SEN YUE HOLDINGS LIMITED
森跃控股有限公司

ANNUAL REPORT 2023

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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 audio-visual, automotive, bicycles, electrical & electronics, luggage & power tools, micromotor, screw & fastener, 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 metal components, tool and die, and other consumer electronics-related metal components. It is complemented by the **ED Coating** segment that involves various surface coating technologies including electrodeposition coating, powder coatings, spray-painting, and silk-screening services, and secondary processes in-house, to provide aesthetic finishes for products across a diverse range of industries.

The **Commodities** segment is streamlined to provide waste management solutions, treatment, and recycling of industrial waste, electronic waste, and lithium-ion batteries for the electric vehicle industry.

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

LETTER TO SHAREHOLDERS

Dear Shareholders,

I am delighted to update that the financial year ended 30 September 2022 ("**FY2022**") saw the Group achieve the discharge from judicial management orders ("**JMO**") on 17 August 2022, and settled 50% of the debts of the Company and our wholly-owned subsidiary, SMC Industrial Pte. Ltd. ("**SMCI**") under the approved schemes of arrangement pursuant to Section 210 of the Companies Act 1967 read with Section 117 of the Insolvency, Restructuring and Dissolution Act 2018 (the "**Schemes**").

The reconstituted board of directors (the "**Board**") together with the new management team have taken over the reins in the management of the business operations from the judicial managers. We are appreciative of your continuous patience and support as we strive to fulfill overdue obligations and ensure sustainable business operations, while working towards the goal of trading resumption of the Company's stock counter on the Singapore Exchange.

Back on Course

In the year under review, the Group recorded a net profit attributable to shareholders of the Company amounting to S$15.93 million in FY2022, a reversal from a net loss of S$39,000 in FY2021. The significant increase in net profit was mainly attributed to the Group's strategic entry into lithium-ion battery recycling industry, the Commodities segment demonstrated a remarkable resurgence in FY2022.

The commendable set of earnings put the Group back on course despite a 26.1% year-on-year decline in revenue from S$55.55 million in FY2021 to S$41.04 million in FY2022. The decline was due to the discontinuation of the non-ferrous metal trading business that used to be part of the Commodities segment, which was mitigated by the increase in revenue from our lithium-ion battery recycling operations in the second half of FY2022 as well as higher revenue from our other two core segments – Metal Components and ED Coating.

The turnaround in our financial performance was also bolstered by the gradual recovery of economic activities as countries lifted stringent precautionary measures to move towards normalcy from the second quarter of 2022. The World Health Organisation has recently ended the global emergency status for COVID-19 on 5 May 2023, after its original declaration in March 2020.

Recalibration in Progress

As the new Board members and management team came on board only in August 2022, we have been putting our best efforts to recalibrate the operations to keep ourselves relevant and competitive in the metallurgical sector. Currently, our core business segments are operated under our wholly-owned subsidiaries, offering a diverse range of products, solutions and services along the metallurgical value chain.

Both our Metal Components and ED Coating business operations have been stable. ED Coating, in particular, has an established market position with reputable automobile brands in the automotive sector. Keeping abreast with our surface coating technologies, we are in the midst of commissioning a new hot-dip zinc galvanizing line and envisage that the certification process is likely to encounter a delay. This could potentially slow down our solution and service offerings to our customers and likely increase our overhead expenses in the short term.

LETTER TO SHAREHOLDERS

With the discontinuation of the non-ferrous trading business, we are reinforcing our focus on the electronic waste ("**e-waste**") management business within the Commodities segment. According to the research by Markets and Markets, the lithium-ion battery recycling market is projected to grow from US$6.5 billion in 2022 to US$35.1 billion by 2031, at a compounded annual growth rate of 20.6% from 2022 to 2031.[1] We believe that our current operations in collecting and recycling lithium-ion batteries can be further developed to benefit from the rising trend in refining and recycling of lithium-ion batteries. Whilst we are well-positioned to benefit from the uptrend, we are mindful of the competitiveness and inflationary operational costs that could potentially lower our margins. Hence, we are also exploring potential collaborations with international partners and investors on further development in our e-waste management business.

Acknowledgements and Appreciation

I am appreciative of my fellow Board of Directors for their invaluable advice and support as we led the Group to emerge from the JMO.

On behalf of the Board, we would like to convey our gratitude to all members of the Group for their commitment and resilience in contributing their efforts to deliver value to our external stakeholders amid the COVID-19 pandemic and JMO. We would also like to convey our appreciation to our customers, bankers, and business partners for their support and confidence in us.

Most importantly, we would like to express our heartfelt appreciation to our shareholders for your patience and confidence in us. The Group remains committed in maximising the potential in our businesses and looks forward to your continued support as we work towards achieving new milestones of sustainable growth and the resumption of trading on the Singapore Exchange.

MR. YAP MENG SING
Executive Chairman and Chief Executive Officer

Source:

(1) https://www.marketsandmarkets.com/Market-Reports/lithium-ion-battery-recycling-market-153488928.html#:~:text=The%20global%20lithium%2Dion%20battery,19.6%25%20from%202021%20to%202030

GROUP STRUCTURE

- 100% **SYH E-Waste Management Pte. Ltd.** (Singapore)
- 100% **SYH Resources Pte. Ltd.** (Singapore)
- 100% **SMC Industrial Pte Ltd** (Singapore)
  - 100% **SMC Industrial (HK) Limited** (Hong Kong)
  - 100% **SMCI Refinery Pte. Ltd.** (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)
- 100% **PNE-Sino Pte Ltd** (Singapore)
  - 100% **PT PNE Indonesia** (Indonesia)
  - 100% **PT Le Royaume PNE** (Indonesia)

BUSINESS OPERATIONS

The Company and its wholly-owned subsidiary, SMC Industrial Pte Ltd ("**SMCI**") were placed under judicial management order ("**JMO**") during the period from 1 October 2021 to 17 August 2022, where the judicial managers ("**JMs**") were in charge of the management of the affairs and business of the Company and SMCI.

The schemes of arrangement to address the debts of the Company and SMCI were proposed in the respective Statements of Proposals ("**SOP**") tabled by the JMs pursuant to Section 107 of the Insolvency, Restructuring and Dissolution Act 2018 ("**IRDA**") (the "**Schemes**"). The SOP and the Schemes were approved by the creditors of the Company and SMCI pursuant to Section 210 of the Companies Act 1967 read with Section 117 of IRDA, and thereafter sanctioned by the Singapore High Court on 28 July 2022. Subsequently, the JMO were discharged on 17 August 2022.

For the financial year ended 30 September 2022 ("**FY2022**"), operations in the Group's respective business segments: (i) Metal Components, (ii) ED Coating, and (iii) Commodities, continued to overcome challenges amidst the resurgence of new COVID-19 variants and sub-variants, and the outbreak of the Russia-Ukraine war in later February 2022.

In the financial year under review, the Group continued to record revenue growth in all business segments, except the Commodities segment. The decline in the Commodities segment stemmed from the discontinuation of the non-ferrous metal trading business which recorded significant losses due to the volatility in prices of commodities in the prior years. Nevertheless, the increase in revenue contribution from the lithium-ion battery recycling operations in the second half of FY2022 moderated the decline.

The general improvement of the macro business environment as governments across the world lifted stringent safe management measures and reopened borders gradually from early April 2022, resulted in better performance of the Group's remaining business operations. Respectable growth in the Metal Components and ED Coating segments with positive segmental results in FY2022, as well as the turnaround of the Commodities segment, enabled the Group to explore opportunities to further strengthen its market position.

Whilst the Group recorded a 26.1% decline in revenue from S$55.55 million in FY2021 to S$41.04 million in FY2022, stemming from Commodities segment delivered improved segment profits as compared to FY2021, the Group recorded a significant increase in aggregate segmental results from S$2.33 million in FY2021 to S$13.99 million in FY2022.

BUSINESS OPERATIONS

REVENUE AND RESULTS BY BUSINESS SEGMENTS

FYE 30 Sept (in S$'000)	Revenue FY2022	Revenue FY2021	Variance	Segment Results FY2022	Segment Results FY2021[1]	Variance
Metal Components	**3,262**	2,872	+13.6%	**146**	(158)	N.M.
ED Coating	**15,315**	13,983	+9.5%	**3,785**	4,377	(13.5%)
Commodities	**23,634**	40,252	(41.3%)	**9,815**	(1,731)	N.M.
Inter-segment elimination	**(1,170)**	(1,559)	(25.0%)	**241**	(161)	N.M.
Total	**41,041**	**55,548**	**(26.1%)**	**13,987**	**2,327**	**>100%**

Note:
N.M. denotes not meaningful.
(1) Figure for prior year comparatives are restated due to change in accounting policy in FY2022 and other prior adjustments. Please refer to Note 32 to the financial statements of the Company.

As we harness our capabilities of providing value-added metallurgical solutions in the Metal Components and ED Coating businesses, we continually reinforce our focus to drive growth in the recovery and recycling of lithium-ion batteries for the electric vehicle industry under our Commodities business segment.

METAL COMPONENTS

Our **Metal Components** business segment is primarily involved in the design, manufacturing and sales of perforated metal components, tool and die, and other consumer electronics related metal components.

With an established track record of more than 20 years through our wholly-owned subsidiary companies based in Malaysia and Indonesia, our team of experienced engineers works with our customers at the initial stage of the product development cycle, engaging in co-designing and co-engineering to ensure the tooling improves the manufacturability of the components.

Leveraging on our range of in-house capabilities and facilities, we provide a comprehensive range of services to our customers, particularly in tool and die as well as metal stamping, where we customise specified metals into required parts as components for fabrication or assembly to form part of the larger components of our customers' end products. Our customers span from diverse industries including office automation, consumer audio, and automotive.

ED COATING

Our **ED Coating** business segment provides various surface coating technologies, including electrodeposition ("**ED**") coating, powder coatings, spray-painting and silk-screening services and secondary processes, in-house to provide aesthetic finishes for products across a diverse range of industries. Our customer base spans from industries including audio-visual, automotive, bicycles, electrical & electronics, luggage & power tools, micromotor, screw & fastener, and general hardware.

We continue to keep ourselves abreast with more advanced and environmentally friendly surface coating technologies to achieve better efficiency and effectiveness to meet the stringent requirements of our customers, who are reputable brand manufacturers.

BUSINESS OPERATIONS

Our proprietary surface coating process – our ED coating service, is one of our key competitive strengths. ED coating is particularly critical for the automotive sector as it ensures rust prevention performance is formed both on the outer surface and the complicated internal structures of the automobile. Whilst an automotive coating film may appear thin, it consists of layers with various functions including design performance for beautiful appearance, weather resistance performance, anti-chipping performance, and rust prevention performance. ED coating is also known as a versatile and eco-friendly surface finishing method.

Our facilities are certified with ISO9001:12015 on quality management systems, and IAFT 16949:2016, which is a global quality management system standard for our automotive industry. We are accredited of our competencies in consistently meeting the evolving requirements of our customers

COMMODITIES

Our **Commodities** business segment provides waste management solutions, treatment, recovery and recycling of industrial waste, electronic waste, and lithium-ion batteries for the electric vehicle industry.

Based in Singapore with an established track record of more than 25 years, our established wholly-owned subsidiary, SMC Industrial Pte. Ltd. ("**SMCI**"), is committed to offer recovery and recycling solutions and services to our customers to address increasing concerns about waste generation, in particular, electronic and lithium-ion battery waste.

With a continual focus on improving our process and technology to make recycling both convenient and affordable, we are focused on ensuring waste is recycled and integrated back into the supply chain, where it belongs.

One of our key electronic waste ("**e-waste**") management services is 'battery recycling' where the recycling process typically begins with the receipt of one of the following waste sources:

1. discarded electrical or electronic equipment such as spent lithium-ion battery from portable devices;

2. battery manufacturing waste generated by manufacturer(s) that made battery for electric vehicles/energy storage systems; and

3. end-of-life battery modules generated from scraped electric vehicles.

Additional steps are required for end-of-life batteries at recycling facilities, where they undergo testing, discharging, and disassembly.

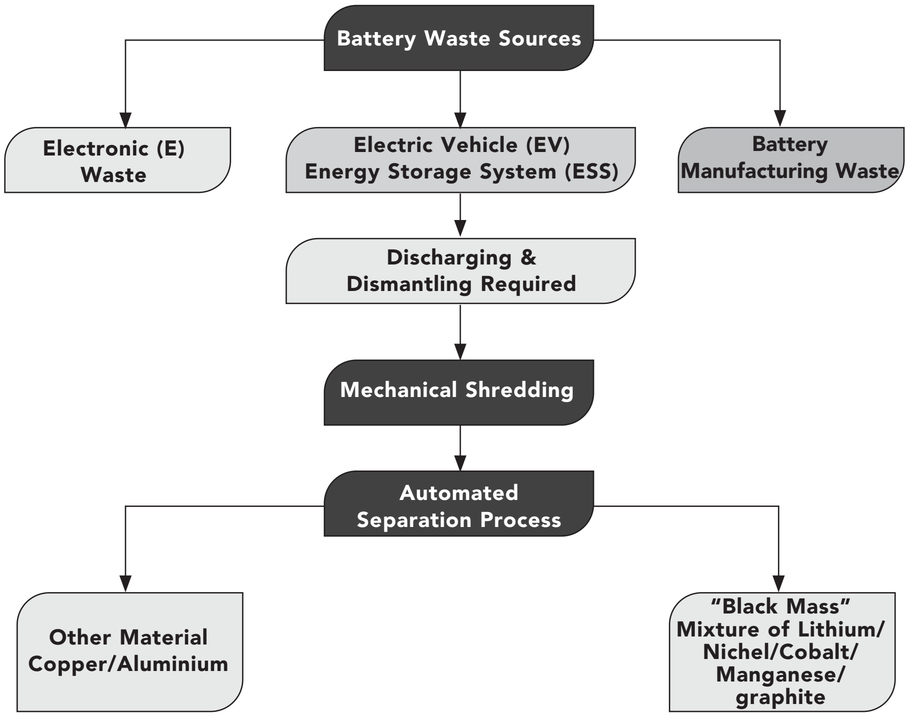
The waste batteries are then subjected to a shredding process, followed by the separation of electrode active material and current collector foil. This process yields multiple material fractions including "black mass", which is a powder form containing valuable materials such as nickel, cobalt, lithium, and graphite.

Currently, this "black mass" is used as a feedstock by our downstream customers for two processing purposes: (i) hydrometallurgical processing which involves treating the screened "black mass" extensively with acids to dissolve metals, and (ii) pyrometallurgical processing which involves smelting batteries in a furnace to recover cobalt, nickel, and copper in the form of alloys.

There are several innovative recycling processes that are currently under research and development, for which the "black mass" will be also used as feedstock.

BUSINESS OPERATIONS

The following chart illustrates the general recycling process of battery waste.



SMCI is accredited with the following:

- certified with ISO 9001:2015 standards by Lloyd's Register Quality Assurance ("**LRQA**") on the recycling and sales of e-wastes, ferrous and non-ferrous metals
- licenced by the National Environment Agency of Singapore for the establishment and operations of Lithium-ion Battery Recycling Facility
- licenced by the National Environment Agency of Singapore as a Toxic Industrial Waste Collector
- licenced by the National Environment Agency of Singapore as a Class A General Waste Collector

We remain committed to strengthening our core business segments, particularly the Commodities segment as e-waste recycling is one of the significant solutions to address the depletion of natural resources.

FINANCIAL REVIEW

The Company and its wholly-owned subsidiary, SMC Industrial Pte Ltd ("**SMCI**") were granted a discharge of the judicial management order ("**JMO**") on 17 August 2022 during the financial year ended 30 September 2022 ("**FY2022**"). During FY2022, the Group decided to adopt a voluntary change of accounting policy for its building and land from revaluation model to cost model. The application was implemented retrospectively, necessitating the restatement of valuation for all buildings and lands in previous financial years. Please refer to Note 32 to the financial statements for more information.

The Group registered a 26.1% year-on-year decline in revenue from S$55.55 million for the financial year ended 30 September 2021 ("**FY2021**") to S$41.04 million in FY2022. The decrease in revenue mainly stemmed from the Commodities segment, which saw (i) SMCI being placed under JMO until 17 August 2022, and (ii) the absence of contribution from the discontinued non-ferrous metal trading business, which was partially offset with the increase in revenue from the lithium battery recycling operations in the second half of FY2022. The decline was further 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 as countries reopened borders gradually from April 2022.

REVENUE ANALYSIS BY BUSINESS SEGMENTS

Business Segments	FY2022 (S$'000)	FY2021 (S$'000)	Variance
Metal Components	**3,262**	2,872	+ 13.6%
ED Coating	**15,315**	13,983	+ 9.5%
Commodities	**23,634**	40,252	(41.3%)
Inter-segment elimination	**(1,170)**	(1,559)	(25.0%)
Total	**41,041**	**55,548**	**(26.1%)**

In tandem with the decrease in revenue and decrease in labour cost and overheads expenses stemming from the discontinued non-ferrous trading business, the Group recorded a noteworthy 46.2% year-on-year decrease in its cost of sales, plummeting from S$42.70 million in FY2021 to S$22.99 million in FY2022. As a result, the Group experienced a robust 40.6% year-on-year upswing in gross profit from S$12.84 million in FY2021 to S$18.06 million in FY2022, which led to a substantial enhancement in gross profit margin which soared by 20.9 percentage points, ascending from 23.1% in FY2021 to 44.0% in FY2022.

In FY2022, the Group reported other gains of S$3.50 million, as compared to other losses totalling S$2.96 million in FY2021. The other gains reported by the Group in FY2022 can be primarily attributed to (i) a gain on debt restructuring arising from the schemes of arrangement ("**Schemes**") of S$1.10 million; (ii) reversal of impairment loses on property, plant and equipment ("**PPE**") and right-of-use ("**ROU**") assets totalling S$0.99 million; and (iii) a net foreign exchange gain of S$1.91 million primarily resulting from a favourable restructuring of liabilities denominated in United States Dollar at lower exchange rate to Singapore Dollar under the Schemes. The adjustment pertaining to the gain on debt restructuring of S$1.10 million arose from extinguishment of liabilities from creditors who did not file the proof of debts under the Schemes. FY2021's other losses included an (i) impairment loss recognised on financial assets amounting to S$1.08 million, and (ii) expenses and late interest payment admitted by judicial managers of S$2.08 million previously not recorded by the Group. There were no such provision and expenses were recorded in FY2022. As disclosed in the Company's Annual Report 2021, the impairment loss recognised on financial assets reported by the Group amounted to S$0.93 million, primarily related to the suspected interested party transactions between SMCI and its customers that were suspected to be indirectly controlled by Mr. Koh Mia Seng, the Non-Executive Director. The relationships were identified by Foo Kon Tan Advisory Pte. Ltd.

FINANCIAL REVIEW

With the discontinuation of the non-ferrous metal trading business, distribution expenses registered year-on-year decrease of 38.3% from S$0.60 million in FY2021 to S$0.37 million in FY2022. The administrative expenses remained at a similar level for FY2022 and FY2021.

Finance expenses increased by 16.0% year-on-year from S$1.61 million in FY2021 to S$1.87 million in FY2022. The increase was mainly due to higher interest accrued on defaulted loans in FY2022.

The Group reported income tax benefits of S$4.02 million in FY2022 as opposed to income tax expenses of S$0.41 million in FY2021. These income tax benefits primarily stemmed from the recognition of unutilised tax losses as deferred tax asset. The recognition was grounded in the high probability that sufficient future taxable profits would be available to offset the utilised tax losses.

As a result of the aforementioned, the Group achieved a notable turnaround, reporting a net profit attributable to shareholders of the Company of S$15.93 million in FY2022. This marked a significant reversal from the net loss of S$39,000 incurred in FY2021.

FINANCIAL POSITION ANALYSIS

	As at 30 Sep 2022 ($'000)	As at 30 Sep 2021[2] (S$'000)	Variance
Non-current assets	22,790	18,180	+ 25.4%
Current assets	31,274	30,188	+ 3.6%
Non-current liabilities	2,760	3,033	- 9.0%
Current liabilities	32,015	47,426	- 32.5%
Working capital	(741)	(17,238)	- 95.7%
Equity attributable to owners of the Company	19,289	(2,091)	N.M.
Net asset value per share (Singapore Cents)[1]	0.71	(0.21)	N.M.

1 Net asset value per share are computed based on the total number of issued ordinary shares of 2.73 billion and 984.28 million as at 30 September 2022 and 30 September 2021, respectively.

2 Figures for prior year comparatives are restated due to change in accounting policy in FY2022 and other prior year adjustments. Please refer to Note 32 to the financial statements of the Company.

The Group recorded negative working capital of S$0.74 million as at 30 September 2022 (30 September 2021: negative S$17.24 million). The reduction in negative working capital was mainly due to the net profit reported in FY2022 and the increase in share capital from S$46.25 million in FY2021 to S$53.25 million in FY2022 arising from new share subscriptions by the white-knight investors. As a result, equity attributable to owners of the Company reversed from negative equity of S$2.09 million as at 30 September 2021 to positive equity of S$19.29 million as at 30 September 2022. Correspondingly, net asset value per share based on the enlarged share capital of 2.73 billion shares was 0.71 Singapore cents as at 30 September 2022.

FINANCIAL REVIEW

Non-current assets increased by 25.4% from S$18.18 million as at 30 September 2021 to S$22.79 million as at 30 September 2022. The increase was mainly due to:

(i) the decrease in PPE from S$16.36 million as at 30 September 2021 to S$15.00 million as at 30 September 2022, comprising (i) net reversal of impairment loss of S$0.33 million, and (ii) purchase of plant and equipment of S$0.55 million, and which was partially offset by (iii) depreciation expenses of PPE of S$1.88 million and (iv) PPE written off of S$0.12 million;

(ii) the increase in ROU assets from S$1.78 million as at 30 September 2021 to S$2.29 million as at 30 September 2022, stemming from the reversal of impairment loss of S$0.67 million, partially offset by depreciation charges of S$0.31 million in FY2022; and

(iii) the increase in deferred tax assets of S$5.46 million (FY2021: nil) in respect of unutilised tax losses which will be available to offset against future streams of profits.

Current assets increased by 3.6%, from S$30.19 million as at 30 September 2021 to S$31.27 million as at 30 September 2022. The increase was mainly due to:

(i) the increase in trade and other receivables from S$7.20 million as at 30 September 2021 to S$10.88 million as at 30 September 2022 resulting from prepayment for waste supplies of S$4.93 million under the tripartite agreement, which was offset by the decrease in trade receivables of S$1.63 million in line with lower revenue; and

(ii) the increase in inventories from S$2.22 million as at 30 September 2021 to S$9.10 million as at 30 September 2022 on the back of the increase in e-waste finished goods and inventories in-transit of S$5.81 million;

which was partially offset by:

(iii) the decrease in cash and bank balances from S$16.54 million as at 30 September 2021 to S$11.30 million as at 30 September 2022; and

(iv) derecognition of the fair value of keymen insurance policies accounted as financial assets at fair value through profit or loss of S$4.33 million assigned to a principal lender under the Schemes.

Non-current liabilities decreased by 9.0% from S$3.03 million as at 30 September 2021 to S$2.76 million as at 30 September 2022. The decrease in non-current liabilities was marginal in FY2022.

Current liabilities decreased by 32.5% from S$47.43 million as at 30 September 2021 to S$32.02 million as at 30 September 2022. The decrease was mainly due to:

(i) the decrease in trade and other payables from S$25.58 million as at 30 September 2021 to S$18.88 million as at 30 September 2022 which stemmed from (i) the repayment of First Tranche of Scheme Payment amounting to S$3.36 million, and (iii) the repayment of outstanding amount of approximately S$4.43 million;

(ii) the decrease in loans and borrowings from S$21.15 million as at 30 September 2021 to S$12.60 million as at 30 September 2022, resulting from (i) the repayment of First Tranche of Scheme Payment amounting to S$2.30 million, (ii) the repayment of S$1.20 million upon execution of Restructured Facility Agreement, and (iii) the repayment of secured borrowings through the assignment of four keymen insurance policies at fair value of S$4.33 million.

FINANCIAL REVIEW

CASH FLOW ANALYSIS

	FY2022 (S$'000)	FY2021 (S$'000)	Variance
Net cash (used in)/generated from operating activities	(6,667)	17,257	N.M.
Net cash used in investing activities	(503)	(1,100)	(54.3%)
Net Cash generated from/(used in) financing activities	1,697	(3,677)	N.M.
Net Cash and Cash Equivalents	**11,261**	**16,360**	**(31.2%)**

Note: N.M. denotes not meaningful.

In FY2022, the Group utilised S$5.47 million and had cash and cash equivalents of S$11.26 million as at 30 September 2022.

- Net cash used in operating activities in FY2022 was S$6.67 million. This was mainly due to (i) the decrease in trade and other receivables of S$3.39 million, (ii) the increase in inventories of S$6.83 million, (iii) the decrease in trade and other payables of S$7.12 million, and (iv) payment for tax expenses of S$1.09 million, that were partially offset by the profit before changes in working capital of S$11.76 million.

- Net cash used in investing activities in FY2022 was S$0.50 million, mainly due to the purchase of property, plant and equipment of S$0.55 million, which was partially offset by interest income of S$48,000.

- Net cash generated from financing activities in FY2022 was S$1.70 million. This was mainly due to (i) the repayment of lease liabilities of S$0.51 million, (ii) interest paid to financial institutions of S$32,000, and (iii) the repayment of bank loans and trade bills of S$4.77 million, that were partially offset by proceeds of S$7.00 million from the issuance of new shares.

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 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 involvement in the operations of companies that develop, manufacture, and supply soldering solutions to electronics, semiconductor, and electroplating industries.

MR. KOH MIA SENG

Non-Executive Director

Mr. Koh Mia Seng was redesignated as the Non-Executive Director following the extraordinary general meeting on 21 July 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 international trends and environmental concerns of the different countries in the region.

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 the 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.

BOARD OF DIRECTORS

MR. TAY BOON ZHUAN

Independent Director

Mr. Tay Boon Zhuan 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 Singapore Exchange. Subsequently, Mr. Tay held positions as the Chief Financial Officer in Intraco Limited and Heatec Jietong Holdings Limited, which are 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.

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. 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 Singapore Exchange, 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 is 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 the 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 19 years of experience in auditing and accounting in various sectors including manufacturing, trading, plantations, property development and investment holding companies. 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. She was responsible for Eindec Group's turnaround strategy, overall business operations 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, where she was responsible for Heatec's corporate finance, accounting and corporate secretarial matters. From January 2008 to August 2011, Ms. Foo was a Finance Manager of Asia Media Systems Pte. Ltd. where she involved in extensive corporate exercises.

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.

MS. SHANN YAP SHIAU WEI

General Manager cum PA to Executive Chairman, Singapore

Ms. Shann Yap was appointed as the General Manager of SMC Industrial Pte. Ltd. ("**SMCI**") cum Personal Assistant ("**PA**") to the Executive Chairman of the Group on 1 February 2023. She is responsible for SMCI's overall performance including management of daily operations, marketing and procurement functions.

In addition, Ms. Yap is also a PA to the Executive Chairman and will assist the Executive Chairman from time to time. Ms. Yap is the daughter of Mr. Yap Meng Sing, the Executive Chairman and Chief Executive Officer of the Company.

Ms. Yap holds double degrees – Bachelor in Business (Accounting) and Bachelor in Business (Management) from Monash University.

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 include business development with suppliers.

Prior to joining the Group's wholly-owned subsidiary, Mr. Foo worked in the Hard Disk Drives ("**HDDs**") related industries including 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 of experience in the metal surface finishing industry, specialising in powder and ED coating process. He oversees PT PNE Indonesia's marketing and 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 marketing, business development activities, and daily operations of the Group's subsidiaries.

Mr. Pua has more than 10 years of experience in the metal surface finishing industry. He 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 REPORT

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 2022 ("**FY2022**") 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 as 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 ("**SMCI**") 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 SMCI'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 SMCI 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 SMCI from the Board of Directors.

The Schemes of Arrangement ("**Schemes**") to address the debts of the Company and SMCI 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 SMCI, and thereafter sanctioned by the Singapore courts in July 2022. The JM was re-appointed as Scheme Managers to administer the Schemes of the Company and SMCI in accordance with the terms of the Schemes as approved by creditors and the Singapore court ("**Court**"). The judicial management orders ("**JMO**") were discharged on 17 August 2022.

As the Board's powers were suspended during FY2022 from 1 October 2021 to 17 August 2022, or at least 10 months during FY2022, the Board is unable to express comment on corporate governance practices during this period.

Unless otherwise indicated in this report, references to the Board and Board Committees relate to the composition of the Board and Board Committees during FY2022.

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.**

CORPORATE GOVERNANCE REPORT

The Board is accountable to the shareholders for overseeing the effective management of the business. The Board works closely with the management of the Company ("**Management**") and the Management remains accountable to the Board.

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and are fiduciaries who are obliged to act in good faith and to take objective decisions in the best interests of the Group.

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. The Board meets regularly to discharge its 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.

The Board adopted a set of ethical values and standards which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential and perceived conflict of interest arises, the concerned Director must disclose such interest, recuse himself or herself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

Please refer to Table A set out on page 48 to page 51 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.

CORPORATE GOVERNANCE REPORT

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 his/her representatives) also briefs the Directors on key regulatory changes and updates, while Deloitte & Touche LLP, the newly appointed external auditors ("**External Auditors**") of the Company with effect from 22 May 2023 briefs the Audit Committee 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. Certain important matters could be subject to the recommendation by the respective Board Committees. Matters which the Board considers suitable for delegation to a Board Committee are contained in the terms of reference of the respective Board Committees.

CORPORATE GOVERNANCE REPORT

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.**

To assist in the execution of its responsibilities, the Board has delegated specific responsibilities to the three (3) Board Committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively "**Board Committees**"). The Board Committees operate within clearly defined terms of reference (as detailed under the Provision 4, 6 and 10 of this report) which are reviewed on a regular basis to ensure their continued relevance and efficacy. The composition and description of each Board Committee are also set out in other sections of this report. While the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters still lies with the entire Board.

Following the entry of the Company and SMCI into judicial management, the day-to-day operations of the Company and SMCI were managed by the JM, while the operations of the other subsidiaries of the Company not under judicial management for FY2022 were handled by Mr. Neo Gim Kiong ("**Mr. Neo**"), the former Chief Executive Officer ('**CEO**"), and Mr. Liew Nyok Wah ("**Mr. Liew**"), the former Executive Director. With effect from 5 August 2022, Mr. Neo's employment contract was terminated and had been placed under garden leave until the effective cessation on 2 April 2023, and Mr. Liew was re-designated from his previous role as Executive Director to Non-Executive Director with effect from 5 August 2022. He retired as Non-Executive Director upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023. Supported by the management team, the day-to-day operations of the Group were managed by Mr. Yap Meng Sing ("**Mr. Yap**"), the newly appointed Executive Chairman and CEO, since the discharge of JMO on 17 August 2022.

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 48 to page 51 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 SMCI. The steering committee's functions were assumed by the JM upon SMCI being placed under judicial management in May 2021. Subsequent to the discharge of JMO, the steering committee has been dismissed.

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.

CORPORATE GOVERNANCE REPORT

The number of Board and Board Committee meetings and the record of attendance of each Director during FY2022 are set out in Table B at page 52 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.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. Directors with multiple board representations also ensure that sufficient time and attention are given to the affairs of each Company.

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.**

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 and business updates to enable the Directors to make informed decisions, as well as to gain a better understanding of the Group's business.

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.

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.

CORPORATE GOVERNANCE REPORT

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 to ensure 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 FY2022.

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

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.

As at the date of this report, the Board comprise one (1) Executive Chairman, one (1) Non-Executive Director and three (3) Independent Non-Executive Directors. Please refer to Table A set out on page 48 to page 51 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, the Practice Guidance and Rule 406(3)(d).

CORPORATE GOVERNANCE REPORT

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;

(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; or

(iii) have not served as a director of the Company for an aggregate period of more than nine years.

As at the date of this report, 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.**

As at the date of this report, the Independent Non-Executive Directors made up the majority of the Board where the Chairman of the Board is not independent.

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

The Board is currently made up of majority Non-Executive Directors, comprising of one (1) Non-Executive Director 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.

CORPORATE GOVERNANCE REPORT

The Group's Board Diversity Policy endorses the principle that its Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business so as to mitigate against group think and to ensure that the Group has the opportunity to benefit from all available talents. In reviewing Board composition and succession planning, the NC considers the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

During FY2022 after the discharge of JMO, the Board has 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.

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 NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. The NC will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

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 throughout significant periods of FY2022, the Group's Independent Non-Executive Directors did not hold periodic meetings without the presence of Management in FY2022.

CORPORATE GOVERNANCE REPORT

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.**

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

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 throughout significant periods of FY2022.

Since 5 August 2022, the role of the Chairman and CEO are held by Mr. Yap. While the roles of Chairman and CEO are held by the same person, there is a clear division of responsibilities between the leadership of the Board and the Management responsible for managing the Company's business.

As the Chairman of the Board, Mr. Yap ensures that Board meetings will be held at least half-yearly and as and when necessary, sets Board meeting agenda, promotes a culture of openness and debate at the Board and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. He ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognizant of the affairs of the Group as well as effective communication with Shareholders. He encourages constructive relations and effective contribution within the Board and between the Board and the Management. He also takes a leading role in ensuring that the Company strives to achieve and maintain high standards of corporate governance and an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

As the CEO of the Company, Mr. Yap is responsible for the effective management and supervision of the daily business operations of the Group in accordance with the strategies, policies, budget and business plans as approved by the Board. The major decisions are made in consultation with the Board, a majority of which comprises Non-Executive and Independent Directors.

Although the roles of Chairman of the Board and CEO are not separated, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance. All the Board Committees are chaired by Independent Directors and a majority of the Board consists of Independent Directors. The NC will also assess the performance and effectiveness of Mr. Yap on his performance as Chairman separately from that of CEO.

CORPORATE GOVERNANCE REPORT

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.

Taking cognisance that the Chairman of the Board is an Executive Director cum CEO and thus not independent, the Board has designated a Lead Independent Director whose role includes:

(a) providing leadership in situations where the Executive Chairman is conflicted and especially when the Executive Chairman is not independent;

(b) serving as a sounding board for the Executive Chairman and as an intermediary between the Non-Executive and Independent Directors and the Executive Chairman;

(c) promoting high standards of corporate governance and effective communication between the shareholders and the Company; and

(d) co-ordinating and leading the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board.

The current Lead Independent Director is Mr. Limjoco Ross Yu ("**Mr. Limjoco**") who was appointed on 23 September 2022. He is available to shareholders and stakeholders should they have concerns with regards to the Group that cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels with the Executive Chairman and CEO or the Management.

As the Company was under the judicial management throughout significant periods of FY2022, there was no query or request on any matters which requires the Lead Independent Director's attention received in FY2022.

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;

CORPORATE GOVERNANCE REPORT

(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 three (3) Independent Non-Executive Directors as at the date of this report. After the discharge of JMO, the Board Committees were reconstituted on 23 September 2022. Please refer to Table A set out on page 48 to page 51 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 Rule 720(4) of the Catalist Rules, all Directors need to submit themselves for re-nomination and re-appointment at least once every three (3) years. Further. 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. 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.

At the forthcoming AGM of the Company, Mr. Lau Yan Wai ("**Mr. Lau**") and Mr. Koh Mia Seng ("**Mr. Koh**") will be retiring pursuant to Regulation 89 of the Company's Constitution. Mr. Lau has indicated his consent to seek re-election and Mr. Koh has indicated his intention to retire and not to seek re-election at the forthcoming AGM. The NC has recommended and the Board has agreed that Mr. Lau be nominated for re-election at the forthcoming AGM. In making the recommendations, the NC takes into consideration, amongst others, the retiring directors' attendance record at meetings of the Board and Board Committees, preparedness, participation and candour at such meetings as well as quality of input and contributions.

Please refer to Table C set out on page 52 to page 55 of this Annual Report for the information as out in Appendix 7F to the Catalist Rules relating to Mr. Lau.

Each member of the NC shall abstain from voting, approving or making a recommendation on any resolution of the NC in which he/she has a conflict of interest in the subject matter under consideration.

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.**

As at the date of this report, the NC comprised three (3) members, all of whom including the NC Chairman, are independent Directors. The Lead Independent Non-Executive Director is a member of the NC.

CORPORATE GOVERNANCE REPORT

Please refer to Table A set out on page 48 to page 51 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 FY2022, 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. Limjoco, Mr. Lau and Mr. Tay Boon Zhuan ("**Mr. Tay**"), the Board is of the view that they are independent, taking into account the circumstances set forth in the Code and Rule 406(3)(d) of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

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.**

It is required under Rule 406(3)(a) of the Catalist Rules for first-time appointees on boards of public listed companies in Singapore to attend the Listed Entity Director ("**LED**") programme organised by the Singapore Institute of Directors ("**SID**") as prescribed under Practice Note 4D of the Catalist Rules. As Mr. Yap has no prior experience as a director of a listed company in Singapore, he has attended the prescribed Listed Entity Director modules conducted by Singapore Institute of Directors. Save for Mr. Koh who will be retiring at the upcoming AGM, all Board members have completed the mandated sustainability training course required by the enhanced SGX sustainability reporting rules announced in December 2021. 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.

The NC was satisfied that the Directors were able to and had adequately carried out their duties as Directors of the Company after the discharge of JMO.

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.

CORPORATE GOVERNANCE 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 criterias 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.

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.

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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 throughout the substantial period of FY2022. Given the Board and Board Committee was barely reconstituted on 23 September 2023, there was no Board or Board Committee evaluation carried out for FY2022.

No external facilitator was engaged by the Company in FY2022. Where relevant, the NC will consider such engagement.

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.**

As at the date of this report, the RC comprised three (3) Independent Non-Executive Directors for FY2022. The majority of the members, including the Chairman of the RC, are independent.

Please refer to Table A set out on page 48 to page 51 for the composition and functions of the RC.

CORPORATE GOVERNANCE REPORT

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 for review and approval. 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 FY2022 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.

CORPORATE GOVERNANCE REPORT

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 FY2022.

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 D set out on page 56 to page 57 for the schedule of annual fees bands for 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.**

For FY2022, 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.

CORPORATE GOVERNANCE REPORT

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 D set out on page 56 to page 57 for remuneration details for the Directors, CEO and top four (4) key management personnel. For FY2022, the Group had four (4) key management personnel. The RC has not recommended the payment of any directors' fees for FY2022 as the Company had been predominantly under judicial management and professional fees were paid to the JM for their services.

In FY2022, the aggregate remuneration paid to the key management personnel (who are not Directors or the CEO) was S$529,000

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

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(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. Yap, who was Executive Director during FY2022, 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 FY2022. For sake of clarity, the appointment of Ms. Shann Yap Shiau Wei, daughter of Mr. Yap, was effective on 1 February 2023 and was not an employee of the Group in FY2022.

Please refer to Table D set out on 56 to page 57 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 D set out on page 56 to page 57 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 FY2022. The Company had no employee share schemes in place during FY2022.

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.

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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 the internal auditors appointed by the Company;
- 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.

No assurance has been provided by the CEO and key management of the Company for FY2022 as the Company and SMCI was placed under judicial management throughout substantial period of FY2022.

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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.

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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.

Subsequent to FY2022, the Group engaged NLA Risk Consulting Pte Ltd ("**NLA**") to review adequacy and effectiveness of the internal audit function across the Group's key business processes, including interested person transactions. NLA's reviews yielded no significant observations indicating high-risk concerns.

The former Chairman of the AC, Mr. Chim Suan Kit Mark and the Group's former 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 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.

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Please refer to Table A on 48 to page 51 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. All information received will be treated confidentially and the identity of whistle-blowers will be protected. The objective of such arrangement is to ensure independent investigation of such matters raised and for appropriate follow-up action to be taken.

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.

The Company's current External Auditors are Deloitte & Touche LLP appointed pursuant to an extraordinary general meeting convened on 22 May 2023. Their fees paid for undertaking the FY2022 audit are approximately S$465,000 and the non-audit fees paid to the External Auditors are S$90,000.

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. Considering the non-audit services provided by the External Auditors were conducted before the appointment of External Auditors, as well as the nature and extent of the non-audit services, the AC opines that the independence and objectivity of the External Auditors are not affected, and has recommended the re-appointment of the External Auditors at the forthcoming AGM.

Deloitte & Touche LLP and its member firms are the auditors of SMC Industrial Pte. Ltd. and SYH Resources Pte. Ltd., the Company's subsidiaries incorporated in Singapore. For the purpose of Rule 715(2) of the Catalist Rules, the relevant Deloitte Global member firm within the international network of Deloitte will perform audit of the Company's foreign incorporated subsidiaries for consolidation purpose for the financial year ended 30 September 2022,

CORPORATE GOVERNANCE REPORT

including but not limited to the review of audit working paper of the Company's predecessor auditors, Crowe Horwath First Trust LLP's members firms. The Board and the Audit Committee, having discussed with Deloitte and considered the size and complexity of its subsidiaries in Malaysia and Indonesia, are satisfied that the proposed audit plan on subsidiaries in Malaysia and Indonesia for the year ended 30 September 2022 will not compromise the standard and effectiveness of the audit of the Group. Accordingly, 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.

Provision 10.2 **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.**

As at the date of this report, the AC comprised three members, all of whom including the AC Chairman, are Independent Non-Executive Directors. The Lead Independent Non-Executive Director, Mr. Limjoco is the Chairman of the AC. Mr. Limjoco and Mr. Tay 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 48 to page 51 for the composition and the main functions of the AC.

Provision 10.3 **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.

Provision 10.4 **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 fees of the internal auditors. The objective of the internal audit function is to provide an independent review of the adequacy and effectiveness of the Group's internal controls and provide reasonable assurance to the AC and the Management that the Group's risk management, controls and governance processes are adequate and effective.

The internal auditors report primarily to the AC Chairman and have unrestricted access to documents, records, properties and personnel of the Group.

CORPORATE GOVERNANCE REPORT

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 FY2022 as the Company was under judicial management during the substantial period of FY2022.

The internal audit function of the Group is currently outsourced to NLA. NLA is part of NLA DFK, a group of accounting and advisory firms with a history in Singapore since 1948. NLA DFK is a member firm of DFK International, a top ten (10) international association of independent accounting firms and business advisers. NLA is a suitably appointed qualified firm of risk consultants (including Certified Internal Auditors), with its processes guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The firm currently maintains an outsourced internal audit portfolio of about twenty (20) companies listed on the SGX-ST in various industries, including construction, property development, manufacturing, healthcare, logistics, engineering services and trading. The engagement team from NLA Risk Consulting comprises a director, a manager and is supported by a team of trained internal auditors. The director, Mr. Gary Ng, has over twenty (20) years of relevant experience and is a Certified Internal Auditor, whilst the manager has more than ten (10) years of relevant experience and is also a Certified Internal Auditor.

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.**

As the Company and the Group was under judicial management during the substantial period of FY2022, the AC did not meet with the External Auditors during FY2022.

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.

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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.

Due to the easing of the COVID-19 measures by the Singapore Government, the Company's last AGM for the financial year ended 30 September 2021 held on 13 January 2023 ("**FY2021 AGM**") physically. 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 the AGM pursuant to the COVID-19 Order. The Company had also published a notice to Shareholders, together with the notice of AGM.

Shareholders participated in the FY2021 AGM, voting by appointing proxy(ies) 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 FY2021 AGM, and responses to the questions were provided via announcement on SGXNet and the Company's corporate website. There were no queries received by the Company relating to the items on the agenda of the FY2021 AGM. Shareholders are also informed of the voting procedures prior to the commencement of voting by poll.

The Company's Constitution permits a shareholder to appoint up to two (2) proxies to attend and vote in his/her stead at these meetings. Furthermore, the Companies Act 1967 allows certain members who are relevant intermediaries (the meaning ascribed to it in Section 181 of the Companies Act 1967 such as corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of CPF investors), to appoint multiple proxies to attend and participate in the 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.

In view that the COVID-19 Order had ceased with effect from 1 July 2023, the upcoming AGM for FY2022 will be a physical meeting. There will be no option for shareholders to participate the upcoming physical AGM virtually.

CORPORATE GOVERNANCE REPORT

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. The Company avoids 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations. 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 auditors are present to assist the Board in addressing any relevant queries from the Shareholders, including the conduct of audit and 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 Shareholders' queries. All Directors were present at the FY2021 AGM of the Company held on 13 January 2023.

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

The Constitution of the Company allows a shareholder of the Company to vote in person or by proxy at the AGM of the Company. Each shareholder is allowed to appoint not more than two (2) proxies to vote on his/her behalf at general meetings through proxy forms sent in advance by the Company. Investors who hold shares through nominees such as the Central Provident Fund (CPF) and custodian banks are allowed to attend the AGM as observers subject to availability of seats.

Voting in absentia by mail, facsimile or email, 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 is not compromised, and legislative changes are effected to recognise remote voting.

CORPORATE GOVERNANCE REPORT

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.**

As detailed in the Notice of AGM, the upcoming AGM will be a physical meeting for the Company to engage with its shareholders. Shareholders of the Company can attend the physical meeting and raise questions in advance or during the AGM, and vote in person or through the appointment of proxy(ies).

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 27 January 2023 announced the minutes of the FY2021 AGM on the SGXNet and the Company's website.

For the upcoming AGM for FY2022, 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 FY2022 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.

CORPORATE GOVERNANCE REPORT

In presenting the annual financial statements and half-yearly announcements to shareholders as well as any price/trade 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.

For the upcoming AGM, shareholders of the Company will receive a copy of the annual reports, Notice of AGM and Proxy form. The Notice of AGM is also advertised in the newspapers within the prescribed deadlines prior to the AGM. Such information will also 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 year. The 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.

The Company has also released quarterly announcements containing a summary of the financial information and affairs of the Group for that period, and announcements requiring 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.

CORPORATE GOVERNANCE REPORT

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 need 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 FY2022 pursuant to Catalist Rule 711A in view of the Company and its subsidiary were under judicial management from the period of 1 October 2022 to 17 August 2022, or at least 10 months during FY2022.

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 Mr. Koh's personal guarantee and as disclosed in Note 8, Note 21 and Note 32 to the Financial Statements, 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.

CORPORATE GOVERNANCE REPORT

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

As at 30 September 2022, 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 FY2022.

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 two weeks before the first three quarters of its financial year and one month before the announcement of the company's full year financial statements, or one month before the announcement of the company's half year and full year financial statements. 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 former sponsor, PrimePartners Corporate Finance Pte. Ltd. in FY2022.

CORPORATE GOVERNANCE REPORT

TABLE A

Board composition for 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 retired as Non-Executive Director upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023. His employment service with the Company had ceased 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, is 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 FY2021 Annual General Meeting held on 13 January 2023, retired as Independent Non-Executive Director, and member of Audit, Remuneration and Nominating Committees. He was considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.
5 Mdm. Yu Lihong, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, 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 was 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, is considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

Board composition as at the date of this report:

Yap Meng Sing	(Executive Chairman and Chief Executive Officer)
Koh Mia Seng	(Non-Executive Chairman[1])
Limjoco Ross Yu	(Lead Independent Non-Executive Director)
Tay Boon Zhuan	(Independent Non-Executive Director)
Lau Yan Wai	(Independent Non-Executive Director)

1 Mr. Koh Mia Seng, upon conclusion of the Annual General Meeting, shall retire as Non-Executive Director

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 19.

CORPORATE GOVERNANCE REPORT

Audit Committee 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)

Audit Committee composition as at the date of this report:

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)

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 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)

Nominating Committee composition as at the date of this report:

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)

CORPORATE GOVERNANCE REPORT

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 have multiple listed board representation.

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)

Remuneration Committee composition as at the date of this report:

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)

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.

CORPORATE GOVERNANCE REPORT

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]	4	3	3	3*	1	1*	2	2*
Koh Mia Seng[2]	4	–	3	–	1	–	2	–
Liew Nyok Wah[3]	4	–	3	–	1	–	2	–
Limjoco Ross Yu[4]	4	4	3	3	1	1	2	2
Chim Suan Kit Mark[5]	4	1	3	–	1	–	2	–
Yu Lihong[6]	4	1	3	–	1	–	2	–
Tay Boon Zhuan[7]	4	4	3	3	1	1	2	2
Lau Yan Wai	4	4	3	3	1	1	2	2

* By invitation

1 Mr. Yap Meng Sing was appointed as Executive Chairman and Chief Executive Officer with effect from 5 August 2022.
2 Mr. Koh Mia Seng, upon conclusion of the upcoming Annual General Meeting, retires as Non-Executive Director of the Company.
3 Mr. Liew Nyok Wah, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retired as Non-Executive Director of the Company.
4 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.
5 Mr. Chim Suan Kit Mark, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retired as Independent Non-Executive Director of the Company, and member of Audit, Nominating and Remuneration Committees.
6 Mdm. Yu Lihong, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retired 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.
7 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.

CORPORATE GOVERNANCE REPORT

TABLE C

The Director named below is retiring and being eligible, offer themselves for re-election at the upcoming AGM:

Name of Director	Lau Yan Wai ("**Mr. Lau**")
Date of appointment	18 December 2019
Date of last election	22 January 2020
Age	45
Country of principal residence	Singapore
The Board's comments on this re-election	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr. Lau's performance as Independent Non-Executive Director of the Company. The Board considers Mr. Lau to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.
Job title	Independent Non-Executive Director, Chairman of Remuneration Committees, Member of Audit and Nominating Committees
Professional qualifications	Master of Laws (Chinese Law), National University of Singapore and a Master of Science in Information Systems, University of Sheffield, and a Bachelor of Laws, University of Sheffield. Admitted as an advocate and solicitor in the High Court of Malaya and advocate and solicitor in the Supreme Court of Singapore. Member of Singapore Academy of Law, Law Society of Singapore and Malaysian Bar.
Working experience and occupation(s) during past 10 years	Withers KhattarWong LLP 2005 to 2011 – Associate/Partner RHT Capital Pte. Ltd. 2011 to 2014 – Registered Professional (Catalist) RHTLaw TaylorWessing LLP 2011 to 2015 – Partner Equity Law LLC 2014 to 2019 – Director

CORPORATE GOVERNANCE REPORT

	MS Holdings Limited 2014 to 2022 – Non-Executive and Independent Director Donaldson & Burkinshaw LLP 2019 to current – Partner Sen Yue Holdings Limited 2019 to current – Non-Executive and Independent Director Datapulse Technology Limited 2020 – 2023 – Non-Executive and Independent Director
Shareholdings interest in the listed issuer and its subsidiaries	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	**Past (for the last 5 years)** Equal Plus Pte. Ltd. RHT Compliance Solutions Sdn Bhd EQ Advisory Pte Ltd EQ Compliance Pte Ltd Equity Law LLC MS Holdings Limited Propel Adventures Pte Ltd Datapulse Technology Limited **Present** Donaldson & Burkinshaw LLP Sen Yue Holdings Limited

CORPORATE GOVERNANCE REPORT

Question		Lau Yan Wai
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him/her?	No
(d)	Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No
(e)	Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No
(g)	Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No

CORPORATE GOVERNANCE REPORT

(i)	Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No
(j)	Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
	in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	
(k)	Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange?		Yes
If yes, please provide details of prior experience.		Mr. Lau was appointed as an Independent Director of MS Holdings Limited. He was also on the Board of Datapulse Technology Limited.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		N/A

CORPORATE GOVERNANCE REPORT

TABLE D

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 FY2022.

(a) Remuneration of Directors and the CEO of the Company during FY2022

	Salary* (%)	Bonus# (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
Director					
S$250,000 to S$500,000					
Liew Nyok Wah (Non-Executive Director[1])	86	–	–	14	100
CEO					
Neo Gim Kiong (Chief Executive Officer[2])	88	–	–	12	100
Below S$250,000					
Directors					
Yap Meng Sing (Executive Director[3])	91	–	–	9	100
Chim Suan Kit Mark (Independent Non-Executive Director[4])	–^	–^	–^	–^	–^
Yu Lihong (Independent Non-Executive Director[5])	–^	–^	–^	–^	–^
Lau Yan Wai (Independent Non-Executive Director)	–^	–^	–^	–^	–^
Koh Mia Seng (Non-Executive Director)	–^	–^	–^	–^	–^

* 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. Liew Nyok Wah was re-designated from his previous role as Executive Director to Non-Executive Director with effect from 5 August 2022 and retired as Non-Executive Director upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023. His employment service with the Company had ceased with effect from 4 February 2023 pursuant to the notice of termination dated 5 August 2022.
2 Mr. Neo Gim Kiong was the Chief Executive Officer of the Company. His employment service had been terminated and was placed on garden leave since 5 August 2022. His last day of employment with the Company was 4 February 2023.
3 Mr. Yap Meng Sing was appointed as Executive Chairman and Chief Executive Officer with effect from 5 August 2022.
4 Mr. Chim Suan Kit Mark, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retired as Independent Non-Executive Director, and member of Audit, Remuneration and Nominating Committees. He was considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.
5 Mdm. Yu Lihong, upon conclusion of the FY2021 Annual General Meeting held on 13 January 2023, retired 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 was considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

CORPORATE GOVERNANCE REPORT

(b) Remuneration of top four (4) Key Management Personnel in FY2022

Name of Top 4 Key Management Personnel	Salary* (%)	Bonus* (%)	Allowance and other benefits (%)	Total (%)
S$250,000 to S$500,000				
Foo Say Kit (Managing Director, Malaysia and Indonesia)	61	26	13	100
Below S$250,000				
Queenie Foo Quek Cheng (Chief Financial Officer[1])	96	–	4	100
Pua Kai Chek (General Manager, Malaysia)	62	28	10	100
Lim Soon Wah (Director, Indonesia)	70	30	–	100

* The salary and bonus amounts shown are inclusive of CPF.
1 Ms. Queenie Foo Quek Cheng was appointed as the Chief Financial Officer of the Company with effect from 1 September 2022.

No stock options were granted in FY2022 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 FY2022

Name of Substantial Shareholders	Salary* (%)	Bonus* (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
Below S$100,000					
Yap Meng Sing (Executive Director[1])	91	–	–	9	100

* The salary and bonus amounts shown are inclusive of CPF.
1 Mr. Yap Meng Sing was appointed as Executive Chairman and Chief Executive Officer with effect from 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 FY2022.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended September 30, 2022.

The Company and its subsidiary, SMC Industrial Pte. Ltd. ("SMCI") have been placed under judicial management since May 10, 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 August 17, 2022.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 67 to 147 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at September 30, 2022, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Yap Meng Sing (Appointed on August 5, 2022)
Limjoco Ross Yu (Appointed on August 5, 2022)
Tay Boon Zhuan (Appointed on August 5, 2022)
Koh Mia Seng
Lau Yan Wai

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act 1967 (the "Act") except as follows:

DIRECTORS' STATEMENT

Name of directors and Company in which interests are held	Shareholdings registered in name of director: At beginning of year	Shareholdings registered in name of director: At end of year	Shareholdings in which directors are deemed to have an interest: At beginning of year	Shareholdings in which directors are deemed to have an interest: At end of year
Ordinary shares				
Yap Meng Sing	5,950,000	5,950,000	-	1,750,000,000
Koh Mia Seng	369,109,046	369,109,046	-	-
Liew Nyok Wah (Retired on January 13, 2023)	62,000,000	62,000,000	-	-
Chim Suan Kit Mark (Retired on January 13, 2023)	550,000	550,000	-	-
Yu Lihong (Retired on January 13, 2023)	6,000,000	6,000,000	-	-

By virtue of Section 7 of the Act, Mr. Yap Meng Sing is deemed to have an interest in all the related corporations of the Company.

Mr. Yap Meng Sing was appointed as the Director on August 5, 2022. He was a shareholder of the Company at October 1, 2021.

The directors' interests in the shares and options of the Company at October 21, 2022 were the same at September 30, 2022.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Mr. Limjoco Ross Yu, an independent director, and includes Mr. Tay Boon Zhuan, an independent Director and Mr. Lau Yan Wai, an independent director. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) The audit plans and results of the internal auditor's 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 audit plans of the external auditors;

d) The financial statements 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;

e) The quarterly, half-yearly and annual announcements as well as related press releases on the results and financial position of the Company and the Group;

f) The co-operation and assistance given by management to the Group's external auditors; and

g) The re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has 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 external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of directors

Yap Meng Sing Limjoco Ross Yu

30 August 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEN YUE HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Sen Yue Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at September 30, 2022, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 147.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at September 30, 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Qualified Opinion

As described in the Other Matter section of our report, the financial statements of the Group and the Company for the financial year ended September 30, 2021 were audited by another auditor (the "predecessor auditor") who expressed a disclaimer of opinion on those financial statements. During the current year ended September 30, 2022, management has taken steps to address some of those matters as disclosed in Note 2 to the financial statements. Our opinion on the current year's financial statements is qualified on the following matters:

(a) <u>Impairment Assessment of Property, Plant and Equipment ("PPE") and Right-Of-Use Assets ("ROU") of SMC Industrial Pte. Ltd. ("SMCI")</u>

In the prior year ended September 30, 2021, the Group had PPE and ROU amounting to $6,728,000 and $1,667,000 respectively which were attributable to one of the Group's subsidiaries, SMCI, as a single cash-generating unit ("CGU"). As management did not perform an impairment assessment to estimate the recoverable amount of SMCI as one CGU as at September 30, 2021 in accordance with the requirements of SFRS(I) 1-36 *Impairment of Assets*, the predecessor auditor's opinion was modified accordingly.

During the current year, management has performed an impairment assessment in accordance with the requirements of SFRS(I) 1-36 *Impairment of Assets* where indicators of reversal of impairment were identified. Management determined that the net carrying amount of PPE and ROU to be $5,008,000 and $2,211,000 as at September 30, 2022, which included a reversal of impairment losses of $326,000 and $667,000 respectively for PPE and ROU related to SMCI.

As we were unable to obtain sufficient appropriate audit evidence on the opening balances of PPE and ROU as described above, we were also unable to determine whether adjustments to the current year's consolidated profit or loss and opening retained earnings of the Group might be necessary in respect of the reversal of impairment losses recognised during the current year.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEN YUE HOLDINGS LIMITED

(b) Impairment Assessment of the Company's Investment in Subsidiaries

In the prior year ended September 30, 2021, the carrying amount of the Company's investment in subsidiaries was $8,887,000, net of impairment allowance of $22,999,000. As management did not provide a complete assessment of the recoverable amounts as at September 30, 2021 in accordance with the requirements of SFRS(I) 1-36 *Impairment of Assets*, the predecessor auditor's opinion was modified accordingly.

During the current year, management has performed an impairment assessment in accordance with the requirements of SFRS(I) 1-36 *Impairment of Assets* and determined that the net carrying amount of the Company's investment in subsidiaries to be $9,463,000 as at September 30, 2022 which included a reversal of impairment loss of $576,000.

As we were unable to obtain sufficient appropriate audit evidence on the opening balance of investment in subsidiaries as described above, we were also unable to determine whether adjustments to the opening retained earnings of the Company might be necessary in respect of the reversal of impairment loss recognised during the current year.

(c) Possible impact on comparability of current year and corresponding figures of revenue and cost of sales

As disclosed in Note 2 to the financial statements, for the prior year ended September 30, 2021, the predecessor auditor's opinion was modified on certain revenue and cost of sales recorded by two subsidiaries of the Group.

Our opinion on the financial statements for current year ended September 30, 2022 is qualified because of the possible effects of this matter on the comparability of the current year figures with the corresponding prior year figures.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements of the Group and the Company for the year ended September 30, 2021 were audited by another auditor who expressed a disclaimer of opinion on those financial statements on December 28, 2022. The basis for disclaimer of opinion and the steps taken by management to address some of those matters during the current year are disclosed in Note 2 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEN YUE HOLDINGS LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence on the impairment assessment of PPE and ROU as at October 1, 2021, the impairment assessment of the Company's investment in subsidiaries as at October 1, 2021 and comparability of current year figures with the corresponding prior year figures of revenue and cost of sales. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEN YUE HOLDINGS LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis of Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How the matter was addressed in the audit
Going concern assumption The Group has reported net profit of $15,926,000 for the year ended September 30, 2022, net assets of $19,289,000 and net current liabilities of $741,000 as at September 30, 2022. Included in net current liabilities are trade and other payables amounted to $9,385,000 and loans and borrowings amounted to $2,155,000 that will be discharged and extinguished upon making the second tranche of payment to creditors. The scheme of arrangements ("Schemes") of the Company and SMCI were approved by the creditors on July 15, 2022 and came into effect on August 2, 2022 and the judicial management orders placed on the Company and SMCI were discharged on August 17, 2022. Under the Schemes, the Group has repaid the first tranche of $6,733,000 during the year. As at September 30, 2022, the Group have outstanding second tranche payment of $6,588,000 owing to creditors under the Schemes which will fall due within 14 days after the resumption of trading of the Company's securities on Singapore Exchange Securities Trading Limited. As at the date of authorisation of the financial statements, the Board of Directors has approved the early payment of the second tranche under the Schemes by September 30, 2023. Based on the Group's cash flows forecast up to September 2024 drawn up by management, the Board of Directors has concluded the Group will have sufficient financial resources to meet its obligation to its creditors under the Schemes and enable the Group to continue as a going concern for at least the next 12 months up to September 2024, and that there is no material uncertainty regarding the Group's ability to continue as going concern. Management's going concern assessment are set out in Note 4 to the financial statements.	Our audit procedures included the following: • obtaining management's cash flows forecast for at least the next 12 months from the date of authorisation of the financial statements and understanding of management's key assumptions underlying the cash flow forecast; • assessing the appropriateness of the key assumptions used in the forecast, including performing various stress tests; and • checking that the outstanding debts under the Schemes have been included in the forecast based on management's estimated timing of repayment by September 30, 2023. Based on our procedures, we noted that the Group's cash flows forecast, including further stress tests where appropriate, supported the Group's going concern assessment. We have also reviewed the adequacy and appropriateness of the related disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEN YUE HOLDINGS LIMITED

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 Act and SFRS(I)s, 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEN YUE HOLDINGS LIMITED

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matters referred to in the Basis for Qualified Opinion section of our report, the accounting and other records required by the Act to be kept by the Company and by 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 Tay Hwee Ling.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

August 30, 2023

STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022

		Group			Company	
	Note	September 30, 2022	September 30, 2021	October 1, 2020	September 30, 2022	September 30, 2021
		$'000	$'000 (Restated)	$'000 (Restated)	$'000	$'000
ASSETS						
Current assets						
Cash and bank balances	7	11,299	16,540	7,321	827	125
Trade and other receivables	8	10,876	7,203	8,857	3,896	10
Financial assets at fair value through profit or loss	13	-	4,226	-	-	-
Inventories	9	9,099	2,219	9,028	-	-
Total current assets		31,274	30,188	25,206	4,723	135
Non-current assets						
Property, plant and equipment	10	14,997	16,355	17,115	-	-
Right-of-use assets	11	2,293	1,776	2,487	-	-
Subsidiaries	12	-	-	-	9,463	8,887
Other receivables	8	39	49	406	-	-
Financial assets at fair value through profit or loss		-	-	4,157	-	-
Deferred tax assets	17	5,461	-	-	-	-
Total non-current assets		22,790	18,180	24,165	9,463	8,887
Total assets		54,064	48,368	49,371	14,186	9,022
LIABILITIES AND EQUITY						
Current liabilities						
Bank overdrafts, loan and trade bills	14	12,596	21,153	27,104	426	571
Financial guarantee liabilities	28	-	-	-	3,231	4,308
Trade and other payables	15	18,882	25,584	19,283	5,872	6,032
Lease liabilities	16	478	491	736	-	-
Derivative financial instruments		-	-	46	-	-
Income tax payable		59	198	79	-	-
Total current liabilities		32,015	47,426	47,248	9,529	10,911
Non-current liabilities						
Bank overdrafts, loan and trade bills	14	472	577	685	-	-
Other payables	15	106	113	103	-	-
Lease liabilities	16	1,812	2,118	2,703	-	-
Deferred tax liabilities	17	370	225	495	-	-
Total non-current liabilities		2,760	3,033	3,986	-	-

STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022

		Group			Company	
	Note	September 30, 2022	September 30, 2021	October 1, 2020	September 30, 2022	September 30, 2021
		$'000	$'000 (Restated)	$'000 (Restated)	$'000	$'000
Capital and reserves						
Share capital	18	53,246	46,246	46,246	53,246	46,246
Merger deficit	19	(3,454)	(3,454)	(3,454)	-	-
Translation reserve		(9,506)	(7,960)	(7,771)	-	-
Other reserve	20	2,605	2,605	2,605	-	-
Accumulated losses		(23,602)	(39,528)	(39,489)	(48,589)	(48,135)
Equity attributable to owners of the Company		19,289	(2,091)	(1,863)	4,657	(1,889)
Total liabilities and equity		54,064	48,368	49,371	14,186	9,022

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED SEPTEMBER 30, 2022

	Note	Group 2022 $'000	Group 2021 $'000 (Restated)
Revenue	21	41,041	55,548
Cost of sales		(22,986)	(42,704)
Gross profit		18,055	12,844
Other operating income	22	516	471
Distribution costs		(371)	(601)
Administrative expenses		(7,928)	(7,776)
Other gains and losses	23	3,503	(2,959)
Finance costs	24	(1,870)	(1,612)
Profit before tax		11,905	367
Income tax benefits (expense)	25	4,021	(406)
Profit (Loss) for the year	26	15,926	(39)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising on consolidation		(1,546)	(189)
Total comprehensive income (loss) for the year		14,380	(228)
Earnings (Loss) per share			
Basic and diluted (cents)	27	1.27	(0.01)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED SEPTEMBER 30, 2022

Group	Share capital $'000	Merger deficit $'000	Translation reserve $'000	Revaluation reserve $'000	Other reserve $'000	Accumulated losses $'000	Equity attributable to owners of the Company $'000
Balance at October 1, 2020							
- As previously reported	46,246	(3,454)	(7,584)	13,641	2,605	(43,536)	7,918
- Effect of change in accounting policy (Note 32)	-	-	(187)	(13,641)	-	4,047	(9,781)
Balance as at October 1, 2020 (Restated)	46,246	(3,454)	(7,771)	-	2,605	(39,489)	(1,863)
Total comprehensive loss for the year:							
Loss for the year (Restated)	-	-	-	-	-	(39)	(39)
Other comprehensive loss for the year	-	-	(189)	-	-	-	(189)
Total	-	-	(189)	-	-	(39)	(228)
Balance as at September 30, 2021 (Restated)	46,246	(3,454)	(7,960)	-	2,605	(39,528)	(2,091)
Total comprehensive profit for the year:							
Profit for the year	-	-	-	-	-	15,926	15,926
Other comprehensive loss for the year	-	-	(1,546)	-	-	-	(1,546)
Total	-	-	(1,546)	-	-	15,926	14,380
Issue of share capital (Note 18) representing transactions with owners, recognised directly in equity	7,000	-	-	-	-	-	7,000
Balance as at September 30, 2022	53,246	(3,454)	(9,506)	-	2,605	(23,602)	19,289

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED SEPTEMBER 30, 2022

Company	Share capital $'000	Accumulated losses $'000	Total $'000
Balance as at October 1, 2020	46,246	(37,622)	8,624
Loss for the year, representing total comprehensive loss for the year	-	(10,513)	(10,513)
Balance as at September 30, 2021	46,246	(48,135)	(1,889)
Loss for the year, representing total comprehensive loss for the year	-	(454)	(454)
Issuance of share capital (Note 18), representing transactions with with owners, recognised directly in equity	7,000	-	7,000
Balance as at September 30, 2022	53,246	(48,589)	4,657

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2022

	Group	
	2022	2021
	$'000	$'000 (Restated)
Operating activities		
Profit before tax	11,905	367
Adjustments for:		
Bad debts written off on other receivables	14	112
Depreciation of property, plant and equipment	1,877	2,108
Depreciation of right-of-use assets	310	446
(Reversal of) Loss allowance for trade and other receivables	(93)	1,072
(Reversal of) Fair value loss on derivative financial instruments	-	(46)
Fair value gain of financial assets at FVTPL	(103)	(83)
(Reversal of) Allowances loss on inventories	(14)	(1,732)
Reversal of impairment loss on property, plant and equipment	(326)	-
Reversal of impairment loss on right of use assets	(667)	-
Gain on disposal of plant and equipment	-	(38)
Loss on disposal of right-of-use assets	-	82
Property, plant and equipment written off	124	6
Post-employment benefits	5	7
Interest expenses	1,870	1,612
Interest income	(48)	(30)
Gain arising from debt restructuring	(1,071)	-
Effects of exchange rate changes	(2,022)	(131)
Operating cash flows before movements in working capital	11,761	3,752
Inventories	(6,828)	8,541
Trade and other receivables	(3,392)	827
Trade and other payables	(7,123)	4,856
Cash (used in) generated from operations	(5,582)	17,976
Income tax paid, net	(1,085)	(719)
Net cash (used in) generated from operating activities	(6,667)	17,257
Investing activities		
Interest received	48	30
Proceeds from disposal of property, plant and equipment	-	142
Proceeds from disposal of right-of-use assets	-	91
Purchase of property, plant and equipment	(551)	(1,363)
Net cash used in investing activities	(503)	(1,100)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2022

	Group	
	2022	2021
	$'000	$'000
		(Restated)
Financing activities		
Interest paid	(32)	(167)
Repayment of bank borrowings	(1,535)	(1,063)
Principal payment of lease liabilities	(505)	(742)
Decrease in pledged deposits with financial institutions	-	3,021
Trade bills	(3,231)	(4,726)
Net proceeds from issuance of new shares	7,000	-
Net cash generated from (used in) financing activities	1,697	(3,677)
Net (decrease) increase in cash and cash equivalents	(5,473)	12,480
Cash and cash equivalents at the beginning of the year	16,360	3,862
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	374	18
Cash and cash equivalents at the end of the year	11,261	16,360

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

1 GENERAL

The Company (Registration No. 200105909M) is incorporated in Singapore with its principal place of business and registered office at 3 Jalan Pesawat, Singapore 619361. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX"). The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 12.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended September 30, 2022 were authorised for issue by the Board of directors on August 30, 2023.

2 SIGNIFICANT MATTERS

The financial statements of the Group and the Company for the year ended September 30, 2021 were audited by another auditor who expressed a disclaimer of opinion on those financial statements on December 28, 2022. The basis for disclaimer of opinion (extracted from the predecessor auditor's report) and the steps taken by management to address some of those matters during the current year, are described below:

(i) 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."

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

(ii) 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.

b) 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.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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."

Update by management in FY2022:

During the current year, the Company and its subsidiary, SMC Industrial Pte. Ltd. ("SMCI") were largely controlled by Judicial Managers ("JMs") and the Group did not conduct any such sale/ purchases with identified related entities. As at September 30, 2021, out of $37,926,000 of SMCI's trade receivables from third parties, management has provided $37,307,000 of expected credit loss provision. The provision of receivables pertained to those Identified Entities. Based on the Schemes (Note 31 (a)(i)), the beneficial interests of these receivables have been assigned to settle the creditors and accordingly, were fully written-off in current year, as disclosed in Note 8. Trade receivables from opening balance that were not written off had been fully collected in current year. Liabilities arising from prior year amounted to $22,624,000 were reviewed and admitted by the JMs. Under the Schemes, the Group has repaid the first tranche of $6,733,000 during the year (Note 31(a)(i)). As at the date of authorisation of the financial statements, the Board of Directors has approved the early payment of the second tranche under the Schemes by September 30, 2023.

(iii) 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."

Update by management in FY2022:

Management has obtained an external independent legal opinion. Taking into consideration of the legal opinion, management understand that (i) it is unlikely that the Board of Directors were acting in an intentional or reckless manner in the failure to notify the SGX of any of the suspected interested person transactions ("IPT"). Consequently, no criminal liability for a contravention of section 203 of the Securities and Futures Act will be attributed to the Company; (ii) in the present case, it is arguable that the former executive chairman had been acting in his personal capacity at all material times. In this respect, the Company should not be held liable for the former executive chairman's conduct; (iii) the possible financial penalties that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of the Company.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

The CAD's investigation is still on-going at the date of authorisation of the financial statements. Based on the review of the legal opinion, management has assessed that it is premature to ascertain such financial liabilities will crystallise and to measure the quantum with sufficient reliability, if any. To the extent that it is uncertain whether such liabilities would be made out, it is appropriate to disclose the liabilities as contingent liabilities as at September 30, 2022 and no further adjustments are necessary to the prior year financial statements ended September 30, 2021.

(iv) 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."

Update by management in FY2022:

As of the date of authorisation of the financial statements, management has obtained an acknowledgement letter signed by SMCI and the JV Partners, who acknowledged and confirmed that i) the conditions precedents in the JV agreement dated October 7, 2019 ("JVA") were not fulfilled or waived by the JV Partners by January 31, 2020 and hence, the JVA had ceased; and ii) none of the JV Partners have any claim against each other and there had been no antecedent breaches of the terms of the JVA as well.

The Group does not intend to continue the construction of the Smelter. Accordingly, the construction costs incurred by SMCI which were expensed into profit or loss in earlier periods, was appropriately expensed rather than capitalised for both 2021 and 2022. The management has also assessed, by taking into consideration of legal opinion obtained, that neither the Company or SMCI is exposed to any claims from JV Partners arising from the JVA. Accordingly, no further adjustments are necessary to the prior year financial statements ended September 30, 2021.

(v) 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.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 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."

<u>Update by management in FY2022:</u>

A full physical stock count was conducted on September 30, 2022 by management to validate the physical quantities, and management also reviewed the inventory allowance and inventory cost overhead allocation. Management also noted that subsequent sales of the products were all higher than the cost price. The current auditors attended the stock take on June 1, 2023. Management was able to extract the stock movement from the inventory system to perform roll-backward procedures to September 30, 2021 by referring to a complete set of supporting documentation. Accordingly, no further adjustments except for costs of inventories conversion (see Note 32) are necessary to the prior year financial statements ended September 30, 2021.

(vi) 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."

<u>Update by management in FY2022:</u>

Management re-assessed the group accounting policy of valuation of building and land. Considering that the Group's building and land are used for production purpose solely, rather than investment purpose, management decided to voluntarily elect to change its accounting policy from revaluation model to cost model (Note 32). With retrospective application of change in accounting policy, valuation of all buildings and land as at September 30, 2021 are thus restated. Difference in valuation is reversed from revaluation reserve, resulting in restatement of $4,850,000 to the opening retained earnings as at September 30, 2021. Consequently, prior year financial statements are adjusted accordingly.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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.

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."

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

(vii) Going concern assumptions

"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.

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."

<u>Update by management in FY2022:</u>

During the current year, management has assessed that the going concern assumption is appropriate and there is no material uncertainty regarding the Group's ability to continue as a going concern. Management's going concern assessment are set out in Note 4 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value-in-use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

c) Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On October 1, 2021, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

New and revised SFRS(I) Standards ("SFRS(I)s") in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised SFRS(I)s that have been issued but are not yet effective:

SFRS(I) 17 (including amendments to SFRS(I) 17)	*Insurance Contracts*[1]
Amendments to SFRS(I) 10 and SFRS(I) 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-Current*[2]
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to SFRS(I) 1-8	*Definition of Accounting Estimates*[1]
Amendments to SFRS(I) 1-12	*Deferred Tax related to Assets and Liabilities arising from a Single Transation*[1]
Amendments to SFRS(I) 1-1	*Non-current Liabilities with Covenants*[2]
Amendments to SFRS(I) 16	*Lease Liability in a Sale and Leaseback*[2]

[1] Effective for annual periods beginning on or after January 1, 2023, with early application permitted.

[2] Effective for annual periods beginning on or after January 1, 2024, with early application permitted.

[3] Effective date is deferred indefinitely.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

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.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, the results of subsidiaries acquired or disposed of during the year are included in profit or loss 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.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount 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 the owners of the Company.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss 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), less 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 required/permitted by applicable SFRS(I) Accounting Standards). 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 *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

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.

BUSINESS COMBINATIONS - Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

When the consideration transferred by the group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the 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. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value 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.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and

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- Assets (or disposal Groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

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Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently 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

- 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 assets:

- 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 reduced 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.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost 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. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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 assets, 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 assets. 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 and is included in the 'other operating income' line item.

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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 Company designates an equity investment tht 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 reduced 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 debts 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 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 gains and losses" line item (Note 23). Fair value is determined in the manner described in Note 5(c)(v).

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 the "other gains and losses" line item; 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 gains and losses" line item.

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. 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, contract assets, other receivables and cash and bank balances. 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.

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For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if 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.

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:

- the financial instrument has a low risk of default,
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

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- 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 the asset has external credit rating of ‘investment grade’ in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of ‘performing’. Performing means that the counterparty has a strong financial position and there are no past due amounts.

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.

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.

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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.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

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.

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.

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Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when 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

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 (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) 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.

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Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts liabilities 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 recognised initially less, where appropriate, cumulative amortisation 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 in the "other gains and losses" line item 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.

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.

Leases

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.

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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.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- 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 consolidated 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 an unchanged 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 based on the lease term of the modified lease 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.

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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 right-of-use 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 consolidated statement of financial position.

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. The group has not used this practical expedient.

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.

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 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.

Cash and Cash Equivalents

In the statement of financial position, cash and bank balances comprise cash (i.e. cash in hand, and on-demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

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Property, Plant and Equipment

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less impairment losses. Buildings and leasehold land are subsequently carried at cost less depreciation and impairment losses.

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.

Right-of-use assets are depreciated over the shorter period of the lease term and the 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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.

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Recoverable amount is the higher of fair value less costs of disposal 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 and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

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.

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 the effect of the time value of money is material).

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.

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 re ceived.

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.

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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.

Sales 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 a point in 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 to other customers 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.

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.

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group’s obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee Leave Entitlement

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

NOTES TO FINANCIAL STATEMENTS

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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 before taxation" as reported in the consolidated 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 never taxable or 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 subsidiaries operate by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable 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, and is accounted for using the liability method. 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 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 and associates, and interests in joint ventures, 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.

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 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 leived to the same taxable authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO FINANCIAL STATEMENTS

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Foreign Currency Transactions and Translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the priod. Exchange differences arising on the retranslation non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities (including comparatives) of the Group's operations with functional currency other than Singapore dollars are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreisng currency translation reserve. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in Note 3, management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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.

NOTES TO FINANCIAL STATEMENTS

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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.

Critical judgements in applying the Group's accounting policies

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

(a) <u>Accounting for debt settlement arising from the schemes of arrangements (the "Schemes")</u>

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 March 31, 2021 ("Ascertainment date"). Pursuant to the Schemes, claims from creditors that did not submit the proof of debt before June 3, 2022 shall be forever waived, released, discharged and extinguished. Consequently, trade and other payables amounted to $1,071,000 is discharged and recognised as gain arising from debt restructuring during the year (Note 23).

On July 15, 2022, the JMs and the creditors have unanimously approved the Schemes for both the Company and SMCI, where on and from the effective scheme date:

1) All creditors shall irrevocably discharge the Company and SMCI from all claims other than the claims admitted by the JMs ("Approved claims");

2) All Approved claims that are not guaranteed shall be subject to a 50% reduction in value and guaranteed Approved claims shall be subject to a 25% reduction in value ("Debt Release"); and

3) All creditors waive all interest, default interest, fee, commissions, penalties, etc in respect of claims after the Ascertainment date.

Subsequently, both the Company and SMCI was discharged from judicial management order on August 17, 2022. The Group has repaid the first tranche of $6,733,000 during the year under the Schemes, and the second and final tranche of $6,588,000 will fall due 14 days after the resumption of trading of the Company's securities on SGX. The Schemes will end upon full settlement of first and second tranches of cash payments to creditors (Note 31(a)(i)).

The above Schemes may be terminated in the event that the Group fail to comply or default on the terms under the Schemes including, amongst others, the payment of final tranche. Upon termination of Schemes, the terms and obligations under the Schemes shall lapse and rights of creditors existing prior to the effective scheme date shall not be affected, save for those creditors who did not submit proof of debts. Hence, trade and other payables amounted to $9,385,000 (Note 15) and loans and borrowings amounted to $2,155,000 (Note 14) as at September 30, 2022, representing the Debt Release under the Schemes, will only be derecognised as liabilities and recognised as gain on debt settlements when it is extinguished upon making the second tranche of payment to creditors.

NOTES TO FINANCIAL STATEMENTS

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(b) Going concern assumption

The Group has reported net profit of $15,926,000 for the year ended September 30, 2022, net assets of $19,289,000 and net current liabilities of $741,000 as at September 30, 2022. Included in net current liabilities are trade and other payables amounted to $9,385,000 (Note 15) and loans and borrowings amounted to $2,155,000 (Note 14) that will be discharged and extinguished upon making the second tranche of payment to creditors. As at the date of authorisation of the financial statements, the Board of Directors has approved the early payment by September 30, 2023 (Note 31 (b)).

Based on the Group's cash flows forecast up to September 2024 drawn up by management, the Board of Directors has concluded the Group will have sufficient financial resources to meet its obligation to its creditors under the Schemes and enable the Group to continue as a going concern for at least the next twelve months up to September 2024. There is no material uncertainty regarding the Group's ability to continue as going concern, taking into consideration the following:

a) The Group will be able to continue to generate positive operating cash flows to meet its day-to-day expenditure and monthly instalment pursuant to Restructured Facility Agreement (Note 31(a)(ii));

b) Management has set aside sufficient fund, informed the JMs of early repayment of seccond tranche to the creditors and the board of directors has approved such payment by September 30, 2023 on August 30, 2023;

c) SMCI has set up a new production line to enhance monthly production capacity given there is expanding market demand on lithium-ion battery recycling. Majority of the capital expenditure has been paid for and it is currently undergoing test run; and

d) Management is looking for various business alternatives to broaden its customer base to penetrate new market and to enhance the profitability of the Group.

Key sources of estimation uncertainty

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 8.

NOTES TO FINANCIAL STATEMENTS

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

The Group assess annually whether property, 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 of disposal 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 assessment of the time value of money and the risks specific to the asset. During the financial year, management has determined that the recoverable amount of property, plant and equipment, and right-of-use assets based on value-in-use is higher than its carrying amount and accordingly, reversal of impairment loss has been recognised for property, plant and equipment, and right-of-use assets respectively. The value-in-use computation involves estimations relating to projected future cash flows, including future market conditions and the Group's on-going operations, such as revenue growth rates, gross profit margins and a pre-tax discount rate of 19.46%. Any change in such projections and estimates can result in changes to the impairment loss in future periods. The carrying amounts of property, plant and equipment, and right-of-use assets at the end of the reporting period are disclosed in Notes 10 and 11.

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 costs of disposal 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 higher than its carrying amount and accordingly, a reversal of impairment loss of $576,000 (2021: impairment loss of $3,354,000) has been recognised. The carrying amount of investment in subsidiaries is disclosed in Note 12.

NOTES TO FINANCIAL STATEMENTS

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5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Carrying amount		
	Amortised cost	Fair value through profit or loss	Total
	$'000	$'000	$'000
<u>**Group**</u>			
September 30, 2022			
Financial assets			
Cash and bank balances	11,299	-	11,299
Trade and other receivables	5,157	-	5,157
	16,456	-	16,456
Financial liabilities			
Loans and borrowings*	13,068	-	13,068
Lease liabilities	2,290	-	2,290
Trade and other payables*	18,988	-	18,988
	34,346	-	34,346
September 30, 2021 (Restated)			
Financial assets			
Cash and bank balances	16,540	-	16,540
Trade and other receivables	6,891	-	6,891
Financial assets at fair value through profit or loss	-	4,226	4,226
	23,431	4,226	27,657
Financial liabilities			
Loans and borrowings	21,730	-	21,730
Lease liabilities	2,609	-	2,609
Trade and other payables	25,697	-	25,697
	50,036	-	50,036

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* : Included in the Group's trade and other payables amounted to $9,385,000 (Note 15) and loans and borrowings amounted to $2,155,000 (Note 14) as at September 30, 2022, representing Debt Release pursuant to the Schemes, which will only be derecognised when it is extinguished upon making the second tranche of payment to creditors (Note 4 (a)).

	Carrying amount
	Amortised cost
	$'000
Company	
September 30, 2022	
Financial assets	
Cash and bank balances	827
Trade and other receivables	3,894
	4,721
Financial liabilities	
Loans and borrowings	426
Trade and other payables	5,872
Financial guarantee liabilities	3,231
	9,529
September 30, 2021	
Financial assets	
Cash and bank balances	125
Financial liabilities	
Loans and borrowings	571
Trade and other payables	6,032
Financial guarantee liabilities	4,308
	10,911

(b) 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.

(c) Financial risk management policies and objectives

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.

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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) Foreign exchange risk management

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.

The Company has a number of investments in subsidiaries whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debts as a hedging instruments 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 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 currency at the end of the reporting period are as follows:

	Assets		Liabilities	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	$'000	$'000 (Restated)	$'000	$'000 (Restated)
Group				
Singapore dollar	912	191	24,138	31
United States dollar	2,853	14,460	22	24,558
Company				
Malaysian ringgit	-	-	4,277	4,459

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the functional currency of each group entity against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates.

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The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where functional currency of each group entity strengthens 10% against the relevant foreign currency. For a 10% weakening of functional currency of each group entity against the relevant foreign currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Group		Company	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	$'000	$'000 (Restated)	$'000	$'000 (Restated)
Singapore dollar	(2,533)	16	-	-
United States dollar	283	(1,010)	-	-
Malaysian ringgit	-	-	(428)	(446)

ii) Interest rate risk management

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 analysis

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.

No sensitivity analysis on interest rate risk is presented for the Group and the Company as the management consider the sensitivity on interest rate risk on bank balances and variable-rate bank borrowings is insignificant.

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iii) Credit risk management

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 September 30, 2022, 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.

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:

NOTES TO FINANCIAL STATEMENTS

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	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
September 30, 2022						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	4,789	-	4,789
Trade receivables	8	In default	Lifetime ECL	61	(61)	-
Other receivables	8	In default	Lifetime ECL	1,273	(1,273)	-
Other receivables	8	Performing	12-month ECL	368	-	368
September 30, 2021						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	6,414	-	6,414
Trade receivables	8	In default	Lifetime ECL	37,573	(37,573)	-
Other receivables	8	In default	Lifetime ECL	1,286	(1,286)	-
Other receivables	8	Performing	12-month ECL	477	-	477
Company						
September 30, 2022						
Other receivables	8	In default	Lifetime ECL	16,189	(16,189)	-
Other receivables	8	Performing	12-month ECL	3,894	-	3,894
September 30, 2021						
Other receivables	8	In default	Lifetime ECL	17,029	(17,029)	-

(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 8 includes further details on the loss allowance for these assets.

As at September 30, 2021, 54.5% of net trade receivables for the Group related to amounts due from 2 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. There is no concentration of credit risk in current year.

The maximum amount the Company could be forced to settle under the financial guarantee contract in Note 28, if the full guaranteed amount is claimed by the counterparty to the guarantee is $13,752,000 (2021: $21,277,000). 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 28).

NOTES TO FINANCIAL STATEMENTS

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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.

The Group places its cash with reputable financial institutions.

iv) Liquidity risk management

Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due. The Group's strategy to manage liquidity risk is to ensure that the Group has sufficient funds to meet all its potential liabilities as they fall due. Management believes that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future as set out in Note 4(b) to the financial statements.

Liquidity and interest risk analyses

Non-derivative financial liabilities

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.

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	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
	%	$'000	$'000	$'000	$'000	$'000
Group						
September 30, 2022						
Non-interest bearing liabilities*	-	18,882	106	-	-	18,988
Lease liabilities (fixed rate)	2.41	489	1,743	112	(54)	2,290
Trade bills* (variable rate)	**	5,386	-	-	-	5,386
Loan and overdraft (variable rate)	1.91	7,341	312	176	(147)	7,682
		32,098	2,161	288	(201)	34,346
September 30, 2021 (Restated)						
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
		48,590	1,756	527	(837)	50,036

* : Included in the Group's non-interest bearing liabilities amounted to $9,385,000 (Note 15) and trade bills amounted to $2,155,000 (Note 14) as at September 30, 2022, represents Debt Release pursuant to the Schemes, which will only be derecognised when it is extinguished upon making the second tranche of payment to creditors (Note 4 (a)).

**: Interest for trade bills is waived under the Schemes.

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	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
	%	$'000	$'000	$'000	$'000	$'000
Company						
September 30, 2022						
Non-interest bearing liabilities	-	5,872	-	-	-	5,872
Loan and overdraft (variable rate)	4.67	446	-	-	(20)	426
Financial guarantee liabilities	-	3,231	-	-	-	3,231
		9,549	-	-	(20)	9,529
September 30, 2021						
Non-interest bearing liabilities	-	6,032	-	-	-	6,032
Loan and overdraft (variable rate)	4.58	597	-	-	(26)	571
Financial guarantee liabilities	-	4,308	-	-	-	4,308
		10,937	-	-	(26)	10,911

Non-derivative financial assets

Except for other receivables and financial assets at FVTPL as disclosed in Notes 8 and 13, substantially all financial assets of the Group and Company are repayable on demand or due within one year.

v) Fair value of financial assets and financial liabilities

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).

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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	
				September 30, 2022	September 30, 2021
				$'000	$'000
Level 2	Statement from the respective insurers on the cash surrender value as at reporting date	NA	NA	-	4,226

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.

(d) Capital 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.

During the financial year ended September 30, 2022, one of the Group's subsidiary, SMCI has entered into a restructured facility agreement whereby there was recallable on demand cause by the lender at its sole discretion. Consequentially, the borrowing of $6,687,000 as at September 30, 2022 was classified as current liabilities.

In 2021, 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 $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 covenants as required in the contract for the credit

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line of $39,000,000. Consequently, the secured borrowings of $2,051,000 was classified as current liabilities. As of the financial year ended September 30, 2021, the bank had frozen the credit line of $39,000,000.

During the financial year ended September 30, 2021, two of the Group's 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 May 10, 2021 and the judicial management orders have been discharged on August 17, 2022 after the Schemes have come into effect on August 2, 2022. Letter of demand received by SMCIR has been amicably resolved subsequently. Please refer to Note 31(a)(ii) for the details during the year.

6 HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

Subsequent to the share placement exercise in August 2022, the immediate and ultimate holding company of the Company is Electroloy Metal Pte Ltd, incorporated in the Singapore. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between the Company and its subsidiaries, which are the related companies of the Group, have been eliminated on consolidation and are not disclosed in this note.

Some of the Group's and Company'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.

There are no significant related party transactions during the financial year.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	September 30, 2022	September 30, 2021
	$'000	$'000
Short term benefits	1,096	1,114
Post-employment benefits	44	51
	1,140	1,165

The remuneration of directors and key management is determined by the remuneration committee having regards to the performance of individuals and market trends.

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7 CASH AND BANK BALANCES

	Group		Company	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	$'000	$'000	$'000	$'000
Cash at bank and in hand	10,756	16,010	827	125
Fixed deposits	543	530	-	-
Cash and bank balances in statements of financial position	11,299	16,540	827	125
Fixed deposits pledged with financial institutions	(38)	(39)	-	-
Bank overdrafts (Note 14)	-	(141)	-	-
Cash and cash equivalent in consolidated statement of cash flows	11,261	16,360	827	125

Fixed deposits with financial institutions amounting to approximately $38,000 (2021: $39,000) have been pledged to financial institutions for banking facilities granted to the Group (Note 14).

Fixed deposits bear interest at rate ranging from 1.5% to 2.6% (2021: 1.5% to 1.85%) per annum and for a tenure of approximately 180 days to 365 days (2021: 30 days to 365 days).

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	$'000	$'000	$'000	$'000
Current				
Trade receivables from third parties	4,850	43,987	-	-
Other receivables and deposits	1,602	1,714	-	-
Amounts due from subsidiaries [(i)]	-	-	6,717	2,960
Loss allowance:				
- Trade	(61)	(37,573)	-	-
- Non-trade	(1,273)	(1,286)	(2,823)	(2,960)
	5,118	6,842	3,894	-
Prepayments	312	113	2	10
Tax/GST recoverables	514	248	-	-
Advances to suppliers	4,932	-	-	-
	10,876	7,203	3,896	10

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	Group		Company	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	$'000	$'000	$'000	$'000
Non-current				
Deposits	39	49	-	-
Loan to subsidiaries [(ii)]	-	-	13,366	14,069
Loss allowance – non-trade	-	-	(13,366)	(14,069)
	39	49	-	-
Total	10,915	7,252	3,896	10

As at October 1, 2020, trade receivables from contracts with customers amounted to $7,408,000 (net of loss allowance of $36,587,000).

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

(ii) Loans to subsidiaries are unsecured and interest-free. The settlement of the loans is neither planned nor likely to occur in the foreseeable future.

Trade receivables

The average credit period on sale of goods is 7 to 180 days (2021: 7 to 180 days). No interest is charged on outstanding trade receivables that are beyond the credit timeframe.

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. Trade receivables are written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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

	Lifetime ECL - credit-impaired	
	September 30, 2022	September 30, 2021
	$'000	$'000
At beginning of the year	37,573	36,587
Recognised profit or loss during the year	(93)	1,072
Written off against allowance	(37,595)	(91)
Exchange differences	176	5
At end of the year	61	37,573

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

	Group	
	September 30, 2022	September 30, 2021
	$'000	$'000
Not past due	2,702	2,183
Less than 1 month overdue	1,535	2,986
31 to 60 days	455	676
61 to 90 days	54	293
More than 90 days	43	276
	4,789	6,414

Included in trade receivables as at September 30, 2021 were amount due from 7 Identified Entities that were suspected to be indirectly controlled by the former executive chairman of the Company, Mr. Koh Mia Seng ("Mr. Koh") totalling $31,898,000. In addition, there was an outstanding balance from third party customer amounting to $4,979,000 which was past due and unlikely to be collectible. Full provision of allowances for expected credit loss had been provided for in 2021. No outstanding amount has been received subsequent to year end. All the above outstanding balances were included as Assigned Receivables in the Schemes (Note 31(a)(i)).

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 $1,273,000 (2021: $1,286,000) 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.

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

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	Group		Company	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	$'000	$'000	$'000	$'000
As at beginning of the year	1,286	1,248	2,960	2,976
Amounts written off	-	(112)	(137)	-
Recognised in profit or loss during the year	-	112	-	(16)
Exchange differences	(13)	38	-	-
As at end of the year	1,273	1,286	2,823	2,960

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:

	Company	
	September 30, 2022	September 30, 2021
	$'000	$'000
As at beginning of the year	14,069	12,202
(Reversed) Recognised in profit or loss during the year	(703)	1,867
As at end of the year	13,366	14,069

9 INVENTORIES

	Group	
	September 30, 2022	September 30, 2021
	$'000	$'000 (Restated)
Raw materials	1,823	685
Work-in-progress	96	166
Inventory-in-transit	1,939	-
Finished goods	5,241	1,368
	9,099	2,219

In 2022, allowance loss of $14,000 (2021: $1,732,000) had been reversed in light of overprovision of the write-downs in prior years.

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10 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Freehold buildings $'000	Leasehold land and buildings $'000	Plant and equipment $'000	Furniture, fittings and office equipment $'000	Renovation and installation $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Cost									
As at October 1, 2020									
- As previously reported at cost or valuation	5,526	3,272	16,963	10,705	1,188	937	340	57	38,988
- Effect of change in accounting policy (Note 32)	(1,418)	110	(6,240)	-	-	-	-	-	(7,548)
As restated at cost	4,108	3,382	10,723	10,705	1,188	937	340	57	31,440
Reclassification	-	-	-	(239)	9	286	-	(56)	-
Additions	-	-	-	1,261	75	11	16	-	1,363
Disposals	-	-	-	(81)	(1)	-	(336)	-	(418)
Write-off	-	-	-	(4)	-	(3)	-	-	(7)
Exchange differences	(48)	(40)	53	(23)	(4)	3	(1)	(1)	(61)
As at September 30, 2021 (Restated)	4,060	3,342	10,776	11,619	1,267	1,234	19	-	32,317
Additions	-	-	1	291	95	164	-	-	551
Write-off	-	-	-	(131)	(12)	(333)	-	-	(476)
Exchange differences	(195)	(160)	319	(165)	(19)	(5)	5	-	(220)
As at September 30, 2022	3,865	3,182	11,096	11,614	1,331	1,060	24	-	32,172

10 PROPERTY, PLANT AND EQUIPMENT

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
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation									
As at October 1, 2020									
- As previously reported at cost or valuation	-	417	121	7,017	1,018	674	190	-	9,437
- Effect of change in accounting policy (Note 32)	-	493	3,697	-	-	-	-	-	4,190
As restated	-	910	3,818	7,017	1,018	674	190	-	13,627
Depreciation	-	76	1,059	681	63	190	39	-	2,108
Disposals	-	-	-	(81)	(1)	-	(232)	-	(314)
Write-off	-	-	-	-	-	(1)	-	-	(1)
Exchange differences	-	(10)	(135)	(14)	(2)	4	(1)	-	(158)
As at September 30, 2021 (Restated)	-	976	4,742	7,603	1,078	867	(4)	-	15,262
Depreciation	-	74	906	642	58	182	15	-	1,877
Write-off	-	-	-	(76)	(9)	(267)	-	-	(352)
Exchange differences	-	(42)	164	(137)	(5)	11	5	-	(4)
As at September 30, 2022	-	1008	5,812	8,032	1,122	793	16	-	16,783

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10 PROPERTY, PLANT AND EQUIPMENT

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
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated impairment loss									
As at October 1, 2020	-	-	14	684	-	-	-	-	698
Exchange differences	-	-	-	2	-	-	-	-	2
As at September 30, 2021	-	-	14	686	-	-	-	-	700
Reversal of impairment loss	-	-	-	(326)	-	-	-	-	(326)
Exchange differences	-	-	-	18	-	-	-	-	18
As at September 30, 2022	-	-	14	378	-	-	-	-	392
Carrying amount									
As at September 30, 2022	3,865	2,174	5,270	3,204	209	267	8	-	14,997
As at September 30, 2021 (Restated)	4,060	2,366	6,020	3,330	189	367	23	-	16,355
As at October 1, 2020 (Restated)	4,108	2,472	6,891	3,004	170	263	150	57	17,115

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As at September 30, 2022, freehold land and buildings and leasehold land and building of the Group with an aggregate carrying amount $5,737,000 (2021: $6,384,000) are pledged as security to secure bank loans (Note 14).

As at September 30, 2022, the Group carried out a review of the recoverable amount of plant and equipment which resulted in the recognition of a reversal of impairment loss of $326,000. The amount of the relevant assets was determined on the basis of their value-in-use, using a pre-tax discounted rate of 19.46%. In the determining the value-in-use, the future benefits expected from the plant and equipment were considered in forecasting cash flows.

11 RIGHT-OF-USE ASSETS

Group	Leasehold land and buildings	Machinery and equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Cost				
As at October 1, 2020	3,261	1,163	574	4,998
Additions	59	-	37	96
Disposals/ derecognised	-	-	(475)	(475)
Exchange differences	(1)	-	-	(1)
As at September 30, 2021	3,319	1,163	136	4,618
Lease modification	49	-	-	49
Additions	-	-	34	34
Termination	(91)	-	(18)	(109)
Exchange differences	163	62	3	228
At September 30, 2022	3,440	1,225	155	4,820
Acccumulated depreciation				
As at October 1, 2020	417	1,054	122	1,593
Depreciation	374	35	37	446
Disposals/ derecognised	-	-	(115)	(115)
As at September 30, 2021	791	1,089	44	1,924
Depreciation	266	21	23	310
Termination	(69)	-	(9)	(78)
Exchange differences	41	60	3	104
As at September 30, 2022	1,029	1,170	61	2,260
Accumulated impairment loss				
As at September 30, 2020 and September 30, 2021	918	-	-	918
Reversal of impairment	(667)	-	-	(667)
Exchange differences	16	-	-	16
As at September 30, 2022	267	-	-	267
Net carrying amount				
As at September 30, 2022	2,144	55	94	2,293
As at September 30, 2021	1,610	74	92	1,776

NOTES TO FINANCIAL STATEMENTS

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As at September 30, 2022, the Group carried out a review of the recoverable amount of right-of-use assets which resulted in the recognition of a reversal of impairment loss of $667,000. The recoverable amount of the relevant assets was determined on the basis of their value-in-use, using a pre-tax discounted rate of 19.46%. In the determining the value-in-use, the future benefits expected from the right-of-use assets were considered in forecasting cash flows.

The Group leases a number of lands, buildings, machinery and equipment and motor vehicles. 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.

The Group has no options to purchase any of its right-of-use assets at the end of the lease term.

12 SUBSIDIARIES

	Company	
	September 30, 2022	September 30, 2021
	$'000	$'000
Unquoted equity shares, at cost	31,886	31,886
Impairment loss	(22,423)	(22,999)
Carrying amount	9,463	8,887

Loan 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. As the loans represent, in substance, a part of the company's net investment in the subsidiary, they are stated at cost less accumulated impairment loss.

Movement in the allowance for impairment:

	Company	
	September 30, 2022	September 30, 2021
	$'000	$'000
At beginning of the year	22,999	19,645
(Reversal) impairment during the year	(576)	3,354
At end of the year	22,423	22,999

The Company carried out a review of the recoverable amounts of its investment in subsidiaries that may be impaired or reversed. The review concluded that reversal of impairment loss of $576,000 (2021: impairment loss of $3,354,000) is required on the carrying amount of the investments. The recoverable amount is determined from net assets value of the individual subsidiary.

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The subsidiaries of the Company are set out below:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group		Carrying amount of investment	
			September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
			%	%	$'000	$'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.[c]	ED Coating	Malaysia	100	100	-	-
PNE Marvellous Sdn. Bhd.[c]	Property investment holding	Malaysia	100	100	1,478	902
SYH E-Waste Management Pte. Ltd.[c]	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.[c]	Metal stamping	Malaysia	100	100	-	-
SYH Resources Pte. Ltd.[a]	Trading of commodities, waste management	Singapore	100	100	-	-
PNE-Sino Pte Ltd [c]	Investment holding	Singapore	100	100	-	-*
SMC Industrial Pte Ltd [a]	Trading of commodities, waste management	Singapore	100	100	-	-
					9,463	8,887

* less than $1,000

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Name of subsidiaries	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest	
			September 30, 2022	September 30, 2021
			%	%
Held by PNE-Sino Pte Ltd				
PT. PNE Indonesia [c]	ED Coating	Indonesia	100	100
PT Le Royaume PNE [c]	Investment holding	Indonesia	100	100
Held by SMC Industrial Pte Ltd				
SMC Industrial (HK) Limited [c]	Waste management	Hong Kong	100	100
SMC Industrial (UK) Co Ltd [c][d]	Waste management	United Kingdom	100	100
SMCI Refinery Pte Ltd [c]	Waste management	Singapore	100	100

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by overseas practices of Deloitte Touche Tohmatsu Limited, for the purpose of group consolidation.

(c) Not audited for consolidation purposes as management is of the opinion that the results of the subsidiary for the year is insignificant.

(d) The entity was striked off subsequent to year end.

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	
		September 30, 2022	September 30, 2021
Metal stamping	Singapore, Malaysia	3	3
ED coating	Malaysia, Indonesia	5	5
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

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13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	September 30, 2022	September 30, 2021
	$'000	$'000
Keyman life insurance policies at fair value:		
At beginning of the year	4,226	4,157
Increase in fair value recognised in profit or loss (Note 23)	103	83
Assigned to bank under Restructured Facility Agreement (Note 31(a)(ii))	(4,328)	-
Exchange difference to profit or loss	(1)	(14)
At end of the year	-	4,226
Classified as:		
- Current assets	-	4,226

The keyman life insurance policies are pledged to a bank to secure banking facilities granted to the Group (Note 14).

The fair value of 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 cash surrender value of the abovementioned keyman life insurance policies totaled $4,226,000 as at September 30, 2021.

As disclosed in Note 31(a)(ii), 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 October 19, 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 were reclassified from non-current assets to current assets in 2021.

14 BANK OVERDRAFTS, LOANS AND TRADE BILLS

	Group		Company	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	$'000	$'000	$'000	$'000
Bank overdrafts (Note 7)	-	141	-	-
Loans	7,682	5,381	426	571
Trade bills	5,386	16,208	-	-
	13,068	21,730	426	571
Classified as:				
- Current	12,596	21,153	426	571
- Non-current	472	577	-	-
	13,068	21,730	426	571

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Included in the Group's trade bills as at September 30, 2022, are second tranche payments to the scheme creditors under the Schemes amounting to $3,231,000 (Note 31(a)(i)) and Debt Release pursuant to the Schemes amounted to $2,155,000 which will only be derecognised when it is extinguished upon making the second tranche of payment to creditors (Note 4 (a)).

During the financial year ended September 30, 2022, one of the Group's subsidiary, SMCI has entered a restructured facility agreement whereby the lender has a right of review and the loan is recallable on demand at its sole discretion. Consequently, the borrowing of $6,687,000 as at September 30, 2022 was classified as current liabilities.

The Group's term loan facilities of $7,682,000 (2021: $3,330,000), revolving credit facilities of $Nil (2021: $2,051,000), overdraft facility of $Nil (2021: $141,000), and trade facilities of $5,386,000 (2021: $16,208,000) are secured on one or more of the following:

a. Mortgage over certain freehold land and buildings of the Group (Note 10);

b. Mortgage over a leasehold land and building of a subsidiary with carrying amount of $3,887,002 (2021:$ 4,406,751) (Note 10);

c. Deposits pledged with financial institutions amounting to $38,000 (2021:$39,000) (Note 7);

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 13); and

g. Assignment of one life insurance policy insured on a former general manager of the subsidiary (Note 13).

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.

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.

			Non-cash changes						
	September 30, 2021	Financing cash flow (i)	New lease liability (Note 11)	Lease modification	Termination	Debt restructuring (Note 31(a)(ii))	Other adjustments (ii)	Foreign exchange movement	September 30, 2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loans	5,381	(1,535)	-	-	-	8,000	(4,121)	(43)	7,682
Trade bills	16,208	(3,231)	-	-	-	(8,000)	250	159	5,386
Lease liabilities (Note 16)	2,609	(505)	34	49	(31)	-	-	134	2,290

			Non-cash changes			
	October 1, 2020	Financing cash flow (i)	New lease liability (Note 11)	Disposal	Foreign exchange movement	September 30, 2021
	$'000	$'000	$'000	$'000	$'000	$'000
Loans	6,456	(1,063)	-	-	(12)	5,381
Trade bills	20,934	(4,726)	-	-	-	16,208
Lease liabilities (Note 16)	3,439	(742)	96	(187)	3	2,609

(i) The cash flows make up the net amount of proceeds from and repayments of borrowings in the consolidated statement of cash flows.
(ii) Other adjustments relate to financial assets FVTPL taken to set off against borrowings and other miscellaneous fee/expenses incurred in relation to debt restructuring.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

15 TRADE AND OTHER PAYABLES

	Group		Company	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	$'000	$'000	$'000	$'000
Current				
Third parties, trade (i)	14,392	20,693	1,116	-
Subsidiaries, non-trade (Note 12) (ii)	-	-	4,756	4,938
Accrued expenses	4,034	4,061	-	956
Other payables	456	830	-	138
	18,882	25,584	5,872	6,032
Non-current				
Other payables (iii)	106	113	-	-
Total(v)	18,988	25,697	5,872	6,032

Included in the Group's trade and other payables as at September 30, 2022, are second tranche payments to the scheme creditors under the Schemes amounting to $3,357,000 (Note 31(a)(i)) and Debt Release pursuant to the Schemes amounted to $9,385,000 which will only be derecognised when it is extinguished upon making the second tranche of payment to creditors (Note 4 (a)).

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 (2021: 30 days). No interest is charged on the outstanding balance of trade payables. Trade payables include $178,000 of amount payable to holding company for payments made on behalf of the Group in prior years.

(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 November 10, 2022 for 2022 and September 30, 2021 for 2021, respectively, using projected unit credit method.

(iv) During the financial year ended September 30, 2021, a subsidiary, SMCI received letters of demand from another five creditors amounting of $1,149,000. Another subsidiary, SMCIR received a letter of demand from creditor amounted to $111,000. The above-mentioned claims have either been admitted by JMs in the Schemes or otherwise been amicably resolved.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

16 LEASE LIABILITIES

	Group	
	September 30, 2022	September 30, 2021
	$'000	$'000
Current		
Leasehold land and buildings	397	394
Machinery and equipment	45	66
Motor vehicles	36	31
	478	491
Non-current		
Leasehold land and buildings	1,774	2,070
Machinery and equipment	38	19
Motor vehicles	-	29
	1,812	2,118
	2,290	2,609

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. There are no variable lease payment terms on all leases.

The total cash outflow for leases (including short-term leases and leases of low value assets) amount to $579,000 (2021 : $815,000).

At September 30, 2022, the Group is committed to $22,000 (2021 : $23,000) for short-term leases.

17 DEFERRED TAX ASSETS (LIABILITIES)

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for the financial reporting purpose:

	Group		
	September 30, 2022	September 30, 2021	October 1, 2020
	$'000	$'000 (Restated)	$'000 (Restated)
Deferred tax assets	5,461	-	-
Deferred tax liabilities	(370)	(225)	(495)
	5,091	(225)	(495)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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	Unutilised tax losses	Unremitted earnings of foreign operations	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000
As at October 1, 2020						
- As previously reported	(635)	(1,884)	-	-	92	(2,427)
- Effect of change in accounting policy (Note 32)	48	1,884	-	-	-	1,932
As restated	(587)	-	-	-	92	(495)
Charge (Credit) to:						
- Profit or loss (Note 25)	266	-	-	-	(2)	264
Exchange differences	8	-	-	-	(2)	6
As at September 30, 2021 (Restated)	(313)	-	-	-	88	(225)
Charge (Credit) to:						
- Profit or loss (Note 25)	(59)	-	5,222	(98)	-	5,065
Exchange differences	12	-	239	-	-	251
As at September 30, 2022	(360)	-	5,461	(98)	88	5,091

Subject to the agreement by the tax authorities in the relevant tax jurisdictions in which the Group operates and conditions imposed by law, the Group has unutilised tax losses, unutilised reinvestment allowances and unutilised capital allowances of $34,276,000, $3,336,000 and $3,898,000 (2021: $42,518,000, $3,401,000 and $3,914,000) respectively as at September 30, 2022 for offset against future profits. Deferred tax asset has been recognised in respect of $29,558,000 unutilised tax loss and $2,505,000 unutilised capital allowances in current year as it is probable that future taxable profit will be available against which the Group can utilise the benefits (2021 : No deferred tax asset has been recognised due to the unpredictability of future profit streams.)

18 SHARE CAPITAL

	Company			
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	No. of ordinary shares		$'000	$'000
	'000	'000		
Issued and fully paid				
At beginning of the year	984,280	984,280	46,246	46,246
Issue of placement shares	1,750,000	-	7,000	-
At end of the year	2,734,280	984,280	53,246	46,246

NOTES TO FINANCIAL STATEMENTS

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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.

During the financial year, an aggregate of 1,750,000,000 placement shares were allotted and issued to the subscriber at an issue price of $0.004 for each placement share, in accordance with the terms of the Subscription Agreement.

Subsequent to year end, in November 2022, an aggregate of 503,750,000 placement shares were allotted and issued to the subscription at an issue price of $0.004 for each placement share. The issued and paid-up capital of the Company was increased from $53,246,000 comprising 2,734,280,000 ordinary shares to $55,261,000 comprising 3,238,030,000 shares.

The placement shares rank *pari passu* in all respects with the then existing shares for any dividends, right, allotments or other distributions.

19 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.

20 OTHER RESERVE

The other reserve mainly represents the effects of changes in ownership interests in a subsidiary when there is no change in control.

21 REVENUE

	Group	
	2022	2021
	$'000	$'000
Timing of revenue recognition		
At a point in time:		
- Sale of goods	26,872	43,109
- Revenue from the provision of electro-deposition coating services	14,169	12,439
	41,041	55,548

NOTES TO FINANCIAL STATEMENTS

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During the year, the Group entered into the following sales transactions with following parties:

	Group	
	2022	2021
	$'000	$'000
Immediate family of controlling shareholder	-	395
Associate of former key management personnel 1	-	444
Associate of former key management personnel 2 (i)	-	768
Revenue with Identified Entities that are suspected to be indirectly controlled by Mr. Koh (Note 31(a)(iv))	-	925
Sales of processed e-waste goods to overseas customers via agency arrangement (ii)	-	5,898

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.

22 OTHER OPERATING INCOME

	Group	
	2022	2021
	$'000	$'000 (Restated)
Interest income	48	30
Scrap sales	400	23
Management and administrative fees	-	22
Government grants*	38	337
Others	30	59
	516	471

* Included grant income amounting to $Nil (2021: $190,000) relates to the wages support for local employees under the Job Support Scheme from the Singapore Government.

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23 OTHER GAINS AND LOSSES

	Group 2022 $'000	Group 2021 $'000 (Restated)
Fair value gain of financial assets at FVTPL	103	83
Reversal of fair value loss on derivative financial instruments	-	46
Reversal of impairment loss on property, plant and equipment	326	-
Reversal of impairment loss on right-of-use assets	667	-
Gain arising from debt restructuring (Note 4(a))	1,071	-
Gain on disposal of property, plant and equipment	-	38
Loss on disposal of right-of-use assets	-	(82)
Property, plant and equipment written off	(124)	(6)
(Reversal of) Loss allowance for trade and other receivables	93	(1,072)
Bad debts written off	(14)	(112)
Expenses payment on behalf on JV	-	(1,387)
Net foreign exchange gain	1,910	221
Others	(529)	(688)
	3,503	(2,959)

24 FINANCE COSTS

	Group 2022 $'000	Group 2021 $'000
Interest expenses on		
- bank overdraft, loans and trade bills	1,811	1,572
- obligations under lease liabilities	59	40
	1,870	1,612

25 INCOME TAX (BENEFITS) EXPENSE

	Group 2022 $'000	Group 2021 $'000 (Restated)
Current tax expenses:		
- Current year	970	699
- Over provision prior years	(24)	(29)
	946	670
Deferred tax expenses (Note 17):		
- Current year	(5,073)	68
- Under (over) provision in respect of previous years	8	(332)
Witholding tax	98	-
	(4,967)	(264)
Income tax (benefits) expenses for the year	(4,021)	406

NOTES TO FINANCIAL STATEMENTS

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Domestic income tax is calculated at 17% (2021: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2022	2021
	$'000	$'000 (Restated)
Profit before tax	11,905	367
Tax at the applicable tax rate of 17%	2,024	62
Effects of different tax rate of subsidiaries reporting in other jurisdictions	700	(75)
Non-taxable income	(582)	(425)
Non-deductible expenses	349	1,026
Deferred tax assets not recognised	83	395
Utilisation of deferred tax assets previously not recognised	(1,414)	(242)
Previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	(5,222)	-
Overprovision of income tax in prior years	(24)	(29)
Under (over) provision of deferred tax in prior years	8	(332)
Witholding tax	98	-
Others	(41)	26
Total income tax (benefits) expense	(4,021)	406

NOTES TO FINANCIAL STATEMENTS

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26 PROFIT (LOSS) FOR THE YEAR

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, profit (loss) for the year has been arrived at after charging (crediting):

	Group	
	2022	2021
	$'000	$'000 (Restated)
Depreciation of property, plant and equipment and right-of-use assets		
Depreciation of property, plant and equipment (Note 10)	1,877	2,108
Depreciation of right-of-use assets (Note 11)	310	446
	2,187	2,554
Employee benefits expense (including Directors' remuneration)		
Directors' remuneration:		
- Company	304	744
- Subsidiaries	113	160
Directors' fees (over-accrual in prior years)	(116)	-
Other staff costs	8,028	8,238
Defined contributions plans	501	531
Defined benefits plans	5	7
Total employee benefits expenses	8,835	9,680
(Reversal of) Loss allowance for trade and other receivables (Note 8)	(93)	1,072
Bad debts written off on other receivables	14	112
Cost of inventories recognised as expense	11,278	42,821
Reversal of allowance for inventories	(14)	(1,732)
Audit fees paid to auditors:		
- Auditors of the Company	465	245
- Other auditors	17	11
Non-audit fees paid to auditors:		
- Auditors of the Company	90	-

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

27 EARNINGS (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:

	Group	
	2022	2021
	$'000	$'000
Number of shares ('000)		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,257,568	984,280
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,257,568	984,280
Earnings (Loss)		
Profit (Loss) attributable to owners of the Company	15,926	(39)
Basic earnings (loss) per share (cents)	1.27	(0.01)
Fully diluted earnings (loss) per share (cents)	1.27	(0.01)

There were no dilution of earnings per share for the financial year ended September 30, 2022 and 2021 as there were no potential ordinary shares outstanding.

28 FINANCIAL GUARANTEE LIABILITIES

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.

Following the default of payment of loans owing to the Principal Lenders by the Group during the financial year ended September 30, 2021, as disclosed in Note 14, the Company is required to provide for liability arising from corporate guarantees provided to the Principal Lenders. Accordingly, as at September 30, 2022, the Company has recognised financial guarantee liabilities amounting $3,231,000 (2021: $4,308,000).

29 CAPITAL EXPENDITURE COMMITMENT

	September 30, 2022	September 30, 2021
	$'000	$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	277	548

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

30 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.

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.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

	Group			
	Revenue		Segment results	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000 (Restated)
Metal components	3,262	2,872	146	(158)
ED Coating	15,315	13,983	3,785	4,377
Commodities	23,634	40,252	9,815	(1,731)
Inter-segment elimination	(1,170)	(1,559)	241	(161)
	41,041	55,548	13,987	2,327
Unallocated items:				
Other operating income			2	27
Administrative expenses			(2,104)	(2,073)
Other gains and losses			49	120
Finance costs			(29)	(34)
Profit before tax			11,905	367
Income tax benefits (expense)			4,021	(406)
Profit (Loss) for the year			15,926	(39)

(a) Reportable segments

	Group	
	September 30, 2022	September 30, 2021
	$'000	$'000 (Restated)
Segment assets		
Metal components	4,616	4,824
ED Coating	16,249	14,349
Commodities	31,891	28,464
Total segment assets	52,756	47,637
Unallocated assets#	1,308	731
Consolidated total assets	54,064	48,368
Segment liabilities		
Metal components	1,073	1,156
ED Coating	2,137	1,780
Commodities	29,995	45,795
Total segment liabilities	33,205	48,731
Unallocated liabilities^	1,570	1,728
Consolidated total liabilities	34,775	50,459

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.

NOTES TO FINANCIAL STATEMENTS

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	Metal Components	ED Coating	Commodities	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Other segment information:					
September 30, 2022					
Additions to property, plant and equipment	52	468	30	1	551
Additions to ROU assets	-	34	-	-	34
Depreciation of property, plant and equipment	49	608	1,204	16	1,877
Depreciation of ROU assets	-	51	259	-	310
Bad trade debts written off	-	14	-	-	14
Reversal of allowance loss for trade receivables	-	(90)	(3)	-	(93)
Property, plant and equipment written off	-	13	111	-	124
Reversal of impairment loss on property, plant and equipment	-	-	(326)	-	(326)
Reversal of impairment loss on right-of-use assets	-	-	(667)	-	(667)
(Reversal of) Allowances loss on inventories	(38)	(5)	29	-	(14)
Gain arising from debt restructuring	-	-	(1,071)	-	(1,071)
Fair value gain of financial assets at FVTPL	-	-	(103)	-	(103)
September 30, 2021 (Restated)					
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	51	629	1,408	20	2,108
Depreciation of ROU assets	-	50	396	-	446
(Reversal of) Allowance loss for trade and other receivables	(25)	85	1,012	-	1,072
Provision (Reversal of) allowances loss on inventories	98	(15)	(1,815)	-	(1,732)
Reversal of fair value loss on derivative financial instruments	-	-	(46)	-	(46)
Fair value gain of financial assets at FVTPL	-	-	(83)	-	(83)

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(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
	$'000	$'000	$'000	$'000
September 30, 2022				
Primary geographical markets				
Singapore	1,312	97	17,003	18,412
Malaysia	1,903	11,259	-	13,162
People's Republic of China	23	-	3,210	3,233
Indonesia	-	2,813	-	2,813
Philippines	-	-	(3)	(3)
Hong Kong	-	-	3,424	3,424
	3,238	14,169	23,634	41,041
Major products / service line				
Sales of goods	3,238	-	23,634	26,872
Services rendered	-	14,169	-	14,169
	3,238	14,169	23,634	41,041
Timing of revenue recognition				
At a point in time	3,238	14,169	23,634	41,041

NOTES TO FINANCIAL STATEMENTS

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Group	Metal Components	ED Coating	Commodities	Total
	$'000	$'000	$'000	$'000
September 30, 2021				
Primary geographical markets				
Singapore	-	-	25,578	25,578
Malaysia	2,857	9,887	1,342	14,086
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				
Sales 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

	Group	
	September 30, 2022	September 30, 2021
	$'000	$'000 (Restated)
Non-current assets		
Singapore	7,219	7,431
Malaysia	9,357	9,716
Indonesia	714	984
	17,290	18,131

(c) Information about major customers

The Group's customer base includes 5 (2021: 3) customers from its commodities segment with whom transactions amounted to 54.80% (2021: 46.1%) of the Group's revenues. In 2022, revenues generated from these customers amounted to approximately $22,492,000 (2021: $18,978,000). Details of concentration of credit risk arising from these customers are set out in Note 5 (c)(iii).

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

31 EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING PERIOD

(a) EVENTS DURING THE REPORTING PERIOD

(i) Schemes of Arrangement ("the Schemes")

Both Schemes of the Company and SMCI have come into effect on August 2, 2022 ("Effective Scheme Date") upon sanction by High Court on July 28, 2022 with unanimously approved from the creditors on July 15, 2022. Details of the Schemes are set out as follows:

(a) pursuant to the Schemes, unsecured creditors who are subject to the Schemes ("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 ("Second Tranche Scheme Payment"). Effectively, the total payment to Scheme Creditors translates to 50% reduction from the total approved claims of $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 ("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 $4,308,000.

(c) All creditors waive all interest, default interest, fee, commissions, penalties, etc. in respect of the claims after Ascertainment Date.

(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

The Group has fulfilled its obligation to repay first tranche of cash payment for an aggregate amount of $6,733,000 or 50% of its debts pursuant to the Schemes to Scheme Creditors including its principal lenders on August 24, 2022. The second tranche of cash payment for an aggregate amount of $6,588,000, being the final payment, will be falling due within 14 business days after the resumption of trading of the Company's securities on SGX.

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The Schemes may be terminated in the event that the Group fail to comply or defaulted on the terms under the Schemes including, among other, the payment of second tranche after resumption of trading. Upon termination of Scheme, the terms and obligations under the Schemes shall lapse and rights of creditors existing prior to the effective scheme date shall not be affected, save for those creditors who did not submit proof of debts.

(ii) Loan restructuring with a Principal Lender

The Group recorded bank borrowings owing to one of the Principal Lenders for an aggregate amount of $17.5 million indicated in the Statement of Affairs Date, i.e. March 31, 2021. The bank borrowings were secured by following:

1. Corporate guarantee given by the Company (as disclosed in Note 28);

2. Personal guarantee by Mr. Koh, 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 10; and

4. Assignment of four keyman life insurance policies (as disclosed in Note 13)

Under the Schemes, the unsecured claim amount of the Principal Lender was provisionally admitted at $5,275,136 in June 2022, after excluding the 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 $8,000,000 under the Restructure Facility Agreement dated August 16, 2022 (terms as disclosed below); and

(iii) Four keyman life 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 $1,200,000 upon the execution of the Agreement (the "Upfront Sum"). The Group has repaid the Upfront Sum on August 25, 2022.

- The Group will repay the balance $6,800,000 ("the Balance Sum") together with the applicable interest (as set out below) by way of 59 equal monthly principal payments of $113,333 and a final principal payment of $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.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

The provisional sum of $5,275,136 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.

(iii) Discharge of Judicial Management

The judicial management orders placed on the Company and SMCI since May 10, 2021 have been discharged on August 17, 2022.

(iv) On-going CAD investigations

The Company had commissioned Foo Kon Tan Advisory Services Pte Ltd ("FKT") to conduct independent review in relation to the concerns raised in respect of potential relationships that the former executive chairman of the Company, Mr. Koh. FKT in its review report had identified 7 entities ("Identified Entities") that were suspected interested person transactions ("IPT") and therefore breached certain Catalist Rules.

Based on the review report, FKT had noted that the breaches of the 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. CAD has on January 27, 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. As at date of report, the CAD investigation is still on-going.

(b) EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the notes to the financial statements, below are the significant events after the reporting period:

(i) Redemption of outstanding amount with CIMB Bank Berhad, Singapore Branch

The Group had on October 31, 2022 fully redeemed the outstanding amount under revolving credit facility amounted to $439,000 including interest charges and miscellaneous charges approximated to $15,000. The Group has successfully discharged mortgage pledged over a freehold land and building of a subsidiary on January 18, 2023.

(ii) Board approval for early payment of second tranche of Schemes payment

The directors had on August 30, 2023, by way of board resolution, approved the second tranche payment amounted to $6,588,000 by September 30, 2023. Management has informed JMs of the early repayment before resumption of trading of the Group's shares on the SGX. The Debt Release as disclosed in Note 4(a) under the Schemes will be fully extinguished after this final payment and the gain on debt settlements of approximately $11.5 million will be charged to profit and loss subsequent to year end.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

32 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES

The comparative financial statements of the Group as presented differ from the statutory financial statements which were previously audited by another auditor who expressed a disclaimer of opinion on those financial statements in their report dated December 28, 2022.

Certain comparatives have been restated and reclassified in accordance with SFRS(I)1-8 *Accounting Policies, Changes in Accounting Estimates and Errors* as follows:

(a) Restatement of financial guarantee liabilities

The Company has recognised financial guarantee liabilities amounted to $4,308,000 as at September 30, 2021, in respect of banking facilities extended to one of its subsidiary. However, the Group did not eliminate such financial guarantee liabilities in the consolidated statement of financial position as at September 30, 2021 where the underlying debts from the banking facilities were consolidated. The impact of this adjustment for the year ended September 30, 2021 decrease losses for the year and accumulated losses by $4,308,000. The Group's financial guarantee liabilities has been restated accordingly.

(b) Restatement of inventories

One of the Group's subsidiary, SMCI, did not capitalise cost of conversion of inventories as at September 30, 2021. Management has subsequently recomputed the costs of inventories conversion and quantified approximately $379,000 of such costs to be capitalised into finished goods as at September 30, 2021. The impact of this adjustment for the year ended September 30, 2021 decrease losses for the year and accumulated losses by $379,000. The Group inventories has been restated accordingly.

(c) Change in accounting policy – Property, plant and equipment

During the financial year ended September 30, 2022, the Group's accounting policy with respect to the measurement of land and buildings, classified under property, plant and equipment, subsequent to initial recognition has been changed from revaluation model to cost model, and this voluntary change in accounting policy has been applied retrospectively.

Previously under the revaluation model, land and buildings are initially recognised at cost; and freehold land is subsequently carried at revalued amount less accumulated impairment losses and buildings and leasehold land are subsequently carried at revalued amounts less accumulated depreciation and accumulated impairment losses. Under the cost model, freehold land is carried at cost less accumulated impairment losses; and buildings and leasehold land are carried at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated under revaluation model or cost model. The above two methods of measurement are permitted by SFRS(I) 1-16 *Property, Plant and Equipment*.

Management is of the view that the future economic benefits from land and buildings that are held for continued use in the Group's business are realised through their use rather than through sale or rental, and revalued differences on land and buildings arising from revaluations do not impact the production capacity or reflect the operational results of the Group. Therefore, management considers that the cost model would provide more reliable and more relevant financial information of the Group's operations.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

(d) Certain line items of the prior year consolidated statement of profit or loss and other comprehensive income and the related notes to the financial statements have been restated to conform with the presentation of current year to better reflect the nature of accounts. These reclassifications had no effect on total assets, total liabilities and profit or loss for the year as previously reported.

Below table set out the movement showing before and after the adjustments of restated items on consolidated statement of financial position.

As at September 30, 2021

	As previously reported	Adjustment	Adjustment	As restated
	$'000	$'000	$'000	$'000
		(a), (b)	(c)	
Property, plant and equipment	22,043	-	(5,688)	16,355
Inventories	1,840	379	-	2,219
Financial guarantee liabilities	4,308	(4,308)	-	-
Income tax payable	199	-	(1)	198
Deferred tax liabilities	1,175	-	(950)	225
Translation reserve	(7,791)	-	(169)	(7,960)
Revaluation reserve	9,418	-	(9,418)	-
Accumulated losses	(49,065)	4,687	4,850	(39,528)

As at October 1, 2020

	As previously reported	Adjustment	Adjustment	As restated
	$'000	$'000	$'000	$'000
		(a), (b)	(c)	
Property, plant and equipment	28,853	-	(11,738)	17,115
Income tax payable	104	-	(25)	79
Deferred tax liabilities	2,427	-	(1,932)	495
Translation reserve	(7,584)	-	(187)	(7,771)
Revaluation reserve	13,641	-	(13,641)	-
Accumulated losses	(43,536)	-	4,047	(39,489)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

Below table set out the movement showing before and after the adjustments of restated items on consolidated statement of profit or loss and other comprehensive income.

For financial year ended September 30, 2021	As previously reported	Adjustment	Adjustment	Reclassification	As restated
	$'000	$'000	$'000	$'000	$'000
		(a), (b)	(c)	(d)	
Revenue	55,548	-	-	-	55,548
Cost of sales	(43,928)	379	845	-	(42,704)
Other operating income	859	-	-	(388)	471
Distribution costs	(601)	-	-	-	(601)
Administrative expenses	(7,776)	-	-	-	(7,776)
Other operating expenses	(6,471)	4,308	-	2,163	-
Other gains and losses	-	-	-	(2,959)	(2,959)
Impairment loss recognised on financial assets	(1,184)	-	-	1,184	-
Finance costs	(1,612)	-	-	-	(1,612)
Income tax expense	(364)	-	(42)	-	(406)
Loss for the year	(5,529)	4,687	803	-	(39)
Other comprehensive loss:					
- Revaluation of properties, net of tax	(4,153)	-	4,153	-	-
- Remeasurement of deferred tax on revalued property, plant and equipment – Change in tax rates of real property gains	(70)	-	70	-	-
- Currency translation differences arising on consolidation	(207)		18		(189)
Total comprehensive loss for the year	(9,959)	4,687	5,044	-	(228)
Loss per share (cents)	(0.56)	-	-	-	(0.01)

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 Johor 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 Johor 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 Johor 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 Johor 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 Johor 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 Johor 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 17 AUGUST 2023

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	5.26	31,448	0.00
1,001 – 10,000	169	21.69	888,200	0.03
10,001 – 1,000,000	500	64.19	88,344,630	2.76
1,000,001 AND ABOVE	54	6.93	3,147,765,656	97.21
TOTAL	**779**	**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	121,638,000	3.76
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	**3,064,404,756**	**94.66**

STATISTICS OF SHAREHOLDINGS

AS AT 17 AUGUST 2023

SUBSTANTIAL SHAREHOLDERS AS AT 17 AUGUST 2023
(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interests	
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 shareholdings in Electroloy by virtue of Section 7 of the Singapore Companies Act 1967 and the 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 Act1967 and the Section 4 of the Securities and Futures Act 2001.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 17 August 2023, 12.01% 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, 22 September 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 2022 together with the Independent Auditors' Report thereon. Resolution 1

2. To approve the payment of Directors' fees of S$173,000 for the financial year ending 30 September 2023, to be paid quarterly in arrears. (2022: Nil) Resolution 2

3. To note the retirement of Mr. Koh Mia Seng, who is retiring by rotation pursuant to Regulation 89 of the Constitution of the Company.

4. To re-elect Mr. Lau Yan Wai as Director of the Company retiring pursuant to Regulation 89 of the Constitution of the Company, and who, being eligible, offers himself for re-election, as Director of the Company. Resolution 3

   [See Explanatory Note (i)]

5. To re-appoint Messrs Deloitte & Touche LLP as the Auditors of the Company and authorise the Directors of the Company to fix their remuneration. Resolution 4

6. 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:

7. **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 5

   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,

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE OF ANNUAL GENERAL MEETING

(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 (ii)]

By Order of the Board

Shirley Tan Sey Liy
Company Secretary

Singapore
1 September 2023

Explanatory Notes:

(i) Resolution 3

Mr. Lau Yan Wai will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, and continue to serve as the Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Nominating Committee of the Company. There are no relationships (including family relationships) between Mr. Lau Yan Wai and the other Directors of the Company, the Company, and its related corporations, its officers or its substantial shareholders, which may affect his independence. The Board considers Mr. Lau Yan Wai to be independent for the purposes of Rule 704(7) of the Catalist Rules. Further detailed information (including information as required pursuant to Rule 720(5) of the Catalist Rules) of Mr. Lau Yan Wai can be found in the sections entitled "**Board of Directors**", "**Corporate Governance Report**" and "**Directors' Statement**" of the Annual Report 2022.

(ii) The Ordinary Resolution 5 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 per cent of the total number of issued Shares, excluding treasury shares and subsidiary holdings, of which the aggregate number of Shares to be issued other than on a pro-rata basis to all shareholders (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), shall not exceed 50 per cent of the total number of issued shares, excluding treasury shares and subsidiary holdings at the time this Resolution is passed.

Notes:

1. The members of the Company are invited to **attend physically** at the AGM. **There will be no option for the members to participate virtually.** Printed copies of this Notice of AGM, Proxy Form and Annual Report 2022 will be sent to the members of the Company. These documents are also made available on the Company's corporate website at the URL: https://senyueholdings.com and SGXNet at the URL: https://www.sgx.com/securities/company-announcements.

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 13 September 2023.

   Members, including CPF and 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 13 September 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.

NOTICE OF ANNUAL GENERAL MEETING

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 20 September 2023.

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

6. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

7. Persons who hold Shares through relevant intermediaries (including CPF and SRS investors) and wish to exercise their votes 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 for appointment of proxy to vote on their behalf by 10.00 a.m. on 13 September 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.

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.

This Notice has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This Notice has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of the statements or opinions made or reports contained in this Notice.

The contact person for the Sponsor is Ms. Tay Sim Yee, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.

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SEN YUE HOLDINGS LIMITED
(Company Registration No.: 200105909M)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. A relevant intermediary (as defined in section 181 of the Companies Act 1967) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.)
2. 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 cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy. In which case, the CPF and SRS Investors shall be precluded from attending the AGM.
3. 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.

PROXY FORM

(Please see notes overleaf before completing this form)

*I/We, ______________________________ (Name) ____________________ (NRIC/Passport 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			

or failing him/her/them*, the Chairman of the Annual General Meeting (the "**AGM**") as my/our* proxy/proxies* to vote for me/us on my/our* behalf at the AGM of the Company to be held at 3 Jalan Pesawat, Singapore 619361 on Friday, 22 September 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.

All resolutions put to the vote at the AGM shall be decided by way of poll.

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 2022 together with the Independent Auditors' Report thereon			
2.	Approval of Directors' fees of S$173,000 for the financial year ending 30 September 2023, to be paid quarterly in arrears			
3.	Re-election of Mr. Lau Yan Wai as a Director of the Company			
4.	Re-appointment of Messrs Deloitte & Touche LLP as Auditors of the Company and authorise the Directors to fix their remuneration			
SPECIAL BUSINESS				
5.	Authorised the Directors to allot and issue shares and/or instruments 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 of Shareholder(s)
or Common Seal of Corporate Shareholder

**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.

   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 20 September 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 13 September 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 1 September 2023.

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr. Yap Meng Sing
Executive Chairman and CEO

Mr. Koh Mia Seng
Non-Executive Director

Mr. Limjoco Ross Yu
Lead Independent Director

Mr. Tay Boon Zhuan
Independent Director

Mr. Lau Yan Wai
Independent Director

AUDIT COMMITTEE
Mr. Limjoco Ross Yu (Chairman)
Mr. Lau Yan Wai
Mr. Tay Boon Zhuan

REMUNERATION COMMITTEE
Mr. Lau Yan Wai (Chairman)
Mr. Tay Boon Zhuan
Mr. Limjoco Ross Yu

NOMINATING COMMITTEE
Mr. Tay Boon Zhuan, (Chairman)
Mr. Lau Yan Wai
Mr. Limjoco Ross Yu

COMPANY SECRETARY
Shirley Tan Sey Liy (MSc Mgmt (Hons) (UCD), FCS, FCG)

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
Deloitte & Touche LLP
6 Shenton Way,
OUE Downtown 2, #33-00
Singapore 068809
Partner-in-charge: Ms. Tay Hwee Ling
(With effect from financial year ended
30 September 2022)

PRINCIPAL BANKERS
CIMB Bank Berhad
United Overseas Bank Limited
Ambank Islamic Berhad
DBS Bank Ltd
Hong Leong Bank Berhad

CONTINUING SPONSOR
SAC Capital Private Limited
1 Robinson Road, #21-00
AIA Tower,
Singapore 048542
Registered professional: Ms. Tay Sim Yee

INVESTOR RELATIONS
Octave FinComm Private Limited
富登财经通讯私人有限公司
Website: www.octavecomms.com
Email: enquiry@octavecomms.com

SEN YUE HOLDINGS LIMITED
森跃控股有限公司

Company registration number: 200105909M

3 Jalan Pesawat
Singapore 619361
Tel: (65) 6268 9593
Fax: (65) 6264 0508