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

PROPOSED ACQUISITION OF BALANCE 50% SHAREHOLDING INTEREST IN SMC INDUSTRIAL PTE LTD

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1. INTRODUCTION

The Board of Directors of Sen Yue Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that it has on 11 May 2015 entered into a sale and purchase agreement (the "**SPA**") with Mr. Koh Mia Seng (the "**Vendor**") to acquire the balance 50% shareholding interest (the "**Sale Shares**") in SMC Industrial Pte Ltd ("'**SMC**") from the Vendor, for an aggregate consideration of S$8.9 million (the "**Proposed Acquisition**").

2. INFORMATION ON SMC AND THE VENDOR

2.1 SMC is a company incorporated in Singapore on 18 March 1994 which is principally engaged in the trading of commodities, which include copper, non-ferrous metals and other special alloy. As at the date of this announcement, SMC has an issued and paid-up capital of S$8,000,000 comprising 8,000,000 ordinary shares. Pursuant to a sale and purchase agreement dated 2 December 2014, the Company agreed to acquire 50% of the shareholding interest in SMC from the Vendor ("**Initial Acquisition**"). The Initial Acquisition was completed on 8 January 2015. Please refer to the announcements dated 5 December 2014 and 8 January 2015 for further details regarding the Initial Acquisition.

2.2. The Vendor is the managing director of SMC and was appointed as an Executive Director of the Company on 3 March 2015. Following the retirement of Mr Tan Kong Heng as Non-Executive Director and Chairman of the Company on 25 January 2016, the Vendor was appointed as the Executive Chairman and Executive Director of the Company. As at the date of this announcement, the Vendor holds 142,638,458 ordinary shares of the Company ("**Shares**"), representing 22.36% of the total issued Shares.

2.3 Prior to setting up SMC in 1994, the Vendor has been operating as a sole-proprietorship since the mid 1980s.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Initial Acquisition paved the way for the Company to expand its businesses into the resources industry, which includes environment related businesses. Based on the industry knowledge and technical expertise derived from access to SMC's operations in the past year, the Group is sufficiently confident in its ability to expand further into the resources industry through the complete acquisition of SMC. This will also allow the Group to better position itself as a vertically integrated player in the resources industry to aid future growth.

Further, as the Company and the Vendor currently each own 50% of the shareholding interest of SMC, transactions between the Group and SMC constitute "interested person transactions" ("**IPT**") as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (Section B: Rules of Catalist) ("**Catalist Rules**"). The acquisition of the Sale Shares will increase the administrative efficiency of the Group in leveraging upon the resources of SMC. In addition, SMC will cease to be an "interested person" as defined in Chapter 9 of the Catalist Rules and future transactions between the Group and SMC will cease to be IPT.

4. PURCHASE CONSIDERATION

4.1 The purchase consideration of S$8.9 million for the Proposed Acquisition (the "**Purchase Consideration**") was arrived at on a willing buyer and willing seller basis, after taking into account, amongst other factors:

(a) the issued and paid-up shares and net tangible assets of SMC; and

(b) the prospects of SMC in the resources industry.

4.2 Subject to the terms of the SPA, the Purchase Consideration for the Proposed Acquisition will be satisfied in the following manner:-

(a) The sum of S$7.7 million shall be settled through the allotment and issuance of 226,470,588 Shares (the "**Consideration Shares**") to the Vendor (or his nominee) at the issue price of S$0.034; and

(b) The balance cash consideration of S$1.2 million shall be payable to the Vendor on the Completion Date by way of a cheque, subject to the audited NTA of SMC as at 30 September 2016 ("**SMC Audited NTA**") being not less than S$17,800,000. Where the SMC Audited NTA is lower than S$17,800,000, the balance cash consideration payable to the Vendor shall be reduced by the amount of shortfall.

4.3 The issue price of S$0.034 represents a 78.95% premium to the volume-weighted average price of S$0.019 for Shares traded on the Catalist on 10 May 2016, being the market day preceding the date of the SPA.

5. MATERIAL CONDITIONS

5.1 Conditions Precedent

The completion of the sale and purchase of the Sale Shares is conditional upon, *inter alia*, the following conditions precedent being fulfilled:

(a) the Company being satisfied in its sole and absolute discretion with the results of the due diligence investigations (whether legal, financial, contractual, tax or otherwise) carried out by the Company in respect of SMC;

(b) all required consents or approvals as may be necessary from any third party, governmental or regulatory authorities for the Proposed Acquisition being obtained on such conditions acceptable to the Company, prior to the Completion Date (as defined in paragraph 5.2.1);

(c) the Securities Industry Council of Singapore ("**SIC**") having granted the Vendor and his concert parties a waiver of their obligation to make a mandatory general offer under Rule 14 of the Takeover Code ("**Code**") for the Shares not held by the Vendor and his concert parties, and from having to comply with the requirements of Rule 14 of the Code;

(d) the approval of Shareholders at an extraordinary general meeting ("**EGM**") being obtained for the transactions contemplated in the SPA upon the terms and conditions set out in the SPA;

(e) the receipt of the listing and quotation notice for the listing of and quotation for all the Consideration Shares on the Catalist being obtained from the SGX-ST;

(f) the Company having obtained the valuation report in respect of the value of the Sale Shares;

(g) the Company having obtained the opinion of its independent financial adviser regarding the Whitewash Resolution (as defined in paragraph 6.2) and the Proposed Acquisition as an IPT;

(h) no material contracts, leases, licenses or other similar commercial arrangements of SMC would be terminated or adversely affected as a result of a change in ownership of the Sale Shares;

(i) the SMC Audited NTA as at 30 September 2016 being not less than S$16,600,000;

(j) the parties not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions under the SPA; and

(k) there being no material adverse change (as reasonably determined by the Company in its sole and absolute discretion) affecting SMC occurring on or before the Completion Date.

5.2 Completion

5.2.1 Completion of the Proposed Acquisition ("**Completion**") shall take place no later than 1 month after the conditions precedent set out above are either fulfilled or waived by the Company (save for the condition precedent set out in paragraph 5.1(c)) at its discretion, or such other date as the parties may mutually agree ("**Completion Date**").

5.2.2 The condition precedent set out in paragraph 5.1(i) may not be waived by either party.

5.3 Long-stop date

The long-stop date for the fulfilment of the conditions precedent is 12 months from the date of the SPA, which may be extended upon mutual agreement.

6. FUNDING OF THE PROPOSED ACQUISITION

6.1 S$7.7 million of the aggregate Purchase Consideration of S$8.9 million for the Proposed Acquisition will be satisfied through the allotment and issuance of 226,470,588 Consideration Shares at S$0.034 each. The Consideration Shares will be issued and credited as fully paid to Vendor upon the fulfilment of the conditions precedent. The Consideration Shares shall represent approximately 35.51% and 26.20% of the existing and enlarged issued Shares respectively.

6.2 Pursuant to Rule 14 of the Code, the Vendor and his concert parties will incur an obligation to make a mandatory general offer for all the remaining issued Shares not already owned, controlled or agreed to be acquired by them. Under the SPA, it is a condition precedent to Completion that a whitewash waiver in favour of the Vendor and his concert parties be granted by the SIC, and that the independent shareholders of the Company approve the waiver of their right to receive a mandatory general offer from the Vendor and his concert parties in connection with the issue of the Consideration Shares under the SPA ("**Whitewash Resolution**").

6.3 The Sponsor will be submitting an additional listing confirmation to the SGX-ST on behalf of the Company for the listing and quotation of the Consideration Shares on Catalist.

6.4 The payment of the cash consideration of S$1.2 million will be financed through a drawdown of the Company's banking facilities and internal resources.

7. VALUE OF THE SALE SHARES

7.1 The latest audited book value attributable to the Sale Shares as at 30 September 2015 was approximately S$9.33 million and the net profits attributable to the Sale Shares as at 30 September 2015 were approximately S$463,000.

7.2 The parties will be commissioning an independent valuer to carry out a valuation of the Sale Shares. A copy of the valuation report will be included in the circular to be despatched to Shareholders in due course.

8. SHAREHOLDERS' APPROVAL FOR THE ALLOTMENT AND ISSUANCE OF THE CONSIDERATION SHARES TO RESTRICTED PERSONS UNDER CHAPTER 8 OF THE CATALIST RULES

8.1 The allotment and issuance of the Consideration Shares require the approval of Shareholders under Section 161 of the Companies Act and Rules 804 and 812(1) of the Catalist Rules as the Vendor is a restricted person under Rule 812(1) of the Catalist Rules.

8.2 Pursuant to the Proposed Acquisition, 226,470,588 Consideration Shares will be issued to the Vendor, representing 35.51% of the existing issued and paid-up Shares and 26.20% of the enlarged issued and paid-up Shares. The Vendor will therefore hold 42.71% of the enlarged issued and paid-up Shares following Completion.

8.3 Accordingly, the Company will be seeking Shareholders' approval for the allotment and issuance of the Consideration Shares to the Vendor at the EGM.

9. THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

9.1 Details of the Interested Persons

The Vendor is the Executive Chairman and Executive Director and controlling shareholder of the Company, holding 142,638,458 Shares representing 22.36% of the total issued Shares. As such, he is an "interested person" for the purposes of Chapter 9 of the Catalist Rules and the Proposed Acquisition is an IPT as defined under Chapter 9 of the Catalist Rules.

9.2 Thresholds under Chapter 9 of the Catalist Rules

9.2.1 Under Rule 906 of the Catalist Rules, Shareholders' approval is required for an IPT of a value equal to, or exceeding, 5.0% of the Group's latest audited NTA.

9.2.2 The value of the Proposed Acquisition (being the amount at risk to the Company) is the Purchase Consideration of S$8.9 million. The Group's latest audited NTA as at 30 September 2015 is approximately S$24.9 million. As the value of the Proposed Acquisition is 35.7% of the Group's latest audited NTA, the approval of the Shareholders for the Proposed Acquisition has to be obtained at the EGM.

9.3 Total Value of IPTs

9.3.1 There are no IPTs, excluding transactions which are less than S$100,000, entered into by the Group with the Vendor for the current financial year ending 30 September 2016.

9.3.2 There are no other IPTs, excluding transactions which are less than S$100,000, involving the Group with interested persons other than the Vendor for the current financial year ending 30 September 2016.

10. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The Proposed Acquisition is governed by the Chapter 10 of the Catalist Rules. The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules based on the Company's latest announced unaudited consolidated financial statements for the half year ended 31 March 2016 ("**HY2016**") are as follows:-

	Basis	
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable.
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits[(1)]	39.33%

(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation[2]	82.97%
(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[3]	35.51%
(e)	Aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable.

Notes:

(1) Based on the unaudited net losses before tax attributable to the Sale Shares for HY2016 of S$433,000 and the Group's unaudited consolidated net losses before tax of S$1,101,000 for HY2016.

(2) Based on the Company's net asset value per share of S$0.0391, being higher than the volume-weighted average price per Share of S$0.019, on the 226,470,588 Consideration Shares, and the Company's market capitalisation of S$12,118,380 on its 637,809,450 issued Shares on 10 May 2016 (being the market day preceding the date of the SPA).

(3) Based on 226,470,588 Consideration Shares to be issued to the Vendor and 637,809,450 issued Shares.

Having regard to the above, the Proposed Acquisition is a "Major Transaction" under Rule 1014 of the Catalist Rules. Accordingly, the Proposed Acquisition is conditional upon Shareholders' approval at the EGM.

11. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Acquisition.

11.1 Share Capital

The effects of the Proposed Acquisition on the share capital of the Company are as follows:-

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Total number of shares[1]	637,809,450	864,280,038
Total issued and paid-up capital (S$)	34,366,000	42,066,000

Notes:

(1) Based on 637,809,450 Shares as at the date of this announcement.

11.2 NTA

Assuming that the Proposed Acquisition had been effected at the end of FY2015, the financial effects to the NTA per share are as follows:-

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA per Share (S$ cents)[(1)]	3.91	3.97

Notes:

(2) Based on the net tangible assets of the Group as at 30 September 2015.

11.3 Earnings Per Share ("**EPS**")

Assuming that the Proposed Acquisition had been effected at the beginning of FY2015, the financial effects to the EPS are as follows:-

	Before the Proposed Acquisition	After the Proposed Acquisition
EPS (S$ cents)	(0.04)[(1)]	0.03[(2)]

Notes:

(1) Based on net losses incurred by the Group as at 30 September 2015.

(2) Taking into account 50% of SMC's net profits of S$927,000 from 8 January 2015 (the date of completion of the Initial Acquisition) to 30 September 2015.

12. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for the Vendor, who is the Executive Chairman and Executive Director and a controlling shareholder of the Company, none of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company (if any).

13. SERVICE CONTRACTS OF THE DIRECTORS

There are no directors proposed to be appointed to the Company in connection with the Proposed Acquisition.

14. AUDIT COMMITTEE'S STATEMENT AND INDEPENDENT FINANCIAL ADVISER

The Audit Committee of the Company comprises Mr. Kevin Norbert Scully, Ms. Yu Lihong and Mr. Low Ka Choon, Kevin. The members of the Audit Committee do not have any interests in the Proposed Acquisition and are accordingly deemed to be independent for the purposes of the Proposed Acquisition.

The Audit Committee of the Company will be obtaining an opinion from an independent financial adviser in relation to the Proposed Acquisition which will be set out in the circular to be despatched to the Shareholders in due course.

15. CIRCULAR AND EGM

The Company will be convening an EGM to seek Shareholders' approval for the Proposed Acquisition and Whitewash Resolution, and a circular containing, *inter alia*, the notice of the EGM and details of the Proposed Acquisition and Whitewash Resolution will be despatched to the Shareholders in due course.

16. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the registered office of the Company at 16 Tuas Avenue 20, Singapore 638827, for a period of 3 months from the date of this announcement:

(a) the SPA; and
(b) the annual report of the Company for FY2015.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

Shareholders and potential investors should note that the Proposed Acquisition is subject to the fulfilment of, *inter alia*, the conditions set out above, including the obtaining of the relevant regulatory approvals, and accordingly should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial tax or other professional advisers. Further announcements will be made by the Company as and when appropriate.

BY ORDER OF THE BOARD

NEO GIM KIONG
Executive Director and Chief Executive Officer

11 May 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 Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.