SEN YUE HOLDINGS LIMITED
森跃控股有限公司

(Company Registration No. 200105909M)
(Incorporated in Singapore)
(the "Company")

Material Variances Between Audited Financial Statements and Unaudited Financial Statements For the Full Year Ended 30 September 2021 ("FY2021")

The board of directors ("**Board**" or "**Directors**") of Sen Yue Holdings Limited ("**Company**", and together with its subsidiaries, the "**Group**") refer to its audited financial statements in the Annual Report for FY2021 (the "**Audited Financial Statements**") which released on the SGXNET on 29 December 2022 and the announcement relating to its unaudited financial statements for FY2021 released on the SGXNET on 15 November 2022 (the "**Unaudited Financial Statements**").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight and clarify the material differences between the Audited Financial Statements and the Unaudited Financial Statements for FY2021 upon the completion of financial audit by the Company's external auditor.

A summary of the differences between the Unaudited Financial Statements and Audited Financial Statements with the relevant explanatory notes are provided as follows:

(A) Condensed interim statement of profit or loss and other comprehensive income and full year statement of profit or loss and other comprehensive income

	Note	Group			
		FY2021 (audited)	FY2021 (unaudited)	Variance	Change
		S$'000	S$'000	S$'000	%
Revenue		55,548	55,548	-	-
Cost of sales		(43,928)	(44,055)	(127)	-
Gross profit/(loss)		**11,620**	**11,493**	**(127)**	**1**
Other operating income	A-1	859	1,141	(282)	(25)
Distribution expenses		(601)	(601)	-	-
Administrative expenses		(7,776)	(7,930)	154	(2)
Other operating expenses	A-2	(6,471)	(72)	(6,399)	n.m.
Impairment loss recognised on financial assets	A-3	(1,184)	(797)	(387)	49
Finance expenses		(1,612)	(1,612)	-	-
(Loss)/ Profit before income tax		**(5,165)**	**1,622**	**(6,787)**	**n.m.**
Income tax expense		(364)	(364)	-	-
(Loss)/ Profit for the year		**(5,529)**	**1,258**	**(6,787)**	**n.m.**
Other comprehensive loss					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of properties		(4,153)	(4,153)	-	-
Remeasurement of deferred tax – Change in tax rates		(70)	(70)	-	-
Items that will may be reclassified Subsequently to profit or loss					
Exchange differences on translation of foreign operations	A-4	(207)	(140)	(67)	48
Total comprehensive loss for the year, net of tax		**(9,959)**	**(3,105)**	**(6,854)**	**n.m.**

n.m. denotes not meaningful

Explanatory Note:

A-1 Decrease in other operating income of S$0.28 million was mainly due to decrease in fair valuation gain in financial assets after taking up surrender charges relating to the Group's keymen insurance policies of S$0.32 million.

A-2 Increase in other operating expenses of S$6.40 million was mainly due to (i) accounting for financial guarantee claims by the Company arising from being a corporate guarantor for the banking facilities extended by its principal lenders to its subsidiary, SMC Industrial Pte Ltd ("**SMCI**"), at an aggregate amount of S$4.31 million pursuant to the approved scheme of arrangement that came into effect on 2 August 2022 (the "**Schemes**"), and (ii) recognition of expenses admitted by judicial managers of S$2.18 million previously not recorded by the Group.

A-3 Increase in impairment loss recognised on financial assets of S$0.39 million was mainly due to the increase in the allowance for expected credit loss of S$0.28 million and bad debts written off of S$0.11 million.

A-4 Difference was mainly due to prior year audit adjustments made on revaluation of properties accounted by a foreign subsidiary in Malaysia.

(B) Extract of Condensed interim statements of financial position and statement of financial position

	Note	Group As at 30.09.2021 (audited) S$'000	Group As at 30.09.2021 (unaudited) S$'000	Group Variance S$'000	Group Changes %
ASSETS					
Non-current assets					
Financial assets at fair value through profit or loss	B-1	-	4,546	(4,546)	(100)
Current assets					
Financial assets at fair value through profit or loss	B-1	4,226	-	4,226	100
LIABILITIES					
Current liabilities					
Trade and other payables	B-2	25,584	23,662	1,922	8
Financial guarantee liabilities	B-3	4,308	-	4,308	100
EQUITY					
Capital and reserves					
Accumulated losses	B-5	(49,065)	(42,278)	(6,787)	(16)

	Note	Company As at 30.09.2021 (audited) S$'000	Company As at 30.09.2021 (unaudited) S$'000	Company Variance S$'000	Company Changes %
ASSETS					
Non-current assets					
Other receivables	B-4	-	1,856	(1,856)	(100)
LIABILITIES					
Current liabilities					
Financial guarantee liabilities	B-3	4,308	-	4,308	100
EQUITY					
Capital and reserves					
Accumulated losses	B-5	(48,135)	(41,954)	(6,181)	(15)

Explanatory Note:

B-1 The fair value of four keymen insurance policies accounted as financial assets held through profit or loss have been considered under the scheme of arrangement pursuant to Section 210 of the Companies Act 1967 read with Section 117 of the Insolvency, Restructuring and Dissolution Act 2018 ("**Schemes**"). 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. The difference between the audited and unaudited fair value of S$0.32 million was due to surrender charges taken up by the Company subsequent to the announcement of the unaudited financial results.

B-2 Trade and other payables increased by S$1.92 million mainly due to recognition of expenses admitted by judicial managers of S$2.18 million previously not recorded by the Group as mentioned in Note A-2 above, offset by over accrual of expenses of S$0.26 million.

B-3 As mentioned in Note A-2 above, the Company, as the corporate guarantor for SMCI was accounted for guarantee claims payable at an aggregate amount of S$4.31 million pursuant to the Schemes. Accordingly, the Group consolidated the same amount as financial guarantee liabilities.

B-4 Decrease in other receivables recorded by the Company was due to provision of expected credit loss of S$1.86 million provided for loans extended to subsidiaries within the Group.

B-5 As a result of explanatory notes above, the Group and the Company recorded a decrease in accumulated losses of S$6.79 million and S$6.18 million respectively.

(C) Extract of Statement of cash flows

		Group			
	Note	FY2021 (audited) S$'000	FY2021 (unaudited) S$'000	Variance S$'000	Changes %
Net cash generated from operating activities	C-1	17,257	18,710	(1,453)	8
Net cash used in investing activities	C-2	(1,100)	(1,273)	173	(14)
Net cash used in financing activities	C-3	(3,677)	(4,958)	1,281	(26)

Explanatory Note:

C-1

	Group			
	FY2021 (audited) S$'000	FY2021 (unaudited) S$'000	Variance S$'000	Changes %
Operating cash flows before movements in working capital	3,373	5,303	(1,903)	(36)
Trade and other payables	4,856	4,379	477	11
Net cash generated from operating activities	17,257	18,710	(1,453)	8

Decrease in operating activities was mainly due decrease in profit before changes in working capital of S$1.90 million offset by the increase in trade and other payables of S$0.48 million, resulted in decrease in net cash generated from operating activities of S$1.45 million.

As explained in Note A-2 and Note A-3 above, the decrease in profit before changes in working capital was mainly due to (i) increase in other operating expenses admitted by judicial managers of S$2.18 million previously not recorded by the Group, and (ii) decrease in fair value of financial assets due to recognition of surrender charges of S$0.32 million.

The increase in trade and other payables of S$0.48 million was mainly due to (i) reclassification of late payment interest payable of S$1.45 million from operating activities to financing activities, offset by (ii) increase in above-mentioned expenses payable to scheme creditors admitted by judicial manager of S$2.18 million.

C-2 Difference was due to reclassification of proceeds from disposal of property, plant and equipment ("**PPE**") and proceeds from disposal of right-of-use ("**ROU**") assets amounted to S$0.17 million from financing activities to investing activities.

C-3 Difference was mainly due to decrease in interest paid of S$1.45 million offset by reclassification of proceeds from PPE and ROU of S$0.17 million as mentioned in C-2 above.

By Order of the Board

Yap Meng Sing
Executive Chairman
29 December 2022

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

The contact person for the Sponsor is Mr. Joseph Au, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.