



## REENOVA INVESTMENT HOLDING LIMITED

(Incorporated in the Republic of Singapore | Company Reg. No.: 200104762G)

Website: [www.reenovagroup.com](http://www.reenovagroup.com)

SGX Stock Code: **5EC**

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# LAUNCH OF PLACEMENT OF UP TO 979,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF REENOVA INVESTMENT HOLDING LIMITED

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## 1. INTRODUCTION

The Board of Directors (the "**Board**") of Reenova Investment Holding Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 26 August 2020, and wishes to announce the proposed placement of up to 979,000,000 new ordinary shares in the capital of the Company (the "**Placement Shares**"), at an issue price of S\$0.0027 per Placement Share (the "**Placement Price**"), to raise gross proceeds of S\$2,643,300 (the "**Proposed Placement**").

## 2. DETAILS OF THE PLACEMENT

- 2.1 The Company has on 21 October 2020 entered into a placement agreement (the "**Placement Agreement**") with UOB Kay Hian Private Limited (the "**Placement Agent**") in relation to the Proposed Placement. Pursuant to the Placement Agreement, the Placement Agent has agreed to, on a best endeavours basis, procure places for up to 979,000,000 Placement Shares at the Placement Price for each Placement Share, on the terms and subject to the conditions set out in the Placement Agreement. The Proposed Placement is subject to certain conditions precedent set out in the Placement Agreement, including the approval in-principle of Singapore Securities Exchange Trading Limited ("**SGX-ST**") for the listing and quotation of the Placement Shares on the Main Board of SGX-ST.
- 2.2 The Placement Price of S\$0.0027 per Placement Share represents a discount of 10.0% to the weighted average price for trades done in the shares of the Company on SGX-ST for the market day on 19 October 2020, up to the time the Placement Agreement was signed on 21 October 2020.
- 2.3 Assuming that the Placement Shares are fully subscribed, the Placement Shares will represent approximately 17.0% of the existing issued and paid-up share capital of the Company of 5,765,247,542 ordinary shares as at the date of this Announcement.
- 2.4 Immediately after the completion of the Proposed Placement, the issued and paid-up share capital of the Company will increase to 6,744,247,542 ordinary shares and the Placement Shares will represent approximately 14.5% of the enlarged issued and paid-up share capital of the Company.

- 2.5 In consideration of the Placement Agent procuring placees on a best endeavours basis for the Placement Shares, the Company shall pay to the Placement Agent a placement commission of 3.0% of the Placement Price for each Placement Share (and if applicable, goods and services tax thereon) allotted, issued and subscribed. No part of the commission will be shared with any placee.

### 3. RATIONALE AND USE OF PROCEEDS

- 3.1 The Company is undertaking the Proposed Placement to raise funds towards the next phase of works for its rare earth project, as well as for general working capital purposes.
- 3.2 Assuming that the Placement Shares are fully subscribed, the Proposed Placement will allow the Company to raise net cash proceeds, after deducting estimated expenses of approximately S\$145,000, of approximately S\$2,498,000 (the "**Net Proceeds**").
- 3.3 The Company intends to utilise the Net Proceeds in the following manner:
- (a) approximately S\$700,000, or 28.0% of the Net Proceeds, to repay existing creditors;
  - (b) approximately S\$998,000 to S\$1,158,000 or 40.0% to 46.4% of the Net Proceeds, to commence the next phase of works for its rare earth project, such as trial leaching and pilot production, environmental impact assessment, feasibility and engineering studies and application for the full mining licence; and
  - (c) the remainder of approximately S\$640,000 to S\$800,000, or 25.6% to 32.0% of the Net Proceeds, for general working capital purposes.
- 3.4 Pending the deployment of the Net Proceeds for the abovementioned purposes, the Net Proceeds may be deposited with banks and/or financial institutions, used to repay outstanding borrowings or for any other purpose on a short-term basis as the Company may, in its absolute discretion, deem fit.
- 3.5 The Company will make periodic announcements on the utilisation of the Net Proceeds and whether such use is in accordance with the use and percentage allocation stated in this Announcement as and when such funds are materially disbursed. The Company will also provide a status report on the utilisation of the Net Proceeds in its annual report(s). Where the Net Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on the use of proceeds in its announcement(s) and status report(s). Where there is any material deviation from the use of proceeds stated in this Announcement, the Company will also state the reasons for such deviation.

#### 4. AUTHORITY TO ISSUE NEW SHARES

4.1 The Placement Shares will be allotted and issued under the general mandate pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, granted by the shareholders of the Company at the annual general meeting of the Company held on 26 June 2020 (the "**General Mandate**"). As such, no further shareholders' approval will be sought in connection with the Proposed Placement.

4.2 For the avoidance of doubt, the total number of ordinary shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the time of the passing of the resolution approving the General Mandate was 4,707,339,976. As at the date of this Announcement, the Company has not issued any new shares under the General Mandate. Accordingly, after adjusting for:

- (a) the issuance of 191,240,900 ordinary shares under the Reenova Performance Share Plan on 21 August 2020; and
- (b) the issuance of 533,333,333 ordinary shares pursuant to the conversion of S\$1.6 million in aggregate principal value of Tranche 3 Bonds (which were issued and outstanding at the time of the passing of the resolution approving the General Mandate) on 3 September 2020,

the aggregate number of new shares that the Company may issue on a non *pro rata* basis pursuant to the General Mandate is 1,086,382,841. The proposed allotment and issuance of up to 979,000,000 Placement Shares therefore falls within the limits of the General Mandate.

#### 5. STATUS OF THE PLACEMENT SHARES

5.1 The Placement Shares will, upon issue, rank *pari passu* in all respects with the then existing issued ordinary shares in the Company, except for any dividends, rights, distributions, allotments or other entitlements, the record date for which falls before the date of issue of the Placement Shares.

5.2 The Company will be making an application to SGX-ST for the listing and quotation of the Placement Shares on the Main Board of SGX-ST. A further announcement will be made upon the receipt of approval in-principle from SGX-ST.

#### 6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or, to the best of the Company's knowledge, the substantial shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the Proposed Placement (other than through their respective shareholdings in the Company), except that the Placement Agent may elect to place the Placement Shares to substantial shareholders as permitted under Rule 812(3) of the SGX-ST Listing Manual.

## 7. TRADING CAUTION

Shareholders are advised to exercise caution when dealing in the shares of the Company. Completion of the Proposed Placement is subject to certain conditions. As at the date of this Announcement, there is no certainty or assurance that the Proposed Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

On Behalf of the Board

**REENOVA INVESTMENT HOLDING LIMITED**

Chen Tong

Executive Chairman

21 October 2020