



REENOVA INVESTMENT HOLDING LIMITED

(formerly known as ISR Capital Limited)

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

SGX Stock Code: **5EC**

RESPONSE TO SGX QUERIES

The Board of Directors (the “**Board**”) of Reenova Investment Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to provide the following additional information in response to the queries raised by Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in their emails dated 29 January 2020 and 4 February 2020 in relation to the Company's announcement dated 9 January 2020 (the “**Announcement**”).

Query by SGX-ST:

1. We refer to the Response to SGX Queries dated 9 January 2020. The Company clarified that the impairment loss on other receivables to its related parties, namely (i) Daisuke Sasaki Asia Fashion Fund Pte. Ltd., (ii) DSAFF (Singapore) Pte. Ltd., and (iii) DSAFF Production Pte. Ltd. should have been stated as S\$2,696 instead of S\$24,058.
 - a. Please clarify the nature of the underlying transactions and the total amount that was advanced to them.
 - b. Please elaborate on the reasons why the amount was adjusted to S\$2,696 from S\$24,058 and what resulted in the difference.
 - c. Please disclose who are the ultimate individual shareholders of the above related parties.

Company's Response:

- 1.a. The nature of the underlying transactions were corporate secretarial fees and the total amount of such fees paid on their behalf by the Group was S\$2,696.
- 1.b. It was an oversight and the correct amount should be S\$2,696 instead of S\$24,058.
- 1.c. The ultimate individual shareholders of the above related parties are as follows:

Entities	Ultimate Individual Shareholders
Daisuke Sasaki Asia Fashion Fund Pte. Ltd.	<ol style="list-style-type: none">1. Preference shareholder: Dynamic Return (Singapore) Pte. Ltd.2. Ordinary shareholder: Mr Chen Tong

Entities	Ultimate Individual Shareholders
DSAFF (Singapore) Pte. Ltd.	Wholly owned by Daisuke Sasaki Asia Fashion Fund Pte. Ltd. (ordinary shareholder)
DSAFF Production Pte. Ltd.	Wholly owned by DSAFF (Singapore) Pte. Ltd. (ordinary shareholder)

Query by SGX-ST:

- The Company had previously announced on SGXNet on 4 May 2019 that when it extended the loan to TRE AG, there was no certainty that TRE AG would be unable to repay the loan. Please disclose the basis that led to the Company opining that TRE AG had sufficient funds to repay the loan at the point when it extended the loan.

Company's Response:

- As mentioned in the Company's response to SGX's query no. 5 on page 3 which was announced on SGXNet on 4 May 2019, the Company had clarified that (i) when it extended the loan to TRE AG, it would not have known with certainty that TRE AG would be unable to repay the loan; and (ii) the Group did not extend the loan to TRE AG as a means for the Group to invest in Tantalum Holding (Mauritius) Ltd (or "THM") (now known as Reenova Holding (Mauritius) Limited) or to acquire any interest in THM. It was also set out in the secured facility agreements between TRE AG and ISR Global Pte. Ltd. (now known as Reenova Global Pte. Ltd.), had TRE AG been successful in completing the sale of its shareholding of 40% in THM (the "THM Sale"), the loan from ISR Global Pte. Ltd. to TRE AG would have been immediately terminated and TRE AG would have been required to repay the loans, together with accrued interests, to ISR Global Pte. Ltd. on the date falling 90 days after the completion date of the THM Sale. The Company was of the view at the point when it extended the loan, TRE AG could repay the loan after disposing its shareholding in THM.

Query by SGX-ST:

- The Company clarified that the change in other payables of S\$2,647,768 in the consolidated statement of cash flows was mainly due to the reclassification of the amount payable of S\$2,989,029 to the Company's share capital account. Please confirm if this explanation is accurate as the reclassified amount of S\$2,989,029 is a non-cash transaction and should not have any cash flow impact. The same has also been disclosed in the consolidated statements of cash flows in the Q3 Financial Statements as a significant non-cash transaction. If the previous explanation is inaccurate, please provide the explanation for the increase in other payables of S\$2,647,768 in the consolidated statement of cash flows.

Company's Response:

- The Company confirms that the reclassified amount of S\$2,989,029 is a non-cash transaction and should not have any cash flow impact. The Company would like to clarify that the change in other payables of

S\$2,647,768 in the unaudited Consolidated Statement of Cash Flows for the nine-month period ended 30 September 2019 (“**9M FY2019**”) was mainly due to an increase in other payables of approximately S\$1.46 million, which was in line with the increase in other operating expenses during 9M FY2019, and movement in currency translation reserve of S\$1.18 million, which should have been separately listed as an adjustment against the net loss for the period.

Query by SGX-ST:

4. Please disclose the following details for **each** of the 4 third party consultants engaged by the Company:
- The identities of the ultimate individual shareholders;
 - The Directors and Key Management Personnel; and
 - The track record in the area of specialization that they are being consulted on.

Company's Response:

4.a, b and c:

No.	Name of Third Party Consultant	Ultimate Individual Shareholders	Directors	Key Management Personnel	Track Record
1.	One Target	Mr Tommy L. Shu	Mr Tommy L. Shu	Mr Tommy L. Shu	The key person for One Target has more than 12 years experience in managing mining projects in certain African countries and have liaised with the governments of these countries to obtain relevant approvals and was involved in works pertaining to post-licensed exploration, environmental impact assessment, pilot and full commercial production.
2.	Pankrot Holdings Oy	Mr Kalle P. Lehtonen	Mr Kalle P. Lehtonen	Mr Kalle P. Lehtonen	Pankrot Holdings Oy provides services <i>inter alia</i> in the fields of directorships, general management, project management, finance and mergers and acquisitions.
3.	Qualex S.A.R.L.	Mr José Rasoanaivo and Mr Tsitola Razafindrabesa	Ms Mbolatiana Ratrimo	Ms Mbolatiana Ratrimo	Qualex S.A.R.L. is an accounting outsourcing firm in Madagascar with expertise in the following areas: <ul style="list-style-type: none"> • accounting / book keeping; • auditing; • financial and accounting due diligence; and

No.	Name of Third Party Consultant	Ultimate Individual Shareholders	Directors	Key Management Personnel	Track Record
					<ul style="list-style-type: none"> consulting. <p>It has a management team who has more than 10 years of experience and chartered accountants who have between 5 to 10 years of experience, overseeing the work of their consultants.</p>
4.	Equation S.A.R.L.	Mr Thierry Rajaona	Ms Mirana Ranaivoson	Ms Mirana Ranaivoson	Equation is a human resource recruiting and management outsourcing firm established in Madagascar. Equation's consultants have expertise in the employment/labour laws in Madagascar and are experienced in human resources management/outsourcing advisory.

Query by SGX-ST:

5. Please clarify why the Company and its JV partner are not able to perform the role of project manager for the rare earth project in Madagascar and require a third party consultant, One Target, to provide such services. Please also provide the reason for the contract termination with Pankrot Holdings Oy from 30 September 2019.

Company's Response:

5. The Company requires a project manager who has the experience and knowledge in managing rare earth mining project and to be based in Madagascar. The other shareholder of Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd), Tantalus Rare Earths AG, is in the midst of being liquidated and is, therefore, not able to perform the role of a project manager.

Aside from acting as a member of the board of Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) ("**RHML**"), the Company would like to add that Pankrot Holdings Oy was engaged to perform consultancy work in connection with the Group's acquisition of 60% of RHML; to assist in the review of the financial statements of RHML and its subsidiary, Reenova Rare Earth (Malagasy) S.A.R.L.U. ("**RREM**") for FY2018; and to assist in addressing queries from Ernst & Young Ltd, Mauritius in relation to the purchase price allocation exercise. Pankrot Holdings Oy, following discussions with the Company, subsequently terminated the contract as these activities were substantially completed by 30 September 2019.

Query by SGX-ST:

6. Please elaborate on what is meant by “deliberating its investment in Straits Hi-Rel Pte. Ltd.” and explain how this will help the Company operate as a going concern.

Company's Response:

6. The Company is currently in preliminary discussions to dispose its investment in Straits Hi-Rel Pte. Ltd. No definitive agreement has been entered into at this stage. The proceeds from the proposed disposal will be used for the Group’s general corporate and working capital purposes. The Company will make further announcements to update shareholders as and when appropriate.

On behalf of the Board

Reenova Investment Holding Limited

Chen Tong

Executive Chairman

4 February 2020