

RECLAIMS GLOBAL LIMITED

(Company Registration No: 201834755M)
(Incorporated in the Republic of Singapore)

BUSINESS UPDATE – COVID-19 OUTBREAK

The Board of Directors (the “**Board**”) of Reclaims Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Singapore Government’s announcement on 21 April 2020 outlining the Government’s enhanced measures to deal with COVID-19 (the “**Enhanced Measures**”). As part of the Enhanced Measures, all non-essential workplaces are to close from 7 April 2020 to 1 June 2020 (“**Effective Period**”).

In addition, the Ministry of Manpower and the Building and Construction Authority announced on 18 April 2020 and 1 May 2020, that all foreign employees under the construction industry work permit and S pass holders and their dependents, must be served with a Stay-Home-Notice effective from 20 April 2020 and ending on 18 May 2020 (both dates inclusive).

During the Effective Period, the Group has implemented its business continuity plans, including work from home arrangements for certain key functions, including the finance and operation teams, subject to any further directives from the Singapore Government. However, most of the Group’s main contractors and subcontractors have also suspended work on the Group’s projects as the construction industry falls under non-essential services based on the guidelines from the Ministry of Trade & Industry of Singapore. Accordingly, the Group’s operations have been temporarily suspended during the Effective Period in compliance with the Enhanced Measures.

The Group is assessing the extent of impact of the closure of its business as well as the COVID-19 situation in general, which will have a negative impact on the Group’s half-yearly results in terms of the consolidated earnings per share for the half-year ending 31 July 2020.

While the extent of the impact on the business closure cannot be determined at this stage, but serving as a guidance, the financial impacts on near-term financial results which are based on available information such as preliminary review of the management accounts (unaudited) of the Group and financial assessments and estimates are as follows:

- Reduction in revenue. The Group’s operations will be ceased entirely during the Effective Period.
- Certain fixed costs such as wages and overheads that must be paid during business closure. The said costs will be partially offset by various support measures from the Singapore Government such as Job Support Scheme and waiver of foreign worker levy.
- The Group is expecting longer collection period of accounts receivables. Till date, there is no indication of any major default of accounts receivables.

As a result of the decrease in net income, cash flow from operating activities is expected to decrease significantly. The Group is taking a prudent approach in managing its cash flow to conserve cash. Subsequently, the Group has successfully applied for additional government-assisted loan financing with lower interest rate should the need arise.

The aforesaid business closure and any extension of the Effective Period could further negatively impact the Group’s financial performance and cashflow. Barring any unforeseen circumstances, the expected losses and decrease in cash balances arising from the business closure are not expected to affect the Group’s ability to continue as a going concern and its ability to fulfil its near-term obligations taking into account the Group’s financial position in terms of the net asset value and cash and bank balances available to the Group.

The Group intends to resume its business operations fully after the expiry of the Effective Period, subject to any further directive from the Singapore Government.

The Malaysia Government, on 23 April 2020, has extended its Movement Control Order (“**MCO**”) for an additional two weeks from 29 April 2020 to 12 May 2020, to continue the efforts of combating the spread of COVID-19 in the country. The country had been on MCO since 18 March 2020.

The Board also wishes to update the shareholders on the announcement made on 3 March 2020 pertaining to the Memorandum of Agreement (“**MOA**”) entered into between the Malaysian Palm Oil Board and the Company’s wholly-owned subsidiary, Reimagine Me Sdn. Bhd. that the project pursuant to the MOA has been delayed due to (i) the plan of importing the pre-factory machineries from China has been delayed from end April 2020 to end May 2020 due to disruption and delays in freight services; and (ii) the pilot pre-factory setup as part of the Phase 1 project is temporarily put on hold. The Group expects the project to resume after the MCO, subject to any further directive(s) from the Malaysia Government.

The Group is keeping a close watch on the development of the COVID-19 outbreak and the Company will make appropriate announcement(s) to keep shareholders updated on any material developments.

Shareholders and investors are reminded to exercise caution when dealing or trading in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

By Order of the Board

Andrew Dekguang Jhou Chew
Executive Director and CEO
6 May 2020

This announcement has been reviewed by the Company’s sponsor, SAC Capital Private Limited (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 announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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