



REENOVA INVESTMENT HOLDING LIMITED

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

Website: www.reenovagroup.com

SGX Stock Code: **5EC**

**FOURTH QUARTER AND FULL YEAR UNAUDITED
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2020**

Pursuant to the Notice of Compliance in relation to the requirement to perform quarterly reporting issued by Singapore Exchange Regulation Pte Ltd (“**SGX RegCo**”) on 6 February 2020, the Company is required to continue with the quarterly reporting of its unaudited financial statements under Rule 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual with effect from 7 February 2020.

PART I INFORMATION REQUIRED FOR QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) **A consolidated income statement and statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	3 months ended			12 months ended		
	31/12/2020	31/12/2019	Increase /	31/12/2020	31/12/2019	Increase /
	Q4 FY2020	Q4 FY2019	(Decrease)	FY2020	FY2019	(Decrease)
	S\$	S\$	%	S\$	S\$	%
Revenue	-	-	-	-	-	-
Other income	11,495	13	>100.0	68,678	1,751	>100.0
Employee benefits expense	(285,374)	(334,159)	(14.6)	(1,598,158)	(1,072,125)	49.1
Depreciation	(56,526)	(36,698)	54.0	(162,754)	(149,733)	8.7
Other operating expenses	(1,212,639)	(1,590,592)	(23.8)	(5,850,788)	(3,608,203)	62.2
Finance costs	(577)	(20,821)	(97.2)	(30,173)	(33,515)	(10.0)
Share of loss of joint venture	(52,462)	13,477	(>100.0)	(85,678)	(28,092)	>100.0
Loss before tax	(1,596,083)	(1,968,780)	(18.9)	(7,658,873)	(4,889,917)	56.6
Income tax credit	-	161,384	(100.0)	-	161,384	(100.0)
Loss for the year	(1,596,083)	(1,807,396)	(11.7)	(7,658,873)	(4,728,533)	62.0
Other comprehensive income:						
Currency translation differences arising from consolidation	310,328	(372,706)	(>100.0)	2,730,688	763,818	>100.0
Total comprehensive loss for the year	(1,285,755)	(2,180,102)	(41.0)	(4,928,185)	(3,964,715)	24.3
Loss attributable to:						
Equity holders of the Company	(1,312,036)	(1,042,993)	25.8	(6,257,445)	(3,137,010)	99.5
Non-controlling interest	(284,047)	(764,403)	(62.8)	(1,401,428)	(1,591,523)	(11.9)
	(1,596,083)	(1,807,396)		(7,658,873)	(4,728,533)	
Total comprehensive loss attributable to:						
Equity holders of the Company	(1,079,292)	(1,364,585)	(20.9)	(4,209,429)	(2,606,209)	61.5
Non-controlling interest	(206,463)	(815,517)	(74.7)	(718,756)	(1,358,506)	(47.1)
	(1,285,755)	(2,180,102)		(4,928,185)	(3,964,715)	

Note: N.M. denotes not meaningful.

1(a)(ii) Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

Loss, net of tax is arrived at after charging / (crediting) the following items:

	3 months ended			12 months ended		
	31/12/2020	31/12/2019	Increase /	31/12/2020	31/12/2019	Increase /
	Q4 FY2020	Q4 FY2019	(Decrease)	FY2020	FY2019	(Decrease)
	S\$	S\$	%	S\$	S\$	%
Interest income on bank deposits	(123)	(13)	>100.0	(212)	(77)	>100.0
Rental and operating leases	16,775	53,203	(68.5)	124,589	166,918	(25.4)
Lease liability interest expense	577	1,461	(60.5)	3,481	7,531	(53.8)
Impairment on VAT receivables	7,064	1,659,569	(99.6)	47,858	1,659,569	(97.1)
Reversal of impairment on trade and other receivables	-	750,619	(100.0)	-	750,619	(100.0)
Impairment on investment in a joint venture	359,997	-	N.M	1,159,997	-	N.M

Note: N.M. denotes not meaningful.

1(b)(i) Statement of Financial Position of the Group and the Company

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	S\$	S\$	S\$	S\$
ASSETS				
Current assets				
Cash and cash equivalents	1,716,593	77,882	1,375,256	50,271
Other receivables	125,479	45,349	49,121	31,457
Amounts due from subsidiaries	-	-	13,608,487	13,430,264
Other current assets	62,133	41,971	39,401	6,866
	1,904,205	165,202	15,072,265	13,518,858
Non-current assets				
Investments in subsidiaries	-	-	6	7
Investment in a joint venture	-	1,245,676	-	-
Property, plant and equipment	131,950	203,692	99,441	132,257
Intangible assets	36,027,632	36,027,632	-	-
Right-of-use assets	60,541	87,849	60,541	87,849
	36,220,123	37,564,849	159,988	220,113
Total assets	38,124,328	37,730,051	15,232,253	13,738,971
LIABILITIES				
Current liabilities				
Other payables	5,350,348	5,027,521	1,535,623	1,590,218
Convertible redeemable bonds	-	1,439,057	-	1,439,057
Lease liability	7,747	-	7,747	-
	5,358,095	6,466,578	1,543,370	3,029,275
Non-current liabilities				
Lease liabilities	61,939	90,259	61,939	90,259
Deferred income tax liabilities	6,138,610	6,138,610	2,954	2,954
	6,200,549	6,228,869	64,893	93,213
Total liabilities	11,558,644	12,695,447	1,608,263	3,122,488
NET ASSETS	26,565,684	25,034,604	13,623,990	10,616,483
EQUITY				
Share capital	48,750,905	42,161,116	48,750,905	42,161,116
Capital reserve	-	130,524	-	130,524
Fair value reserve	(7,779,920)	(7,779,920)	-	-
Currency translation reserve	2,547,912	499,896	-	-
Accumulated losses	(20,571,051)	(14,313,606)	(35,126,915)	(31,675,157)
Total equity attributable to owners of the Company	22,947,846	20,698,010	13,623,990	10,616,483
Non-controlling interest	3,617,838	4,336,594	-	-
Total equity	26,565,684	25,034,604	13,623,990	10,616,483

1(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities

	31/12/2020 (Unaudited)		31/12/2019 (Audited)	
	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amounts repayable within one year or less or on demand:				
- Convertible redeemable bonds	-	-	-	1,439,057
- Advances from Bond Subscriber ¹	-	-	-	800,000
- Loan from Executive Director ¹	-	575,000	-	190,000
	-	575,000	-	2,429,057
Amounts repayable after one year:				
Convertible redeemable bonds	-	-	-	-

¹ The advances from Bond Subscriber and loan from Executive Director are unsecured, interest-free and repayable on demand.

Details of any collateral

Nil.

1(c) Consolidated Statement of Cash Flows

	Group	
	12 months ended 31/12/2020 (Unaudited)	12 months ended 31/12/2019 (Audited) (Restated)
	S\$	S\$
Cash flows from operating activities		
Loss before tax for the year	(7,658,873)	(4,889,917)
Adjustments for:		
Depreciation	162,754	149,733
Convertible redeemable bond interest	26,692	25,984
Lease liabilities interest	3,481	7,531
Interest income	(212)	(77)
Impairment loss on VAT and other receivables	54,355	1,662,265
Impairment loss on investment in a joint venture	1,159,997	-
Reversal of impairment loss on other receivables	-	(750,619)
Employee share award expense	573,723	-
Share of loss of joint venture	85,678	28,092
Allowance for / (Write-back of) allowance for unutilised leave	5,617	(2,540)
Allowance for bonus	17,300	-
Unrealised currency translation losses	2,736,204	768,205
Operating cash flows before working capital changes	<u>(2,833,284)</u>	<u>(3,001,343)</u>
Changes in working capital:		
Other receivables and other current assets	(154,649)	21,207
Other payables	(106,699)	660,153
Cash used in operating activities	<u>(3,094,632)</u>	<u>(2,319,983)</u>
Interest received	212	77
Income tax refunded	-	161,384
Net cash used in operating activities	<u>(3,094,420)</u>	<u>(2,158,522)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,723)	(22,161)
Net cash used in investing activities	<u>(2,723)</u>	<u>(22,161)</u>
Cash flows from financing activities		
Lease liability interest	(3,481)	(7,531)
Proceeds from issuance of convertible redeemable bonds	1,900,000	1,900,000
Proceeds from placement of shares	2,643,300	-
Share issue expenses	(109,934)	(90,020)
Advances from bond subscriber	-	200,000
Interest-free loan from director	385,000	190,000
Repayment of lease liabilities	(79,031)	(85,439)
Net cash provided by financing activities	<u>4,735,854</u>	<u>2,107,010</u>
Net increase/ (decrease) in cash and cash equivalents	<u>1,638,711</u>	<u>(73,673)</u>
Cash and cash equivalents at beginning of financial year	77,882	151,555
Cash and cash equivalents at end of financial year	<u>1,716,593</u>	<u>77,882</u>
List of significant non-cash transactions:		
Conversion of convertible redeemable bonds to ordinary shares	3,482,700	1,445,529
Issuance and allotment of ordinary shares as payment for the acquisition of 60% of Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd)	-	2,989,029

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital (Unaudited)	Capital reserve (Unaudited)	Fair value reserve (Unaudited)	Currency translation reserve (Unaudited)	Accumulated losses (Unaudited)	Non- controlling interest (Unaudited)	Total equity (Unaudited)
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2020	42,161,116	130,524	(7,779,920)	499,896	(14,313,606)	4,336,594	25,034,604
Loss for the year	-	-	-	-	(6,257,445)	(1,401,428)	(7,658,873)
Other comprehensive income for the year	-	-	-	2,048,016	-	682,672	2,730,688
Total comprehensive loss for the year	-	-	-	2,048,016	(6,257,445)	(718,756)	(4,928,185)
Transactions with owners, recognised directly in equity:							
- Issuance of new ordinary shares	6,699,723	-	-	-	-	-	6,699,723
- Share issue expense	(109,934)	-	-	-	-	-	(109,934)
- Convertible redeemable bonds - equity component	-	(130,524)	-	-	-	-	(130,524)
Transactions with owners, recognised directly in equity	6,589,789	(130,524)	-	-	-	-	6,459,265
Balance at 31 December 2020	48,750,905	-	(7,779,920)	2,547,912	(20,571,051)	3,617,838	26,565,684

Group	Share capital (Audited)	Capital reserve (Audited)	Fair value reserve (Audited)	Currency translation reserve (Audited)	Accumulated losses (Audited)	Non- controlling interest (Audited)	Total equity (Audited)
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2019	37,816,578	139,124	(7,779,920)	(30,905)	(13,383,375)	8,652,498	25,414,000
Loss for the year	-	-	-	-	(3,137,010)	(1,591,523)	(4,728,533)
Other comprehensive income for the year	-	-	-	530,801	-	233,017	763,818
Total comprehensive loss for the year	-	-	-	530,801	(3,137,010)	(1,358,506)	(3,964,715)
Transactions with owners, recognised directly in equity:							
- Issuance of new ordinary shares	4,434,558	-	-	-	-	-	4,434,558
- Share issue expense	(90,020)	-	-	-	-	-	(90,020)
- Convertible redeemable bonds - equity component	-	(8,600)	-	-	-	-	(8,600)
- Acquisition of additional shares in a subsidiary	-	-	-	-	2,206,779	(2,957,398)	(750,619)
Transactions with owners, recognised directly in equity	4,344,538	(8,600)	-	-	2,206,779	(2,957,398)	3,585,319
Balance at 31 December 2019	42,161,116	130,524	(7,779,920)	499,896	(14,313,606)	4,336,594	25,034,604

Company	Share capital (Unaudited)	Capital reserve (Unaudited)	Accumulated losses (Unaudited)	Total equity (Unaudited)
	S\$	S\$	S\$	S\$
Balance at 1 January 2020	42,161,116	130,524	(31,675,157)	10,616,483
Loss for the year, representing total comprehensive loss	-	-	(3,451,758)	(3,451,758)
Issuance of new ordinary shares	6,699,723	-	-	6,699,723
Share issue expense	(109,934)	-	-	(109,934)
Convertible redeemable bonds – equity component	-	(130,524)	-	(130,524)
Balance at 31 December 2020	48,750,905	-	(35,126,915)	13,623,990

Company	Share capital (Audited)	Capital reserve (Audited)	Accumulated losses (Audited)	Total equity (Audited)
	S\$	S\$	S\$	S\$
Balance at 1 January 2019	37,816,578	139,124	(30,527,875)	7,427,827
Loss for the year, representing total comprehensive loss	-	-	(1,147,282)	(1,147,282)
Issuance of new ordinary shares	4,434,558	-	-	4,434,558
Share issue expense	(90,020)	-	-	(90,020)
Convertible redeemable bonds – equity component	-	(8,600)	-	(8,600)
Balance at 31 December 2019	42,161,116	130,524	(31,675,157)	10,616,483

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury share and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share capital has increased by S\$2,534,001 in Q4 FY2020 arising from placement of 979,000,000 new ordinary shares to places through Placement Agent and the amount is after deducting share issue expenses.

Share capital has increased by S\$6,589,788 in FY2020 arising from:

- Conversion of convertible redeemable bonds with a face value of S\$3.5 million into 1,166,666,666 conversion shares;
- Share awards granted to the Company's employees and independent directors under the Reenova Performance Share Plan and;
- Placement of 979,000,000 new ordinary shares amounting to S\$2,534,001 after deducting share issue expenses.

The bonds with a maturity date of 16 September 2020 have been fully converted into new ordinary shares of the Company following the conversion of the first sub-tranche of Tranche 4 bonds by the Subscriber on 7 September 2020. The Company does not have any outstanding bonds recorded on its financial statements as at 31 December 2020. (31 December 2019: 500,000,000 conversion shares).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 31 December 2020 and 31 December 2019 were 6,744,247,542 and 4,407,339,976 respectively.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

3(A). Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is material uncertainty relating to going concern.

(a) Not applicable.

(b) Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation as those used for the most recent financial statements for the financial year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the applicable new, revised and interpretations of Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which became effective for the financial year beginning on or after 1 January 2020. The adoption of these new and revised SFRS(I) has no significant effect to the Group's accounting policies and amounts reported for the current and previous financial years.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 months ended		12 months ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
(Loss) per ordinary share of the Group after deducting any provision for preference dividends (Singapore cent per share):				
(a) Based on weighted average number of ordinary shares on issue; and	(0.026)	(0.024)	(0.123)	(0.08)
(b) On a fully diluted basis	(0.026)	(0.024)	(0.123)	(0.08)
Weighted average number of ordinary shares outstanding for basic loss per share	5,013,894,324	4,407,339,976	5,075,773,852	4,181,198,135

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
- (a) **current financial period reported on; and**
- (b) **immediately preceding financial year.**

	Group		Company	
	31/12/2020 (Unaudited)	31/12/2019 (Audited)	31/12/2020 (Unaudited)	31/12/2019 (Audited)
Net asset value per ordinary share based on issued share capital at the end of:	0.39 cent	0.57 cent	0.20 cent	0.24 cent

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

A) Review of the Group's Results

Other income increased by approximately S\$11,500 or >100.0% from S\$13 for Q4 FY2019 to S\$11,495 for Q4 FY2020 and increased by approximately S\$67,000 or >100.0% from S\$1,751 for FY2019 to S\$68,678 for FY2020. This was mainly due to the payouts from Jobs Support Scheme as well as rental waiver and property tax rebate received from the landlord which were part of the Coronavirus Disease 2019 (“**COVID-19**”) business support measures by the Singapore Government. The payouts and rebates were received in Q2, Q3 and Q4 FY2020.

Employee benefits expense decreased by approximately S\$49,000 or 14.7% from S\$334,000 for Q4 FY2019 to S\$285,000 for Q4 FY2020 and increased by approximately S\$526,000 or 49.1% from S\$1.07 million for FY2019 to S\$1.60 million for FY2020. This was mainly due to the share awards granted to the

Company's employees and independent directors under the Reenova Performance Share Plan in Q3 FY2020.

Depreciation expense increased by approximately S\$20,000 or 54.0% from S\$37,000 for Q4 FY2019 to S\$57,000 for Q4 FY2020; and increased by approximately S\$13,000 or 8.7% from S\$150,000 for FY2019 to S\$163,000 for FY2020. The increase in depreciation was mainly due to the review and adjustment of the residual value and useful life of the Group's property, plant and equipment as at 31 December 2020.

Analysis of the Group's Other Operating Expenses are as follows:

	Group			
	12 months ended			
	31/12/2020	31/12/2019	Increase /	
	(Unaudited)	(Audited)	(Decrease)	
	S\$	S\$	S\$	%
Directors' fee	126,000	156,000	(30,000)	(19.2)
Consultancy fees	845,484	926,087	(80,603)	(8.7)
Exchange loss	2,669,738	793,091	1,876,647	>100.0
Insurance expense	47,791	47,847	(56)	N.M
Impairment loss on VAT and other receivables	54,355	1,662,265	(1,607,910)	(96.7)
Impairment loss on investment in a joint venture	1,159,997	-	1,159,997	N.M
Reversal of impairment loss on trade receivables and debt securities	-	(750,619)	750,619	(100.0)
Pilot production expenses	42,401	-	42,401	N.M
Professional fees	503,082	304,145	198,937	65.4
Rental expense	124,589	166,918	(42,329)	(25.4)
Listing related expenses	52,457	67,400	(14,943)	(22.2)
Office utilities and expenses	32,271	21,726	10,545	48.5
Repair and maintenance	13,396	10,853	2,543	23.4
Others	179,227	202,490	(23,263)	(11.5)
	5,850,788	3,608,203	2,242,585	62.2

The increase in operating expenses was mainly due to the exchange loss recorded for FY2020, which arose mainly from the unrealised exchange losses arising from the revaluation of Reenova Rare Earth (Malagasy) S.A.R.L.U's loan payable of approximately Malagasy Ariary ("MGA") 77.4 billion to Reenova Holding (Mauritius) Limited as at 31 December 2020. The loan payable was mainly denominated in EUR and USD currencies. MGA depreciated by approximately 16.0% and 5.4% against EUR and USD respectively during FY2020 where EUR 1: MGA 4,686.98 and USD 1 : MGA 3,824.84 as compared to FY2019 where EUR 1: MGA 4,041.90 and USD 1 : MGA 3,627.27.

Finance costs decreased by approximately S\$20,200 or 97.2% from S\$20,800 for Q4 FY2019 to S\$600 for Q4 FY2020; and decreased by approximately S\$3,300 or 10.0% from S\$33,500 for FY2019 to S\$30,200 for FY2020. The decrease in quarter on quarter was mainly due to the convertible redeemable bond interest calculated on outstanding bonds that remained unconverted as at Q4 FY2019 while there was none as at Q4 FY2020 as all issued convertible redeemable bonds have been fully converted into ordinary shares and that the Company does not have any outstanding bonds recorded on its financial statements as at 31 December 2020.

As at 31 December 2020, the Group invested S\$1.34 million for a 14.29% shareholding in Straits Hi-Rel Pte Ltd (“SHR”). In Q4 FY2020, the Group made a full impairment on the investment in SHR based on net carrying amount after recognising its share of losses of the joint venture for FY2020. The operations of SHR have been significantly impacted by the Coronavirus Disease (“COVID-19”) pandemic in the past nine months as projects have not been forthcoming, thereby reducing its revenue pipeline and adversely affecting its ability to generate future cash inflows. Accordingly the Group is of the view that the recoverability of its investment in the joint venture has been significantly impacted by the market or environment in which SHR operates and therefore, full impairment on investment in SHR has been made in FY2020.

Loss before tax decreased by approximately S\$373,000 or 18.8% from S\$1.97 million for Q4 FY2019 to S\$1.60 million for Q4 FY2020; and increased by approximately S\$2.77 million or 56.6% from S\$4.89 million for FY2019 to S\$7.66 million FY2020. This was mainly due to the increase in other operating expenses as set out above.

B) Review of the Group’s Financial Position

Current assets increased by approximately S\$1.74 million or >100.0% from S\$165,000 as at 31 December 2019 to S\$1.90 million as at 31 December 2020. This was mainly due to (i) increase in cash and cash equivalents from \$78,000 as at 31 December 2019 to S\$1.72 million as at 31 December 2020 due mainly to the subscription of Sub-Tranche 5 of Tranche 3 and Sub-Tranche 1 of Tranche 4 convertible redeemable bonds by the Bond Subscriber in FY2020 and the placement of 979,000,000 ordinary shares of the Company to the placees procured by the Placement Agent in November 2020 ; and (ii) increase in other receivables due to deposit held by a legal firm.

Non-current assets decreased by approximately S\$1.34 million or 3.6% from S\$37.56 million as at 31 December 2019 to S\$36.22 million as at 31 December 2020. This was mainly due to the recognition of an impairment loss of S\$1.16 million on the Group’s investment in a joint venture in FY2020. The operations of the joint venture have been significantly impacted by the COVID-19 pandemic in the past nine months as projects have not been forthcoming, thereby reducing its revenue pipeline and adversely affecting its ability to generate future cash inflows.

Current liabilities decreased by approximately S\$1.11 million or 17.2% from S\$6.47 million as at 31 December 2019 to S\$5.36 million as at 31 December 2020. The decrease was mainly due to the convertible redeemable bonds being fully converted by the Bond Subscriber into ordinary shares of the Company before the maturity of the convertible redeemable bonds on 16 September 2020 and accordingly, the Company did not have any outstanding bonds recorded on its statement of financial position as at 31 December 2020.

The Company’s investments in subsidiaries decreased by S\$1 from S\$7 as at 31 December 2019 to S\$6 as at 31 December 2020 as ISR China Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands, was struck off with effect from 1 May 2020 (the “Strike-Off”). Accordingly, ISR China Limited and its wholly-owned subsidiary, ISR Shanghai Investment Advisory Co. Ltd, ceased to be subsidiaries of the Company and are no longer part of the Group with effect from 1 May 2020. The Strike-Off does not have any material impact on the net tangible assets or earnings/(loss) per share of the

Company for the financial year ended 31 December 2020.

C) Review of the Group's Cash Flows

Cash and cash equivalents increased by approximately S\$1.64 million or >100.0% from S\$78,000 as at 31 December 2019 to S\$1.72 million as at 31 December 2020. The increase was mainly due to net cash flows of S\$4.74 million generated by financing activities, mainly proceeds from placement of ordinary shares of the Company and from issuance of convertible redeemable bonds, and partially offset by net cash flows used in operating activities of S\$3.09 million and net cash flows used in investing activities of S\$2,00.

Status on the Utilisation of Proceeds Raised from Placement of Shares of S\$2,643,300 as at 31 December 2020

The Company refers to the net proceeds of approximately S\$2.51 million raised from the placement of shares at 31 December 2020.

As at 31 December 2020, the status on the use of the net proceeds raised from the placement of shares in S\$'000 is as follows:

	Amount Utilised
	S\$'000
Repayment of existing creditors	616
Commencing the next phase of works for the Company's rare earth project	43
General working capital	183**
Total net proceeds utilised from placement of shares	842
	S\$'000
** The breakdown of the amount utilised for general working capital is as follows:	
Wages, salaries, bonuses and other short-term employee benefits and employer's contributions to Central Provident Fund	85
Office and warehouse rental	13
Directors' fees	-
Professional fees (including legal, secretarial, investor relations)	4
Listing related expenses	6
Office expenses	27
Repair and maintenance	-
Insurance premiums	2
Others	46
Total	183

Status on the Utilisation of Proceeds Raised from Issuance of Convertible Redeemable Bonds (“CRB”) of S\$16,000,000 as at 31 December 2020

The Company refers to the net proceeds of approximately S\$14.79 million raised from the issuance of CRB as at 31 December 2020.

As at 31 December 2020, the status on the use of the net proceeds raised from the issuance of CRB in S\$’000 is as follows:

	Amount Utilised
	S\$’000
Investments and general corporate purposes	9,808*
General working capital	4,984**
Total net proceeds raised from issuance of CRB	14,792

* Including loans provided to Reenova Holding (Mauritius) Limited and Tantalus Rare Earths AG of S\$3.73 million and S\$653,000 respectively.

	S\$’000
** The breakdown of the amount utilised for general working capital is as follows:	
Wages, salaries, bonuses and other short-term employee benefits and employer’s contributions to Central Provident Fund	2,268
Office and warehouse rental	450
Directors’ fees	507
Professional fees (including legal, secretarial, investor relations)	518
Listing related expenses	280
Office expenses	116
Repair and maintenance	90
Insurance premiums	222
Others	533
Total	4,984

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast statement was previously disclosed to shareholders. There was also no deviation noted from the prospect statement for the third quarter ended 30 September 2020 (“Q3 FY2020”).

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The geopolitical uncertainties and ongoing COVID-19 pandemic caused disruptions to the supply of rare earth elements and to the rare earths market. The strong resurgence of demand in China and upstream bottlenecks due to lockdowns impacted the shipping of products and this led to a price surge for rare earth elements in the fourth quarter of 2020.

Rare earth elements widely used in high-strength magnets found in much of the latest technologically advanced devices including consumer electronics such as smartphones and laptops, wind turbines, and electric vehicles (“EVs”), will continue to drive demand. This growth in demand is underpinned by the accelerated adoption of EVs currently encouraged by many governments and international bodies in their bid to reduce carbon emissions.

In 2021, Adamas Intelligence is expecting global passenger battery EV, plug-in hybrid EV, and hybrid EV sales to collectively increase by 20% to 40% year-on-year, translating to a 30% to 50% year-on-year increase in permanent magnet demand. Roskill estimates that rare earth elements from all automotive applications, including drivetrains for EV or hybrid EV models to reach 12.75 kilotonnes of rare earth oxides in 2021, an increase of approximately 26.5% year-on-year.¹

(Note: The drivetrain includes the transmission, the driveshaft, the axles, and the wheels. It works in conjunction with the engine to move the wheels. The drivetrain system is an essential component of a vehicle and the transmission is an integral part of the drivetrain.)

Whilst the COVID-19 pandemic affected travelling, the Group continues to make preparations to commence the initial pilot production phase within the 238km² concession area in north-western Madagascar, Africa that hosts rare earth oxides (the “**Rare Earth Project**”) in 2021. It had also on 26 February 2021 appointed the pre-feasibility study engineering design specialist, METC Engineering (Pty) Ltd, to manage and complete a pre-feasibility study of a plant for the initial stage of commercialisation with an annual production capacity of 2,000 tonnes of dry rare earth oxides product with a 92% grade (“**Phase 1 Commercial Plant**”). The pre-feasibility study is expected to provide estimates on the capital expenditure and operating expenses for Phase 1 Commercial Plant, which allows the Group to stage its progress towards commercialisation.

The Group remains committed to bringing the greenfield Rare Earth Project to commercial production. It will continue to keep shareholders updated on the progress as and when there are material developments.

¹ <https://investingnews.com/daily/resource-investing/critical-metals-investing/rare-earth-investing/rare-earth-outlook/>

11. Dividend

(a) Current Financial Period Reported On

Any interim (final) dividend declared (recommended) for the current financial year reported on?
None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No interim dividend has been declared or recommended for the financial year ended 31 December 2020 as the Group intends to conserve cash to fund its operating activities and furthermore, the Company is in an accumulated loss position as at 31 December 2020.

13. Interested Person Transactions

The Group has no general mandate for interested person transactions under Rule 920(1) of the SGX-ST Listing Manual.

14. Details of exploration (including geophysical surveys), development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

There were no exploration and production activities conducted by the Group during the financial year ended 31 December 2020. The Group is in the process of making further funding arrangements and planning the next phase of work that includes trial leaching, pilot production, feasibility studies, engineering studies and environmental impact assessments.

The use of funds/cash for Q4 FY2020 and a projection on the use of funds/cash for Q1 FY2021 are set out as follows:

	Use of funds/cash for Q4 FY2020	Projection on use of funds/cash for Q1 FY2021
	S\$'000	S\$'000
Exploration and evaluation activities	42	319
General working capital	1,054	672
Total:	1,096	991

15. Update on its reserves and resources, where applicable, in accordance with the requirements as set out in Practice Note 6.3, including a summary of reserves and resources as set out in Appendix 7.5

Summary of Mineral Resources for the Reenova Rare Earth Madagascar Project as updated by SGS Canada Inc. as at 31 December 2020:

Resource Category	Mineral Type*	Gross Attributable to Licence					Net Attributable to Issuer (75%)					Change from previous update (%)	Remarks
		Tonnage	TREO	TREOnoCe	CREO	HREO	Tonnage	TREO	TREOnoCe	CREO	HREO		
		(t)	(ppm)	(ppm)	(ppm)	(ppm)	(t)	(ppm)	(ppm)	(ppm)	(ppm)		
Measured	52% PED / 48% SAP	40,103,550	975	660	296	187	30,077,660	975	660	296	187	The gross attributable numbers have not changed, only the net numbers have changed from 60% to 75%	Refer to the 2016 report for complete details
Indicated	39% PED / 61% SAP	157,580,640	878	554	255	166	118,185,480	878	554	255	166		
Inferred	48% PED / 52% SAP	429,999,530	894	574	247	149	322,499,640	894	574	247	149		
TOTAL	46% PED / 54% SAP	627,683,720	895	574	252	156	470,762,790	895	574	252	156		

- The cut-off grade is applied to TREOnoCe because it has good correlation with the material value. Ce has high grades but low recovery and market price.

- The cut-off grade is 300 ppm TREOnoCe for areas sloping greater than 5 degrees

- The cut-off grade is 500 ppm TREOnoCe for flat areas

* PED is Pedolite and SAP is Saprolite

TREO = LREO+HREO TREOnoCe = TREO-Ce₂O₃

CREO = Nd₂O₃+Y₂O₃+Eu₂O₃+Tb₂O₃+Dy₂O₃

HREO = Y₂O₃+Eu₂O₃+Gd₂O₃+Tb₂O₃+Dy₂O₃+Ho₂O₃+Er₂O₃+Tm₂O₃+Yb₂O₃+Lu₂O₃

Totals may not add up due to rounding

Note: There are currently no reserves on the Project.

Name of Qualified Person: Yann Camus, P. Eng.

Date: 23 February 2021

Professional Society Affiliation / Membership: Ordre des ingénieurs du Québec (Quebec's Order of Engineers)

16. Negative Assurance Confirmation On Half Yearly/Quarterly Financial Results Pursuant To Rule 705(5) Of The Listing Manual

Not applicable.

17. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers pursuant to Rule 720(1) of the SGX Listing Manual.

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

18. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

31 December 2020 (Unaudited)	Minerals and Resources	Investment Management	Adjustments and Eliminations	Group
	S\$	S\$	S\$	S\$
Revenue				
- External revenue	-	-	-	-
Results				
Unallocated interest income	-	-	-	212
Depreciation	(36,131)	-	-	(36,131)
Unallocated depreciation	-	-	-	(126,623)
Finance cost	-	-	-	(30,173)
Share of loss of joint venture	-	-	-	(85,678)
Income tax credit	-	-	-	-
Segment results	(5,605,713)	264,842	(2,318,002)	(7,658,873)
Assets				
Segment assets	36,448,919	16,032,110	(14,356,701)	38,124,328
Segment liabilities	22,153,111	49,488,877	(60,083,344)	11,558,644

31 December 2019 (Restated)	Minerals and Resources	Investment Management	Adjustments and Eliminations	Group
	S\$	S\$	S\$	S\$
Revenue				
- External revenue	-	-	-	-
Results				
Unallocated interest income	-	-	-	77
Depreciation	(21,348)	(5,500)	-	(26,848)
Unallocated depreciation	-	-	-	(122,885)
Finance cost	-	-	-	(33,515)
Share of loss of joint venture	-	(28,092)	-	(28,092)
Income tax expense	-	161,384	-	161,384
Segment results	(5,216,936)	1,792,307	(1,303,904)	(4,728,533)
Assets				
Segment assets	36,163,858	14,599,132	(13,032,939)	37,730,051
Segment liabilities	18,999,810	47,791,057	(54,095,420)	12,695,447

19. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8(A) on pages 10 to 12 for the review of the Group's performance for FY2020.

20. A breakdown of Group sales.

	12 months ended 31/12/2020	12 months ended 31/12/2019 (Restated)	Inc/(Dec)
	S\$	S\$	%
Sales reported for the first half year	-	-	-
Operating loss after tax before deducting non-controlling interests reported for the first half year	(3,140,843)	(1,186,630)	>100%
Sales reported for the second half year	-	-	-
Operating loss after tax before deducting non-controlling interests reported for the second half year	(4,518,030)	(3,541,903)	27.6%

21. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Total Annual Dividend	
	Latest Full Year 31/12/2020	Previous Full Year 31/12/2019
Ordinary shares	-	-
Preference shares	-	-
Total	-	-

22. Report Of Persons Occupying Managerial Positions Who Are Related To A Director, CEO Or Substantial Shareholder Pursuant to Rule 704 (13)

The Board confirms that, to the best of its knowledge, as of the date hereof, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

On behalf of the Board
REENOVA INVESTMENT HOLDING LIMITED

CHEN TONG
 Executive Chairman and Director

1 March 2021