

NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED DISPOSAL

1. INTRODUCTION

The Board of Directors of Sen Yue Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), wishes to announce that the Company’s wholly-owned subsidiary, SYH Resources Pte. Ltd. (“**SYHR**”), has entered into a non-binding Memorandum of Understanding (the “**MOU**”) with Siw Kwee Sam, Ng Kea Hock and Goh Yeow Koon (collectively, the “**Investors**”) for:

- (a) the proposed disposal of shares of SHYR;
 - (b) the proposed disposal of the property located at 3 Jalan Pesawat Singapore 619361 (the “**Property**”); and
 - (c) the proposed leaseback of the Property by the Investors to the Group,
- (collectively, the “**Proposed Transactions**”).

2. INFORMATION ON THE INVESTORS

Goh Yeow Koon is the Business Development Director of SYHR and has been responsible for managing and directing the daily business and operations of SYHR. The other Investors, namely Siw Kwee Sam and Ng Kea Hock, are business acquaintances of Goh Yeow Koon who are experienced in waste management and recycling construction projects, and wish to expand into the electronic waste management business.

3. RATIONALE FOR AND KEY TERMS OF THE MOU

SYHR is principally engaged in the electronic waste management and recycling business which requires continuous working capital in order to fulfil the contracts already secured by the Group. In light of the recent financial difficulties faced by the Group, the Company is of the opinion that it would be more viable for third party investors to take a stake in SYHR’s business and provide SYHR with the needed funds for continued business operations, while also easing the cash flow of the Group. The proposed disposal and leaseback of the Property will also allow the Group to dispose of a non-core asset to reduce its outstanding loans and generate funds to repay its creditors.

Pursuant to the MOU:

- (a) the parties will negotiate the terms of the Proposed Transactions (including the percentage equity stake in SYHR to be disposed to the Investors, the transaction structure, the purchase consideration and the rental amount to be charged for the Proposed Transactions for), with a view to executing the definitive documents (“**Definitive Documents**”) by 31 January 2021 or such other date to be mutually agreed (“**Expiry Date**”);
- (b) the Group will not be obliged to proceed with either the disposal of shares of SYHR and/or the disposal and leaseback of the Property unless the Proposed Transactions are completed simultaneously;
- (c) the Investors will deposit into SYHR’s bank account as earnest money S\$300,000 upon the signing of the MOU and S\$700,000 within 1 week from the date of the MOU (collectively the “**Deposit**”);

- (d) SYHR will be entitled to utilise the Deposit for working capital pending the execution of the Definitive Documents or the expiry of the MOU (as the case may be). In the event that the Definitive Documents are not signed by the Expiry Date, SYHR will refund the Deposit on an interest-free basis within 15 days from the Expiry Date; and
- (e) the Proposed Transactions will be subject to the customary conditions precedent for transactions of similar nature, including but not limited to (i) obtaining independent valuation to support the purchase consideration payable and the rental amount for the leaseback arrangement for the Proposed Transactions; (ii) receipt of the approval of the Company's shareholders (if applicable); and (iii) obtaining all necessary third party consents to the Proposed Transactions.

The MOU shall terminate upon the parties' entry into the Proposed Transactions upon the signing of the Definitive Documents, and shall expire automatically if the Definitive Documents are not signed by the Expiry Date.

4. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company have any interest, direct or indirect, in the MOU or the Proposed Transactions.

5. CAUTIONARY STATEMENT

As at the date of this announcement, the Definitive Documents have not been executed and accordingly, there can be no assurance that the Proposed Transactions will materialise. The Company will provide further details in subsequent announcements in accordance with the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited at the appropriate junctures.

Shareholders of the Company are advised to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests and to exercise caution when dealing with shares in the Company. In the event that shareholders of the Company wish to deal in the shares of the Company, they are advised to seek their own professional advice and/or consult their stockbrokers.

BY ORDER OF THE BOARD

NEO GIM KIONG
Executive Director and CEO
23 December 2020

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

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