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

BUSINESS UPDATE – JOINT VENTURE IN RELATION TO SMELTING FACILITY

*Capitalised terms in this announcement shall have the same meanings as those ascribed to them in the Company's announcements dated 18 July 2019 and 19 September 2019 ("**Announcements**"), unless otherwise defined.*

The Board of Directors of Sen Yue Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Announcements regarding the Group's intention to set up a smelting facility to expand its waste management and processing capabilities.

1. INTRODUCTION

The Company wishes to update shareholders that the Company's wholly-owned subsidiaries, SMC Industrial Pte Ltd ("**SMC Industrial**") and SMCI Refinery Pte. Ltd. ("**JVC**") have subsequently entered into a joint venture agreement ("**JVA**") dated 7 October 2019 with Electroloy Metal Pte Ltd and Wang Chun Jian (collectively, the "**JV Partners**") for the establishment and operation of the smelting facility ("**Smelter**").

2. TERMS OF THE JVA

2.1 The salient terms of the JVA are as follows:

a. JVC shall engage the JV Partners to supply, build, construct, test and commission a fully functional Smelter at an aggregate cost of S$4 million. The Smelter shall have an aggregate maximum processing capacity of 1,000 tons per month and is capable of processing waste battery powders;

b. The JV Partners shall provide a defects liability period of one year from completion in respect of the Smelter;

c. SMC Industrial shall be responsible for, among others:

   i. Obtaining all approvals, consents, licences and authorisations from the relevant government or regulatory authorities for the Project;

   ii. Providing staff and administrative support to the JVC on a cost reimbursement basis;

   iii. Selling all metals and materials to the JVC for processing in the Smelter, at procurement cost of such material plus material processing cost of SMC Industrial; and

   iv. Renting the land on which the Smelter will be constructed and housed to the JVC at $40,000 per month (excluding GST);

d. The settlement of the sum of S$4 million by the JVC for the Project shall be made by way of issuing 2,000,000 shares to each of the JV Partners at an issue price of S$1 per share, while the JVC shall issue 5,999,999 shares to SMC Industrial at an issue price of S$1 per share in consideration of SMC Industrial agreeing to provide the services and on the terms set out in paragraph 2(c). Following the aforesaid allotment and issue of shares:

   i. the issued share capital of the JVC shall increase to S$10 million comprising 10 million shares;

ii. SMC Industrial shall have a shareholding interest of 60% in the JVC and the JV Partners shall have a shareholding interest of 20% each in the JVC;

e. The allotment and issue of the shares of the JVC shall be completed thirty days after the Company has verified completion and functionality of the Smelter ("**Completion Date**");

f. The JV Partners have each granted a call option over their shares in the JVC to SMC Industrial, exerciseable at any time in SMC Industrial's discretion after the second anniversary of the Completion Date. The call option exercise price for all shares held by the JV Partners shall be the higher of S$4 million or the audited net asset value for the latest completed financial year of the JVC. For the avoidance of doubt, SMC Industrial may elect to exercise the call option in respect of all the shares held by only one JV Partner, in which case the aforesaid call option price shall be reduced proportionately;

g. The board of directors of the JVC shall comprise 5 directors, of which 3 shall be nominated by SMC Industrial and 2 shall be nominated by the JV Partners. The chairman of the board of directors of the JVC shall be a director nominated by SMC Industrial; and

h. Each shareholder of the JVC has a right of first refusal to purchase the shares of the JVC in the event any shareholder wishes to sell its shares to a third party purchaser. In addition, SMC Industrial has the right to require the JV Partners to sell their shares to a bona fide third party purchaser should SMC Industrial intend to sell more than 50% of its shares in the JVC.

2.2 Assuming that SMC Industrial exercises the call option described in paragraph 2.1(f) at the date of this announcement, based on an exercise price of S$4 million, the relative figures for the acquisition of the JVC shares computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited ("**SGX-ST"**) Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), based on the unaudited results for the half year ended 31 March 2019 ("**HY2019**"), are set out below:

Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value as at 31 March 2019	Not applicable
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits for HY2019	Not applicable as the JVC is a newly incorporated company without net profits
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	17.8%(1)
Rule 1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006 (e)	The aggregate volume or amount of proven and probable reserves to be disposed of compared with the aggregate of the group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Note:

(1) Assuming the consideration amount of S$4 million (being the minimum exercise price for all the JVC shares) compared with the market capitalisation of the Company of S$22,471,281 calculated based on the Company's issued ordinary shares of 864,280,038 shares and the volume weighted average share price of S$0.0260 as at 4 October 2019 (being the market day preceding the date of the JVA).

2.3 Pursuant to Rule 1018(3) of the Catalist Rules, the Company will make an announcement in the event of exercise of the call option. Should the relative figure under Catalist Rule 1006 exceed 75% at the time of exercise of the call option, the Company will seek shareholders' approval for the same and prior to the exercise of the option.

3. RATIONALE

The Company is of the opinion that entering into the JVA with the JV Partners will allow the Group to have better working capital management and set up the Smelter with lower capital expenditure, therefore conserving the Group's cash position.

4. FINANCIAL IMPACT

4.1 Assuming the JVA was entered into at the end of the most recently completed audited financial year ended 30 September 2018, the JVA would not have had any material impact on the net tangible assets per share of the Company for the financial year ended 30 September 2018.

4.2 Assuming the JVA was entered into at the beginning of the most recently completed audited financial year ended 30 September 2018, the JVA would not have had any material impact on the earnings per share of the Company for the financial year ended 30 September 2018.

5. SERVICE CONTRACTS

No directors are proposed to be appointed to the Company in connection with the JVA.

6. INFORMATION ON THE JV PARTNERS

6.1 Electroloy Metal Pte Ltd is a Singapore company incorporated in 1977 and is in the business of developing, manufacturing and providing personalised soldering products and services to electronics, semiconductor and plating industries. With more than 40 years of experience, Electroloy Metal Pte Ltd has an established presence and reputation in the commodities industry.

6.2 Wang Chun Jian is a Chinese specialist in the metallurgy field with more than 20 years of operational experience in smelting. His extensive experience allows him to have an in-depth understanding of the technicalities and operation of a smelting plant. In addition, he is familiar with the international trends of the commodities market.

6.3 The JV Partners are independent third parties and are not related to the Directors or substantial shareholders of the Company.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, whether direct or indirect, in the Project or the JVA (save through their shareholdings in the Company, if any).

BY ORDER OF THE BOARD

KOH MIA SENG
Executive Chairman

7 October 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).