REENOVA INVESTMENT HOLDING LIMITED

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

SGX Stock Code: **5EC**

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

1. INTRODUCTION

1.1 The Board of Directors (the "**Board**") of Reenova Investment Holding Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 26 August 2020 entered into an agreement to engage UOB Kay Hian Private Limited (Company Registration Number: 197000447W) to act as the placement agent (the "**Placement Agent**") for its proposed placement of new ordinary shares in the capital of the Company (the "**Proposed Placement**").

1.2 Pursuant to the Proposed Placement, the Placement Agent has been appointed to place out new ordinary shares ("**Placement Shares**") that is equivalent to approximately up to 20% of the current issued share capital or 979,000,000 new shares of the Company, on a best effort basis.

1.3 Assuming that the Placement Shares are fully subscribed,

a) the Placement Shares will represent approximately 19.99% of the existing issued and paid-up share capital of the Company of 4,898,580,876 ordinary shares as at the date of this announcement; and

b) the Placement Shares will represent approximately 15.27% of the enlarged issued and paid-up capital of the Company of 6,410,914,209 ordinary shares, assuming the full conversion of the current outstanding convertible redeemable bonds, that were approved on 8 September 2015, into new ordinary shares (the "**Convertible Redeemable Bonds**").

1.4 Immediately after completion of the Proposed Placement,

a) assuming that no further shares are issued prior thereto, the Proposed Placement will increase the issued and paid-up share capital of the Company to 5,877,580,876 ordinary shares and the Placement Shares will represent approximately 16.66% of the enlarged issued and paid-up share capital of the Company,

b) assuming the full conversion of the Convertible Redeemable Bonds into new ordinary shares, the Proposed Placement will increase the issued and paid-up share capital of the Company to 6,410,914,209 ordinary shares and the Placement Shares will represent approximately 15.27% of the enlarged issued and paid-up share capital of the Company.

2. GENERAL MANDATE

2.1 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 needs to be sought in connection with the Proposed Placement.

2.2 For the avoidance of doubt, the total number of ordinary shares (excluding treasury shares) in the capital of the Company as at the time of 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 shares under the General Mandate, but the number of Placement Shares on which the General Mandate is based has been adjusted to take into account the 191,240,900 ordinary shares which have been issued and allotted under the first tranche of the Reenova Performance Share Plan announced on 21 August 2020. The proposed allotment and issuance of up to 979,000,000 Placement Shares will therefore fall within the limits of the General Mandate.

3. PRINCIPAL TERMS OF THE PROPOSED PLACEMENT

3.1 In accordance with and subject to the terms and conditions of the engagement, the Placement Agent has agreed to use its best efforts to procure subscriptions for the Placement Shares.

3.2 The Placement Shares shall be free from all and any claims, pledges, mortgages, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with the then existing issued ordinary shares in the Company at the time of issue, except for any dividends, rights, distributions, allotments or other entitlements the record date of which falls before the date of issue of the Placement Shares.

3.3 In consideration of the Placement Agent procuring subscribers on a best effort 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 subscribers.

3.4 The Placement Shares shall not be placed out to any person who is a director or a substantial shareholder of the Company, or any other person falling within the categories set out in Rule 812(1) of the Listing Manual ("**Listing Rules**") (unless the exceptions under Rule 812(3) of the Listing Rules apply), interested persons as defined in Chapter 9 of the Listing Rules, or to one or more specified persons.

3.5 The Placement Shares shall not be placed out to any subscriber, if its directors or substantial shareholders (if applicable) have a connection (including any business relationships) with the Company, the Company's directors or the Company's substantial shareholders.

3.6 Prior to the Proposed Placement, the Company and Placement Agent shall provide written confirmation that the Placement Shares will not be issued to transfer a controlling interest in the Company.

3.7 The term of engagement of the Placement Agent shall be for six (6) months, but the Placement Agent reserves the right to extend its term of engagement for a period of up to three (3) months, should it be necessary, in order to complete the Proposed Placement.

4. RATIONALE AND USE OF PROCEEDS

4.1 Based on an issue price of S$0.003 per Placement Share and assuming the Placement Shares will be taken up in full, the Proposed Placement will allow the Company to raise net cash proceeds (after deducting estimated expenses of approximately S$95,000) of approximately S$2,842,000 (the "**Net Proceeds**").

4.2 The Company intends to utilise the Net Proceeds to commence the next phase of works on its rare earth project such as trial leaching and pilot production, environmental impact assessment, feasibility and engineering studies and the application of the full mining licence (approximately 60% to 80% of the Net Proceeds) and for general working capital purposes (approximately 20% to 40% of the Net Proceeds).

4.3 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when substantial amounts of such Net Proceeds are disbursed. The Company will also provide a status report on the utilisation of such Net Proceeds in the Company's annual report(s). Where the proceeds have been used for working capital, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports. Where there is a material deviation in the use of proceeds, the Company will also state the reasons for such deviation.

5 INTERESTS OF THE 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 Listing Rules.

6 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.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

On Behalf of the Board
REENOVA INVESTMENT HOLDING LIMITED

Chen Tong
Executive Chairman

26 August 2020