**SEN YUE HOLDINGS LIMITED**
**(formerly known as PNE Micron Holdings Ltd)**
Registration Number 200105909M
(Incorporated in the Republic of Singapore)

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**EXPANSION OF BUSINESS BY SMC INDUSTRIAL PTE LTD**

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*Capitalised words not defined in this announcement shall have the meanings ascribed to them in the Company's announcements dated 11 May 2016 and 6 October 2016 (the "**Announcements**")*

## 1. INTRODUCTION

Further to the Announcements regarding the Proposed Acquisition, the Board of Directors of Sen Yue Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that SMC Industrial Pte Ltd ("**SMC**") will be expanding its existing business in the trading of commodities such as copper, non-ferrous metals and other special alloy (which includes waste management as an ancillary activity) by setting up a battery recycling system line for a total estimated cost of approximately S$1 million (the "**Project**").

The Project is an extension of SMC's principal activities of trading commodities, as SMC will be able to obtain raw materials at a lower cost for its trading business. Recycling of used batteries (such as lithium batteries) is a form of electronic waste management, and also contributes towards environment conservation.

## 2. PROPOSED DIVERSIFICATION TO INCLUDE THE WASTE MANAGEMENT BUSINESS

In view that SMC will become a wholly-owned subsidiary of the Company following completion of the Proposed Acquisition (subject to shareholders' approval being obtained), and in light of the business expansion of SMC in undertaking the Project, the Company intends to seek shareholders' approval to diversify the Company's core business into the waste management business, including the provision of waste management solutions, the collection, transport, handling, treatment, management and disposal of commercial, hazardous, electronic and industrial waste and metal scraps, the recycling and trading of metal scraps and electronic waste, and materials recovery (the "**Proposed Diversification**").

The Proposed Diversification will allow the Group to provide a one-stop solution from trading in copper and non-ferrous metals, to the collection, recycling and/or disposal of the waste generated from such trading activities, thus differentiating the Group from other commodity traders. The Proposed Diversification will also enable the Group diversify its revenue stream by deriving income from the provision of waste management solutions to its customers. Such vertical integration will strengthen the Group's position within the energy, minerals and resources industry as it will be able to provide value-added services to a wider pool of potential customers both within and beyond the industry.

The Company expects that the Proposed Diversification will be complementary to the Group's existing business by, *inter alia*, leveraging upon the Group's existing customer base in its manufacturing and trading business for moulds and other metal components, to offer such customers additional cost-saving solutions. This will allow the Group to compete on factors beyond price, thereby increasing its competitive advantage against other low-cost competitors within the region.

## 3. CIRCULAR AND EGM

The Proposed Diversification involves a new business segment which will change the existing risk profile of the Company. Accordingly, an extraordinary general meeting ("**EGM**") will be convened by the Company to seek shareholders' approval for the Proposed Diversification, notice of which will be announced in due course.

A circular containing further details of the Proposed Diversification, together with a notice of the EGM in connection therewith, will be despatched to shareholders in due course.

## 4. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Diversification, other than through their respective shareholdings in the Company (if any).

## 5. CATIONARY STATEMENT

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the Proposed Diversification will be completed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

BY ORDER OF THE BOARD

NEO GIM KIONG
Executive Director and Chief Executive Officer

1 November 2016

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*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**"), for compliance with the relevant rules of the Singapore Exchange Securities (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and 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 Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*