss-making non-ferrous metal trading business, the Group's gross profit increased by 91.1% year-on-year from S$6.08 million in FY2020 to S$11.62 million in FY2021. Correspondingly, gross margin improved by 17.4 percentage points from 3.5% in FY2020 to 20.9% in FY2021.

Other income decreased by 55.4% year-on-year from S$1.92 million in FY2020 to S$0.86 million in FY2021. The decrease was mainly due to (i) decrease in handling fee charged by SMCI to its customers with the discontinuation of non-ferrous metal trading business, (ii) reduction in government grants such as the Job Support Scheme and foreign worker levy rebate, (iii) lower foreign exchange gain due to the weaker US Dollar against the Singapore Dollar, and (iv) decrease in interest income on lower amount of deposits pledged with financial institutions.

Distribution expenses decreased by 46.8% year-on-year from S$1.13 million in FY2020 to S$0.60 million in FY2021 with the discontinuation of the non-ferrous metal trading business during FY2021.

The Group's administrative expenses decreased by 17.0% year-on-year from S$9.37 million in FY2020 to S$7.78 million in FY2021. The decrease was mainly due to (i) decrease in insurance premium, (ii) decrease in bank charges in line with the lower operating activities in Commodities segment, (iii) decrease in director's remuneration, (iv) decrease in staff cost with the reduction in headcount, and (v) decrease in audit fee expense. The decrease was partially offset by (i) increase in professional fees incurred on debt restructuring exercises, and (ii) general increase in other administrative expenses.

FINANCIAL REVIEW

Other operating expenses increased year-on-year from S$2.66 million in FY2020 to S$6.47 million in FY2021. The increase was mainly due to the recognition of financial guarantee liabilities and expenses made on behalf of SMCI Refinery Pte. Ltd. under the joint venture ("**JV**") agreement to construct a smelting facility ("**Smelter**"). The Company, as the corporate guarantor for banking facilities extended to SMCI, was accounted for guarantee claims payable by the Company at an aggregate amount of S$4.31 million pursuant to the approved scheme of arrangement that came into effect on 2 August 2022. On the other hand, the Group noted the construction cost for the smelting facility admitted by judicial managers was at S$1.39 million. As the outstanding issues related to the JV agreement remained unresolved, the Group recorded the expense incurred for the Smelter as part of the other operating expenses.

Impairment loss recognised on financial assets decreased from S$36.52 million in FY2020 to S$1.18 million in FY2021. As disclosed in the Company's Annual Report 2020, the impairment loss recognised on financial assets was mainly made for the suspected interested party transactions between SMCI and its customers that are suspected to be indirectly controlled by Mr. Koh Mia Seng, the former Non-Executive Chairman, as identified by Foo Kon Tan Advisory Pte. Ltd. The Group made additional provision of S$0.93 million for the said suspected interested party transactions in FY2021.

Finance expenses decreased by 23.4% year-on-year from S$2.10 million in FY2020 to S$1.61 million in FY2021, mainly stemming from higher interest accrued on defaulted loans. The decline was mainly due to lower credit facilities used to support trading activities in the Commodities segment.

After taking into account on tax expenses, the Group narrowed its net loss attributable to shareholders of the Company from S$44.08 million in FY2020 to S$5.53 million in FY2021.

FINANCIAL POSITION ANALYSIS

	As at 30 Sep 2021 (S$'000)	**As at 30 Sep 2020 (S$'000)**	**Variance**
Non-current Assets	23,868	35,903	- 33.5%
Current Assets	29,809	25,206	+ 18.3%
Non-current Liabilities	3,983	5,918	- 32.7%
Current Liabilities	51,735	47,273	+ 9.4%
Working Capital	(21,926)	(22,067)	- 0.6%
Equity Attributable to Owners of the Company	(2,041)	7,918	n.m.
Net Asset Value Per Share (Singapore Cents)[1]	(0.21)	0.80	n.m.

1 Net asset value per share for FY2020 and FY2021 are computed based on the total number of issued ordinary shares of 984.28 million.

The Group reported negative working capital to S$21.93 million as at 30 September 2021, mainly due to net loss reported in FY2021. Coupled by downward revaluation adjustment for leasehold and freehold properties amounted to S$4.16 million, equity attributable to owners of the Company decreased from S$7.92 million as at 30 September 2020 to negative equity of S$2.04 million as at 30 September 2021. Correspondingly, net asset value per ordinary share decreased from 0.80 Singapore cents as at 30 September 2020 to negative 0.21 Singapore cents as at 30 September 2021.

FINANCIAL REVIEW

Non-current assets decreased by 33.5% from S$35.90 million as at 30 September 2020 to S$23.87 million as at 30 September 2021. The decrease was mainly due to:

(i) the decrease in PPE from S$28.85 million as at 30 September 2020 to S$22.04 million as at 30 September 2021, which comprised depreciation charges of PPE and revaluation adjustment of properties, and partially offset by purchase of PPE;

(ii) the decrease in ROU assets from S$2.49 million as at 30 September 2020 to S$1.78 million as at 30 September 2021, arising from depreciation charges and derecognition of ROU assets as a result of disposal of motor vehicles under finance lease, and partially offset by the increase in ROU assets on renewal of tenancy agreement;

(iii) the decrease in non-current receivables from S$0.41 million as at 30 September 2020 to S$49,000 as at 30 September 2021 due to the reclassification of down payment to PPE upon the delivery of plant and machineries in FY2021; and

(iv) the decrease in financial assets at fair value due to reclassification of financial assets at fair value of S$4.23 million as at 30 September 2021 from non-current assets to current assets. The keymen life insurance policies are considered in the scheme of arrangement and will be used to offset outstanding loan due to bank following the execution of the scheme of arrangement on 2 August 2022.

Current assets increased by 18.3%, from S$25.21 million as at 30 September 2020 to S$29.81 million as at 30 September 2021. The increase was mainly due to:

(i) the increase in cash and bank balances from S$7.32 million as at 30 September 2020 to S$16.54 million as at 30 September 2021; and

(ii) the increase in financial assets at fair value of S$4.23 million due to reclassification explained in (iv) under Non-current assets above.

which was partially offset by

(iii) the decrease in trade and other receivables from S$8.86 million as at 30 September 2020 to S$7.20 million as at 30 September 2021 resulting from refund of deposits and increase in allowance for expected credit loss on receivables; and

(iv) the decrease in inventories from S$9.03 million as at 30 September 2020 to S$1.84 million as at 30 September 2021 as a result of the decrease in raw materials on hand and finished goods, which was partially offset by a reversal of overprovision of impairment loss on inventories in prior years.

Non-current liabilities decreased by 32.7% from S$5.98 million as at 30 September 2020 to S$3.98 million as at 30 September 2021. The decrease was mainly due to:

(i) the decrease in lease liabilities comprising finance leases and right-of-use ("**ROU**") liabilities from S$2.70 million as at 30 September 2020 to S$2.12 million as at 30 September 2021 resulting from the reclassification of current portion of lease liabilities from non-current liabilities to current liabilities as Company repaid its lease liabilities in FY2021; and

(ii) the decrease in deferred tax liabilities from S$2.43 million as at 30 September 2020 to S$1.18 million as at 30 September 2021 arising from the downward revaluation of property.

Current liabilities increased by 9.4% from S$47.30 million as at 30 September 2020 to S$51.74 million as at 30 September 2021. The decrease was mainly due to:

(i) the decrease in lease liabilities from S$0.74 million as at 30 September 2020 to S$0.49 million as at 30 September 2021, resulting from the repayment of ROU liabilities and finance leases, and de-recognition of ROU assets upon disposal of motor vehicles under finance lease, which were partially offset by the reclassification of lease liabilities from non-current lease liabilities to current lease liabilities, and an increase in ROU liabilities arose from the renewal of tenancy agreement;

(ii) the decrease in loans and borrowings from S$27.13 million as at 30 September 2020 to S$21.15 million as at 30 September 2021, resulting from the repayments of trade bills, term loans and bank overdraft;

which was partially offset by

(iii) the increase in trade and other payables from S$19.28 million as at 30 September 2020 to S$25.58 million as at 30 September 2021, as a result of the non-settlement of payables to creditors in the Commodities business segment and the Company due to on-going debt restructuring exercise when SMCI and the Company were placed under judicial management in FY2021;

(iv) increase in the financial guarantee liabilities of S$4.31 million due to default on bank borrowings by SMCI where the Group acted as corporate guarantor.

CASH FLOW ANALYSIS

	FY2021 (S$'000)	FY2020 (S$'000)	Variance
Net cash generated from operating activities	17,257	16,576	+ 4.1%
Net cash used in investing activities	(1,100)	(218)	> 100.0%
Net cash used in financing activities	(3,677)	(16,497)	- 77.7%
Net cash and Cash Equivalents	**16,360**	**3,862**	**> 100.0%**

The Group's cash and cash equivalents was S$16.36 million as at 30 September 2021.

- Net cash generated from operating activities in FY2021 was S$17.26 million. This was mainly due to (i) the decrease in trade and other receivables of S$0.83 million, (ii) the decrease in inventories of S$8.92 million, (iii) the increase in trade and other payables of S$4.86 million, and (iv) profit before changes in working capital of S$3.37 million.

- Net cash used in investing activities in FY2021 was S$1.10 million, mainly due to the purchase of property, plant and equipment of S$1.36 million, which was partially offset by proceeds from disposal of property, plant and equipment of S$0.14 million and interest income of S$30,000.

- Net cash used in financing activities in FY2021 was S$3.68 million. This was mainly due to (i) the interest paid to financial institutions of S$0.17 million, (ii) the repayment of bank loans of S$1.06 million, (iii) the repayment of trade bills of S$4.73 million, and (iv) the repayment of lease liabilities of S$0.74 million, which was partially offset by (v) the decrease in pledged deposits with financial institutions of S$3.02 million.

BOARD OF DIRECTORS

MR. YAP MENG SING
Executive Chairman and Chief Executive Officer

Mr. Yap Meng Sing is the Executive Chairman and Chief Executive Officer of the Company. He was appointed to the Board on 5 August 2022. He is responsible for leading the Board and ensuring the overall effectiveness of the Board and its Board Committees as well as working alongside with the Management team on corporate policies and strategies for the Group.

Mr. Yap brings with him a wealth of experience in corporate leadership and management from his involvements in the operations of companies that development, manufacturing, and supply of soldering solutions to electronics, semiconductor, and electroplating industries.

MR. KOH MIA SENG
Non-Executive Director

Mr. Koh Mia Seng is the Non-Executive Director since board reconstitution on 23 September 2022. He was first appointed as an Executive Director on 3 March 2015 and re-elected as the Executive Chairman on 29 January 2019.

Mr. Koh founded SMC Industrial Pte Ltd in the 1980s. Prior to that, he operated a sole-proprietorship dealing with the trading of commodities, including copper, iron, and other metallic commodities. Mr. Koh has an in-depth understanding of the business requirements in the commodities and resources industry, and is familiar with the international trends and the environmental concerns of the different countries in the region.

MR. LIEW NYOK WAH
Non-Executive Director

Mr. Liew Nyok Wah is the Non-Executive Director since board reconstitution on 23 September 2022. He was first appointed as an Executive Director on 3 September 2014 and was re-elected on 22 January 2020.

Mr. Liew, the founder and managing director of Jackspeed Automobile (S) Pte. Ltd., was the first to bring in ABS (Anti-Lock Braking System) back in the 1980s, and also the first to actively promoted the use of cyclone, an additive which promotes better engine efficiency. In 1993, he co-founded Jackspeed Leather Special (S) Pte. Ltd., a company which subsequently listed on Main Board of the SGX-ST in 2003. Mr. Liew was actively involved in exploring new business opportunities and expansion possibilities for the Group.

BOARD OF DIRECTORS

MR. LIMJOCO ROSS YU
Lead Independent Director

Mr. Limjoco Ross Yu is the Lead Independent Director of the Company, the Chairman of the Audit Committee, and a member of the Remuneration Committee and Nominating Committee. He was appointed to the Board and Board Committees on 5 August 2022 and 23 September 2022 respectively.

Mr. Limjoco is the Managing Director of Anchorage Consulting Private Limited, Anchorage Professional Consultancy, Inc., Valuation Advisory Pte. Ltd and TMS Capital Advisory Ltd, as well as the Technical Advisor to Shangyew Public Accounting Corporation. He is also Managing Partner of Anchorage Assurance. He has more than 30 years of commercial and audit experience in both domestic and international markets where he led audit engagements in various companies, assisting companies with, inter alia, initial public offerings, mergers and acquisitions, financial due diligence, corporate advisory & restructuring, and valuation. His professional experience gained includes those from the Big 5 international accounting firms, mid-tier accounting firms, and the commercial industry.

Mr. Limjoco holds a Bachelor of Science in Business Administration with a major in accountancy from the Philippine School of Business Administration. He is a practising member of the Institute of Singapore Chartered Accountant, a member of the Philippine Institute of Certified Public Accountants, a member of Certified Fraud Examiner, and the International Association of Certified Valuation Specialists. He is a Singapore Chartered Valuer and Appraiser.

He also sits on the Board as an Independent Director of Ouhua Energy Holdings Limited listed on the SGX-ST.

MR. CHIM SUAN KIT MARK
Independent Director

Mr. Chim Suan Kit Mark is the Independent Director of the Company, and a member of the Audit Committee, Remuneration Committee, and Nominating Committee. He was appointed to the Board on 19 April 2018 and was re-elected on 29 January 2019.

Mr. Chim is the Managing Director of Primer International Management Ltd. (Hong Kong)/ Primer International Management Pte. Ltd. (Singapore) and director of Primer Holdings Inc. (Philippines) and Primer Seawood Investments Pte. Ltd. He is also the Managing Partner of Practical Support LLP. Mr. Chim has more than 25 years of experience working in the Asia Pacific region, primarily engaged in the marketing and distribution of international lifestyle brands in the footwear, carry wear, and sportswear categories. His experience also extends to negotiations with brand owners for distribution and franchising rights as well as brand licensing rights to manufacture products in Asia.

Mr. Chim has attained a Master of Business (International Marketing) and a Master of Accounting from the Curtin University of Technology, Australia, and a Bachelor of Commerce (Economics) from the University of Newcastle, Australia. He is a full member of CPA Australia and the Singapore Institute of Directors. In recent times, he completed the INSEAD International Directors Program held in Singapore and France.

BOARD OF DIRECTORS

MS. YU LI HONG
Independent Director

Ms. Yu Li Hong is the Independent Director of the Company. She was appointed to the Board on 3 September 2014 and was re-elected on 22 January 2020.

Ms. Yu started her career as a journalist at MediaCorp and moved on subsequently to an investment analyst position with Kim Eng Securities Singapore in 2000. In 2012, Ms. Yu founded the Gifted & Talented Education Group which specialises in providing early learning support to gifted children in Singapore and the region.

Mdm. Yu graduated from the National University of Singapore, Faculty of Business Administration (major in finance) with First Class Honours. She is a fellow of the Association of Chartered Certified Accountants (ACCA, UK), a non-practising member of the Institute of Singapore Chartered Accountants (ISCA, Singapore), and a member of Chartered Financial Analyst (CFA, US).

MR. TAY BOON ZHUAN, MAX
Independent Director

Mr. Tay Boon Zhuan, Max is the Independent Director of the Company, the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. He was appointed to the Board and Board Committees on 5 August 2022 and 23 September 2022 respectively.

Mr. Tay is currently the Senior Director, Finance at Geniebook Pte. Ltd. and also sits on the Board of Sincap Group Limited listed on the SGX-ST. He began his career with PwC and two other leading accounting firms specialising in accounting, payroll, business advisory and assurance advisory and assurance services for more than a decade before joining China Yuchai International Limited ("CYI"), the largest diesel engine manufacturer in China and listed on the New York Stock Exchange, as the Head of Internal Audit. CYI is a subsidiary of Hong Leong Asia Limited listed on the SGX-ST. Subsequently, Mr. Tay held positions as the Chief Financial Officer at Intraco Limited and Heatec Jietong Holdings Limited, which are both listed on the SGX-ST.

Mr. Tay graduated from Nanyang Technological University with a Bachelor in Accountancy degree (First Class Honours). He is a qualified Chartered Accountant from the Institute of Singapore Chartered Accountants. And also holds an ASEAN CPA certification.

BOARD OF DIRECTORS

MR. LAU YAN WAI
Independent Director

Mr. Lau Yan Wai is the Independent Director of the Company, the Chairman of the Remuneration Committee, and a member of the Audit Committee and Nominating Committee. He was appointed on 18 December 2019 and was re-elected on 22 January 2020.

Mr. Lau is currently a Partner of Donaldson & Burkinshaw LLP in Singapore and practices in the field of corporate and securities law. He also sits on the Board of Datapulse Technology Limited, which is listed on the SGX-ST. Mr. Lau started practice as an associate in the corporate and conveyancing department of Jeyaratnam & Chong, a law firm based in Malaysia in 2003 and left the firm in 2004. He joined Withers KhattarWong LLP, a Singapore law firm as a foreign lawyer in January 2005 and became a partner of the firm in January 2010. From June 2011 to February 2015, Mr. Lau was a partner at RHTLaw Taylor Wessing LLP and from September 2011 to March 2014, Mr. Lau was a registered professional with RHT Capital Pte. Ltd., a continuing sponsor registered with the SGX-ST, where he had undertaken continuing sponsor activities for several companies listed on the Catalist. Mr. Lau was a director of Equity Law LLC from March 2014 to 2019.

Mr. Lau graduated with a Bachelor of Law from the University of Sheffield and a Master of Law (Chinese Law) from the National University of Singapore. He also holds a Master of Science in Information Systems from the University of Sheffield. Mr. Lau was qualified to practice in Singapore and West Malaysia. Mr. Lau is a member of the Singapore Academy of Law, the Law Society of Singapore, and the Malaysian Bar.

KEY MANAGEMENT

MS. QUEENIE FOO QUEK CHENG
Chief Financial Officer

Ms. Queenie Foo was appointed as Chief Financial Officer of the Group on 1 September 2022. She is responsible for the entire financial management, regulatory compliance and statutory reporting for the Group.

Ms. Foo began her career with Ernst & Young and Deloitte & Touche. She has 18 years of experience in auditing and accounting in various sectors including manufacturing, trading, plantations, property development and investment holdings company. Prior to joining our Group, Ms. Foo was the Chief Financial Officer of Eindec Corporation Limited ("**Eindec**"), a company listed on the Catalist of the SGX-ST, from August 2017 to August 2022. During her tenure with Eindec, Ms. Foo wore two hats as Acting Chief Executive Officer of Eindec since December 2019, responsible for the Group's overall business operation and performance. From November 2011 to August 2017, Ms. Foo joined Heatec Jietong Holdings Ltd ("**Heatec**"), a company listed on the Catalist of the SGX-ST, as Group Financial Controller and was promoted to Chief Financial Officer in July 2014, responsible for Heatec's corporate finance, accounting and corporate secretarial matters.

Ms. Foo is a certified Practicing Accountant of CPA Australia and holds a Degree of Bachelor of Commerce, major in Accounting from University of Adelaide, Australia.

KEY MANAGEMENT

MR. FOO SAY KIT
Divisional Managing Director

Mr. Foo Say Kit is the Divisional Managing Director who is responsible for the overall performance, engineering and technical support of the business units in Peninsular Malaysia and Indonesia. He joined the Group in 2004, where his responsibilities included the exploration and business development with suppliers. Prior to joining the subsidiary, Mr. Foo worked in the Hard Disk Drives ("HDDs") related industries such as ED coating, precision machining and aluminium die casting.

Mr. Foo holds a Diploma in Mechanical Engineering and Advance Diploma in Industrial Engineering from Singapore Polytechnic.

MR. LIM SOON WAH
General Manager, Indonesia

Mr. Lim Soon Wah is the Director and General Manager of PT PNE Indonesia, a subsidiary of the Group located in Indonesia. He joined one of the Group's subsidiaries in 2000 and has more than 20 years' experience in the metal surface finishing industry, specialising in powder and ED coating process. He oversees PT PNE Indonesia's marketing, day-to-day operations and is responsible for overall performance of the business unit in Indonesia.

MR. PUA KAI CHEK
General Manager, Central and Northern Peninsular Malaysia

Mr. Pua Kai Chek is the General Manager of the Group's subsidiaries in Malaysia who is responsible for the overall performance of the central and northern Peninsular Malaysia business units. He oversees the subsidiaries' marketing, business development activities and daily operations. He has more than 10 years of experience in the metal surface finishing industry. Mr. Pua started his career with a manufacturer of HDDs as a Process Engineer before joining one of the Group's subsidiaries in 2003 as Head of the Engineering Process Department.

Mr. Pua graduated from the University of Technology Malaysia in 2022 with an Honours in Bachelor of Chemical Engineering (Bioprocess Engineering).

CORPORATE GOVERNANCE

The Board of Directors ("**Board**" or "**Directors**") of Sen Yue Holdings Limited ("**Company**") are committed to maintaining a high standard of corporate governance within the Company and its subsidiaries ("**Group**").

This report outlines the Company's main corporate governance practices that were in place through the financial year ended 30 September 2021 ("**FY2021**") with reference to the principles set out in the Code of Corporate Governance 2018 ("**Code**") pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rule of Catalist ("**Catalist Rules**"). The Company has adhered to the principles and provisions as set out in the Code except where otherwise explained. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

The Company and its wholly-owned subsidiary, SMC Industrial Pte Ltd (**"SMC**") were placed under interim judicial management in April 2021 by the Group's banker, DBS Bank Ltd., following non-payment of banking facilities and the Board's independent review of SMC's affairs which resulted in a complaint being made to the Commercial Affairs Department of the Singapore Police Force ("**CAD**"). To the best of the Company's knowledge, as at the date of this report, the investigation of CAD is still in progress.

The Company and SMC were subsequently placed under judicial management in May 2021 and the judicial managers ("**JM**") took over the management of the affairs and business of the Company and SMC from the Board of Directors. As the Board's powers were suspended during FY2021 from April 2021 to 30 September 2021, the Board is unable to express comment on corporate governance practices during this period.

Schemes of Arrangement ("**Schemes**") to address the debts of the Company and SMC were proposed in the respective Statement of Proposals ("**SOP**") tabled by the JM pursuant to Section 107 of the Insolvency, Restructuring and Dissolution Act 2018 ("**IRDA**"). The SOP and Schemes were approved by the creditors of the Company and SMC, and thereafter sanctioned by the Singapore courts in July 2022.

The judicial management orders were discharged on 17 August 2022, and subsequently the JM have been re-appointed as Scheme Managers.

Unless otherwise indicated in this report, references to the Board and Board Committees relate to the composition of the Board and Board Committees during FY2021.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1
The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1	**Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.**

The principal functions of the Board, apart from its statutory and fiduciary responsibilities, include:

- assuming the responsibilities for corporate governance;
- protecting and enhancing shareholders' value;
- overseeing the management of the Group ("**Management**"). The Board meets regularly to discharge this obligation;
- determining the overall strategies of the Group as well as policies covering various matters with an emphasis on values, standards, internal controls, budget, financial performance, quarterly or half-yearly reporting (as may be required by the Catalist Rules) and risk management procedures, as well as environmental issues; and
- reviewing and approving all major investment and divestment proposals, acquisitions and disposal of assets and interested person transactions ("**IPT**"), if any.

Please refer to Table A set out on page 45 to page 47 of this Annual Report for the composition and primary functions of the Board.

Provision 1.2 **Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. The induction, training and development provided to new and existing directors are disclosed in the Company's annual report.**

Our Directors are provided with extensive background information about our Group's history, mission, values and business operations. The Directors may, at any time, visit the Group's production facilities or attend trade shows and customer activities to gain a better understanding of the Group's business.

All newly appointed Directors will undergo an orientation program to get them familiarised with the Group's business, organisation structure, policies and corporate governance practices to facilitate the effective discharge of their duties. The Directors continuously update themselves on new laws, regulations and changing commercial risks. Every Director is also invited and encouraged to seek additional training to further their skills in performing their duties, including attending classes and / or events organised by the Singapore Institute of Directors ("**SID**"). Directors are also informed of upcoming conferences or seminars relevant to their roles as directors of the Company. Such training by all newly appointed and existing Directors are funded by the Company.

If regulatory changes have a material impact on either the Group or the Directors, the Management will update the Directors during the Board meetings. The Company Secretary (or her representatives) also briefs the Directors on key regulatory changes and updates, while Crowe Horwath First Trust LLP, the newly appointed external auditors ("**External Auditors**") of the Company with effect from 21 July 2022 briefs the AC on key amendments to the accounting standards.

Provision 1.3 **The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the Company's annual report.**

The matters which specifically require the Board's approval or guidance are those involving:

- material acquisitions and disposals of assets exceeding S$250,000;
- material new investments;
- borrowings, corporate or financial restructuring;
- capital expenditure exceeding S$250,000;
- material IPT;
- share issuances, dividends and other returns to shareholders;
- establishment of strategies and objectives;
- setting the Group's budget and financial plans;
- monitoring financial and management performances;
- authorising executive compensation;
- evaluating internal controls and risk management;
- approving half-yearly and year-end financial results announcements; and
- commitments to banking facilities granted by financial institutions and overseeing corporate governance.

The Company documents the materiality threshold(s) and matters reserved for board approval.

Provision 1.4 **Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the Company's annual report.**

The Board delegates the implementation of business policies and day-to-day operations to the Chief Executive Officer ("**CEO**"), Executive Director and the Group's management team. For FY2021, Mr Neo Gim Kiong ("**Mr. Neo**") was the CEO and Mr Liew Nyok Wah ("**Mr. Liew**") was the Executive Director. Following the entry of the Company and SMC into judicial management, the day-to-day operations of the Company and SMC were managed by the JM, while the operations of the other subsidiaries of the Company not under judicial management for FY2021 were handled by Mr. Neo and Mr. Liew.

As at the date of this report, the Company's CEO is Mr. Yap Meng Sing.

The Board has established a Nominating Committee ("**NC**"), a Remuneration Committee ("**RC**") and an Audit Committee ("**AC**") (collectively, the "**Board Committees**") to facilitate the discharge of their respective responsibilities.

The Board Committees, which operate within clearly defined terms of reference, are actively engaged and play an important role in ensuring good corporate governance of the Group. All recommendations of the Board Committees are subsequently reviewed by the Board.

Please refer to Table A set out on page 45 to page 47 of this Annual Report for the composition and primary functions of the Board Committees.

As disclosed in the Company's announcement dated 10 February 2021, the Group had on 3 December 2020 formed a steering committee to manage the affairs of SMC. The steering committee's functions were assumed by the JM upon SMC being placed under judicial management.

Provision 1.5 **Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the Company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each Company.**

The Board meets regularly on a half-yearly basis, save when the need for such meetings was dispensed while the Company was under judicial management. Additional meetings are also held from time to time as may be required to address any significant matters that may arise.

The number of Board and Board Committee meetings and the record of attendance of each Director during FY2021 are set out in Table B at page 48 of this Annual Report.

The Company's Constitution ("**Constitution**") provides for meetings of the Directors to be held by means of telephone conference or other simultaneous communication methods. The Board may conduct conference calls to expedite the decision-making process for critical matters. The Board and Board Committees also approve transactions by way of written resolutions, which are circulated to the Board together with all relevant information regarding the proposed transaction.

Dates of Board meetings, Board Committee meetings and Annual General Meetings ("**AGMs**") are scheduled in advance in consultation with all of the Directors. A Director who is unable to attend the meeting in person is invited to participate in the meeting via telephone or video conference.

Provision 1.6 **Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.**

Following the implementation of additional internal controls in respect of the Company's principal subsidiary, SMC, as announced on 5 August 2020 and 13 January 2021 and as disclosed under Provision 10.1, the Directors are regularly provided with complete, adequate and timely information prior to Board meetings to enable them to fulfil their duties. The Management provides the Board with half-yearly management accounts, as well as half-yearly summary data comparing key financial metrics relative to the budget and results from prior periods.

Provision 1.7 **Directors have separate and independent access to Management, the Company secretary, and external advisers (where necessary) at the Company's expense. The appointment and removal of the Company secretary is a decision of the Board as a whole.**

The Directors have separate and independent access to the Management and all the Group's records at all times in carrying out their duties.

Detailed Board papers and files are prepared and circulated in advance for each meeting. This is to give Directors sufficient time to review the matters to be discussed so that discussions can be more meaningful and productive. Any other matters may also be tabled at the Board meeting and discussed without papers being distributed. The Board papers and files include sufficient information from the Management on financial, operating and corporate issues for Directors to decide on issues presented at the Board and Board Committee meetings.

Such information may also be in the form of presentations made by Management in attendance at the meetings, or given by external advisors and consultants engaged on specific projects.

The Management provides the Board updates on the developments of the business on a half-yearly basis, with financial information, the explanations on the financial information, and the rationale for the key decisions taken by Management.

The Directors have separate and independent access to the Company Secretary and other professional advisors, as and when necessary, to discharge his / her responsibilities effectively. In addition, the Directors, either individually or as a group, may seek separate independent professional advice, if necessary to enable them to discharge their duties. The cost of all such professional advice is borne by the Company.

The Company Secretary ensures that applicable rules and regulations are complied with and assists the Board in implementing corporate governance practices. The Company Secretary also prepares minutes for all Board meetings and assists the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings in ensuring good information flows within the Board and its Board Committees and between Management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development, if required.

In addition, the Company Secretary (or her representatives), had attended all Board and Board Committee meetings of the Company in FY2021.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

Principle 2
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1 **An "independent director" is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.**

The criterion for independence is based on the definition set out in the Code, and taking into consideration whether the Directors falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules.

During FY2021, the Board comprise one (1) Non-Executive Chairman, one (1) Executive Director and three (3) Independent Non-Executive Directors. Please refer to Table A set out on page 45 to page 47 of this Annual Report for the changes in the composition of the Board and Board Committees.

The Board is able to exercise objective judgement on corporate affairs independently and constructively challenge key decisions, taking into consideration the long-term interests of the Group and its shareholders, as Independent Non-Executive Directors comprise the majority of the Board. Further, all Board Committees are chaired by Independent Non-Executive Directors and a majority of the members of the Board Committees are Independent Non-Executive Directors. The Company does not have any alternate director.

The NC is responsible for reviewing the independence of each Director based on the provisions set out in the Code. The NC conducts the review annually and requires each Independent Non-Executive Director to submit a confirmation of independence based on the provisions provided in the Code.

Based on the confirmation of independence submitted by the Independent Non-Executive Directors and the results of the NC's review, the NC was of the view that each Independent Non-Executive Director is independent in accordance with the Code and Catalist Rule 406(3)(d) as the Independent Directors:

(i) are not employed by the Company or any of its related corporations for the current or any of the past three financial years; or

(ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC.

As at 30 September 2021, no Independent Non-Executive Directors on the Board had served for more than nine years from the date of his / her initial appointment.

Provision 2.2 **Independent directors make up a majority of the Board where the Chairman is not independent.**

The Independent Non-Executive Directors made up the majority of the Board for FY2021 where the Chairman of the Board is not independent.

Provision 2.3 **Non-executive directors make up a majority of the Board.**

The non-executive directors made up majority of the Board in FY2021. Non-executive directors also currently makes up the majority of the Board, comprising of one (1) Non-Executive Directors and three (3) Independent Non-Executive Directors.

Provision 2.4 **The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the Company's annual report.**

The Board and the NC regularly examine the Board's size and, with a view to determine the impact of the number upon effectiveness, decide on an appropriate size for the Board, taking into account the scope and nature of the Group's operations.

The Board and NC take into account, *inter alia*, the Directors' contributions, areas of expertise and scope of work on an annual basis in evaluating whether the Board's composition is adequate.

The Board and NC note that Directors should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, and are satisfied that the current Board's size and composition are appropriate for the Group.

While the Board and NC have not implemented a fixed diversity policy, the NC periodically reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

During FY2021 prior to judicial management, the Board had the appropriate mix of expertise to lead and govern the Group effectively as the Board's Independent Non-Executive Directors are respected individuals drawn from a broad-spectrum of expertise which enables them, in their collective wisdom, to contribute effectively and provide a balance of views at both Board and Board Committee meetings.

Each Director had been appointed based on his / her calibre and experience and is expected to bring his / her knowledge and experience in his / her field of expertise to contribute to the development of the Group's strategy and the performance of its business. The Board comprised directors with diverse backgrounds such as accounting, finance, legal, manufacturing and business management, and also had one female director during FY2021.

Major proposals and decisions made by the Board are subject to majority approval by the members of the Board. The appointment of new Board members, nomination of directors for re-election and review of the Board and individual Directors' performance are carried out by the NC.

The remuneration packages of the Executive Directors and key management personnel, as well as the Directors' fees payable to the Non-Executive Directors are reviewed by the RC. The Board of FY2021 believes that there are sufficiently strong and adequate safeguards to ensure an appropriate balance of power and authority within the spirit of good corporate governance. Profile of the respective Directors are set out in the section titled "**Board of Directors**" of this Annual Report.

Provision 2.5 **Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.**

The Independent Non-Executive Directors confer regularly with the Executive Directors and Management to develop strategies for the Group, review the performance of Management, assess remuneration and discuss corporate governance matters.

As the Company was under the judicial management, hence the Group's Independent Non-Executive Directors did not hold periodic meetings without the presence of Management in FY2021.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3
There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 **The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.**

In FY2021, the Chairman of the Company was Mr Koh Mia Seng ("**Mr. Koh**"), while the CEO of the Company was Mr. Neo. Mr. Neo assumed Mr Koh's executive duties with effect from 8 January 2021 following the Board's review of the report by Foo Kon Tan Advisory Services Pte. Ltd. ("**FKT**") and taking into account the Notice of Compliance issued by the SGX RegCo on 18 June 2020 ("**NOC**") as the Board needed an unconflicted person on the Management team to address FKT's findings and attend to the directives in the NOC.

Following the Company's entry into judicial management, all decisions regarding the management and operations of the Company were handled by the JM, who are accountable to the creditors of the Company.

Save as disclosed in the findings of FKT in its reports issued in 2020 ("**FKT Reports**"), the Board of FY2021 was of the view that there was adequate accountability and balance of power prior to the Company's entry into judicial management, as Independent Non-Executive Directors made up a majority of the Board. The Board was able to exercise its power objectively and independently from Management. No individual or small group of individuals dominates the Board's decision making.

Provision 3.2 **The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.**

The Chairman's role includes promoting high standards of corporate governance, scheduling meetings that enable the Board to perform its duties, establishing the agenda for the Board meetings in consultation with the CEO and ensuring that the Board reviews and approves the Group's key strategies and policies. The Chairman also participates in communicating with key stakeholders, including shareholders and senior management employees.

Please refer to Provision 3.1 in relation to the Group's arrangements regarding the Chairman and CEO's responsibilities for FY2021.

Provision 3.3 **The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent.**

The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

For FY2021, Mr. Chim Suan Kit Mark ("**Mr. Chim**") was the Lead Independent Non-Executive Director of the Company as Mr. Koh, the Non-Executive Chairman of the Board, is part of the Management team and is not considered independent according to the Code.

The Lead Independent Non-Executive Director avails himself to address shareholders' concerns and acts as a counterbalance in the decision making process. Where necessary, the Lead Independent Non-Executive Director will chair meetings without involvement of the Executive Directors and provide feedback to the Chairman of the Board, to aid and facilitate well-balanced viewpoints on the Board.

The Lead Independent Non-Executive Director also took on the role of liaising with the various professional parties appointed by the Company in relation to FKT's findings and the NOC, and has kept the Independent Non-Executive Directors updated on the Company's affairs in the absence of the Executive Directors.

CORPORATE GOVERNANCE

BOARD MEMBERSHIP

Principle 4
The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 **The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:**

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programmes for the Board and its directors; and

(d) the appointment and re-appointment of directors (including alternate directors, if any.

The NC, which terms of reference are approved by the Board, comprised four (4) Independent Non-Executive Directors in FY2021. Please refer to Table A set out on page 45 to page 47 of this Annual Report for the responsibilities of the NC, based on written terms of reference.

The NC makes recommendations to the Board on all Board appointments and on the composition of Executive and Independent Non-Executive Directors of the Board. It is also charged with re-nominating directors who are retiring by rotation as well as determining annually whether or not a director is independent.

In accordance with Regulation 89 of the Constitution, one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at every AGM of the Company. All directors submit themselves for re-nomination and re-appointment at least once every three years. Any Director appointed by the Board during the financial year shall hold office only until the next AGM. A retiring Director shall be eligible for re-election. In the event that any retiring Director is not re-appointed at the upcoming AGM, the Board will exercise its powers to appoint directors by way of casual vacancy pursuant to Regulation 88 of the Constitution, to fulfil the requirements of paragraph 4.2 of the NOC that the Board's composition remains unchanged until satisfactory resolution of FKT's findings.

At the forthcoming AGM of the Company, Mr. Liew, Mr. Chim and Mdm. Yu Lihong ("**Mdm. Yu**") will be retiring pursuant to Regulation 89 of the Company's Constitution. Mr. Liew, Mr. Chim and Mdm. Yu have indicated their intention to retire and not to seek re-election at the forthcoming AGM. The Board recognises the contribution of its Directors who over time have developed deep insight into the Group's operations and industry and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for any of its Directors.

Provision 4.2 **The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.**

During FY2021, the NC comprised three (3) members, all of whom including the NC Chairman, are independent Directors. The Lead Independent Non-Executive Director for FY2021 was a member of the NC.

Please refer to Table A set out on page 45 to page 47 of this Annual Report for the composition of the NC.

Provision 4.3 **The Company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the Company's annual report.**

When the need for a new director is identified, either to replace a retiring director or to enhance the Board's capabilities, the NC will make recommendations to the Board regarding the identification and selection of suitable candidates based on the desired qualifications, skill sets, competencies and experience, which are required to supplement the Board's existing attributes. If need be, the NC may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration.

The NC, after completing its assessment, meets with the short-listed candidates to assess their suitability, before submitting the appropriate recommendations to the Board for approval. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Provision 4.4 **The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the Company discloses the relationships and its reasons in its annual report.**

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board.

The NC reviews the independence of each Director annually in accordance with the definition of independence set out in the Code, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. For FY2021, the NC did not convene to review the independence of directors as the Company was under judicial management.

In respect of the Company's current Independent Directors, namely Mr. Chim, Mdm. Yu, Mr. Limjoco Ross Yu, Mr. Lau Yan Wai and Mr. Tay Boon Zhuan, the Board is of the view that they are independent, taking into account the circumstances set forth in the Code, Rule 406(3)(d) of the Catalist Rules and any other salient factors.

Provision 4.5 **The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the Company. The Company discloses in its annual report the listed Company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.**

Unless exempted, all Directors are expected to attend courses organised by the SID on their duties and obligations as a Director within 1 year from their appointment. Where appropriate, the responsibilities of a Director are clearly delineated in their appointment letter or service agreement (as the case may be). All Directors declare their board memberships and principal commitments as and when practicable. The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Group to adequately perform their duties as directors of the Group.

In accessing the capacity of the Directors, the NC takes into consideration the expected and/or competing time commitments of the Directors, size and composition of the Board, and nature and scope of the Group's operations and size.

The NC will conduct a rigorous review if any of the Directors hold more than six listed Company board representations. The Board and the NC will review the requirement to determine the maximum number of listed board representations as and when they deem fit.

The Company does not have any alternate directors.

As announced on 27 January 2021, the NC was of the view that Mr. Koh is not suitable to remain as a director of the Company and its subsidiaries as the findings in the FKT Report put into question his character and integrity. In the meantime, following the NC's recommendation, Mr. Koh had been suspended from all executive functions from 8 January 2021 and Mr. Neo has assumed Mr Koh's duties and responsibilities in the Group. On 13 January 2021, Mr. Koh had been redesignated from Executive Chairman to Non-Executive Chairman. Save as aforesaid, the NC was satisfied that the Directors were able to and had adequately carried out their duties as Directors of the Company prior to the Company's entry into judicial management.

Details of the Directors' academic and professional qualifications, date of first appointment and other relevant information are set out on in the "**Board of Directors**" section of this Annual Report.

BOARD PERFORMANCE

Principle 5
The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1 **The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.**

The NC assesses the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director to the effectiveness of the Board on an annual basis. Objective performance criteria used to assess the performance of the Board include both quantitative and qualitative criteria. The Board and the NC believe that the financial indicators are mainly used to measure the Management's (including Executive Directors') performance and hence are less applicable to the Independent Non-Executive Directors.

No external facilitator was engaged by the Company in FY2021.

Provision 5.2 **The Company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of its directors.**

The performance criteria for the Board and Board Committees' evaluation, as determined by the NC, cover the following areas:

1. Board Composition and Structure;
2. Conduct of Meetings;
3. Corporate Strategy and Planning;
4. Risk Management and Internal Control;
5. Measuring and Monitoring Performance;
6. Training and Recruitment;
7. Compensation;
8. Financial Reporting;
9. Chairman of the Board;
10. Board Committees; and
11. Communicating with Shareholders.

The abovementioned performance criteria do not change from year to year.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his / her performance and / or re-nomination as a Director.

The assessment parameters for each Director include their knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the intensity and quality of participation at meetings. The NC and the Board have relied on the abovementioned parameters to evaluate the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors.

The replacement of a Director, when it occurs, does not necessarily reflect the Director's performance, but may be driven by the need to align the Board with the needs of the Group.

The Company was under judicial management during FY2021, hence there was no Board or Board Committee evaluation for FY2021.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6
The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1 **The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:**

(a) a framework of remuneration for the Board and key management personnel; and

(b) the specific remuneration packages for each director as well as for the key management personnel.

The RC, which terms of reference are approved by the Board, reviews and makes recommendations to the Board on the framework of remuneration packages and policies applicable to the CEO, Executive Directors and key management personnel.

The RC reviews the remuneration packages and employment contracts of the CEO, Executive Directors and key management personnel in order to attract and retain capable executives through competitive compensation. The RC recommends for the Board's endorsement, a framework of compensation that covers aspects of remuneration including Directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for the CEO, Executive Directors and key management personnel.

Provision 6.2 **The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.**

The RC comprised three (3) Independent Non-Executive Directors and one Non-Executive Non-Independent Director for FY2021. The majority of the members, including the Chairman of the RC, are independent. Mr. Koh was a member of the RC notwithstanding his prior executive duties, to facilitate the flow of information between the RC and the Management.

Please refer to Table A set out on page 45 to page 47 for the composition and functions of the RC.

Provision 6.3 **The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.**

The RC's review of remuneration packages covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, profit sharing (where applicable) and benefits-in-kind. The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises.

The RC also reviews the Company's obligations arising from termination clauses and termination processes in relation to the Executive Directors' and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages take into account the Company's relative performance and the performance of the individual Directors or key management personnel.

The RC's recommendations are submitted to the entire Board. Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

Provision 6.4 **The Company discloses the engagement of any remuneration consultants and their independence in the Company's annual report.**

No remuneration consultants were engaged by the Company during FY2021 while the Company was under judicial management.

The RC may consider utilising external expert advice and data, as and when necessary, to assist in the evaluation of its compensation recommendations. None of the RC members or Directors is involved in deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him / her or someone related to him / her.

LEVEL AND MIX OF REMUNERATION

Principle 7
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provision 7.1 **A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.**

The remuneration policy of the Company is to provide compensation packages at market rates, which reward successful performance and attract, retain and motivate Directors and key management personnel.

In reviewing and determining the remuneration packages of the Executive Directors and the Group's key management personnel, the RC considers the Executive Directors' and key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages. An appropriate proportion of their remuneration is linked to individual and corporate performance and is aligned with the interests of Shareholders.

The Company had no long-term incentive schemes during FY2021.

Provision 7.2 **The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.**

No Independent Non-Executive Directors have service agreements with the Company. They are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Independent Non-Executive Directors are subject to approval by Shareholders at each AGM thereby ensuring that their independence is not compromised.

Each member of the RC abstains from deliberating on or making recommendations in respect of any proposed amounts to be paid by the Company to him / her.

Please see Table C set out on page 49 to page 50 for the schedule of annual fees bands for Independent Non-Executive Directors being proposed to Shareholders.

Provision 7.3 **Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.**

There are currently no incentive schemes on share options or share related payments for the Executive Directors and key management personnel. The Board uses contractual provisions or other measures to reclaim any approved bonuses or other payments from the parties involved should there be any misstatements of financial results, or of misconduct resulting in financial loss to the Group.

The RC is of the view that the remuneration is appropriate to attract, retain and motivate the Directors and key management personnel to successfully manage the Company for the long term given the low attrition rate of Directors and key management personnel.

DISCLOSURE ON REMUNERATION

Principle 8
The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 **The Company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:**

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

Please refer to Table C set out on page 49 to page 50 for remuneration details for the Directors, CEO and key management personnel. For FY2021, the Group had four (4) key management personnel. The RC has not recommended the payment of any directors' fees for FY2021 as the Company had been under judicial management and professional fees were paid to the JM for their services.

In FY2021, aggregate remuneration for the Directors, the CEO and the key management personnel was S$1,165,000.

The Company's remuneration policy is one that seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the Executive Directors and key management personnel to achieve the Company's business vision and create sustainable value for its stakeholders.

The remuneration policy adopted by the Group comprises a fixed component and a performance-related variable component. The fixed component is in the form of a base salary. The variable component is in the form of a bonus and depends on the relative performance of the Company and the performance of each individual Executive Director and key management personnel, allowing for the alignment of their interests with that of Shareholders. The Executive Directors do not receive additional Directors' fees.

The performance criteria used to assess the remuneration of Executive Directors and key management personnel is based on the profitability of the Group, leadership, as well as the Executive Directors' and key management personnel's compliance in all audit matters. There are currently no long-term incentives for the Executive Directors and key management personnel. The Executive Directors' and key management personnel's short-term incentives (namely the performance-related variable component) are recommended by the RC and approved by the Board. The Board, taking into consideration the competitive business environment, decided not to disclose the exact details of the remuneration of each individual Director and key management personnel (who are not Directors of the Company) be kept confidential. The Company is of the view that detailed disclosure of such information is sensitive and not in the best interest of the Company as it may have a negative impact on talent attraction and retention (such as poaching) given the highly competitive environment it is operating in. As the Company has a small and tightly-knit team, such disclosure would be disadvantageous to the Company in relation to its competitors and may affect adversely the working relationship, cohesion and spirit of team work prevailing amongst the employees of the Company.

After taking into the account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders with information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company has complied with Principle 8 of the Code.

Provision 8.2 **The Company discloses the names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.**

Save for Mr Liew, who was Executive Director during FY2021, there was no employee who is a substantial shareholder or are immediate family members of a Director, CEO or substantial shareholder of the Company, whose remuneration exceeds S$100,000 in the Group's employment for FY2021. Please refer to Table C set out on page 49 to page 50 for remuneration details set out in bands of S$100,000.

Provision 8.3 **The Company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company. It also discloses details of employee share schemes.**

Please refer to Table C set out on page 49 to page 50 of this Annual Report for the remuneration and other payments and benefits, paid by the Company and its subsidiaries to Directors, CEO and key management personnel of the Company for FY2021. The Company had no employee share schemes in place during FY2021.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9
The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Provision 9.1 **The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.**

The Company manages risks under an overall strategy determined by the Board and supported by the AC. The Company sets acceptable risk management standards and periodically reviews the risks that the Group is subject to.

The Board recognises that it is responsible for the overall internal control framework, but accepts that no internal control system or risk management will preclude all errors and irregularities such as poor judgement in decision making, human error, losses or fraud, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The AC will annually:

- satisfy itself that adequate measures are being made to identify and mitigate any material business risks associated with the Group;

- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating, information technology and compliance controls and risk management, is conducted at least annually. Such review can be carried out by FKT, the internal auditors;

- ensure that the internal control recommendations made by internal auditors and the management letter recommendations by external auditors (noted during the course of the statutory audit) have been implemented; and

- ensure the Board is in a position to comment on the adequacy and effectiveness of the internal controls of the Group.

The Board with the assistance of the internal auditors, determines the Company's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Board also reviews compliance issues, if any, with Management on a half-yearly basis and as and when required.

Provision 9.2 **The Board requires and discloses in the Company's annual report that it has received assurance from:**

(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

For FY2021, all the FKT's Internal Audit Report dated 17 April 2020 had been addressed by the measures described in the Company's announcement dated 5 August 2020 as further detailed in Provision 10.1.

The construction of the smelter as a result of SMC and SMCI Refinery Pte Ltd's entry into a joint venture ("**JV**") agreement with Electroloy Metal Pte Ltd and Mr Wang Chun Jian (collectively, the "**JV Partners**") is still in progress and the JV Agreement is pending renegotiation with the JV Partners.

No assurance has been provided by the CEO and key management of the Company for FY2021 as the Company and SMC was placed under judicial management in FY2021.

AUDIT COMMITTEE

Principle 10
The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.1 **The duties of the AC include:**

(a) **reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;**

(b) **reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;**

(c) **reviewing the assurance from the CEO and the CFO on the financial records and financial statements;**

(d) **making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;**

(e) **reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and**

(f) **reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.**

The AC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the AC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

Prior to the appointment of the JM, the AC meets at least on a half-yearly basis to review the half-yearly and full year results of the Group and the audited annual financial statements, SGXNET announcements and all related disclosures to shareholders before recommending the same to the Board for approval. In the process, the AC reviews the basis and reasoning of the Management in the preparation of the financial statements, critical accounting policies and any significant changes that would have an impact on the Company's financials.

The AC evaluates on a yearly basis the adequacy and effectiveness of the internal controls including financial, operational, compliance and information technology controls and regulatory compliance of the Group through discussion with Management and its Internal and External Auditors.

The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets. The AC acknowledges FKT's findings that the alleged relationships between Mr. Koh and the customers identified by FKT would have resulted in breaches of Catalist Rules 905, 906 and 907 in relation to IPT. 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 as 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; and

(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 Chairman of the AC, Mr. Chim and the Group's CEO, Mr. Neo had on 5 January 2021 filed a report with the CAD in relation to the matters highlighted by FKT. Please refer to the Company's announcements dated 3 and 10 February 2021 for further details. As at the date of this report, the investigation of CAD is still in progress.

The Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. For example, the key features of the internal control environment include having clear and defined terms of reference for Board Committees, assigning authority and responsibility in accordance with an authority matrix and written internal control procedures.

The AC reviews the scope of the External Auditors' audit plan and the effectiveness of the results from the independent audit. The AC also reviews the independence and objectivity of the External Auditors as well as the Group's compliance with Section B: Rules of the Catalist of the SGX-ST (the "**Catalist Rules**"), the Code, as well as IPT and whistleblowing reports, if any.

The AC recommends to the Board the appointment, re-appointment and removal of External Auditors, and approves the remuneration and terms of engagement of the External Auditors.

Please refer to Table A on page 45 to page 47 for the detailed terms of reference of the AC.

The Group has established a whistleblowing policy which provides the channel for employees of the Group and external parties to raise their concerns about improprieties in financial reporting or other matters to the AC Chairman or CEO, in good faith and in confidence, sending their mails directly to the Company's registered address, if any.

The procedures for whistle blowing are displayed clearly on the notice boards of the Company and its subsidiaries where staff can call or email the CEO directly on all matters not related to the CEO, and they have access to the AC Chairman for matters relating to the CEO or as they deem appropriate. The follow up procedures regarding matters raised are also stated and whistleblowers are assured that all actions in good faith will not affect them in their work and staff appraisals.

Apart from the duties listed above, the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore and other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The AC is also authorised to investigate any matter within its terms of reference and has full access to and co-operation of the Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC meets annually with the internal auditors and the external auditors, without the presence of the Management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors.

In FY2021, the Company had no external auditor as the Company's former auditors, Deloitte & Touche LLP chose not to stand for re-election at the annual general meeting convened on 30 April 2021 and the Company was subsequently under judicial management. There was no internal audit conducted for FY2021. Correspondingly, the AC and the Board are not able to express comment on the adequacy and effectiveness of the Group's internal controls and risk management systems prior to the Company being placed under judicial management.

The Company's current External Auditors are Crowe Horwath First Trust LLP appointed pursuant to an extraordinary general meeting convened on 21 July 2022. Their fees paid for undertaking the FY2021 audit are approximately S$245,000 and there are no non-audit fees paid to the External Auditors.

In compliance with Rule 1204(6)(b) of the Catalist Rules, the AC undertook the annual review of the independence and objectivity of the External Auditors by reviewing the non-audit services provided and the fees paid to them, if any.

Notwithstanding that the AC has evaluated that the External Auditors are independent and objective and are suitable for re-appointment, the External Auditors have expressed that they will not be seeking re-appointment at the forthcoming AGM. The Company will source for suitable replacements. Further announcements will be released in due course once the proposed new appointment has been confirmed.

Crowe Horwath First Trust LLP and its member firms are the auditors of all the Company's Singapore incorporated subsidiaries and substantial foreign-incorporated subsidiaries. The Board and AC are of the view that the Company has complied with Catalist Rules 712 and 715 in relation to its External Auditors.

<u>Provision 10.2</u> **The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.**

For FY2021, the AC comprised three (3) members, all of whom including the AC Chairman, are Independent Non-Executive Directors. The Lead Independent Non-Executive Director, Mr. Chim was the Chairman of the AC. Mr. Chim and Mdm. Yu are trained in accounting and financial management. The AC members were appropriately qualified to discharge their responsibilities and functions under the terms of reference approved by the Board.

Please refer to Table A set out on page 45 to page 47 for the composition and the main functions of the AC.

<u>Provision 10.3</u> **The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.**

None of the AC members were previous partners or directors of the existing auditing firms within the previous twelve months and none of the AC members hold any financial interest in the above-mentioned auditing firms.

<u>Provision 10.4</u> **The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.**

The AC, in consultation with Management, approves the hiring, removal, evaluation and the fees of the Internal Auditors. The Internal Auditors have unfettered access to all the Group's documents, records, personnel and the AC.

The Internal Auditors report primarily to the AC Chairman and has unrestricted access to documents, records, properties and personnel of the Group. Prior to the Company's entry into judicial management, the Board engaged FKT to conduct an expanded scope of internal audit review to address the issues identified in the NOC. Please refer to the Company's announcement dated 10 February 2021 for further details.

The role of the Internal Auditors is to assist the AC in ensuring that the controls are adequate, effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC is satisfied that the internal audit function is independent, adequately resourced, staffed by suitably qualified and experienced professionals and has the appropriate standing within the Company to perform its function effectively.

The internal audit function plans its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In addition, the Internal Auditors may be involved in ad-hoc projects initiated by the Management which require the assurance of the Internal Auditors in specific areas of concerns.

The Board did not engage any firm to perform internal audit during FY2021 as the Company was under judicial management.

Provision 10.5 **The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.**

In the course of FY2022, the current AC carried out the following activities:

(a) reviewed half-year and full-year financial statemetns (unaudited and audited) for FY2021, and recommended such reports to the Board for approval;

(b) reviewed interested person transactions;

(c) reviewed whistle-blowing reports; and

(d) reviewed and approved the annual external audit plan of the external auditors for FY2021.

The AC did not meet with the External Auditors and Internal Auditors during FY2021 when the JM managed the affairs and business of the Company.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11
The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1 **The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.**

At general meetings, Shareholders are given the opportunity to raise questions to the Directors and the Management relating to the Company's business or performance. The chairpersons of the AC, NC and RC, as well as the External Auditors, are present to assist the Directors in addressing any relevant queries raised by Shareholders.

For FY2021, due to the COVID-19 outbreak and the circuit breaker put in place by the Singapore Government, the Company's last AGM for the financial ended 30 September 2021 held on 30 April 2021 ("**FY2020 AGM**") was held by way of electronic means, through "live webcast" and "audio-only means", pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**"). The notice of AGM was not published in the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding of the AGM pursuant to the COVID-19 Order. The Company had also published a notice to Shareholders, together with the notice of AGM, detailing the alternative arrangements for the FY2020 AGM, during the COVID-19 pandemic.

Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member of the Company (whether individual or corporate and including a relevant intermediary) entitled to vote at the AGM must appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate and including a relevant intermediary) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. Shareholders participated in the FY2020 AGM via electronic means, voting by appointing the Chairman of the FY2020 AGM as proxy and their questions (if any) in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the FY2020 AGM, and responses to the questions were provided via announcement on SGXNet and the Company's corporate website. The queries received by the Company relating to the items on the agenda of the FY2020 AGM had been addressed in the Company's announcement dated 29 April 2021. Shareholders are also informed of the voting procedures prior to the commencement of voting by poll.

The Company's Constitution does not include the nominee or custodial services to appoint more than two proxies.

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund ("**CPF**") Board which purchases shares on behalf of the CPF and Supplementary Retirement Scheme ("**SRS**") investors.

The Constitution provides that an individual Shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings. In line with the amendments to the Act, the Constitution allows corporate Shareholders of the Company which provide nominee or custodial services to third parties to appoint more than two proxies to attend and vote on their behalf at general meetings.

All shareholders will receive the Company's annual report and notice of AGM or general meetings and are entitled to attend the general meetings of the Company. They are afforded the opportunity to participate effectively at such meetings and are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings.

For the forthcoming AGM, the notice of AGM and the accompanying annual report and proxy form are made available to shareholders solely by electronic means via publication on the SGXNET and the Company's website, pursuant to the COVID-19 Order.

Provision 11.2 **The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.**

The Company has separate resolutions at general meetings for each distinct issue. In line with the Rule 730A of the Catalist Rules, all the resolutions are voted on by way of poll and the Company announces the detailed results showing the number of votes cast for and against each resolution and the respective percentages to the public.

Provision 11.3 **All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the Company's annual report.**

The respective chairpersons of the AC, RC and NC are normally present and available to address questions relating to the the work of their respective Board Committees at the general meetings. Furthermore, the external audtiors are present to assist the Board in addressing any relevant queries from the Shareholders, including the conduct of audit an the preparation and content of the auditors' report. All Directors will endeavour to be present at the Company's general meetings of Shareholders to address Sharehoders' queries. All Directors were present at the FY2020 AGM of the Company held on 30 April 2021.

Provision 11.4 **The Company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.**

Voting in absentia, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

Provision 11.5 **The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.**

Minutes are taken of all general meetings which incorporate substantial comments and queries from Shareholders and responses from the Board and Management. Such minutes, which are subsequently approved by the Board, will be made available to Shareholders on the SGXNet. The Company had on 28 May 2021 announced the minutes of the FY2020 AGM on the SGXNet, in compliance with the COVID-19 Order.

For the upcoming AGM for FY2021, the minutes of the AGM will be posted on the SGXNET and the corporate website within 1 month from the date of the AGM.

Provision 11.6 **The Company has a dividend policy and communicates it to shareholders.**

The Company does not have a fixed dividend policy at present. The issue of payment of dividends is deliberated by the Board annually, having regards to various factors (e.g. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate).

The Board did not declare or recommend a dividend for FY2021 in order to preserve cash for the Group's operations in view of the prevailing business conditions of the Group.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12
The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provision 12.1 **The Company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.**

The Company firmly believes in high standards of transparent corporate disclosure, pursuant to the Catalist Rules and the Singapore Companies Act, whereby shareholders are informed of all major developments that affect the Group. Information is communicated to our shareholders on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

In presenting the annual financial statements and half-yearly announcements to shareholders as well as any price sensitive reports to the public, the Board aims to provide the shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

Please refer to the disclosures in Provision 12.2 on the avenue of communication between the Board and its shareholders.

Provision 12.2 **The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.**

The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

Prior to the enactment of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, shareholders of the Company receive the annual reports and notices of AGMs which are also advertised in the newspapers within the prescribed deadlines prior to the AGMs. For the upcoming AGM, such information will be disseminated via SGXNET and the Company's corporate website. The Board encourages shareholders' participation at the AGMs and periodically communicates with Shareholders through SGXNET throughout the financial yearThe Company will announce the responses to substantial and relevant questions from shareholders on SGXNET prior to the deadline for the lodgement of the proxy forms.

Such information will be disseminated via SGXNET and the Company's corporate website while the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 remains in force.

The Company also releases half-yearly announcements containing a summary of the financial information and affairs of the Group for that period, and announcements requireing disclosures as required by the Catalist Rules via SGXNET. Shareholders can also access the Company's website at https://senyueholdings.com/ to access information on the Group.

Provision 12.3 **The Company's investor relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.**

The Company has engaged the investor relations firm who focuses on facilitating the communications with all stakeholders, Shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance. The contact details of the investor relations firm are set out in "Corporate Information" section of the Annual Report.

Shareholders may also contact the Company by completing the "Contact Us" form on the Company's website at https://senyueholdings.com/contact-us. The Company will respond directly to the querying shareholder using the contact information provided therein.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Provision 13.1 **The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.**

The Company is committed in maintaining close communication with those stakeholders whom will have an impact on the Company's business and operating performance and long term sustainability. To this end, the Company has established relevant communication channels to engage with its stakeholders as detailed in Principle 12.

Provision 13.2 **The Company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.**

The Company recognises the needs for ensuring the business interests of the Company and its stakeholders are properly aligned as part of its sustainability journey. As in previous years, the Company has undertaken a process of identifying material environmental, social and governance (ESG) issues which are important and will impact the stakeholders. Having identified these material topics, the Company seeks to map out its processes and align its business practices and strategies to address the concerns of these stakeholders. The Company's efforts and approaches in ensuring the respective stakeholders' concerns are properly addressed are set out in its Sustainability Report for FY2020.

The Company will not be issuing its Sustainability Report for FY2021 as required under Catalist Rule 711A as the Company was under judicial management in FY2021.

Provision 13.3 **The Company maintains a current corporate website to communicate and engage with stakeholders.**

The Company updates its corporate website https://senyueholdings.com regularly with information released on the SGXNET and business developments of the Group.

OTHER CORPORATE GOVERNANCE MATTERS

1. Material Contracts
[Catalist Rule 1204(8)]

Save as disclosed in the section below regarding IPTs, Mr. Koh's personal guarantee and as disclosed in Note 13, Note 20 and Note 32 to the Financial Statements respectively, no material contracts of the Company or its subsidiaries involving the interests of the CEO or any Director or controlling shareholders existed at the end of the financial year or have been entered into since the end of the previous financial year other than that. In addition, no Director, CEO, controlling shareholders or a Company related to the aforesaid persons have received a benefit from any contract entered into by the Group since the end of the previous financial year.

2. Interested Person Transactions
[Catalist Rule 1204(17)]

As at 30 September 2021, the Group has not obtained a general mandate from shareholders for IPT.

There were no IPT conducted under the IPT Mandate pursuant to Rule 920 that were more than S$100,000 in FY2021.

The Company refers to the independent review conducted by FKT as disclosed in Company's announcement dated 10 February 2021. During FY2021, the Company noted transactions between SMC and Tai Zhou Yi Ze Metal Co. Ltd ("**TZY**") for an aggregate amount of S$0.93 million.

As disclosed in FKT's report, FKT is of the view that TZY is indirectly controlled by Mr. Koh and the transactions between SMC and TZY are IPT, which may be 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 Chairman in January 2021.

The Chairman of the AC, Mr. Chim and the Group's CEO, Mr. Neo had on 5 January 2021 filed a report with the CAD in relation to the matters highlighted by FKT. Please refer to the Company's announcements dated 3 and 10 February 2021 for further details. As at the date of this report, investigation of CAD in relation to the alleged IPT transactions highlighted by FKT is still on-going.

3. Dealing in Securities
[Catalist Rule 1204(19)]

In compliance with Rule 1204(19), the Group has adopted a Code of Conduct to provide guidance to Directors and executive officers with regards to dealing in the Company's securities.

The Company, Directors and officers of the Group are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are also reminded regularly not to deal in the Company's shares during the period commencing one month before the announcement of the Group's half-yearly and annual financial results and ending on the date of announcement of those results. The Company, its Directors and officers are required to report to the Company Secretary whenever they deal in the Company's shares. The Company Secretary assists the AC and the Board in monitoring such share transactions and making the necessary announcements. Directors and officers are also reminded to be mindful of the laws on insider trading at all times and to ensure that their dealings in securities do not contravene the laws on insider trading as determined by the Securities and Futures Act 2001 of Singapore, the Act and other appropriate regulations.
"Directors and officers" include the following classes of employees:

1) All directors and managers;
2) All significant participants in the financial consolidation process;
3) Others with significant management responsibility whose decisions can materially impact the Company's financial results; and
4) Certain accounting and finance personnel who assist the Company's CFO / Company Secretary in preparing all public announcements and materials distributed to the Board of Directors.

4. Non-sponsor Fees
[Catalist Rule 1204(21)]

No non-sponsor fees were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. in FY2021.

TABLE A

Board composition for FY2021:

Koh Mia Seng	(Non-Executive Chairman)
Neo Gim Kiong	(Chief Executive Officer[1])
Liew Nyok Wah	(Executive Director)
Chim Suan Kit Mark	(Lead Independent Non-Executive Director)
Yu Lihong	(Independent Non-Executive Director)
Lau Yan Wai	(Independent Non-Executive Director)

1 Mr Neo Gim Kiong was not re-elected at the Annual General Meeting held on 30 April 2021, but remains as Chief Executive Officer of the Company. His employment service has been terminated and has been placed on garden leave since 5 August 2022. His last day of employment with the Company will be on 4 February 2023.

Board composition for financial year ended 30 September 2022 ("FY2022"):

Yap Meng Sing	(Executive Chairman and Chief Executive Officer[1])
Koh Mia Seng	(Non-Executive Chairman)
Liew Nyok Wah	(Non-Executive Director[2])
Limjoco Ross Yu	(Lead Independent Non-Executive Director[3])
Chim Suan Kit Mark	(Independent Non-Executive Director[4])
Yu Lihong	(Independent Non-Executive Director[5])
Tay Boon Zhuan	(Independent Non-Executive Director[6])
Lau Yan Wai	(Independent Non-Executive Director)

1 Mr. Yap Meng Sing was appointed as Executive Chairman and Chief Executive Officer with effect from 5 August 2022.

2 Mr. Liew Nyok Wah was re-designated from his previous role as Executive Director to Non-Executive Director with effect from 5 August 2022 and shall retire as Non-Executive Director upon conclusion of the Annual General Meeting. His employment service with the Company shall cease with effect from 4 February 2023 pursuant to the notice of termination dated 5 August 2022.

3 Mr. Limjoco Ross Yu was appointed as Independent Non-Executive Director with effect from 5 August 2022 and, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees with effect from 23 September 2022 and, will be considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

4 Mr. Chim Suan Kit Mark, upon conclusion of the Annual General Meeting, retires as Independent Non-Executive Director, and member of Audit, Remuneration and Nominating Committees. He is considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

5 Mdm. Yu Lihong, upon conclusion of the Annual General Meeting, retires as Independent Non-Executive Director. She ceased to be Chairman of Remuneration Committee and member of Audit and Nominating Committees effective from 23 September 2022. She is considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

6 Mr. Tay Boon Zhuan was appointed as Independent Non-Executive Director with effect from 5 August 2022 and, Chairman of the Nominating Committee and member of the Audit and Remuneration Committees with effect from 23 September 2022 and, will be considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

The primary functions of the Board include:

1. charting the overall strategy, growth and direction of the Group;
2. overseeing and monitoring the performance of the management team;
3. ensuring there are in place appropriate and adequate systems of internal controls and risk management policies;
4. approving the annual budget, major capital expenditures and funding proposals, and investment and divestment proposals; and
5. assuming responsibilities for good corporate practices.

The Board's approval is also required on matters such as major acquisitions and disposals, corporate or financial restructuring, share issuance and dividends (Please refer to the full list of matters require Board's approval on the disclosure under Provision 1.3 on page 17).

Audit Commitee composition for FY2021:

Chim Suan Kit Mark	(Chairman, Lead Independent Non-Executive Director)
Yu Lihong	(Member, Independent Non-Executive Director)
Lau Yan Wai	(Member, Independent Non-Executive Director)

Audit Commitee composition for FY2022:

Limjoco Ross Yu	(Chairman, Lead Independent Non-Executive Director)
Lau Yan Wai	(Member, Independent Non-Executive Director)
Tay Boon Zhuan	(Member, Independent Non-Executive Director)
Chim Suan Kit Mark	(Member, Independent Non-Executive Director)

The responsibilities of the AC, based on the written terms of reference, are as follows:

1. reviewing the financial statements of the Company and the Group before they are submitted to the Board for approval;
2. reviewing the audit plans and the external auditors' report with the external auditors;
3. reviewing the independence and objectivity of the external auditors;
4. reviewing management letters from the external auditors and responses from the management;
5. recommending to the Board the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
6. reviewing the scope and results of the internal audit procedures;
7. ensuring the internal auditors' primary line of reporting is to the AC, in particular the AC Chairman;
8. ensuring the internal audit function is adequately resourced and effective;
9. reviewing the adequacy and effectiveness of the Group's internal controls, including financial, operational and compliance controls and risk management;
10. reviewing IPT, if any; and
11. Commissioning and reviewing the finding of internal investigations conducted where fraud or impropriety is suspected, or where there is a failure of internal controls and infringement of laws, rules or regulations which is likely to have a material impact on the Group.

Nominating Committee composition for FY2021:

Yu Lihong	(Member, Independent Non-Executive Director)
Chim Suan Kit Mark	(Member, Lead Independent Non-Executive Director)
Lau Yan Wai	(Member, Independent Non-Executive Director)

Nominating Committee composition for FY2022:

Tay Boon Zhuan	(Chairman, Independent Non-Executive Director)
Lau Yan Wai	(Member, Independent Non-Executive Director)
Limjoco Ross Yu	(Member, Lead Independent Non-Executive Director)
Chim Suan Kit Mark	(Member, Independent Non-Executive Director)

The responsibilities of the NC, based on the written terms of reference, are as follows:

1. making recommendations to the Board on the appointment and re-election of Directors to the Board;
2. reviewing the size and composition of the Board;
3. evaluating the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board;
4. determining the independence of Directors, at least annually;
5. determining orientation programs for new Directors and recommending opportunities for the continuing training of the Directors;
6. formulating and implementing succession plan;
7. reviewing the appointment of immediate family members of the Company's Directors or substantial shareholders to managerial positions in the Group; and
8. reviewing the performance of the Directors who has multiple listed board representation.

Remuneration Committee composition for FY2021:

Yu Lihong	(Chairman, Independent Non-Executive Director)
Chim Suan Kit Mark	(Member, Lead Independent Non-Executive Director)
Koh Mia Seng	(Member, Non-Executive Chairman)

Remuneration Committee composition for FY2022:

Lau Yan Wai	(Chairman, Independent Non-Executive Director)
Tay Boon Zhuan	(Member, Independent Non-Executive Director)
Limjoco Ross Yu	(Member, Lead Independent Non-Executive Director)
Chim Suan Kit Mark	(Member, Independent Non-Executive Director)

The functions of the RC are as follows:

1. recommending to the Board a framework of review procedures for fixing the remuneration packages of the Directors and key management personnel of the Group;
2. reviewing the appropriateness of the remuneration packages in relation to the level of contribution and performance of each Director and key management personnel of the Group; and
3. reviewing the remuneration package of the Group's employees who are immediate family members of the Directors or substantial shareholders of the Company.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of each individual Director and key management personnel of the Group. The recommendations of the RC are submitted for endorsement by the Board. Each member of the RC shall abstain from voting on any resolution in respect of his or her own remuneration package.

TABLE B

Name of Incumbent Director	Board of Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nominating Committee Meetings	
	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Yap Meng Sing[1]	2	2	1	1*	-	-	-	-
Koh Mia Seng	2	1	1	-	-	-	-	-
Liew Nyok Wah[2]	2	1	1	-	-	-	-	-
Limjoco Ross Yu[3]	2	2	1	1	-	-	-	-
Chim Suan Kit Mark[4]	2	2	1	1	-	-	-	-
Yu Lihong[5]	2	2	1	1*	-	-	-	-
Tay Boon Zhuan[6]	2	2	1	1	-	-	-	-
Lau Yan Wai	2	2	1	1	-	-	-	-

* By invitation

1 Mr. Yap Meng Sing was appointed as Executive Chairman and Chief Executive Officer with effect from 5 August 2022.

2 Mr. Liew Nyok Wah, upon conclusion of the Annual General Meeting, retires as Non-Executive Director of the Company.

3 Mr. Limjoco Ross Yu was appointed as Independent Non-Executive Director with effect from 5 August 2022, and Chairman of the Audit Committee and member of the Nominating and Remuneration Committees with effect from 23 September 2022.

4 Mr. Chim Suan Kit Mark, upon conclusion of the Annual General Meeting, retires as Independent Non-Executive Director of the Company, and member of Audit, Nominating and Remuneration Committees.

5 Mdm. Yu Lihong, upon conclusion of the Annual General Meeting, retires as Independent Non-Executive Director, and ceased to be Chairman of Remuneration Committee and member of Audit and Nominating Committees effective from 23 September 2022.

6 Mr. Tay Boon Zhuan was appointed as Independent Non-Executive Director with effect from 5 August 2022 and, Chairman of the Nominating Committee and member of the Audit and Remuneration Committees with effect from 23 September 2022.

TABLE C

The tables below show the remuneration bands of the Directors and the top four (4) key management personnel of the Group, who are not directors as well as the approximate percentage breakdown of the remuneration during FY2021.

(a) Remuneration of Directors of the Company during FY2021

Name of Director	Salary* (%)	Bonus# (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
S$250,000 to S$500,000					
Neo Gim Kiong (Executive Director and Chief Executive Officer[1])	81	8	-	11	100
Liew Nyok Wah (Non-Executive Director[2])	80	7	-	13	100
Below S$250,000					
Chim Suan Kit Mark (Independent Non-Executive Director[3])	-^	-^	-^	-^	-^
Yu Lihong (Independent Non-Executive Director[4])	-^	-^	-^	-^	-^
Lau Yan Wai (Independent Non-Executive Director)	-^	-^	-^	-^	-^
Koh Mia Seng (Non-Executive Chairman[5])	100	-	-	-	100

* The salary amount shown is inclusive of Central Provident Fund ("CPF"), all fees other than directors' fees and other emoluments.

\# The bonus amount shown is inclusive of CPF.

^ No remuneration as the Company was under judicial management.

1 Mr. Neo Gim Kiong was not re-elected at the Annual General Meeting held on 30 April 2021, but remains as Chief Executive Officer of the Company. His employment service has been terminated and has been placed on garden leave since 5 August 2022. His last day of employment with the Company will be on 4 February 2023.

2 Mr. Liew Nyok Wah was re-designated from his previous role as Executive Director to Non-Executive Director with effect from 5 August 2022 and shall retire as Non-Executive Director upon conclusion of the Annual General Meeting. His employment service with the Company shall cease with effect from 4 February 2023 pursuant to the notice of termination dated 5 August 2022.

3 Mr. Chim Suan Kit Mark, upon conclusion of the Annual General Meeting, retires as Independent Non-Executive Director, and member of Audit, Remuneration and Nominating Committees. She is considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

4 Mdm. Yu Lihong, upon conclusion of the Annual General Meeting, retires as Independent Non-Executive Director. She ceased to be Chairman of Remuneration Committee and member of Audit and Nominating Committees effective from 23 September 2022. She is considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

5 Mr. Koh Mia Seng was re-designated as Non-Executive Chairman with effect from 8 January 2021.

(b) Remuneration of top four Key Management Personnel in FY2021

Name of Top 4 Key Management Personnel	Salary* (%)	Bonus* (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
S$250,000 to S$500,000					
Foo Say Kit (Managing Director, Malaysia and Indonesia)	60	28	-	12	100
Below S$250,000					
Goh Leng Chye[1] (General Manager, Singapore)	100	-	-	-	100
Pua Kai Chek (General Manager, Malaysia)	65	24		11	100
Lim Soon Wah (Director, Indonesia)	74	26	-	-	100

* The salary and bonus amounts shown are inclusive of CPF.
1 Mr. Goh Leng Chye resigned with effect from 10 February 2021

No stock options were granted in FY2021 as the Company has no employees' shares option scheme in place. Please refer to the disclosure under Provision 8.3 for more details.

(c) Remuneration of Substantial Shareholders and employees related to Director in FY2021

Name of Substantial Shareholders	Salary* (%)	Bonus* (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
S$200,000 to S$300,000					
Liew Nyok Wah (Executive Director[1])	80	7	-	13	100

* The salary and bonus amounts shown are inclusive of CPF.
1 Mr. Liew Nyok Wah was re-designated from his previous role as Executive Director to Non-Executive Director with effect from 5 August 2022 and shall retire as Non-Executive Director upon conclusion of the Annual General Meeting. His employment service with the Company shall cease with effect from 4 February 2023 pursuant to the notice of termination dated 5 August 2022.

Save as disclosed above, there was no employee of the Group who is a substantial shareholder or an immediate family member of any Director, the CEO or a substantial shareholder whose remuneration exceeds S$100,000 in FY2021.

Total remuneration paid to Mr. Koh Mia Seng, who is a substantial shareholder, did not exceed S$10,000 in FY2021.

DIRECTORS' STATEMENT

for the financial year ended 30 September 2021

The directors present their statement to the members together with the audited consolidated financial statements of Sen Yue Holdings Limited (the "Company") and subsidiaries (collectively the "Group") for the financial year ended 30 September 2021 and the statement of financial position and the statement of changes in equity of the Company as at 30 September 2021.

The Company and its subsidiary, SMC Industrial Pte. Ltd. ("SMCI") have been placed under judicial management since 10 May 2021 and Mr. Chee Yoh Chuang and Mr. Lin Yueh Hueng, care of RSM Corporate Advisory Pte. Ltd., were appointed as joint and several Judicial Managers (the "Judicial Managers" or "JMs"). Since then, the JMs have been managing the affairs, business and properties of the Company and SMCI in order to achieve, amongst others, the survival of the Company, a more advantages realisation of the assets of the Company and a restructuring of the debt and liabilities via a scheme of arrangement with its creditors and principal lender. The judicial management orders placed on the Company and SMCI have been discharged on 17 August 2022.

The directors are of the opinion that the preparation of these financial statements on a going concern basis provides sufficient information to serve the interests of shareholders and other stakeholders who may use these financial statements. Further details on the going concern assumptions are set out in Note 2 to the financial statements.

The Board believes that the use of the going concern assumption in the preparation for financial statements for 2021 is appropriate on following grounds:

1. the Company and SMCI have achieved the critical milestone to restructure its debts through scheme of arrangements pursuant to Section 210 of the Companies Act 1967 read with Section 117 of the Insolvency, Restructuring and Dissolution Act 2018 (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 statement, the Group has strong and healthy cash position (after full settlement of an amount approximating S$7.5million due to excluded creditors pursuant to the Schemes);

4. as at the date of this statement, 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.

In the opinion of the directors,

(a) the statement of financial position and the statement of change in equity of the Company and the consolidated financial statements of the Group as set out on pages 63 to 142 are drawn so as to give a true and fair view of the financial position of the Company and of the Group as at 30 September 2021 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended; and

(b) at the date of this statement, as set out in Note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS' STATEMENT

for the financial year ended 30 September 2021

Directors

The directors of the Company in office at the date of this statement are as follows:

Yap Meng Sing	(Appointed on 5 August 2022)
Limjoco Ross Yu	(Appointed on 5 August 2022)
Tay Boon Zhuan	(Appointed on 5 August 2022)
Liew Nyok Wah	
Koh Mia Seng	
Chim Suan Kit Mark	
Yu Lihong	
Lau Yan Wai	

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967, the director of the Company, who held office at the end of the financial year had no interest in the shares or debentures or share options of the Company or its related corporations, except as follows:

	Direct interests		Deemed interests	
Name of Directors and Company in which interests are held	At 1 October 2020	At 30 September 2021	At 1 October 2020	At 30 September 2021
Company				
Ordinary shares				
Yap Meng Sing	5,950,000	5,950,000	-	-
Koh Mia Seng	369,109,046	369,109,046	-	-
Liew Nyok Wah	62,000,000	62,000,000	-	-
Chim Suan Kit Mark	550,000	550,000	-	-
Yu Lihong	6,000,000	6,000,000	-	-

By virtue of Section 7 of the Singapore Companies Act, Koh Mia Seng is deemed to have an interest in all the subsidiaries of the Company.

Mr. Yap Meng Sing was appointed as the director on 5 August 2022. He was a shareholder of the Company at 1 October 2020 and 30 September 2021.

The other existing directors' interest in the shares and options of the Company at 21 October 2021 were the same at 30 September 2021.

Arrangements to enable director to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

for the financial year ended 30 September 2021

Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

Audit committee

The members of the Audit Committee during the financial year are:

- Chim Suan Kit Mark
- Yu Lihong
- Lau Yan Wai

The members of the Audit Committee at the date of this statement are:

- Limjoco Ross Yu
- Lau Yan Wai
- Tay Boon Zhuan
- Chim Suan Kit Mark (retiring on 13 January 2023)

The Audit Committee performs the functions set out in Section 201B(5) of the Singapore Companies Act 1967, the Listing Manual of the Singapore Exchange and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

a) the internal and external audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the financial statement of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and external auditor's report on those financial statements;

d) the half-yearly and annual financial statements as well as results announcements of the Company and the Group; and

e) the co-operation and assistance given by the management to the Group's internal and external auditors.

The Audit Committee is to have full access to and is to have the co-operation of the management and to have been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The internal and external auditors are to have unrestricted access to the Audit Committee.

Further details regarding the Audit Committee are provided in the Report on Corporate Governance.

DIRECTORS' STATEMENT

for the financial year ended 30 September 2021

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed that they will not seek re-appointment as auditors of the Company at the forthcoming Annual General Meeting of the Company.

On behalf of the Board of Directors

YAP MENG SING Director	LIMJOCO ROSS YU Director

28 December 2022

INDEPENDENT AUDITOR'S REPORT

to the members of Sen Yue Holdings Limited

Report on the Audit of the Financial Statements

Disclaimer Opinion

We were engaged to audit the financial statements of Sen Yue Holdings Limited (the Company) and its subsidiaries (the Group) set out on pages 63 to 142, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Opening balances – Sales/purchases transactions with certain customers/suppliers

As disclosed in the Group's financial statements for the financial year ended 30 September 2020 ("FY2020"), Foo Kon Tan Advisory Services Pte Ltd ("FKT") issued two review findings reports dated 17 June 2020 and 16 December 2020 (collectively the "IR Reports") in relation to the concerns raised in respect of potential relationships that its former executive chairman, Mr Koh Mia Seng (also a director of the Company) ("Mr Koh"), may have with certain parties or entities that had dealings with one of the subsidiaries of the Company, namely SMC Industrial Pte Ltd ("SMCI").

The IR Reports issued by FKT identified 7 customers/suppliers ("Identified Entities") (also as disclosed in Note 32 to the financial statements), which were allegedly controlled by Mr. Koh, and that some of these transactions between SMCI and these Identified Entities may not be on arm's length and/or bona fide and they may be fraudulent and/or fictitious.

In addition, and as part of our audit procedures on opening balances in one of the material subsidiaries of the Company, namely SYH Resources Pte Ltd ("SYHR"), we have identified that sales transactions totaling S$1,270,000 recorded by SYHR in FY2020 were attributable to customers that appear to bear the same business registration names as 2 of the 7 Identified Entities. The resulting trade receivable balance from these sales transactions was S$91,000 as at 30 September 2020, for which full impairment has been made by SYHR for the financial year ended 30 September 2020.

We were not granted access to audit work papers by the preceding auditors and given the change in management and finance personnel of the Company and certain subsidiaries of the Group, we were also unable to have access to the complete accounting records and source documents and obtain satisfactory explanations from the incumbent management. Consequently, we were unable to carry out alternative audit procedures to determine the appropriateness of these recorded sales transactions in FY2020 and we were therefore unable to satisfy ourselves regarding the occurrence, nature and the appropriateness of accounting treatment for these transactions, and relevant disclosures in so far as the comparative figures and opening balances in the accompanying financial statements are concerned. In addition, we were unable to ascertain whether there were any breach of applicable laws and regulations in respect of this matter.

Crowe Horwath First Trust LLP (UEN: T08LL1312H) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act 2005.

Basis for Disclaimer of Opinion (Continued)

2. Revenue and Cost of Sales

(a) Revenue recognition and payments received

During the current financial year, both SMCI and SYHR recorded sales to external customers of S$17,007,000 and S$23,209,000 respectively, which in aggregate contributed to approximately 72% of the Group's revenue in financial year ended 30 September 2021 ("FY2021").

As disclosed in Note 32 to the financial statements, in FY2021, SMCI continued to record sales transactions with one of the Identified Entities, i.e. Tai Zhou Yi Ze Metal Co. Ltd ("TZY") for an aggregate amount of S$925,000, of which SMCI has fully impaired in the same financial year.

On the other hand, SYHR recorded revenue of S$6,166,000 from export sales to 2 new overseas customers; and S$6,666,000 from sales of goods to 2 new local customers in current financial year, which in aggregate contributed to 23% of revenue recorded by the Group. In the course of audit, we noted that there are potential connections between these 2 groups of customers via common shareholders, legal representative or agency relationship, and that one of them is substantially owned by a former key management personnel of the Group.

We further performed substantive test of details, such as review of sale contracts, invoices, shipping documents and subsequent receipts to verify sales transactions recorded by SMCI and SYHR in current financial year and noted lapses in the form of inconsistencies and/or incomplete supporting source documents relating to sales transactions. There were also instances, whereby goods were arranged for delivery to other parties or destinations which were inconsistent with the details stated in the corresponding sales contracts, invoices and shipping documents. As a result, we were unable to positively identify these sales transactions with the parties of the sale contracts to relevant shipping documents to signify customers' acceptance of goods delivered. We also noted in several occasions that payments for certain sales (including those pertaining to overseas customers) were made by way of cash deposits or by other parties or via offsetting arrangements with certain suppliers of SMCI and SYHR and these parties do not have any apparent relationships with the relevant customers.

As disclosed in the Group's accounting policy, the Group recognises the revenue from sales of goods at the point in time upon transferring the control of goods to a customer. Given the pervasiveness of lapses as mentioned above, the involvement of parties who do not appear to be directly related to the contractual arrangements with the Group and the potential connections between major customers as highlighted in preceding paragraph, we were unable to obtain sufficient appropriate audit evidence nor carry out alternative audit procedures to satisfy ourselves with regards to the occurrence, completeness, bona fides and commercial substance of sales transactions recorded by both SMCI and SYHR. Accordingly, we were unable to determine the appropriateness of the accounting treatment and whether further adjustments to the accompanying financial statements might be necessary in addressing the matter.

(c) Cost of sales

During the current financial year ended 30 September 2021, SMCI and SYHR recorded total cost of sales of S$34,904,000, which accounted for approximately 79% of the cost of sales of the Group.

Basis for Disclaimer of Opinion (Continued)

2. Revenue and Cost of Sales (Continued)

(b) Cost of sales (Continued)

In the course of audit, we have performed substantive test of details, such as review of supplier's contracts, invoices and shipping documents to verify purchases of e-waste materials recorded by the Group. Due to incomplete supporting source documents such as delivery orders, goods received notes, suppliers' invoices and shipping documents pertaining to the purchase transactions selected for our verification, we were unable to obtain sufficient appropriate audit evidence nor carry out alternative audit procedures to satisfy ourselves on the occurrence, completeness and accuracy of certain purchases recorded as cost of sales in the financial statements for FY2021. Accordingly, we were unable to determine the appropriateness of the accounting treatment and whether adjustments to the cost of sales in the Group's financial statements might be necessary in addressing the matter.

3. Ongoing criminal investigation

Arising from the IR Reports referred to above and as disclosed in Note 32 to the financial statements, following the lodgment of report by the Company, the Commercial Affairs Department ("CAD") had on 27 January 2021 issued an order to the Company pursuant to Section 20 of the Criminal Procedure Code (Chapter 68), to procure certain documents and information for the financial years ended 30 September 2015 to 2020 in relation to the offences under Penal Code (Cap. 224) and the Securities and Futures Act (Cap.289) of Singapore.

As of the date of this report, the investigation of the CAD is still ongoing. We were unable to determine if any adjustments to and/or additional disclosures in the Group's financial statements might be necessary arising from the outcome of the investigation.

4. Joint venture arrangement

As disclosed in Note 8(b) of the financial statements, two subsidiaries of the Group, SMCI and SMCI Refinery Pte Ltd, had in the previous financial year entered into a joint venture ("JV") Agreement with Electroloy Metal Pte Ltd ("Electroloy") and Mr Wang Chun Jian (collectively, the "JV Partners") to build a smelting facility ("Smelter") in Singapore at an estimated aggregate cost of S$4,000,000, to extract and recover non-ferrous metals from e-waste materials and metal scraps.

As disclosed in FY2020 preceding auditor's report, there was inconsistent understanding of the Joint Venture arrangement between the rest of Board of Directors of the Company and the former Executive Chairman on the interpretation of the cash outlay required from the Group for the establishment of Smelter. There was also disagreement between the former Executive Chairman and rest of Board of Directors of the Company over the nature of certain expenses incurred prior to the construction of the Smelter as announced by the Company on 27 April 2020. Further, there was no formal agreement between the Group and the JV Partners on the recovery of the expenses incurred by the Group in relation to the Smelter. The former Executive Chairman had informed that the JV partners requested to revise the terms of the JV Agreement and the Group announced on 22 May 2020 that it would seek legal advice to clarify the terms of the JV Agreement.

As of the date of this report, the total cumulative construction costs incurred by the Group for the Smelter under this JV arrangement was S$2,053,000, of which S$666,000 was incurred in FY2020 and S$1,387,000 in FY2021. All such construction costs were respectively expensed off to profit or loss in FY2020 and FY2021.

Basis for Disclaimer of Opinion (Continued)

4. Joint venture arrangement (Continued)

As the Company and SMCI were placed under judicial management from 1 April 2021 to 17 August 2022, there has been no progress on the re-negotiation of JV Agreement between the Group and the JV Partners in current financial year nor has the Group sought legal advice regarding the enforceability of the existing terms and conditions under the JV Agreement. With a lack of clarity on the terms of JV Agreement, we were unable to obtain sufficient appropriate audit evidence to assess the rights and obligations of the Group and JV Partners under the JV Agreement as well as the appropriateness of the extant accounting treatment for the cumulative construction costs incurred. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements might be necessary.

As this matter remains unresolved since prior financial year, we were also unable to ascertain whether any adjustment to the opening balance of accumulated losses is required which would have a consequential impact to the assets of the Group, should the cumulative construction costs incurred by the Group be capitalised, arising from this joint venture arrangement.

5. Existence, valuation and completeness of inventories

As at 30 September 2021, the Group recorded inventory balance at S$1,840,000, with more than 50% of the inventory balance carried by SMCI. There was no physical stock counting exercise conducted as at 30 September 2021 while the Company and SMCI were under judicial management from 1 April 2021 to 17 August 2022.

Due to the incomplete documentary trail mentioned in preceding paragraphs, we were also unable to perform alternative audit procedures that we considered necessary to validate the physical quantities and purity of content of the e-waste inventories held by the Group as at 30 September 2021. Consequently, we were unable to satisfy ourselves on the existence, completeness and valuation of the Group's e-waste inventories as at 30 September 2021. In addition, as management did not furnish us with the calculation of inventory overhead costs allocation, we were therefore unable to obtain sufficient appropriate audit evidence to conclude whether the carrying amount of SMCI's inventories were carried at the lower of cost and net realisable value, and on the appropriateness of reversal of allowance for inventory obsolescence amounting to S$1,732,000 in current financial year, as disclosed in Note 12 to the financial statements.

6. Valuation and impairment assessment of Non-Financial Assets

(a) Valuation of leasehold factory building ("Leasehold Factory")

As at 30 September 2021, the Group recorded leasehold land and buildings at net carrying amount of S$9,940,000 of which S$5,600,000 was attributable to the Leasehold Factory located at Jalan Pesawat, Singapore, currently occupied by SMCI for e-wastes processing operations. The fair value of Leasehold Factory as of 30 September 2021 was estimated at S$5,600,000 based on the Income Capitalisation Method by an independent valuer; while it was disclosed in the FY2020 financial statements that the Leasehold Factory was recorded at revalued amount (fair value) of S$12,300,000, which was estimated using the Direct Comparison Method and Investment Method of Valuation by another independent valuer.

We were not granted access to audit workpapers by the preceding auditors and we were unable to obtain satisfactory explanations (including the reasons thereof) from management or independent valuers on the substantial decrease in the fair value of the Leasehold Factory from S$12,300,000 as at 30 September 2020 to S$5,600,000 as at 30 September 2021. Consequently, we were unable to satisfy ourselves regarding the appropriateness of valuation of the leasehold land and building of the Group as at 30 September 2021 and the other comprehensive loss in FY2021 including the corresponding tax effect.

Basis for Disclaimer of Opinion (Continued)

6. Valuation and impairment assessment of Non-Financial Assets (Continued)

(a) Valuation of leasehold factory building ("Leasehold Factory") (Continued)

Similarly, we were also unable to satisfy ourselves with regard to the valuation of leasehold land and building in the Group's financial statements as at 1 October 2020 with relevant disclosure notes as far as the comparative figures and opening balances in the accompanying financial statements are concerned.

(b) Impairment Assessment of Property, Plant and Equipment ("PPE") and Right-Of-Use Assets ("ROU Assets")

As at 30 September 2021, the Group has PPE and ROU Assets at net carrying amounts of S$22,043,000 and S$1,776,000 respectively. Of these balances, PPE and ROU Assets amounting S$6,728,000 and S$1,667,000 respectively were attributable to SMCI as a single cash-generating unit ("CGU").

As SMCI recorded substantial operating losses in both the current and previous financial years, we have requested management to perform impairment test as at 30 September 2021. However, management did not perform impairment assessment to estimate the recoverable amount of SMCI as one CGU as at 30 September 2021 in accordance with the requirements of *SFRS(I) 1-36 Impairment of Assets*. In the absence of this, we were consequently unable to obtain sufficient appropriate audit evidence to determine the recoverable amount of SMCI, and on the respective amounts of impairment losses that may be necessary for its PPE and ROU Assets for financial year ended 30 September 2021.

We were also unable to carry out alternative audit procedures nor were we able to obtain satisfactory explanations from the incumbent management in determining the appropriateness of the basis and timing of recognition of impairment losses for PPE and ROU Assets of S$621,000 and S$918,000 respectively in FY2020. Accordingly, we were unable to satisfy ourselves regarding the carrying amount of SMCI's PPE and ROU Assets, and relevant disclosures as far as the comparative figures and opening balances in the accompanying financial statements are concerned.

(c) Impairment Assessment of Investment in Subsidiaries

As at 30 September 2021, the carrying amount of the Company's investment in subsidiaries was S$8,887,000, net of impairment allowance of S$22,999,000 as disclosed in Note 8 to the financial statements. During the financial year, the management carried out a review of recoverable amounts of the Company's investment in subsidiaries as there were indications that these investments may be impaired as a result of past operating losses sustained in certain subsidiaries. Based on their review, management has determined the recoverable amounts and impairment losses based on net asset values of these individual subsidiaries and on this premise, an impairment loss of S$3,354,000 was recognised in current financial year in respect of the Company's investment in three of the subsidiaries, as disclosed in Note 8 to the financial statements.

Management did not furnish us with a complete assessment of the recoverable amounts as at 30 September 2021 in accordance with the requirements of *SFRS(I) 1-36 Impairment of Assets*. Without relevant discounted cash flow projections of these material subsidiaries, we were unable to obtain sufficient appropriate audit evidence to determine their recoverable amounts and whether the impairment loss totaling S$3,354,000 made by management for financial year ended 30 September 2021 was appropriate. Accordingly, we were unable to ascertain whether any adjustment to the carrying amounts as at 30 September 2021 would be required with a corresponding effect on the loss for the current financial year.

INDEPENDENT AUDITOR'S REPORT

to the members of Sen Yue Holdings Limited

Basis for Disclaimer of Opinion (Continued)

6. Valuation and impairment assessment of Non-Financial Assets (Continued)

(d) Impairment Assessment of Investment in Subsidiaries (Continued)

Similarly, we were also unable to carry out alternative procedures nor were we able to obtain satisfactory explanations from the incumbent management in order to determine the appropriateness of the basis and timing of the impairment allowance of S$19,645,000 previously provided by the Company in respect of its investment in subsidiaries. Accordingly, we were unable to satisfy ourselves regarding the carrying amount of investment in subsidiaries as of 1 October 2020 and relevant disclosures and comparatives in the accompanying financial statements.

7. Going concern assumption

As disclosed in Note 2 to the financial statements, the Group reported a net loss of S$5,529,000 for the financial year ended 30 September 2021. In addition, as at 30 September 2021, the Group's current liabilities exceeded the current assets by S$21,926,000; while the Company's current liabilities exceeded its current assets by S$10,776,000. During the financial year, the Company and its subsidiary, SMCI, were placed under judicial management. Subsequently, a scheme of arrangement for each of the Company and SMCI (" the Schemes") was proposed by the joint and several judicial managers and approved by the scheme creditors, and finally sanctioned by the High Court of Singapore in July 2022. The implementation of the Schemes is ongoing. Thereupon, the judicial managers were discharged in August 2022.

The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and of the Company to continue as going concerns. Nevertheless, the financial statements of the Group and of the Company for the financial year ended 30 September 2021 have been prepared on a going concern basis by management and directors of the Company on the assumptions and/or representations they set out in Note 2 to the financial statements and the Directors' Statement. Be that as it may, in our view, the validity of the going concern basis of preparation of financial statements is principally dependent on:

(i) the ultimate successful implementation of Schemes which is in turn subject to, among others, the resumption of trading of the Company's securities on the Singapore Exchange ("SGX");

(ii) the ability of the Group to generate sufficient and sustainable operating profits and cash flows over the next 12 months from the date of these financial statements to meet its operating and financial obligations as and when they fall due; and

(iii) the ability of the Group to procure additional financing and to garner the continuous support of its existing financiers.

Basis for Disclaimer of Opinion (Continued)

7. Going concern assumption (Continued)

In relation to (i), while the implementation of the Schemes is ongoing and that it is the Company's intention to submit its application for trading resumption in due course, there is no certainty that its application will eventually be granted by the SGX. With regard to (ii), it is unclear whether the Group is able to generate sufficient and sustainable operating profits and cash flows to meet its obligations as and when they fall due since management has merely represented that there was no material factors or circumstances that exists which indicates the Group is unable to preserve and maintain its revenue streams from its business operations over the next 12 months; but has been silent on the sufficiency and sustainability of its profits and cash flows. Additionally, we were not provided with sufficient information to evaluate the management's representation on the preservation and maintenance of the Group's future revenue streams. For (iii), the management's representation of its ability to "explore further other available equity or debt securities to meet its funding requirements, if necessary" is not necessarily tantamount to its ability to procure or secure such financing (including the desired level thereof) when required or as it so wishes.

In view of the above, coupled with a lack of justifications and mitigating factors in substantiating the bases of management's assumptions, representations and disclosures, we were therefore not able to obtain sufficient appropriate audit evidence to satisfy ourselves on the appropriateness of the use of the going concern assumption adopted by management in the preparation of these financial statements.

Other Matter

The financial statements for the financial year ended 30 September 2020 were audited by another auditor whose report dated 15 April 2021 expressed a disclaimer of opinion in light of the following matters:

(a) Sale/purchase transactions with certain customers/ suppliers
(b) Revenue recognition and payments received
(c) Ongoing investigations
(d) Joint venture arrangements
(e) Going concern assumption

These matters (save for item (e)) have material and consequential impact on certain opening balances as at 1 October 2020 and the comparative figures to the accompanying financial statements for the current financial year ended 30 September 2021, which are more fully described in the Basis for Disclaimer of Opinion section above.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, 1967 (the Act) and Singapore Financial Reporting Standards (International), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report On Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Teo Yen Lin.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

28 December 2022

STATEMENTS OF FINANCIAL POSITION

as at 30 September 2021

	Note	Group		Company	
		2021	2020 (Restated) (Note 33)	2021	2020 (Restated) (Note 33)
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	22,043	28,853	-	-
Right-of-use assets	6	1,776	2,487	-	-
Goodwill	7	-	-	-	-
Investment in subsidiaries	8	-	-	8,887	12,241
Other receivables	11	49	406	-	2,221
Financial assets at fair value through profit or loss	9	-	4,157	-	-
Total non-current assets		23,868	35,903	8,887	14,462
Current assets					
Financial assets at fair value through				-	
profit or loss	9	4,226	-	-	-
Cash and bank balances	10	16,540	7,321	125	91
Trade and other receivables	11	7,203	8,857	10	37
Inventories	12	1,840	9,028	-	-
Total current assets		29,809	25,206	135	128
Total assets		53,677	61,109	9,022	14,590
LIABILITIES					
Current liabilities					
Loans and borrowings	13	21,153	27,104	571	1,000
Financial guarantee liabilities	27	4,308	-	4,308	-
Trade and other payables	14	25,584	19,283	6,032	4,966
Lease liabilities	15	491	736	-	-
Derivative financial instruments	16	-	46	-	-
Income tax payable		199	104	-	-
Total current liabilities		51,735	47,273	10,911	5,966
Non-current liabilities					
Loans and borrowings	13	577	685	-	-
Other payables	14	113	103	-	-
Lease liabilities	15	2,118	2,703	-	-
Deferred tax liabilities	17	1,175	2,427	-	-
Total non-current liabilities		3,983	5,918	-	-
Total liabilities		55,718	53,191	10,911	5,966

STATEMENTS OF FINANCIAL POSITION
as at 30 September 2021

	Note	Group		Company	
		2021	2020 (Restated) (Note 33)	2021	2020 (Restated) (Note 33)
		S$'000	S$'000	S$'000	S$'000
EQUITY					
Capital and reserves					
Share capital	18	46,246	46,246	46,246	46,246
Other reserves	19	778	5,208	-	-
Accumulated losses		(49,065)	(43,536)	(48,135)	(37,622)
Equity attributable to owners of the Company		(2,041)	7,918	(1,889)	8,624
Total equity and liabilities		53,677	61,109	9,022	14,590

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 September 2021

	Note	Group 2021 S$'000	Group 2020 S$'000
Revenue	20	55,548	175,106
Cost of sales		(43,928)	(169,027)
Gross profit		11,620	6,079
Other operating income	21	859	1,924
Distribution costs		(601)	(1,130)
Administrative expenses		(7,776)	(9,366)
Other operating expenses	24	(6,471)	(2,661)
Impairment loss recognised on financial assets	24	(1,184)	(36,524)
Finance costs	22	(1,612)	(2,104)
Loss before tax		(5,165)	(43,782)
Income tax expense	23	(364)	(297)
Loss for the year	24	(5,529)	(44,079)
Other comprehensive (loss)/ income			
Items that will not be reclassified subsequently to profit or loss:			
- Revaluation of properties, net of tax		(4,153)	2,473
- Remeasurement of deferred tax on revalued property, plant and equipment – Change in tax rates of real property gains		(70)	-
Items that may be reclassified subsequently to profit or loss:			
- Exchange differences on translation of foreign operations		(207)	(269)
Other comprehensive (loss)/income, net of tax		(4,430)	2,204
Total comprehensive loss for the year		(9,959)	(41,875)
Loss per share			
Basic and diluted (cents)	25	(0.56)	(4.61)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 September 2021

Group	Share capital	Merger deficit	Translation reserve	Revaluation reserve	Capital reserve	Retained Earnings / (Accumulated losses)	Equity attributable to owners of the Company
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 October 2019	40,255	(3,454)	(7,315)	11,168	2,605	543	43,802
Total comprehensive income / (loss) for the year:							
Loss for the year	-	-	-	-	-	(44,079)	(44,079)
Other comprehensive (loss) / income for the year	-	-	(269)	2,473	-	-	2,204
Total comprehensive (loss) / income	-	-	(269)	2,473	-	(44,079)	(41,875)
Issue of share capital (Note 18), representing transactions with owners, recognised directly in equity	5,991	-	-	-	-	-	5,991
Balance at 30 September 2020	46,246	(3,454)	(7,584)	13,641	2,605	(43,536)	7,918

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 September 2021

Group	Share capital	Merger deficit	Translation reserve	Revaluation reserve	Capital reserve	Accumulated losses	Equity attributable to owners of the Company
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 October 2020	46,246	(3,454)	(7,584)	13,641	2,605	(43,536)	7,918
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(5,529)	(5,529)
Other comprehensive loss for the year	-	-	(207)	(4,223)	-	-	(4,430)
Total comprehensive loss	-	-	(207)	(4,223)	-	(5,529)	(9,959)
Balance at 30 September 2021	46,246	(3,454)	(7,791)	9,418	2,605	(49,065)	(2,041)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 September 2021

Company	Share capital	Accumulated losses	Total equity
	S$'000	S$'000	S$'000
Balance at 1 October 2019	40,255	(13,579)	26,676
Loss for the year, representing total comprehensive loss for the year	-	(24,043)	(24,043)
Issue of share capital (Note 18), representing transactions with owners, recognised directly in equity	5,991	-	5,991
Balance at 30 September 2020	46,246	(37,622)	8,624
Balance at 1 October 2020	46,246	(37,622)	8,624
Loss for the year, representing total comprehensive loss for the year	-	(10,513)	(10,513)
Balance at 30 September 2021	46,246	(48,135)	(1,889)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 September 2021

	Note	Group 2021 S$'000	Group 2020 S$'000
Cash flows from operating activities			
Loss before tax		(5,165)	(43,782)
Adjustments for:			
Bad debts written off on other receivables	24	112	-
Depreciation of property, plant and equipment	5	2,953	2,893
Depreciation of right-of-use assets	6	446	755
Expected credit loss on trade receivables	24	1,072	36,524
(Reversal of)/ Fair value loss on derivative financial instruments	24	(46)	46
Increase in fair value of financial assets at fair value through profit or loss	9	(83)	(96)
(Reversal of)/ Allowances loss on inventories	12	(1,732)	1,790
Impairment loss on goodwill	7	-	338
Impairment loss on property, plant and equipment	5	-	621
Impairment loss on right of use assets	6	-	918
Gain on disposal of plant and equipment		(38)	(5)
Loss on disposal of right-of-use assets		82	-
Plant and equipment written off		6	1
Post-employment benefits		7	29
Interest expenses	22	1,612	2,104
Interest income	21	(30)	(187)
Financial guarantee liabilities		4,308	-
Effects of exchange rate changes		(131)	67
Operating cash flows before changes in working capital		3,373	2,016
Changes in working capital:			
Inventories		8,920	3,102
Trade and other receivables		827	7,225
Trade and other payables		4,856	4,990
Cash generated from operations		17,976	17,333
Tax paid		(719)	(757)
Net cash from operating activities		17,257	16,576

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 September 2021

	Note	Group 2021 S$'000	Group 2020 S$'000
Cash flows from investing activities			
Interest received		30	313
Proceeds from disposal of plant and equipment		142	6
Proceeds from disposal of right-of-use assets		91	-
Purchase of plant and equipment	5	(1,363)	(537)
Net cash used in investing activities		(1,100)	(218)
Cash flows from financing activities			
Interest paid		(167)	(2,230)
Repayment of bank borrowings	13	(1,063)	(2,694)
Principal payment of lease liabilities	15	(742)	(697)
Decrease in pledged deposits with financial institutions		3,021	1,038
Trade bills	13	(4,726)	(17,905)
Net proceeds from issuance of new shares	18	-	5,991
Net cash used in financing activities		(3,677)	(16,497)
Net increase/(decrease) in cash and cash equivalents		12,480	(139)
Cash and cash equivalents at beginning of financial year		3,862	4,000
Effects of exchange rate changes on cash and cash equivalents		18	1
Cash and cash equivalents at end of financial year	10	16,360	3,862

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Sen Yue Holdings Limited (the "Company") 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 Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 8.

The consolidated financial statements of the Group as at and for the year ended 30 September 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The financial statements for the financial year ended 30 September 2021 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

2. FUNDAMENTAL ACCOUNTING CONCEPT

Going concern assumption

The Group reported net loss of S$5,529,000 (2020: net loss of S$44,079,000) for the financial year ended 30 September 2021. In addition, as at 30 September 2021, the Group's current liabilities exceeded the current assets by S$21,926,000 (2020: S$22,067,000) and the Company's current liabilities exceeded its current assets by S$10,776,000 (2020: S$5,838,000).

A critical milestone to enable the Group and the Company to continue as going concern would be the successful implementation of the scheme of arrangement of the Company and its subsidiary, SMC Industrial Pte. Ltd. ("SMCI"), (the "Leave Applications") pursuant to Section 210 of the Companies Act 1967 read with Section 117 of the Insolvency, Restructuring and Dissolution Act 2018 ("IRDA") (the "Schemes", and the "Scheme of Meetings") and the securement of white knight investors. As at the date of this report, 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 Judicial Managers ("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 Group, entered into three separate definitive subscription agreements with Electroloy Metal Pte. Ltd. ("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 2,253,750,000 Subscription Shares at an issue price of S$0.004 per Subscription Share have been completed on 23 November 2022.

(iii) as of the date of the financial statements, 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2021

2. FUNDAMENTAL ACCOUNTING CONCEPT (Continued)

Going concern assumption (Continued)

As at the date of this report, the use of the proceeds from issuance of ordinary shares is presented in below table:

Use of proceeds	Allocation of the Subscription Proceeds	Amount utilised as at the date of the date of this report	Balance
	S$'000	S$'000	S$'000
Repayment of debts	6,993	5,640	1,353
Working capital purpose	2,022	2,022	-
Total	9,015	7,662	1,353

(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 2021 is appropriate on 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 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 statement, the Group has a strong and healthy cash position (after full settlement of an amount approximating S$7.5million due to excluded creditors pursuant to the Schemes);

4. as of the date of this statement, 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 further other available equity or debt securities to meet its funding requirements, if necessary.

If the Group and the Company are unable to continue as a going concern, adjustments would have to be made to the accompanying 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 financial statements do not reflect these adjustments.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements are presented in Singapore dollars (S$'000).

The preparation of the financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand (S$'000), unless otherwise stated.

Use of estimates and judgements

The preparation of the 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.

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. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year are included in Note 4.

<u>Measurement of fair values</u>

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New and amended standards adopted by the Group

Adoption of New and Revised SFRS(I) issued but not yet effective

On 1 October 2020, the Group has adopted the new or amended SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INTs") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INTs. The adoption of these new amendments SFRS(I) and SFRS(I) INTs did not results in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Following are standards and interpretations that have been issued but not yet effective and early adoption is permitted; however, the Group did not early adopt these new or amended standards in preparing these financial statements:

Descriptions	Effective for annual periods beginning on or after
Amendments to SFRS(I) 9, SFRS(I)1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendment to SFRS(I) 16: *COVID-19 - Related Rent Concessions beyond 30 June 2021*	1 April 2021
Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16: *Property, Plant and Equipment–Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37: *Onerous Contracts–Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
- Amendments to SFRS(I) 1 *First-time Adoption of SFRS(I)*	
- Amendments to SFRS(I) 9 *Financial Instruments*	
- Amendments to Illustrative Examples accompanying SFRS(I) 16 *Leases*	
- Amendments to SFRS(I) 1-41 *Agriculture*	
SFRS(I) 17 *Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendment to SFRS(I) 17: *Initial Application of SFRS(I) 17 and SFRS(I) 9—Comparative Information*	1 January 2023
Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

(b) Acquisition of businesses

Acquisition of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one year from acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(b) Acquisition of businesses (Continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

(c) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate.

(d) Disposals of subsidiaries or businesses

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(ii) Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore dollars ("$"), which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the reporting date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	50 years
Leasehold land and buildings	10.5 to 50 years or over the lease period, whichever is shorter
Plant and equipment	2 to 17 years
Furniture, fittings and office equipment	2 to 12 years
Renovation and installation	5 to 10 years
Motor vehicles	5 to 10 years

No depreciation is provided on freehold land.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the short of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of non-financial assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income ("FVTOCI") criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and effective interest method (Continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit - impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss under "other operating income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other operating income" line item (Note 21). Fair value is determined in the manner described in Note 30.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in either the "other operating income" or the "other operating expenses" line items; and

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in either the "other operating income" or the "other operating expenses" line items.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognised lifetime ECL for trade receivables. The ECL on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognised lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit – impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for other receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continues to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Measurement and recognition of expected credit losses

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Company has issued corporate guarantee to banks for which bank loans and banking facilities were granted to its subsidiaries. These guarantees are financial guarantee contracts which requires the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of the borrowings.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities subsequently measured at amortised cost (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised either in the "other operating income" or "other operating expenses" line items in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into commodity forward contracts to manage its exposure to commodity price risk. Further details of derivative financial instruments are disclosed in Note 16.

The Group enters into interest rate swaps to manage its exposure to interest rate and foreign exchange forward contracts to manage foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 16.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method, except for e-waste inventories which the cost is calculated using the specific identification method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Leases

(i) As lessor

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) As lessee

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

(ii) As lessee (Continued)

The Group as lessee (Continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of- use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

(ii) As lessee (Continued)

<u>The Group as lessee</u> (Continued)

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

<u>Covid-19 Rent concessions</u>
The Group has applied the practical expedients under *Amendments to SFRS(1) 16: Covid-19-Related Rent Concessions* and hence is not required to assess whether eligible rent concessions that are direct consequence of the Covid-19 are lease modifications. The Group applies the practical expedient to all and recognise the effect in profit or loss as other income. For rent concessions in other leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assess whether there is a lease modification.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Share capital

Proceeds from issuance of ordinary shares are classified as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Revenue recognition

The Group recognises revenue from sale of good and services. Revenue is measured based on the consideration specified in the contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer. The Group has concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the goods or services before transferring them to customers.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Sale of goods

The Group manufactures and sells metal components and tool and die, which includes manufacturing and sale of perforated materials, speaker nets, tool, die and other metal components. The Group also engages in trading of commodities, which includes copper, stainless steel, other special alloys and e-waste.

Revenue is recognised at the point of time when control of the goods has transferred, being when the goods have been shipped or delivered to the customers based on the agreed incoterm. Following delivery, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bear the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customers as this represents point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Credit note is issued when there is any deviation in the purity content of certain goods upon receipt by the customers.

Revenue from the provision of electro-deposition coating services

The Group provides electro-deposition (ED) coating services and secondary process.

Revenue from rendering of services is recognised at the point in time when service have been rendered and ownership or control of the goods have been transferred to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Employees' benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Singapore and Malaysia

The Company makes contribution to the Central Provident Fund (CPF) Scheme and Employees Provident Fund (EPF) Scheme in Singapore and Malaysia respectively, a defined contribution pension schemes.

Indonesia

The subsidiary, incorporated and operating in the Indonesia, provides post-employment benefits such as retirement, severance and service payments to its employees in accordance with the provisions of Labor Law No. 13/2003 dated March 25, 2003. Labor Law sets the formula for determining the minimum amount of benefits, in substance, pension plans under Labor Law represent defined benefit plans.

A defined benefit plan is a pension plan program where the pension amount to be received by employees at the time of retirement will depend on some factors such as age, years of service or compensation.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits (Continued)

(ii) Retirement benefits (Continued)

Indonesia (Continued)

Past service costs arising from amendment or curtailment programs are recognised as expenses in profit or loss when incurred.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the curtailment or settlement occurs.

A curtailment occurs when an entity either:
i. Demonstrably committed to make a significant reduction in the number of employees covered by a plan; or
ii. Amends the terms of a defined benefit plan so that a significant element of future service by current employees will no longer qualify for benefits, or will qualify only for reduced benefits.

A settlement occurs when the Company enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised directly outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group and the Company will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that an entity should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group and the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a)
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions, and bank overdraft and other short term highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the entity's accounting policies

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 financial statements are discussed below:

<u>Recognition of Creditors' claim amounts</u>

As disclosed in Note 31(a), 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 arrangements (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 (or 25% of the guarantee claims recorded by SMCI at S$8,617,000) through the Schemes of the Company.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

(i) Critical judgements in applying the entity's accounting policies (Continued)

Recognition of Creditors' claim amounts (Continued)

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 date have been adjusted to include additional gross claim amounts of S$6,490,000 comprising of S$4,308,000 financial guarantee liabilities as disclosed in Note 27 and S$2,182,000 arising from the admitted debts previously not recorded by the Group as at the Ascertainment Date, resulted in a corresponding increase in expenses charged to profit or loss in FY2021.

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 reduction of liabilities under the Schemes shall therefore be accounted for in financial statements for the financial year ended 30 September 2022. These financial obligations as a result of debt admission by JMs are disclosed in Note 2(i), Note 14 and Note 31(b)(i).

(ii) Critical accounting estimates and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The carrying amount of trade and other receivables is disclosed in Note 11.

Allowance for inventories

At the end of each reporting period, the Group reviews the carrying amount of its inventories to ensure that they are stated at lower of cost or net realisable value. In assessing the net realisable value and making appropriate allowance, management identifies inventories that are slow-moving, considers their physical condition, the market condition and prices for similar items. Management has assessed a reversal of allowance for inventories of S$1,732,000 (2020: allowance for inventories of S$1,790,000) as at 30 September 2021.

The Group engages a party to assess the purity content of the e-waste inventories. Purity content is a key measure to determine the net realisable value based on available market prices. Management works closely with experts to establish the appropriate method used in testing.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

(ii) Critical accounting estimates and assumptions (Continued)

Allowance for inventories (Continued)

Management determines whether an allowance is required for inventory obsolescence or slow-moving items or for any shortfall in net 95ealizable value of inventories by reviewing the inventory listing on a periodic basis. The review involves an analysis of the inventories ageing, a comparison of the carrying value of the inventory items with the respective net 95ealizable value as well as the forecasted demand for the inventories. Where the Group identified items of inventory which have a net 95ealizable value that is lower than its carrying amount, the Group estimates the amount of inventory loss in respect of write- downs of inventory to net 95ealizable value as allowance of inventory.

The carrying amount of inventories is disclosed in Note 12.

Impairment in value of investment in subsidiaries

Determining whether investment in subsidiaries is impaired involves the consideration of the performance of the subsidiaries and the market conditions in which the subsidiaries operate in. In assessing the impairment loss, the recoverable amounts for investments in subsidiaries were determined based on the higher of estimated fair value less cost to sell and value in use of the underlying assets of the individual subsidiary.

During the financial year, management has determined that the recoverable amount of the investments in subsidiaries is lower than its carrying amount and accordingly, an impairment of S$3,354,000 (2020: S$15,704,000) has been recognised. The carrying amount of investment in subsidiaries is disclosed in Note 8.

Depreciation of property, plant and equipment

The Group depreciates its property, plant and equipment over their estimated useful lives, after taking into account their estimated residual value using the straight-line method. The estimated useful life reflects management's estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect management's estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. As at 30 September 2021, the carrying amount of property, plant and equipment is S$22,043,000 (2020: S$28,853,000) as disclosed in Note 5.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 5, 9 and 29 to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

(ii) Critical accounting estimates and assumptions (Continued)

Impairment of plant and equipment and right-of-use assets

The Group assess annually whether plant and equipment and right-of-use assets have any indication of impairment in accordance with its accounting policy. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of the fair value less costs to sell and value in use. The value in use computation involves estimations relating to projected future cash flows, market demand and a discount rate of 10%. Any change in such projections and estimates can result in changes to the impairment loss in future periods. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. The carrying amounts of plant and equipment, and right-of-use assets at the end of the reporting period are disclosed in Notes 5 and 6.

In 2020, management has made an impairment of S$621,000 and S$918,000 in respect of the Group's plant and equipment and right-of-use assets respectively.

5. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation			At cost					
	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Furniture, fittings and office equipment	Renovation and installation	Motor vehicles	Construction in progress	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cost									
As at 1 October 2019	5,226	2,997	16,354	11,590	1,208	942	914	-	39,231
Reclassification to right-of-use assets (Note 6)	-	-	-	(1,163)	-	-	(574)	-	(1,737)
Additions	-	-	7	413	21	39	-	57	537
Disposals	-	-	-	(35)	(3)	-	-	-	(38)
Write-off	-	-	-	(12)	(28)	(29)	-	-	(69)
Revaluation of properties	311	281	803	-	-	-	-	-	1,395
Exchange differences	(11)	(6)	(201)	(88)	(10)	(15)	-	-	(331)
As at 30 September 2020	5,526	3,272	16,963	10,705	1,188	937	340	57	38,988
As at 1 October 2020	5,526	3,272	16,963	10,705	1,188	937	340	57	38,988
Reclassification	-	-	-	(239)	9	287	-	(57)	-
Adjustments	-	(115)	-	13	2	-	226	-	126
Additions	-	-	-	1,261	75	11	16	-	1,363
Disposals	-	-	-	(81)	(1)	-	(336)	-	(418)
Write-off	-	-	-	(4)	-	(3)	-	-	(7)
Revaluation of properties	-	-	(6,850)	-	-	-	-	-	(6,850)
Exchange differences	(66)	(39)	101	(23)	(4)	2	(1)	-	(30)
As at 30 September 2021	5,460	3,118	10,214	11,632	1,269	1,234	245	-	33,172

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2021

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	At valuation			At cost					
Group	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Furniture, fittings and office equipment	Renovation and installation	Motor vehicles	Construction in progress	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Accumulated depreciation									
As at 1 October 2019	-	358	77	7,015	966	531	196	-	9,143
Reclassification to right-of-use assets (Note 6)	-	-	-	(774)	-	-	(63)	-	(837)
Depreciation	-	78	1,602	880	90	186	57	-	2,893
Disposals	-	-		(35)	(2)	-	-	-	(37)
Write-off	-	-		(12)	(27)	(29)	-	-	(68)
Eliminated on revaluation	-	(19)	(1,559)	-	-	-	-	-	(1,578)
Exchange differences	-	-	1	(57)	(9)	(14)	-	-	(79)
As at 30 September 2020	-	417	121	7,017	1,018	674	190	-	9,437
As at 1 October 2020	-	417	121	7,017	1,018	674	190	-	9,437
Adjustments	-	(115)	-	22	2	-	226	-	135
Depreciation	-	86	1,894	681	63	190	39	-	2,953
Disposals	-	-	-	(81)	(1)	-	(232)	-	(314)
Write-off	-	-	-	-	-	(1)	-	-	(1)
Eliminated on revaluation	-	-	(1,757)	-	-	-	-	-	(1,757)
Exchange differences	-	(4)	1	(23)	(2)	4	(1)	-	(25)
As at 30 September 2021	-	384	259	7,616	1,080	867	222	-	10,428

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	At valuation			At cost					
	Freehold land S$'000	Freehold buildings S$'000	Leasehold land and buildings S$'000	Plant and equipment S$'000	Furniture, fittings and office equipment S$'000	Renovation and installation S$'000	Motor vehicles S$'000	Construction in progress S$'000	Total S$'000
Accumulated impairment loss									
As at 1 October 2019	-	-	15	67	-	-	-	-	82
Impairment loss	-	-	-	621	-	-	-	-	621
Exchange differences	-	-	(1)	(4)	-	-	-	-	(5)
As at 30 September 2020	-	-	14	684	-	-	-	-	698
As at 1 October 2020	-	-	14	684	-	-	-	-	698
Exchange differences	-	-	1	2	-	-	-	-	3
As at 30 September 2021	-	-	15	686	-	-	-	-	701
Carrying amount									
As at 30 September 2021	5,460	2,734	9,940	3,330	189	367	23	-	22,043
As at 30 September 2020	5,526	2,855	16,828	3,004	170	263	150	57	28,853

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 30 September 2021, freehold land and buildings and leasehold land and building of the Group with an aggregate carrying amount of S$11,867,000 (2020: S$18,708,000) are pledged as security to secure bank loans (Note 13).

In 2020, due to poor operational performance of a subsidiary, the Group carried out a review of the recoverable amount of plant and equipment which resulted in the recognition of an impairment loss of S$621,000. As at 30 September 2021, there is lack of strong indications suggesting the impairment loss may have partly or fully reversed.

In 2020, the recoverable amount of the relevant assets was determined on the basis of their value in use, using a discounted rate of 10%. In the determining the value in use, the future benefits expected from the plant and equipment were considered in forecasting cash flows.

Fair value measurement of the Group's freehold and leasehold land and buildings

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. The fair value measurement on certain freehold and leasehold land and building was performed as at 30 September 2021 and 2020. The fair value measurements were performed by independent valuers not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the properties in the relevant locations. The remainder of the Group's freehold and leasehold land and buildings were not revalued in 2021 and 2020 as management had determined that there were no significant changes to the fair value as at 30 September 2021 and 2020.

The valuation for freehold land and buildings is an estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction and the values are based on actual sales transactions for properties that are similar to the freehold land and buildings held by the Group during the year. The valuation for leasehold land and buildings is an estimated amount based on the Income Capitalisation Method (2020: Direct Comparison Method and Investment Method of Valuation) which is the generally accepted valuation approach under the International Valuation Standards. In estimating the fair value of the freehold and leasehold land and buildings, the highest and best use of the freehold and leasehold land and buildings are their current use. There has been no change to the valuation technique during the year.

The fair value measurement of the Group's land and buildings of S$18,134,000 (2020: S$25,209,000) are classified under Level 3 (2020: Level 3) of the fair value hierarchy. There were no transfers between the levels in the fair value hierarchy during the financial year.

The Group made upfront payment in full for ownership interest of properties which include right-of-use of leasehold land and purchased building elements. The leasehold interest in land is classified together with the building elements in leasehold land and buildings amounting to S$2,956,000 (2020: S$2,916,000).

As at 30 September 2021, the carrying amount of the Group's freehold and leasehold land and buildings stated at valuation would have been S$3,127,000 (2020: S$3,178,000) and S$8,997,000 (2020: S$9,832,000), respectively, had the freehold land and buildings and leasehold land and buildings been carried at cost less accumulated depreciation.

6. RIGHT-OF-USE ASSETS

Group	Leasehold land and buildings	Plant and equipment	Motor vehicles	Total
	S$'000	S$'000	S$'000	S$'000
Cost				
As at 1 October 2019	3,141	-	-	3,141
Reclassification from property, plant and equipment (Note 5)	-	1,163	574	1,737
Additions	116	-	-	116
Exchange differences	4	-	-	4
As at 30 September 2020	3,261	1,163	574	4,998
Additions	59	-	37	96
Disposals/ derecognised	-	-	(475)	(475)
Exchange differences	(1)	-	-	(1)
As at 30 September 2021	3,319	1,163	136	4,618
Accumulated depreciation				
Reclassification from property, plant and equipment (Note 5)	-	774	63	837
Depreciation	416	280	59	755
Exchange differences	1	-	-	1
As at 30 September 2020	417	1,054	122	1,593
Depreciation	374	35	37	446
Disposals/ derecognised	-	-	(115)	(115)
As at 30 September 2021	791	1,089	44	1,924
Accumulated impairment loss				
As at 30 September 2020 and As at 30 September 2021	918	-	-	918
Net carrying amount				
As at 30 September 2021	1,610	74	92	1,776
As at 30 September 2020	1,926	109	452	2,487

In 2020, with the poor operational performance of a subsidiary, the Group carried out a review of the recoverable amount of right-of-use assets which resulted in the recognition of an impairment loss of S$918,000. As at 30 September 2021, there is lack of strong indication suggesting the impairment loss may have partly or fully reversed.

The recoverable amount of the relevant assets was determined on the basis of their value in use, using a discounted rate of 10%. In the determining the value in use, the future benefits expected from the right-of-use assets are considered in forecasting cash flows.

The Group leases a number of lands, warehouse, motor vehicle and factory facilities. The leases typically run for a period of two to five years, with an option to renew the lease after that date. Lease payments are increased every two years to reflect market rentals.

7. GOODWILL

	Group 2021 S$'000	Group 2020 S$'000
Cost:		
At beginning of year	-	338
Impairment loss recognised in profit or loss	-	(338)
At end of year	-	-

Goodwill acquired in the business combination had been allocated, at acquisition, to SMCI (commodities segment).

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Goodwill had been fully impaired in financial year 2020 amounted to S$338,000 due to deterioration in the capabilities of SMCI to generate future cashflows.

8. INVESTMENT IN SUBSIDIARIES

	Company 2021 S$'000	Company 2020 (Restated) (Note 33) S$'000
Unquoted equity shares, at cost	31,886	31,886
Impairment loss	(22,999)	(19,645)
Carrying amount	8,887	12,241

Movement in the allowance for impairment:

	Company 2021 S$'000	Company 2020 S$'000
At beginning of year	19,645	3,941
Impairment during the year	3,354	15,704
At end of year	22,999	19,645

8. INVESTMENT IN SUBSIDIARIES (Continued)

(a) Details of subsidiaries

The Company carried out a review of the recoverable amounts of its investment in subsidiaries where there was an indication that the investments had suffered an impairment loss and has also assessed there is evidence of credit impairment for the loans to a subsidiary. The review concluded that an impairment loss of S$3,354,000 (2020: S$15,704,000) is required on the carrying amount of the investments. The recoverable amount is determined from net assets value of the individual subsidiary.

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group		Carrying amount of investment	
			2021	2020	2021	2020
			%	%	S$'000	S$'000
Held by the Company						
CED System Sdn. Bhd.[(b)]	ED coating	Malaysia	100	100	1,307	1,307
Hong Nam Industry (M) Sdn. Bhd.[(b)]	ED coating	Malaysia	100	100	2,580	2,580
Macore Technology (M) Sdn. Bhd.[(b)]	ED coating	Malaysia	100	100	-	803
PNE Marvellous Sdn. Bhd.[(b)]	Property investment holding	Malaysia	100	100	902	1,479
SYH E-Waste Management Pte. Ltd.[(a)]	Metal stamping	Singapore	100	100	-	-
PNE Micron Engineering Sdn. Bhd.[(b)]	Metal stamping	Malaysia	100	100	3,632	3,632
PNE Micron (Kuala Lumpur) Sdn. Bhd.[(b)]	ED coating	Malaysia	100	100	466	466
PNE Precision Sdn. Bhd.[(b)]	Metal stamping	Malaysia	100	100	-	1,974
SYH Resources Pte. Ltd.[(a)]	Trading of commodities, waste management	Singapore	100	100	-	-
PNE-Sino Pte Ltd [(a)]	Investment holding	Singapore	100	100	-*	-*
SMC Industrial Pte Ltd [(a)]	Trading of commodities, waste management	Singapore	100	100	-	-
					8,887	12,241

* Less than $1,000

8. INVESTMENT IN SUBSIDIARIES (Continued)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest	
			2021 %	2020 %
Held by PNE-Sino Pte Ltd				
PT. PNE Indonesia [c]	ED coating	Indonesia	100	100
PT Le Royaume PNE [d]	Investment holding	Indonesia	100	100
Held by SMC Industrial Pte Ltd				
SMC Industrial (HK) Limited [d]	Waste management	Hong Kong	100	100
SMC Industrial (UK) Co Ltd [d]	Waste management	United Kingdom	100	100
SMCI Refinery Pte Ltd [d], [e]	Waste management	Singapore	100	100

[a] Audited by Crowe Horwath First Trust, LLP, Singapore.

[b] Audited by member firms of Crowe Global

[c] Audited by Tjahjadi & Tamara (a member of Morrison Global).

[d] Not audited for consolidation purposes as management is of the opinion that the results of the subsidiary for the year is insignificant.

[e] Incorporated in 2019. On 7 October 2019, SMCI and SMCI Refinery Pte Ltd entered into a joint venture agreement ("JV Agreement") with Electroloy and Mr Wang Chun Jian (collectively, the "JV Partners") to build a smelting facility ("Smelter") in Singapore to extract and recover metals and materials from waste materials and metal scraps (Note 8(b)).

Information about the composition of the Group's wholly-owned subsidiaries at the end of the financial year is as follows:

Principal activities	Country of incorporation and place of business	Number of wholly-owned subsidiaries	
		2021	2020
Metal stamping	Singapore, Malaysia	2	2
ED coating	Malaysia, Indonesia	6	6
Trading of commodities and waste management	Singapore, Malaysia, Hong Kong, United Kingdom	5	5
Investment holding company	Singapore, Indonesia	2	2
Property investment holding	Malaysia	1	1
		16	16

(b) Joint Venture Agreement ("JV Agreement")

According to JV Agreement, JV Partners shall supply, construct, test and commission a fully functional smelting facility at an aggregate cost of S$4,000,000. SMCI shall be responsible for obtaining all approvals, consents, licences and authorisations from the relevant government or regulatory authorities for the project; providing staff and administrative support on a cost reimbursement basis; selling all metals and materials for processing in the Smelter, at procurement cost comprising of cost of such material plus material processing cost of SMCI and renting the land on which the Smelter will be constructed and housed at S$40,000 per month (excluding GST).

8. SUBSIDIARIES (Continued)

(b) Joint Venture Agreement ("JV Agreement") (Continued)

The issued share capital of the joint venture is S$10 million comprising 10 million shares. The allotment and issue of the shares of the joint venture shall be completed thirty days after SMCI has verified completion and functionality of the Smelter. During the financial reporting period, the aggregate cost to be incurred for the Smelter is expected to be more than S$4,000,000. JV Partners had requested to revise the JV Agreement. At the end of financial year, the construction of the Smelter has been suspended.

The Company will 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 parties to the tripartite JV Agreement, has since become the major corporate shareholders of the Group following the completion of the subscription agreement as in Note 2(ii).

For the financial year ended 30 September 2021, the Group recorded the expenses paid on behalf of SMCI Refinery Pte. Ltd. amounting to S$1,387,000 (2020: S$666,000) in the profit or loss.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2021	2020
	S$'000	S$'000
Keyman life insurance policies at fair value:		
At beginning of year	4,157	4,101
Increase in fair value recognised in profit or loss (Note 21)	83	96
Exchange difference to profit or loss	(14)	(40)
At end of year	4,226	4,157
Classified as:		
- Current assets	4,226	-
- Non-current assets	-	4,157

Certain keyman life insurance policies relate to life insurance contracts purchased by one of the subsidiaries - SMCI for one of its directors – Mr. Koh Mia Seng. The total insured amount of the three policies (2020: three policies) are US$10,000,000 (2020: US$10,000,000). The contracts will mature on the date when the insured person reaches the age of 100, or death of the insured person whichever is earlier. At the time of death of the insured person, 100% of the insured amount plus the accumulated investment returns will be payable to the Group.

SMCI had also purchased a keyman life insurance policy for its former general manager. The insured amount of the contract is US$1,500,000 (2020: US$1,500,000). The contract will mature on the date when the insured person reaches the age of 125, or death of the insured person whichever is earlier. At the time of death of the insured person, 100% of the insured amount plus the accumulated investment returns will be payable to the Group.

At the end of the reporting period, the cash surrender value of the abovementioned keyman life insurance policies totaled S$4,226,000 (2020: S$4,157,000). In financial year 2020, the difference between the premiums paid of S$4,441,000 and initial cash surrender value of S$3,526,000 at inception date was recorded as prepayments and amortised over 8 to 19 years. As disclosed in Note 13, the Group received letter of demand from the banks, accordingly, the remaining unamortised prepayment of S$633,000 was charged to profit or loss in 2020.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The fair value of abovementioned investment-linked keyman life insurance policies is based on the total cash surrender value of the contracts stated in the annual statements of these policies (Level 2 in fair value hierarchy).

The keyman life insurance policies are pledged to a bank to secure banking facilities granted to the Group (Note 13).

As disclosed in Note 31, all keyman life insurance policies were assigned to one of the principal lenders to secure the banking facilities. Following the agreement letter duly acknowledged by the principal lender on 19 October 2022, the principal lender shall be entitled to retain the entire proceeds of the four insurance policies and shall have the absolute discretion to either terminate or continue to maintain the policies. Accordingly, the fair values of the keymen life insurance policies are classified from non-current assets to current assets in 2021.

10. CASH AND BANK BALANCES

	Group		Company	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Cash at bank	16,010	4,261	125	91
Fixed deposits	530	3,060	-	-
	16,540	7,321	125	91
Fixed deposits pledged with financial institutions	(39)	(3,060)		
Bank overdrafts (Note 13)	(141)	(399)		
Cash and cash equivalent in Statement of cash flows	16,360	3,862		

Fixed deposits with financial institutions amounting to approximately S$39,000 (2020: S$3,060,000) have been pledged to financial institutions for banking facilities granted to the Group (Note 13).

The Group withdrew certain fixed deposits pledged with financial institution of S$3,021,000 (2020: S$12,990,000) to settle the borrowings and trade financing balances outstanding.

Fixed deposits bore interest at rate ranging from 1.5% to 1.85% (2020: 1.29%) per annum and for a tenure of approximately 30 days to 365 days (2020: 213 days).
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11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000 (Restated) (Note 33)
Current				
Trade receivables from third parties	43,987	43,995	-	-
Other receivables and deposits	1,714	2,197	-	-
GST refundable	-	47	-	-
Contract assets	-	22	-	-
Amounts due from subsidiaries [i]	-	-	2,960	2,988
Loss allowance:				
- Trade	(37,573)	(36,587)	-	-
- Non-trade	(1,286)	(1,248)	(2,960)	(2,976)
	6,842	8,426	-	12
Prepayments	113	234	10	25
Tax recoverables	248	197	-	-
	7,203	8,857	10	37
Non-current				
Deposits	49	41	-	-
Loan to subsidiaries [ii]	-	-	14,069	14,423
Loss allowance – non-trade	-	-	(14,069)	(12,202)
	49	41	-	2,221
Prepayments	-	365	-	-
	49	406	-	2,221
Total trade and other receivables	7,252	9,263	10	2,258

[i] Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

[ii] Loans to a subsidiary are unsecured and interest-free as at the reporting date. The settlement of the loans is neither planned nor likely to occur in the foreseeable future.

Trade receivables

Included in trade receivables are amount due from 7 Identified Entities that are suspected to be indirectly controlled by the former executive chairman of the Company, Mr. Koh Mia Seng totaled S$31,898,000 (2020: S$32,474,000). Full provision for allowances for expected credit loss has been provided for in 2021 (2020: S$31,138,000). No outstanding amount has been received subsequent to year end (2020: S$1,336,000).

The average credit period on sale of goods is 7 to 180 days (2020: 7 to 180 days). No interest is charged on outstanding trade receivables that are beyond the credit timeframe.

11. TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables (Continued)

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL - credit-impaired	
	2021	2020
	S$'000	S$'000
At beginning of year	36,587	65
Recognised profit or loss during the year	1,072	36,524
Written off against allowance	(91)	-
Currency translation differences	5	(2)
At end of year	37,573	36,587

The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance:

	Lifetime ECL - credit-impaired	
	2021	2020
	S$'000	S$'000
Past due account from 7 Identified Entities that are suspected to be indirectly controlled by Mr. Koh Mia Seng *	31,898	31,138
Past due account unlikely to be collectible from a third party customer **	4,979	4,979
Total	36,877	36,117

* *Outstanding balances from 6 of the 7 Identified Entities are included as Assigned Receivables in the Schemes of Arrangement (Note 31(b)(i))*

** *Outstanding balances are included as Assigned Receivables in the Schemes of Arrangement (Note 31(b)(i))*

The table below is an ageing analysis of net trade receivables:

	Group	
	2021	2020
	S$'000	S$'000
Not past due	2,183	3,560
1 to 30 days	2,986	1,737
31 to 60 days	676	1,903
61 to 90 days	293	30
More than 90 days	276	178
	6,414	7,408

11. TRADE AND OTHER RECEIVABLES (Continued)

Other receivables

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition except for a debtor with carrying amount of S$1,286,000 (2020: S$1,248,000) for which there is evidence of credit impairment. Accordingly, for the purpose of impairment assessment for other receivables, the loss allowance is measured at an amount equal to 12-month ECL, except for receivables which the Group has assessed that there has been a significant increase in credit risk since initial recognition

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

Included in the Group's other receivables are debtors with a carrying amount of S$1,286,000 (2020: S$1,248,000) for which there is evidence of credit impairment and accordingly, the Group has recognised loss allowance.

The table below shows the movement in lifetime ECL that has been recognised for other receivables:

	Group		Company	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
As at beginning of year	1,248	1,331	2,976	2,980
Amounts written off	(112)	(4)	-	-
Recognised profit or loss during the year	112	-	(16)	(4)
Currency translation differences	38	(79)	-	-
As at end of year	1,286	1,248	2,960	2,976

Loans to subsidiaries

The table below shows the movement in lifetime ECL that has been recognised for loan to subsidiaries for which there is evidence of credit impairment:

	Lifetime ECL - credit-impaired	
	2021 S$'000	2020 S$'000
As at beginning of year	12,202	4,949
Recognised profit or loss during the year	1,867	7,253
As at end of year	14,069	12,202

12. INVENTORIES

	Group	
	2021	2020
	S$'000	S$'000
Raw materials	1,567	3,472
Work-in-progress	166	113
Inventory-in-transit	-	579
Finished goods	107	4,864
As at end of year	1,840	9,028

In 2020, the cost of inventories was recognised as an expense included S$1,790,000 and in respect of write-downs of inventory to net realisable value. In 2021, impairment loss of S$1,732,000 has been partially reversed in light of overprovision of the write-downs in prior year.

SMCI did not account for cost of conversion of inventories due to constraint caused by substantial time lapse to validate the completeness and valuation of SMCI's inventories balance on the balance sheet date. SMCI reported finished goods balance of S$12,000 in 2021. The cost of conversion of inventories is believed to be immaterial.

13. LOANS AND BORROWINGS

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000 (Restated) (Note 33)	$'000	$'000
Bank overdrafts (Note 10)	141	399	-	-
Loans	5,381	6,456	571	1,000
Trade bills	16,208	20,934	-	-
	21,730	27,789	571	1,000
Classified as:				
- Current	21,153	27,104	571	1,000
- Non-current	577	685	-	-
	21,730	27,789	571	1,000

The Group's term loan facilities of S$3,330,000 (2020: S$4,376,000), revolving credit facilities of S$2,051,000 (2020: S$2,080,000), overdraft facility of S$141,000 (2020: S$399,000), and trade facilities of S$16,208,000 (2020: S$20,934,000) are secured on one or more of the following:

13. LOANS AND BORROWINGS (Continued)

a. Mortgage over certain freehold land and buildings of the Group (Note 5);

b. Mortgage over a leasehold land and building of a subsidiary with carrying amount of S$5,600,000 (2020: S$12,300,000) (Note 5);

c. Deposits pledged with financial institutions amounting to S$39,000 (2020: S$3,060,000) (Note 10);

d. Corporate guarantee given by the Company;

e. Personal guarantee by a Director;

f. Assignment of three life insurance policies insured on a Director of the subsidiary (Note 9); and

g. Assignment of one life insurance policy insured on a former general manager of the subsidiary (Note 9).

Management is of the opinion that the carrying amount of the bank overdrafts, loans and trade bills approximate their fair value due to market interest rate charged.

During the financial year, the Group has defaulted on the settlement of trade bills owing to the banks. On 27 October 2020 and 9 November 2020, the Group received letters of demand separately from two banks, namely DBS Bank Limited ("DBS") and The Hongkong and Shanghai Banking Corporation Limited ("HSBC") ("Principal Lenders") for the outstanding bank borrowings owed by SMCI, including interest in arrears (Note 31(a)).

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Loan	Trade bills
	S$'000	S$'000
Group		
As at 1 October 2019	9,174	51,829
Financing cash flow [(i)]	(2,694)	(17,905)
Non-cash changes		
Offset against fixed deposits	-	(12,990)
Foreign exchange movement	(24)	-
As at 30 September 2020	6,456	20,934
As at 1 October 2020	6,456	20,934
Financing cash flow [(i)]	(1,063)	(4,726)
Non-cash changes		
Foreign exchange movement	(12)	-
As at 30 September 2021	5,381	16,208

(i) The cash flows make up the net amounts of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Current				
Third parties, trade [(i), (iv)]	20,693	16,489	-	-
Subsidiaries, non-trade (Note 8) [(ii)]	-	-	4,938	4,415
Accrued expenses	4,061	2,185	956	479
Other payables	830	609	138	72
	25,584	19,283	6,032	4,966
Non-current				
Other payables [(iii)]	113	103	-	-
	25,697	19,386	6,032	4,966

Note:

(i) Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchase of goods is 30 days (2020: 30 days). No interest is charged on the outstanding balance of trade payables.

(ii) Amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

(iii) Other payables comprise the post-employment benefits for its employees based in Indonesia on the Labor Law No. 13/2003 dated March 25, 2003 and PSAK 24 (Revised 2013), "Employee Benefits". The components of post-employment benefits expense recognised in the statement of profit or loss and other comprehensive income and post-employment benefits liability recognised in the statement of financial position, as determined by independent actuaries, Yusi dan Rekan Actuary Consultant Firm and PT Sentra Jasa Aktuaria, in its report dated 30 September 2021 for 2021 and 22 September for 2020, respectively, using projected unit credit method.

(iv) On 29 September 2020, a subsidiary, SMCI received a letter of demand from a creditor for payment of an aggregate balance outstanding sum of S$7,887,000 (Note 31(a)) including any accrued interest for late payment of the balance outstanding. The Group's director, Mr. Koh Mia Seng, has executed a personal guarantee in favour of the creditor to, inter alia, guarantee to pay on demand the guaranteed obligations if SMCI does not pay such amounts when due. SMCI has also agreed with the creditor on an 18-month repayment plan to settle the total outstanding sum in full by 28 February 2022. As at the date of this report, the total claims admitted by JMs amounted to S$6,829,000 and the payments are subject to approved schemes of arrangement of SMCI.

During the financial year, a subsidiary, SMCI received letters of demand from another five creditors amounting of S$1,149,000. Another subsidiary, SMCIR received a letter of demand from creditor amounted to S$111,000. The above-mentioned claims have either been admitted by JMs in the Schemes or otherwise been amicably resolved.

15. LEASE LIABILITIES

	Group 2021 S$'000	Group 2020 S$'000
Current		
Leasehold land and buildings	394	419
Plant and equipment	66	197
Motor vehicles	31	120
	491	736
Non-current		
Leasehold land and buildings	2,070	2,459
Plant and equipment	19	83
Motor vehicles	29	161
	2,118	2,703
	2,609	3,439

The Group leases a number of warehouses, office premises, plant and equipment and motor vehicles. The leases typically run for a period of 2 to 5 years except for a JTC lease run for a period of more than 5 years. The leases include term extension options for which the Group has the right to exercise. For leases that the Group are expected to exercise that option, lease payments in the extension period have been capitalised in the Group's right-of-use assets and lease liabilities.

Group	Leasehold land and S$'000	Plant and equipment S$'000	Motor vehicles S$'000	Total S$'000
As at 1 October 2019	3,141	472	399	4,012
Financing cash flow	(387)	(192)	(118)	(697)
Non-cash changes:				
New lease liability (Note 6)	116	-	-	116
Foreign exchange movement	8	-	-	8
As at 30 September 2020	2,878	280	281	3,439
As at 1 October 2020	2,878	280	281	3,439
Financing cash flow	(473)	(196)	(73)	(742)
Non-cash changes:				
New lease liability (Note 6)	59	-	37	96
Disposal	-	-	(187)	(187)
Foreign exchange movement	3	-	-	3
As at 30 September 2021	2,467	84	58	2,609

16. DERIVATIVE FINANCIAL INSTRUMENTS

In 2020, the Group used interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the end of the reporting period:

Outstanding floating for fixed contracts	Contracted fixed interest rate	Notional principal amount	Fair value loss
	%	S$'000	S$'000
Group			
At 30 September 2021			
3 years contract	-	-	-
At 30 September 2020			
3 years contract	2.35	2,714	46

The interest rate swaps settled on a monthly basis. The floating rate on the interest rate swaps was the SGD Swap Offered Rate which average about 2.1% per annum.

The derivate financial instruments were determined based on level 2 of fair value hierarchy and based on intermediate market rate between the offer rate and the bid rate.

17. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities and assets recognised and the movements thereon, during the current and prior reporting periods prior to offsetting:

	Accelerated tax depreciation	Revaluation of land and buildings	Others	Total
	S$'000	S$'000	S$'000	S$'000
As at 1 October 2019	602	1,655	(151)	2,106
Charge (Credit) to:				
- Profit or loss (Note 23)	29	(199)	14	(156)
- Other comprehensive income (Note 23)	-	496	(1)	495
Exchange differences	4	(68)	46	(18)
As at 30 September 2020	635	1,884	(92)	2,427
Adjustments	34	(144)	118	8
Charge (Credit) to:				
- Profit or loss (Note 23)	(280)	(172)	2	(450)
- Other comprehensive income (Note 23)	-	(811)	-	(811)
Exchange differences	(8)	7	2	1
As at 30 September 2021	381	764	30	1,175

17. DEFERRED TAX LIABILITIES (Continued)

Subject to the agreement by the tax authorities in the relevant foreign tax jurisdictions in which the Group operates and conditions imposed by law, the Group has unutilised tax losses, unutilised reinvestment allowances, unutilised capital allowances and other tax incentives of S$42,518,000, S$3,401,000, S$3,914,000 and S$18,000 (2020: S$42,499,000, S$3,401,000, S$3,678,000 and S$12,000) for offset against future profits, respectively. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

18. SHARE CAPITAL

	Company			
	2021		2020	
	No. of shares	S$'000	No. of shares	S$'000
Issued and fully paid				
At beginning of year	984,280,000	46,246	864,280,000	40,255
Issue of placement shares	-	-	120,000,000	5,991
At end of year	984,280,000	46,246	984,280,000	46,246

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

In 2020, an aggregate of 120,000,000 placement shares were allotted and issued to the subscriber at an issue price of S$0.05 for each placement share, in accordance with the terms of the Subscription Agreement.

19. OTHER RESERVES

	Note	Group	
		2021	2020
		S$'000	S$'000
Merger deficit	(i)	(3,454)	(3,454)
Translation reserve	(ii)	(7,791)	(7,584)
Revaluation reserve	(iii)	9,418	13,641
Capital reserve	(iv)	2,605	2,605
		778	5,208

(i) MERGER DEFICIT

The merger deficit arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the common control method of accounting.

(ii) TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation.

19. OTHER RESERVES (Continued)

(iii) REVALUATION RESERVE

The revaluation reserve arises on the revaluation of land and buildings. Where revalued buildings are sold, the portion of property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

	Group	
	2021 S$'000	2020 S$'000
At the beginning of year	13,641	11,168
(Decrease)/ Increase in revaluation	(4,223)	2,473
At the end of year	9,418	13,641

(iv) CAPITAL RESERVE

The capital reserve represents the effects of changes in ownership interests in a subsidiary when there is no change in control.

20. REVENUE

	Group	
	2021 S$'000	2020 S$'000
<u>By type of goods and services and timing of revenue recognition</u>		
At a point in time:		
- Sale of goods	43,109	164,345
- Revenue from the provision of electro-deposition coating services	12,439	10,761
	55,548	175,106

During the year, the Group entered into the following sales transactions with following parties:

	Group	
	2021 S$'000	2020 S$'000
Immediate family of controlling shareholder	395	2,971
Associate of former key management personnel 1	444	284
Associate of former key management personnel 2 (i)	768	-
Revenue with Identified Entities that are suspected to be indirectly controlled by Mr. Koh Mia Seng (Note 32)	925	40,943
Sales of processed e-waste goods to overseas customers via agency arrangement (ii)	5,898	-

20. REVENUE (Continued)

Note:
(i) Sales to a customer whom a former key management personnel became the substantial shareholder after he resigned from the Group.

(ii) The overseas customer is solely owned by a director cum shareholder of another local customer who acts as an agent for another overseas customer of the Group.

21. OTHER OPERATING INCOME

	Group	
	2021 S$'000	2020 S$'000
Rental income	-	20
Interest income	30	187
Scrap sales	23	33
Fair value increase in financial assets at FVTPL (Note 9)	83	96
Management and administrative fees	22	450
Government grants*	337	595
Foreign exchange gains	170	343
Reversal of fair value loss on derivative financial instruments	46	-
Gain on disposal of property, plant and equipment	38	-
Others	110	200
	859	1,924

* Included grant income amounting to S$190,000 (2020: S$437,000) relates to the wages support for local employees under the Job Support Scheme from the Singapore Government.

22. FINANCE COSTS

	Group	
	2021 S$'000	2020 S$'000
Interest expenses on		
- bank overdraft, loans and trade bills	1,572	2,009
- obligations under lease liabilities	40	95
	1,612	2,104

23. INCOME TAX EXPENSE

Major components of income tax expense for the year ended 30 September were:

	Group	
	2021 S$'000	2020 S$'000
Current tax		
- Current year	843	499
- Over provision in respect of previous years	(29)	(46)
	814	453
Deferred tax		
- Origination and reversal of temporary differences	(118)	(47)
- Over provision in respect of previous years	(332)	(109)
	(450)	(156)
	364	297

Domestic income tax is calculated at 17% (2020: 17%) of the estimated assessable (loss)/profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The reconciliation of the income tax and the product of accounting loss multiplied by the applicable rate is as follows:

	Group	
	2021 S$'000	2020 S$'000
Loss before tax	(5,165)	(43,782)
Tax at the applicable tax rate of 17% (2020: 17%)	(878)	(7,443)
Tax effect of:		
- different tax rates of subsidiaries reporting in other jurisdictions	(78)	122
- income exempt from taxation	(425)	(52)
- non-deductible expenses	1,960	1,497
- deferred tax assets not recognised	395	6,389
- utilisation of deferred tax assets previously not recognised	(102)	-
- income relating to the origination and reversal of temporary differences	(169)	-
- overprovision of income tax in prior years	(29)	(46)
- overprovision of deferred tax in prior years	(332)	(109)
- other	22	(61)
Income tax expense	364	297

23. INCOME TAX EXPENSE (Continued)

Income tax relating to each component of other comprehensive income

	Group	
	2021	2020
	S$'000	S$'000
Deferred tax		
- Revaluation of land and buildings	(811)	496
- Post-employment benefits liability	-	(1)
	(811)	495

24. LOSS FOR THE YEAR

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, loss for the year has been arrived at after charging (crediting):

	Group	
	2021	2020
	S$'000	S$'000
Depreciation of property, plant and equipment and right-of-use assets		
Depreciation of property, plant and equipment (Note 5)	2,953	2,893
Depreciation of right-of-use assets (Note 6)	446	755
	3,399	3,648
Employee benefits expense (including Directors' remuneration)		
Directors' remuneration:		
- Company	744	725
- Subsidiaries	160	440
Directors' fees:		
- Company	-	116
Other staff costs	8,238	9,326
Defined contributions plans	531	666
Defined benefits plans	7	29
	9,680	11,302
Impairment loss on financial assets		
Loss allowance for trade receivables (Note 11)	1,072	36,524
Bad debts written off on other receivables	112	-
	1,184	36,524

24. LOSS FOR THE YEAR (Continued)

	Group	
	2021	2020
	S$'000	S$'000
Others		
Net foreign exchange gain	(170)	(274)
Gain on disposal of property, plant and equipment	(38)	(5)
Loss on disposal of right-of-use assets	82	-
Property, plant and equipment written off	6	1
Impairment loss on goodwill	-	338
Impairment loss on property, plant and equipment	-	621
Impairment loss on right-of-use assets	-	918
(Reversal of)/ Allowance for inventories (Note 12)	(1,732)	1,790
(Reversal of)/ Fair value loss on derivative financial instruments	(46)	46
Cost of inventories recognised as expense	43,928	169,027
Financial guarantee expenses (Note 27(a))	4,308	-
Audit fees paid to auditors:		
- Auditors of the Company	245	422
- Other auditors	11	79
	256	501

25. LOSS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	Company	
	2021	2020
	S$'000	S$'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	984,280	957,067
Weighted average number of ordinary shares for the purposes of diluted earnings per share	984,280	957,067
Loss		
Loss attributable to owners of the Company	(5,529)	(44,079)
Loss per share (cents)	(0.56)	(4.61)
Fully diluted loss per share (cents)	(0.56)	(4.61)

There were no dilution of earnings per share for the financial year ended 30 September 2021 and 2020 as there were no potential ordinary shares outstanding.

26. RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in the financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Compensation of Directors and key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	2021 S$'000	2020 S$'000
Short term benefits	1,114	1,888
Post-employment benefits	51	76
	1,165	1,964

27. COMMITMENTS

(a) Financial guarantee contracts

The Company has issued financial guarantees to banks in respect of banking facilities extended to its subsidiaries.

A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of.

During the year, following the default of payment of loans owing to the Principal Lenders by the Group as disclosed in Note 13, the Company is required to provide for liability arising from corporate guarantees provided to the Principal Lenders. Accordingly, the Group and the Company have recognised financial guarantee liabilities to profit and loss amounting S$4,308,000 (2020: Nil), which were estimated based on the Claims admitted by the Principal Lenders under the Schemes of Payments as disclosed in Note 2 and Note 31 respectively.

(b) Capital expenditure commitment

	Group	
	2021 S$'000	2020 S$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	548	2,783

28. SEGMENT INFORMATION

(a) Reportable segments

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, Electro Deposition ("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 Chief Executive Officer ("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:

- Metal components – includes manufacturing and sales of perforated materials, speaker nets, tool, die and other metal components;

- ED coating – includes ED coating services and secondary process;

- 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.

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.

28. SEGMENT INFORMATION (Continued)

(a) Reportable segments (Continued)

Information regarding the Group's reportable segments is presented below. The measurement basis of the Group's reportable segments is in accordance with its accounting policy.

	Group			
	Revenue		Segments results	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Metal components	2,872	2,461	(158)	(20)
ED Coating	13,983	11,764	3,698	1,823
Commodities	40,252	161,884	(2,156)	(43,546)
Inter-segment elimination	(1,559)	(1,003)	(161)	(13)
	55,548	175,106	1,223	(41,756)
Unallocated items:				
Other operating income			27	39
Administrative expenses			(2,073)	(1,681)
Other operating expenses			(4,308)	(343)
Finance expenses			(34)	(41)
Loss before tax			(5,165)	(43,782)
Income tax expense			(364)	(297)
Loss for the year			(5,529)	(44,079)

28. SEGMENT INFORMATION (Continued)

(a) Reportable segments (Continued)

	Group	
	2021 S$'000	2020 S$'000
Segment assets		
Metal components	5,994	5,836
ED Coating	17,674	17,657
Commodities	29,278	37,500
Total segment assets	52,946	60,993
Unallocated assets#	731	116
Consolidated total assets	53,677	61,109
Segment liabilities		
Metal components	1,313	1,333
ED Coating	2,371	2,780
Commodities	45,998	47,513
Total segment liabilities	49,682	51,626
Unallocated liabilities^	6,036	1,565
Consolidated total liabilities	55,718	53,191

\# Unallocated assets are mainly related to a portion of the cash and cash equivalents 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 Group which are not allocated to any segment of the Group.

28. SEGMENT INFORMATION (Continued)

(a) Reportable segments (Continued)

	Metal Components	ED Coating	Commodities	Unallocated	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Group					
Other segment information:					
FY2021					
Additions to property, plant and equipment	146	1,119	98	-	1,363
Additions to ROU assets	-	65	31	-	96
Depreciation of property, plant and equipment	55	648	2,230	20	2,953
Depreciation of ROU assets	-	50	396	-	446
(Reversal of)/ Allowance loss for trade receivables	(25)	85	1,012	-	1,072
Provision/ (Reversal of) allowances loss on inventories	98	(15)	(1,815)	-	(1,732)
Revaluation of properties	-	-	(4,223)	-	(4,223)
Fair value loss on derivative financial instruments	-	-	(46)	-	(46)
Fair value gain of financial assets at FVTPL	-	-	(83)	-	(83)
FY2020					
Additions to property, plant and equipment	-	454	83	-	537
Additions to ROU assets	-	55	61	-	116
Depreciation of property, plant and equipment	54	665	2,160	14	2,893
Depreciation of ROU assets	-	23	732	-	755
Loss allowance for trade receivables	37	-	36,487	-	36,524
(Reversal of)/ Allowances loss on inventories	-	-	1,790	-	1,790
Impairment loss on property, plant and equipment	-	-	621	-	621
Impairment loss on ROU assets	-	-	918	-	918
Impairment loss on goodwill	-	-	338	-	338
Revaluation of properties	-	652	1,821	-	2,473
Fair value loss on derivative financial instruments	-	-	46	-	46
Fair value gain of financial assets at FVTPL	-	-	(96)	-	(96)

28. SEGMENT INFORMATION (Continued)

(b) Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding deferred tax assets and financial instruments) by geographical location are detailed below:

Group	Metal Components	ED Coating	Commodities	Total
FY2021	S$'000	S$'000	S$'000	S$'000
Primary geographical markets				
Singapore	-	-	25,578	25,578
Malaysia	2,857	9,887	1,342	14,087
People's Republic of China	-	-	1,650	1,650
Indonesia	-	2,552	337	2,889
Japan	-	-	187	187
Korea	-	-	3,750	3,750
Philippines	-	-	6,693	6,693
Taiwan	-	-	364	364
Others	-	-	351	351
	2,857	12,439	40,252	55,548
Major products / service line				
Sale of goods	2,857	-	40,252	43,109
Services rendered	-	12,439	-	12,439
	2,857	12,439	40,252	55,548
Timing of revenue recognition				
At a point in time	2,857	12,439	40,252	55,548

28. SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

Group FY2020	Metal Components S$'000	ED Coating S$'000	Commodities S$'000	Total S$'000
Primary geographical markets				
Singapore	-	-	19,371	19,371
Malaysia	2,461	8,511	17,436	28,408
People's Republic of China	-	-	37,707	37,707
Indonesia	-	2,250	443	2,693
Japan	-	-	15,250	15,250
Korea	-	-	36,145	36,145
Philippines	-	-	1,228	1,228
Taiwan	-	-	27,151	27,151
Others	-	-	7,153	7,153
	2,461	10,761	161,884	175,106
Major products / service line				
Sale of goods	2,461	-	161,884	164,345
Services rendered	-	10,761	-	10,761
	2,461	10,761	161,884	175,106
Timing of revenue recognition				
At a point in time	2,461	10,761	161,884	175,106

28. SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

	Group	
	2021	2020
	S$'000	S$'000
<u>Non-current assets</u>		
Singapore	8,624	16,589
Malaysia	11,876	11,282
Indonesia	3,319	3,467
Others	-	2
	23,819	31,340

(c) Information about major customers

The Group's customer base includes 3 (2020: 6) customers from its commodities segment with whom transactions amounted to 46.1% (2020: 42.70%) of the Group's revenues. In 2021, revenues generated from these customers amounted to approximately S$7,841,000, S$5,898,000 and S$5,239,000 (2020: S$74,841,000). Details of concentration of credit risk arising from these customers are set out in Note 29 (iii).

29. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

The Group is exposed to a variety of financial risks, comprising market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Market risk

(a) Foreign currency risk

<u>Foreign exchange risk management</u>

The Group's foreign exchange exposures arise mainly from the exchange rate movement of the functional currencies of the respective group entities against Singapore dollar, United States dollar and Malaysia ringgit.

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign currency risk (Continued)

<u>Foreign exchange risk management</u> (Continued)

The Company has a number of investments in foreign subsidiaries whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations. The risk is managed through natural hedges. When required, the Group enters into forward foreign exchange contracts to manage certain of its foreign currency denominated trade receivables exposure.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies at the end of the reporting period are as follows:

Group	2021		2020	
Currency	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	S$'000	S$'000	S$'000	S$'000
Singapore dollar	191	31	161	52
United States dollar	14,460	24,558	10,182	22,874

Company	2021		2020	
Currency	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	S$'000	S$'000	S$'000	S$'000
United States dollar	-	-	2	110
Malaysian ringgit	-	4,459	-	4,135

Foreign currency sensitivity

The sensitivity rate used when reporting foreign exchange risk to key management personnel is 10%, which is the change in a foreign exchange rate that management deems reasonably possible, which will affect outstanding foreign currency denominated monetary items at the end of the reporting period.

If the relevant foreign currency weakens by 10% against the functional currency of each entity within the Group, the effect on loss before tax for the year will increase/(decrease) by:

	Group		Company	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Singapore dollar	16	11	-	-
United States dollar	(1,010)	(1,269)	-	(11)
Malaysian ringgit	-	-	(446)	(414)

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign currency risk (Continued)

Foreign exchange risk management (Continued)

Foreign currency sensitivity (Continued)

If the relevant foreign currency strengthens by 10% against the functional currency of each entity within the Group, the above will have an opposite effect.

(b) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group monitors the movements in interest rates on an ongoing basis and evaluates the exposure for its debt obligations.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for cash and cash equivalents placed with and borrowings from banks and financial institutions in Singapore, Malaysia and Indonesia at the end of the reporting period.

For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher / lower with all other variables held constant, the Group's loss before tax for the year ended 30 September 2021 would increase/ decrease by S$122,000 (2020: S$108,000).

No analysis is prepared at the Company level as the impact is not expected to be material.

(ii) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liability requirements in the short and longer term.

Liquidity and interest risk analyses

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial liabilities

	Weighted average effective interest rate	Not later than 1 year	Later than 1 year and not later than 5 years	More than 5 years	Adjustment	Total
	%	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
2021						
Non-interest bearing liabilities	-	25,584	113	-	-	25,697
Lease liabilities (fixed rate)	2.41	502	1,643	527	(63)	2,609
Trade bills (variable rate)	4.12	16,876	-	-	(668)	16,208
Loan and overdraft (variable rate)	1.93	5,628	-	-	(106)	5,522
Financial guarantee liabilities (variable rate)	1.93	4,308	-	-	-	4,308
		52,898	1,756	527	(837)	54,344
2020						
Non-interest bearing liabilities	-	19,283	103	-	-	19,386
Lease liabilities (fixed rate)	2.90	815	1,982	915	(273)	3,439
Trade bills (variable rate)	8.10	22,631	-	-	(1,697)	20,934
Loan and overdraft (variable rate)	4.64	9,404	-	-	(2,549)	6,855
		52,133	1,085	915	(4,519)	50,614

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial liabilities (Continued)

	Weighted average effective interest rate	Not later than 1 year	Later than 1 year and not later than 5 years	More than 5 years	Adjustment	Total
	%	S$'000	S$'000	S$'000	S$'000	S$'000
Company						
2021						
Non-interest bearing liabilities	-	6,032	-	-	-	6,032
Loan and overdraft (variable rate)	4.58	597	-	-	(26)	571
Financial guarantee liabilities (variable rate)	1.93	4,308	-	-	-	4,308
		10,937	-	-	(26)	10,911
2020						
Non-interest bearing liabilities	-	4,966	-	-	-	4,966
Loan and overdraft (variable rate)	4.64	1,046	-	-	(46)	1,000
		6,012	-	-	(46)	5,966

Non-derivative financial assets

Except for other receivables and financial assets at FVTPL as disclosed in Note 11 and 9, substantially all financial assets of the Group and Company are on demand or due within one year.

Derivative financial instruments

The Group's derivative financial instruments comprise interest rate swap which was measured at fair value at the end of the reporting period. See Note 16 for more information on derivative financial instruments.

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at 30 September 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statements of financial position.

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

The Group has adopted the policy of only dealing with creditworthy counterparties as a mean of mitigating the risk of financial losses from default. Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Where appropriate, the Group obtains collateral from its customers. Cash terms, advance payments and letter of credits are required for customers of lower credit standing.

The Group's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit loss (ECL)
Performing	The counterparty has a low risk of default and does not have any past- due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL -not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The table below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Group				S$'000	S$'000	S$'000
2021						
Trade receivables	11	(i)	Lifetime ECL (simplified approach)	6,414	-	6,414
Trade receivables	11	In default	Lifetime ECL	37,573	(37,573)	-
Other receivables	11	In default	Lifetime ECL	1,286	(1,286)	-
Other receivables	11	Performing	12–month ECL	477	-	477
2020						
Trade receivables	11	(i)	Lifetime ECL (simplified approach)	7,408	-	7,408
Trade receivables	11	In default	Lifetime ECL	36,587	(36,587)	-
Other receivables	11	In default	Lifetime ECL	1,248	(1,248)	-
Other receivables	11	Performing	12–month ECL	990	-	990

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Company				S$'000	S$'000	S$'000
2021						
Amount due from subsidiaries	11	In default	Lifetime ECL	2,960	(2,960)	-
Loans to subsidiaries	11	In default	Lifetime ECL	14,069	(14,069)	-
2020						
Amount due from subsidiaries	11	Performing	Lifetime ECL	12	-	12
Amount due from subsidiaries	11	In default	Lifetime ECL	2,976	(2,976)	-
Loans to subsidiaries	11	Performing	Lifetime ECL	2,221	-	2,221
Loans to subsidiaries	11	In default	Lifetime ECL	12,202	(12,202)	-

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit loss on these items based on the ongoing evaluation of collectability and aging analysis of the outstanding debts and on management's estimate of the ultimate realisation of these debts, including creditworthiness and the past collection history of each debtor. Note 11 includes further details on the loss allowance for these assets.

As at 30 September 2021, 54.5% (2020: 17.1%) of net trade receivables for the Group relate to amounts due from 2 (2020: 1) major customers. The Group manages concentration of credit risk by performing credit analysis procedures to assess the potential customers' credit quality and defines credit limits by customer before offering credit term to any new customer.

The Group places its cash with reputable financial institutions.

The credit risk for trade and other receivables based on the information provided to key management is as follows:

	Group		Company	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Singapore	3,451	1,542	-	-
People's Republic of China	-	1,539	-	-
Malaysia	2,117	3,680	-	-
Indonesia	415	514	-	-
Thailand	-	-	-	-
South Korea	-	404	-	-
Philippines	618	-	-	-
Others	290	719	-	-
	6,891	8,398	-	-

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

The maximum amount the Company could be forced to settle under the financial guarantee contract in Note 27(a), if the full guaranteed amount is claimed by the counterparty to the guarantee is S$21,277,000 (2020: S$27,351,000). This estimated amount that will be payable under the arrangement depends on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses (Note 27(a)).

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(iv) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(v) Financial instruments by category

	Carrying amount			
	Amortised cost	Fair value through profit or loss	Other financial liabilities	Total
	S$'000	S$'000	S$'000	S$'000
Group				
2021				
Trade and other receivables	6,891	-	-	6,891
Cash and bank balances	16,540	-	-	16,540
Financial assets at fair value through profit or loss	-	4,226	-	4,226
	23,431	4,226	-	27,657
Loan and borrowings	-	-	21,730	21,730
Lease liabilities	-	-	2,609	2,609
Trade and other payables	-	-	25,697	25,697
Financial guarantee liabilities	-	-	4,308	4,308
	-	-	54,344	54,344

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(v) Financial instruments by category (Continued)

	Carrying amount			
	Amortised cost	Fair value through profit or loss	Other financial liabilities	Total
	S$'000	S$'000	S$'000	S$'000
Group				
2020				
Trade and other receivables	8,398	-	-	8,398
Cash and bank balances	7,321	-	-	7,321
Financial assets at fair value through profit or loss	-	4,157	-	4,157
	15,719	4,157	-	19,876
Loan and borrowings	-	-	27,789	27,789
Trade and other payables	-	-	19,386	19,386
Lease liabilities	-	-	3,439	3,439
Derivative financial instruments	-	-	46	46
	-	-	50,660	50,660
Company				
2021				
Cash and bank balances	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
2020				
Trade and other receivables	2,233	-	-	2,233
Cash and bank balances	91	-	-	91
	2,324	-	-	2,324
Loans and borrowings	-	-	1,000	1,000
Trade and other payables	-	-	4,966	4,966
	-	-	5,966	5,966

29. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Capital risk management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and accumulated losses.

Some of the Group's subsidiary loan agreements are subjected to covenant clauses, whereby the subsidiary is required to maintain a minimum net worth (share capital, accumulated profits/losses, and all reserves) of not less than S$22,000,000 (2020: S$22,000,000) and maintain a maximum gearing of 3 (total external borrowings to adjusted tangible net worth) at all times. The subsidiary did not fulfil the minimum net worth and maximum gearing as required in the contract for the credit line of S$39,000,000. Consequently, the secured borrowings of S$2,051,000 was remained classified as current liabilities (2020: S$2,080,000 was reclassified from non-current liabilities to current liabilities). As of the financial year ended 30 September 2021, the bank had frozen the credit line of S$39,000,000 (2020: S$39,000,000).

During the financial year, two of the Group subsidiaries, SMCI and SMCI Refinery Pte. Ltd. ("SMCIR") received letters of demand from several creditors and two banks. SMCI has been placed under judicial management since 10 May 2021 and the judicial management orders have been discharged on 17 August 2022 after the Schemes have come into effect on 2 August 2022. Letter of demand received by SMCIR has been amicably resolved subsequent to year end.

Please refer to Note 31 for the developments subsequent to year end.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used). See Note 30 for more information on derivative financial instruments.

Financial assets at FVTPL

Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value	Fair value as at 30 September	
				2021 S$'000	2020 S$'000
Level 2	Statement from the respective insurers on the cash surrender value as at reporting date.	NA	NA	4,226	4,157

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

Management considers that the carrying amounts of cash and bank balances, trade and other current receivables and payables and other liabilities recorded at amortised cost in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments. In respect of the financial assets and financial liabilities recorded at amortised cost whose maturity is more than a year, management also considers that such financial instruments approximate their fair values. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

31. EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING PERIOD

(a) EVENTS DURING THE YEAR

(i) Appointment of Judicial Management

The Company and SMCI were served with an originating summons filed on 26 February 2021 by its bank creditor, DBS, in the High Court of the Republic of Singapore (the "Court"), applying for each of the Company and SMCI to be placed under judicial management.

On 1 April 2021, the Court has granted the Interim Judicial Management Applications to place the Company and SMCI under interim judicial management. As such, Mr. Chee Yoh Chuang and Mr. Lin Yueh Hung have been appointed as the joint and several interim judicial managers of the Company and SMCI with immediate effect.

On 10 May 2021, the Court has granted the Judicial Management Applications ("JM Orders") to place the Company and SMCI under judicial management. As such, Mr. Chee Yoh Chuang and Mr. Lin Yueh Hung have been appointed as the joint and several judicial managers of the Company and SMCI with immediate effect.

On 17 August 2022, the JMs placed on the Company and SMCI have been discharged.

(ii) Letter of demand from banks

A subsidiary, SMCI had received letters of demand from two banks, namely DBS and HSBC (Note 13), total amounts owing and outstanding approximately S$29,091,000. As guarantors, the Company had also received a letter of demand from one of the banks (Note 13).

(iii) Letter of demand from various creditors

SMCI and SMCIR had received several letters of demand from the creditors. The total amounts owing were approximately S$9,147,000 (Note 14). 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.

31. EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING PERIOD (Continued)

(b) EVENT AFTER REPORTING PERIOD

(i) Schemes of Arrangement ("the Schemes")

Both Schemes of Arrangement of the Company and SMCI on has come into effect on 2 August 2022 ("Effective Scheme Date") upon sanction by High Court on date 28 July 2022 with the Scheme Creditors were 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 claims of S$4,308,000.

(c) All creditors waive all interest, default interest, premium etc. in respect of the Claims after Ascertainment Date (31 March 2021)

(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 ("Assigned Receivables") shall vest 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 Handware & Plastics Co., Ltd
- Yin Qin (HK) Agent Co., Limited

As the date of these financial statements, the Group has fulfilled its obligation to repay first tranche of cash payment for an aggregate amount of S$6,733,000 or 50% of its debts pursuant to the Scheme to Scheme Creditors including its principal lenders on 24 August 2022. The second tranche of cash payment for an aggregate amount of 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.

The Company, as the corporate guarantor for banking facilities extended to SMCI, was accounted for guarantee claim which is payable at an aggregate amount of S$4,308,000 pursuant to the Schemes. As disclosed in Note 27, the Group and the Company have recognised financial guarantee liabilities of S$4,308,000 on the statement of the financial position as at 30 September 2021, with the corresponding amount charged subsequently to profit and loss in FY2021.

Save as disclosed above and Note 4 on critical judgement in preparing these financial statements, the financial statements for the year ended 30 September 2021 do not include any adjustments in relation to impact of the foregoing debts under the Schemes.

31. EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING PERIOD (Continued)

(b) EVENT AFTER REPORTING PERIOD (Continued)

(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$17.5 million indicated in the Statement of Affairs Date, i.e. 31 March 2021. The bank borrowings were secured by following:

1. Corporate guarantee given by the Company (as disclosed in Note 27(a))
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 ("Leasehold Factory", as disclosed in Note 5)
4. Assignment of four life insurance policies (as disclosed in Note 9)

Under the Schemes, the unsecured claim amount of the Principal Lender was provisionally admitted at S$5,275,136 in June 2022, after excluding following:

(i) The amounts outstanding under the hire purchase agreements (which are to be repaid in full by SMCI as per the date of the hire purchase agreements)
(ii) The mortgaged property of S$8,000,000 under the Restructure Facility Agreement dated 16 August 2022 (terms as disclosed below); and
(iii) Four keyman insurance policies

The Principal Lender has accepted the above settlement arrangements under the Schemes in October 2022.

The Restructured Facility Agreement (the "Agreement") entered by the Group with Principal Lender contains following salient terms:

- The Group agrees to repay the Principal Lender of S$1,200,000 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$6,800,000 ("the Balance Sum") together with the applicable interest (as set out below) by way of 59 equal monthly principal payments of S$113,333 and a final principal payment of SS$113,353.

- 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 provisional sum of S$5,275,135 adjudicated by JMs was concluded and finalised which shall include the bank balances or overdrafts with the Principal Lender on the basis that Principal Lender shall be entitled to retain the entire proceeds of four keyman insurance policies above and shall have the absolute discretion to either terminate or continue to maintain the policies.

31. EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING PERIOD (Continued)

(b) EVENT AFTER REPORTING PERIOD (Continued)

(iii) Application of Subscriptions of new shares by Investors

Following the completion of subscriptions as disclosed in Note 2 (ii) to the financial statements, the Company has subsequently allotted 2,253,750,000 new ordinary shares for at an issue price of S$0.004 for each placement share for an aggregate cash consideration of S$9,015,000 to 3 new 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.

(iv) Redemption of outstanding amount with CIMB Bank Berhad, Singapore Branch

The Group had on 31 October 2022 fully deemed the outstanding amount under revolving credit facility amounted to S$439,000 comprising of interest charges and miscellaneous charges of approximated to S$15,000. As at the date of the financial statements, the Group is in the progress of discharging mortgage pledged over a freehold land and building of a subsidiary.

32. SUSPECTED INTERESTED PARTY TRANSACTIONS

The Company refers to the independent review conducted by Foo Kon Tan Advisory Services Pte Ltd ("FKT") as disclosed in Company's announcement dated 10 February 2021 and Note 35 of Annual Report 2020.

1. FKT in its review report identified following 7 entities ("Identified Entities") which were indirectly controlled by Mr Koh and the transactions between SMCI and these seven entities are interested person transactions ("IPTs") and had therefore breached Catalist Rules 905, 906 and 907:

   (i) SMC Technology Sdn Bhd ("SMCT")
   (ii) Matrade Co. Ltd ("Matrade")
   (iii) Thai DD Recycle Co. Ltd ("TDD")
   (iv) Fung Jet Logistics Trading Limited ("FJL")
   (v) Mild On International Limited ("MOI")
   (vi) Foshan City Nanhai District Sea Sheng Waste Materials Recycling Co. Ltd ("FSS")
   (vii) Tai Zhou Yi Ze Metal Co. Ltd ("TZY")

   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. Instead, the breaches arose due to non-disclosure by Mr Koh of his relationships with the 7 Identified Entities to the Company.

2. In view of FKT's recommendation, the Company filed a report with the Commercial Affairs Department ("CAD") on 5 January 2021 in relation to the matters highlighted by FKT.

   CAD has on 27 January 2021 issued an order to the Company pursuant to Section 20 of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition) to produce certain documents and information in relation to offences under the Penal Code (Cap.224) and the Securities and Futures Act (Cap.289) pursuant to the Criminal Procedure Code for financial years ended September 30, 2015 to 2020.

3. As at the date of approval of these financial statements, the investigation of the CAD is still on-going.

4. During the financial year, SMCI continued to have sales transactions with Tai Zhou Yi Ze Metal Co. Ltd ("TZY") for an aggregate amount of S$925,000.

33. RESTATEMENT AND COMPARATIVE FIGURES

(a) Prior year comparatives have been audited by another auditors.

(b) Certain line items of the prior year statements of financial position and the related notes to the financial statements have been restated to conform with the presentation of current year statements of financial position. These reclassifications had no effect on total assets, total liabilities and profit or loss for the year as previously reported. The details of the accounts being reclassified are as follows:

Group	As previously reported S$'000	Restatement S$'000	As restated S$'000
30 September 2020			
Current liabilities			
Loans and borrowings	27,789	(685)	27,104
Non-current liabilities			
Loans and borrowings	-	685	685
Company			
30 September 2020			
Non-current assets			
Investment in subsidiaries	14,462	(2,221)	12,241
Other receivables	-	2,221	2,221

SUPPLEMENTARY INFORMATION

No.	Location	Description	Existing Use	Tenure	Gross floor area (sq ft)
1	No. 16 Jalan Mahir 5 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johar Darul Takzim Malaysia	3 storey office and factory building	Office/ factory	Freehold	50,941
2	No. 21 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johar Darul Takzim Malaysia	2 storey office and factory building	Office/ factory	Freehold	18,472
3	No. 23 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johar Darul Takzim Malaysia	2 storey office and factory building	Office/ factory	Freehold	18,472
4	No. 25 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johar Darul Takzim Malaysia	2 storey office and factory building	Office/ factory	Freehold	14,403
5	No. 27 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johar Darul Takzim Malaysia	2 storey office and factory building	Office/ factory	Freehold	14,403
6	No. 29 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johar Darul Takzim Malaysia	2 storey office and factory building	Office/ factory	Freehold	14,403
7	Plot 97 Jalan PKNK 1 Rancang Industrial Park Kawasan Perusahaan Sungai Petani (LPK) 08000 Sungai Petani Kedah Darul Aman Malaysia	2 storey office and factory building	Office/ factory	Leasehold 60 years from 23/11/1994 to 22/11/2054	25,446
8	Plot 98 Jalan PKNK 1 Rancang Industrial Park Kawasan Perusahaan Sungai Petani (LPK) 08000 Sungai Petani Kedah Darul Aman Malaysia	2 storey office and factory building	Office/ factory	Leasehold 60 years from 23/11/1994 to 22/11/2054	18,966

SUPPLEMENTARY INFORMATION

No.	Location	Description	Existing Use	Tenure	Gross floor area (sq ft)
9	Plot 99 Jalan PKNK 1 Rancang Industrial Park Kawasan Perusahaan Sungai Petani (LPK) 08000 Sungai Petani Kedah Darul Aman Malaysia	2 storey office and factory building	Office/ factory	Leasehold 60 years from 23/11/1994 to 22/11/2054	19,773
10	Plot 100 Jalan PKNK 1 Rancang Industrial Park Kawasan Perusahaan Sungai Petani (LPK) 08000 Sungai Petani Kedah Darul Aman Malaysia	2 storey office and factory building	Office/ factory	Leasehold 60 years from 23/11/1994 to 22/11/2054	25,737
11	Lot 19 Jalan Jaya Setia 26/3, Section 26 Hicom Industrial Estate 40400 Shah Alam Selangor Darul Ehsan Malaysia	2 storey office and factory building	Office/ factory	Freehold	30,765
12	HGB No 10344 (Oakwood Cluster) Cibatu Alam Permai Complex Jalan Alam Permai I 33 Cibatu Cikarang Selatan 17550 Bekasi Indonesia	2 storey building	Hostel	Leasehold 13 years from 15/08/2011 to 24/09/2024	1,528
13	GB No 2154 Pasirsari Kawasan Industri Karyadeka Pancamurni Block B Kav. I Pasirsari 17550 Cikarang Bekasi Indonesia	2 storey office and factory building	Office/ factory	Leasehold 25 years from 08/08/2001 to 24/09/2026	80,524
14	3 Jalan Pesawat Singapore 619361	2 storey office and factory building	Office/ factory	Leasehold 60 years from 01/01/1968 to 31/12/2028	117,790

STATISTICS OF SHAREHOLDINGS

As at 5 December 2022

Issued and Fully Paid-up Capital	: S$59,639,044
Number of Issued Shares	: 3,238,030,038
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per ordinary share (excluding treasury shares and subsidiary holdings)
Number of Treasury Shares	: Nil
Number of Subsidiary Holdings	: Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	15	1.93	104	0.00
100 - 1,000	41	5.27	31,448	0.00
1,001 - 10,000	169	21.72	888,200	0.03
10,001 - 1,000,000	499	64.14	88,944,630	2.75
1,000,001 AND ABOVE	54	6.94	3,148,165,656	97.22
TOTAL	**778**	**100.00**	**3,238,030,038**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ELECTROLOY METAL PTE LTD	1,750,000,000	54.05
2	KOH MIA SENG	369,109,046	11.40
3	DI LINGBIN	329,000,000	10.16
4	JIANGMENSHI CHANGXIN TECHNOLOGY LIMITED	274,750,000	8.49
5	UOB KAY HIAN PTE LTD	122,038,000	3.77
6	LIEW NYOK WAH	62,000,000	1.91
7	PHILLIP SECURITIES PTE LTD	24,855,400	0.77
8	DBS NOMINEES PTE LTD	21,330,110	0.66
9	OCBC SECURITIES PRIVATE LTD	15,140,800	0.47
10	GAN KIM KUAN SERENE	13,270,000	0.41
11	SING KHANG MIANT	11,283,900	0.35
12	CHEW CHOO LING	10,320,300	0.32
13	YEOH SOON HENG	10,092,600	0.31
14	SHENTU HONG	10,080,000	0.31
15	YANG WENHUA	9,350,000	0.29
16	LIM SIEW LOON	6,970,600	0.22
17	PECK CHENG CHIANG @ PEH SENG THONG	6,783,000	0.21
18	TAY MEI LING SERENE	6,459,000	0.20
19	YU LIHONG	6,000,000	0.19
20	LIM KIAN HONG (LIN JIAN HONG)	5,972,000	0.18
	TOTAL:	**3,064,804,756**	**94.67**

STATISTICS OF SHAREHOLDINGS

As at 5 December 2022

SUBSTANTIAL SHAREHOLDERS AS AT 5 DECEMBER 2022

(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interest	
No.	**Name**	**No. of shares held**	**%**	**No. of shares held**	**%**
1	ELECTROLOY METAL PTE LTD	1,750,000,000	54.05	-	-
2	YAP MENG SING[(1)]	5,950,000	0.18	1,750,000,000	54.05
3	3H SUPPLIES PTE LTD[(1)]	-	-	1,750,000,000	54.05
4	KOH MIA SENG	369,109,046	11.40	-	-
5	DI LINGBIN	329,000,000	10.16	-	-
6	JIANGMENSHI CHANGXIN TECHNOLOGY LIMITED[(2)(3)]	274,750,000	8.49	120,000,000	3.71

Notes:

(1) Mr. Yap Meng Sing and 3H Supplies Pte. Ltd. are deemed to have an interest in the Shares held by Electroloy Metal Pte. Ltd. ("**Electroloy**") by virtue of their respective shareholding in Electroloy by virtue of Section 7 of the Singapore Companies Act 1967 and Section 4 of the Securities and Futures Act 2001.

(2) Jiangmenshi Changxin Technology Limited ("**Jiangmenshi**") is deemed to be interested in 120,000,000 shares of the Company held in a nominee account.

(3) Tian Ji Ping and Wang Jing are spouses and are deemed to have an interest in the Shares held by Jiangmenshi by virtue of their respective shareholding in Jiangmenshi by virtue of Section 7 of the Singapore Companies Act 1967 andSection 4 of the Securities and Futures Act 2001.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 5 December 2022, 32.24% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sen Yue Holdings Limited (the "**Company**") will be held at 3 Jalan Pesawat, Singapore 619361 on Friday, 13 January 2023 at 10.00 a.m. (the "**AGM**") to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 30 September 2021 together with the Independent Auditors' Report thereon. — Resolution 1

2. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without any amendments:

3. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 of Singapore ("Companies Act") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("Catalist Rules") of Singapore Exchange Securities Trading Limited ("SGX-ST")** — Resolution 2

   That pursuant to Section 161 of the Companies Act and Rule 806 of Catalist Rules of the SGX-ST, authority be and is hereby given to the Directors of the Company:

   (a) (i) allot and issue share in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such person as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force); issue Shares in pursuance of the Instruments made or granted by the Directors while this Resolution was in force,

   provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 100 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with the sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

   (a) new shares arising from the conversion or exercise of convertible securities which were issued and outstanding or subsisting at the time this Resolution is passed;

   (b) new shares arising from exercising share options or vesting of share awards which were issued and outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

   (c) any subsequent bonus issue, consolidation or subdivision of shares;

   Adjustments in accordance with sub paragraphs (2)(a) or (2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, the Company's Constitution for the time being; and

(4) unless revoked or varied by the Company in general meeting, such authority conferred shall continue to be in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)]

By Order of the Board

Wee Woon Hong
Company Secretary

Singapore
29 December 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes: -

(i) The Ordinary Resolution 2 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares, excluding treasury shares and subsidiary holdings. For issues of Shares other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued shares, excluding treasury shares and subsidiary holdings at the time this Resolution is passed.

Notes: -

1. This Notice of AGM and the accompanying Annual Report and Proxy Form will be sent to members by electronic means via publication on the Company's corporate website at the URL: https://senyueholdings.com and is also made available on SGXNet at the URL: https://www.sgx.com/securities/company-announcements. **Printed copies of this Notice and the accompanying Annual Report and Proxy Form will NOT be sent by post to members.**

2. Members may submit questions relating to the Annual Report and resolutions set out in the notice of AGM in advance:

   a) by email to gpe@mncsingapore.com; or
   b) by post to the Company's Share Registrar, M&C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902.

   All questions must be submitted by 5 January 2023.

   Members, including SRS investors, who wish to submit their questions by post or by email are required to indicate their full names (for individuals)/company names (for corporates), NRIC/passport/company registration numbers, contact numbers, shareholding types and number of Shares held together with their submission of questions, to the Company's Share Registrar address or email address provided. Investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), excluding CPF and SRS investors, should contact their respective relevant intermediaries to submit their questions based on the abovementioned instructions.

   The Company will endeavour to address the substantial and relevant questions from members soonest possible and in any case, not later than 48 hours before the closing date and time for the lodgement of Proxy Forms. The responses to questions from members will be posted on the SGXNET and the Company's website. Any subsequent clarifications sought by the members after 9 January 2023 will be addressed at the AGM. The minutes of the AGM will be published on the SGXNET and the Company's website within one (1) month after the date of the AGM.

3. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in the Proxy Form.

   A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one proxy, the number of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

   "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

4. A proxy need not be a member of the Company.

5. The Proxy Form, duly executed together with the power of attorney or other authority, if any, under which the Proxy Form is signed or a notarially certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted:

   a) by email to gpe@mncsingapore.com; or

   b) by post to the Company's Share Registrar, M&C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902,

   in each case, not less than 48 hours before the time appointed for holding the AGM, i.e. by 10.00 a.m. on 11 January 2023.

6. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

7. Persons who hold Shares through relevant intermediaries (including CPF and SRS investors) and wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include CPF agent banks and SRS operators) through which they hold such Shares at least seven working days before the AGM to submit their voting instructions in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf by 10.00 a.m. on 4 January 2023.

8. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

Important Notice:

Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNET. Members are advised to check the SGXNET regularly for updates on the AGM.

Personal data privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SEN YUE HOLDINGS LIMITED
(Company Registration No.: 200105909M)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this form)

Important
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF investor**") and/or the Supplementary Retirement Scheme ("**SRS investors**") (as may be applicable) may attend and vote at the AGM in person. CPF agent and SRS investors who are unable to attend the AGM but would like to vote, may approach their CPF agent banks and/or SRS operators by 10.00 a.m. on 4 January 2023, at least seven working days before the AGM to appoint the Chairman of the AGM to act as their proxy and submit their votes, otherwise such CPF and SRS investors shall be precluded from attending the AGM.
2. This proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purported to be used by them.

*I/We,______________________________(Name) ________________________*NRIC/Passport/Co Reg No.

of ____(Address)

being a member/members of Sen Yue Holdings Limited (the "**Company**"), hereby appoint:

Name	**NRIC / Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

*and / or (delete as appropriate)

Name	**NRIC / Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

as my/our* proxy/proxies* to vote for me/us on my/our* behalf at the Annual General Meeting (the "**AGM**") of the Company to be held at 3 Jalan Pesawat, Singapore 619361 on Friday, 13 January 2023 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the AGM and at any adjournment thereof.

No.	**Resolutions**	**For**	**Against**	**Abstain**
ORDINARY BUSINESS				
1	Adoption of the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 30 September 2021 together with the Independent Auditors' Report thereon			
SPECIAL BUSINESS				
2	Authority to allot and issue shares pursuant to Section 161 of the Companies Act 1967			

Please indicate your vote "For" or "Against" or "Abstain" with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

Dated this ________ day of ____________________., 2023.

Total number of Shares in	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s)
or Common Seal of Corporate Member

**Delete where inapplicable*

Notes:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the member.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this Proxy Form. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

   A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in this Proxy Form.

   "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

3. A proxy need not be a member of the Company.

4. This Proxy Form, duly executed must be submitted (a) by email to gpe@mncsingapore.com; or (b) by post to the Company's Share Registrar, M&C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, in each case, not less than 48 hours before the time appointed for holding the AGM, i.e. by 10.00 a.m. on 11 January 2023.

5. The appointment of a proxy or proxies shall not preclude a member from attending and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.

6. This Proxy Form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

7. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.

8. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act 1967.

9. Persons who hold shares through relevant intermediaries (including CPF and SRS investors) and wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include CPF agent banks and SRS operators) through which they hold such shares at least seven working days before the AGM to submit their voting instructions in order to allow sufficient time for their respective relevant intermediaries to in turn submit this Proxy Form to appoint the Chairman of the AGM to vote on their behalf by 10.00 a.m. on 4 January 2023.

10. The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 29 December 2022.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Yap Meng Sing
(Appointed on 5 August 2022)
Executive Chairman and CEO

Mr. Koh Mia Seng
Non-Executive Director

Mr. Liew Nyok Wah
Non-Executive Director

Mr. Limjoco Ross Yu
(Appointed on 5 August 2022)
Lead Independent Director

Mr. Chim Suan Kit Mark
Independent Director

Mdm. Yu Lihong
Independent Director

Mr. Tay Boon Zhuan, Max
(Appointed on 5 August 2022)
Independent Director

Mr. Lau Yan Wai
Independent Director

AUDIT COMMITTEE

FY2021:
Mr. Chim Suan Kit Mark (Chairman)
Mdm. Yu Lihong
Mr. Lau Yan Wai

FY2022:
Mr. Limjoco Ross Yu (Chairman)
Mr. Lau Yan Wai
Mr. Tay Boon Zhuan, Max
Mr. Chim Suan Kit Mark

REMUNERATION COMMITTEE

FY2021:
Mdm. Yu Lihong (Chairman)
Mr. Chim Suan Kit Mark
Mr. Koh Mia Seng

FY2022:
Mr. Lau Yan Wai (Chairman)
Mr. Tay Boon Zhuan, Max
Mr. Limjoco Ross Yu
Mr. Chim Suan Kit Mark

NOMINATING COMMITTEE

FY2021:
Mr. Chim Suan Kit Mark
Mdm. Yu Lihong
Mr. Lau Yan Wai

FY2022:
Mr. Tay Boon Zhuan, Max
(Chairman)
Mr. Lau Yan Wai
Mr. Limjoco Ross Yu
Mr. Chim Suan Kit Mark

COMPANY SECRETARY

Wee Woon Hong

REGISTERED OFFICE

3 Jalan Pesawat
Singapore 619361
Tel: (65) 6268 9593
Fax: (65) 6264 0508

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS

Crowe Horwath First Trust LLP
Public Accountants and Chartered Accountants
9 Raffles Place #19-20
Republic Plaza Tower 2
Singapore 048619
Partner-in-charge: Teo Yen Lin
(With effect from financial year ended 30 September 2021)

PRINCIPAL BANKERS

CIMB Bank Berhad
United Overseas Bank Limited
Ambank Islamic Berhad
DBS Bank Ltd
The Hongkong and Shanghai Banking Corporation Limited, Singapore

CONTINUING SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay #10-00
Collyer Quay Centre
Singapore 049318

INVESTOR RELATIONS

Octave Fincomm Private Limited
富登财经通讯私人有限公司
www.octavecomms.com
Email: enquiry@octavecomms.com

SEN YUE HOLDINGS LIMITED
森跃控股有限公司

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Singapore 619361
Tel: (65) 6268 9593
Fax: (65) 6264 0508
Company registration number: 200105909M