REENOVA INVESTMENT HOLDING LIMITED

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

Website: **www.reenovagroup.com**

SGX Stock Code: **5EC**

ENTRY INTO A FACILITY LETTER WITH JW VENTURE CAPITAL PTE LTD FOR A BUSINESS LOAN OF S$350,000 – RESPONSE TO SGX REGCO QUERIES

The Board of Directors (the "**Board**" or the "**Directors**") of Reenova Investment Holding Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 23 March 2022 in relation to its responses to the queries raised by SGX RegCo regarding its entry into the Facility Letter with JW Venture Capital Pte. Ltd. for a business loan of S$350,000. The Board wishes to inform shareholders of the Company (the "**Shareholders**") that the SGX RegCo had on 24 March 2022 raised queries regarding the aforementioned announcements, and the Company would like to provide its responses herein.

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Company's announcements dated 17 November 2021, 19 March 2022 and 23 March 2022.

SGX RegCo Query 1

We refer to the Company's response to SGX queries dated 23 March 2022. In the Company's response to query 4, the Company disclosed that the Loan has been drawn down and utilised to pay EY Corporate Advisors Pte. Ltd. S$250,000. Please clarify if the S$250,000 paid to them is only for them to act as the independent qualified valuer for the Proposed Acquisition of 3DOM (Singapore) Pte. Ltd. Is S$250,000 a reasonable amount to pay for such a service? How does it compare with the market rate of other vendors to act as independent qualified valuers? Why are the RTO expenses not borne by 3DOM Inc. instead?

Company's Response

Given that the Proposed Acquisition is a significant transaction, the Company decided to engage EY Corporate Advisors Pte. Ltd., one of the four largest accounting firms, as the independent qualified valuer for the Proposed Acquisition. Accordingly, the Board is of the view that the fee of S$250,000 is a reasonable amount to pay for such a service.

As stated in the Company's announcement dated 10 December 2021, pursuant to the sale and purchase agreement between the Company and 3DOM Inc., the parties agree that all fees, costs and expenses incurred in connection with the RTO will be paid by the Company. This is a commercial term which was mutually agreed by the parties following arm's length negotiations.

SGX RegCo Query 2

In the Company's response to query 5, the Company disclosed that the "monthly repayments refer to the payment of interest with the principal to be repaid one year from the drawdown date". Is this specifically stated in the Facility Letter?

Why does the Board deviate in its disclosure about the Lender's legal rights? Can the Lender enforce its right over the security in the event that it misses a monthly repayment. There is no monthly repayment. How will the Board assure shareholders that such missing of monthly repayments will not result in the Lender calling a default when it is their legal right to do so? . How is this monthly repayment term in the best interest of the Company and its shareholders?

Company's Response

The Facility Letter expressly states that the monthly repayments refer to the payment of interest with the principal to be repaid one year from the drawdown date. In fact, the Facility Letter includes a payment schedule which sets out the amount of interest to be paid per month, the aggregate of which is equivalent to the sum of the 12% upfront interest.

As stated in the Company's announcement dated 23 March 2022 and reiterated above, the 12% interest payments are to be paid upfront and deducted from the principal sum, while the principal amount is to be repaid one year from the drawdown date. Therefore, practically speaking, there is no monthly repayment to be made by the Company.

SGX RegCo Query 3

In the Company's response to query 6, it was disclosed that the penalty interest rate is a mutually agreed commercial term. We further note in the Company's announcement on 17 November 2021 that it had managed to enter into a non-binding term sheet for a convertible loan of S$1.2 million from Evolve Capital Management Fund VCC at 6% per annum, payable on Maturity Date which shall be mandatorily converted to the Conversion Shares upon the in-principle approval of SGX-ST for the RTO. The S$1.2 million proceeds shall be used solely for the purposes of the contemplated RTO expenses. As this amount of S$1.2 million is significant and with significantly lower interest, please disclose how the terms of the S$350,000 loan at an interest of 12%, or 36% for late payments, secured over the whole of the Company's assets is in the interest of the Company and its shareholders.

Company's Response

As stated in the Company's announcement dated 17 November 2021, the loan will be disbursed in three (3) tranches upon the fulfilment of their respective drawdown conditions:

(i) the first tranche of S$300,000 will be disbursed within ten (10) business days of the receipt by the Company of the approval in-principle for the listing and quotation of the Conversion Shares from the SGX-ST;

(ii) the second tranche of S$300,000 will be disbursed within ten (10) business days upon the Company signing a definitive share purchase agreement in respect of the Proposed Acquisition and the completion of the disposal of its rare earth business; and

(iii) the third tranche of S$600,000 will be disbursed within ten (10) business days upon receipt by the Company of the approval in-principle for the RTO and resumption of trading of the Company's shares on the Mainboard of the SGX-ST.

Further, the entry into a definitive agreement for the said convertible loan is subject to the approval of the Shareholders at an extraordinary general meeting ("**EGM**") to be convened. In light of the aforementioned, coupled with the Company's urgent need for cash in order to proceed with the RTO, the Company could not afford to wait for the satisfaction of the drawdown conditions and had to source for other forms of financing. For the avoidance of doubt, the Company had made numerous attempts to secure alternative financing but JW Venture Capital Pte. Ltd. was the only lender which was willing to fund the Company at such short notice.

SGX RegCo Query 4

We refer to the Company's response to query 7 (e) and (f).

(i) We note that the Company has stated that "the manner in which the Lender is to exercise such security interest (over the RGPL Shares) is not specified". Is the Lender able to legally compel the Company to transfer 100% of its interest in RGPL to the Lender or sell the RGPL Shares at a significant discount to its valuation to a specified buyer in the event that the Lender is entitled to exercise its right over the security?

(ii) A sale of 100% of its interest in RGPL would result in the disposal of the whole of the Company's assets and operations and would require shareholders' approval under Listing Rule 1014 amongst other things. Confirm the Company's understanding that it must comply with Listing Rules 1014 to seek shareholders' approval, amongst other things, in the event that the Company disposes, sells or transfers its 100% interest in RGPL Shares as a result of the Lender exercising its right over the security of the Loan or otherwise.

(iii) In the event that the Company is unable to find a buyer for the RGPL Shares and obtain shareholders' approval for the sale or disposal, what recourse does the Lender have over its security interest of 100% of RGPL Shares?

Company's Response

(i) As stated in the Company's announcement dated 23 March 2022, there are no clauses in the Loan documentation that may be relied upon by the Lender to compel the disposal of the RGPL Shares at this point in time. For the avoidance of doubt, in the event that the security interest over the RGPL Shares is exercised by the Lender, the Lender may be able to direct the Company to sell those shares and utilise the proceeds from such sale to repay the Loan (and any accrued interest) in priority to any unsecured creditors of the Company. Any excess remaining will accrue to the Company and other creditors (if any).

(ii) In the event that the Company disposes, sells or transfers its 100% interest in RGPL Shares, the Company undertakes that it shall use its best endeavours to comply with all the requirements set out

in Rule 1014 of the Listing Manual of the SGX-ST, including obtaining the approval of Shareholders at an EGM to be convened.

(iii) The Lender may seek recourse by relying on the other security provided in relation to the Loan, namely the personal guarantee extended by Mr Chen Tong as well as the security interest over 300 million shares in the Company held by him.

Cautionary Statement

Notwithstanding that the trading of the Company's shares is suspended, Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. In the event of any doubt as to the action they should take, Shareholders and potential investors should consult their stock brokers, bank managers, solicitors, or other professional advisers.

By Order of the Board
REENOVA INVESTMENT HOLDING LIMITED

Chen Tong
Executive Chairman

28 March 2022