REENOVA INVESTMENT HOLDING LIMITED

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

Website: **www.reenovagroup.com**

SGX Stock Code: **5EC**

RESPONSE TO SGX-ST QUERIES ON THE COMPANY'S UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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 email dated 22 November 2021 in relation to the Company's Unaudited Condensed Interim Financial Statements for the Third Quarter and Nine Months financial period ended 30 September 2021 announced on 14 November 2021.

Query by SGX-ST:

1. We refer to the Company's financial statements for the period ending 30 September 2021. Noting that the Company has announced on 10 November 2021 of the proposed disposal of Reenova Global Pte. Ltd., which is the principal subsidiary housing the Group's main business and assets, please provide a pro forma breakdown of the Group's financial statement line items that will be significantly affected as a result of the disposal.

Company's Response:

1. The pro forma breakdown of the Group's financial statement line items as at 30 September 2021 that will be significantly affected as a result of the proposed disposal of Reenova Global Pte. Ltd. is as follows:

Financial statement line items:	**S$'million**
Intangible assets (mining rights)	36.03
Other payables	4.34
Deferred income tax liabilities	6.12
Currency translation reserve	2.55

Query by SGX-ST:

2. We note that the Company is owed S$14.1 million from its subsidiaries. Please provide a breakdown by subsidiaries of the carrying amount and impairment amount and elaborate how the disposal of Reenova Global Pte. Ltd. will affect the recoverability of these amounts.

Company's Response:

2. The breakdown of the subsidiaries that owe the Company as at 30 September 2021 is set out as follows:

Subsidiaries	**Carrying Amount**	**Impairment Amount**	**Net Carrying Amount**
	S$	**S$**	**S$**
Reenova Global Pte. Ltd.	14,819,056	(791,192)	14,027,864

Subsidiaries	Carrying Amount	Impairment Amount	Net Carrying Amount
	S$	S$	S$
Dynamic Return (Singapore) Pte. Ltd.	29,558,312	(29,558,312)	-
Infiniti Advantage Pte. Ltd.	1,770,124	(1,770,124)	-
Raintree Strategic Consultancy Limited	761,477	(761,477)	-
Total	**46,908,969**	**(32,881,105)**	**14,027,864**

The amount due from Reenova Global Pte. Ltd. of approximately S$14.0 million is not expected to be recoverable and would be written off on completion of the proposed disposal of Reenova Global Pte. Ltd.

Query by SGX-ST:

3. We note an increase of S$0.5 million in other payables from S$5.3 million to S$5.8 million. The Company explained that this was mainly due to the accrual of operating expenses. Please elaborate further on what these operating expenses are and to whom they are payable to. Please also provide the breakdown of the material creditors that make up the other payable of S$5.8 million.

Company's Response:

3. The operating expenses accrued during the nine-month period ended 30 September 2021 were mainly consultancy fees, directors' fees, legal fees, staff salaries, investor relations consulting fee and the annual administration fee payable to the *Bureau du Cadastre Minier de Madagascar*.

The breakdown of material creditors (excluding those that are no longer in contact, disputed, could be potentially written back and trade sensitive) as at 30 September 2021 is as follows:

Name of Creditor	Amount
	S$'000
One Target	2,843
Directors' fees	198
Loans from executive director	575
Salaries and employer's contributions to defined contribution plans	156
Provision for bonus	157
Provision for unutilised leave	78
Octave FinComm Private Limited	110
WongPartnership LLP	87
Blueberry Road Holdings Oy	78
Pankrot Holdings Oy	70
Societe IDF	142
SMTP	79

Query by SGX-ST:

4. We note that the Group incurred significant wages, salaries and other short-term employee benefits expenses of $0.7 million for the 9 months ended 30 September 2021 as well as 2020. Please explain the significant cost and disclose how many employees the Group has and where they are based.

Company's Response:

4. The wages, salaries and other short-term employee benefits of approximately S$733,000 incurred for the nine months ended 30 September 2021 are in line with the amount of approximately S$739,000 (excluding equity-settled share based payments of approximately S$574,000 that were granted in August 2020) incurred during the nine months ended 30 September 2020. As at 30 September 2021, the Group has a total of 50 employees where three (3) employees are based in Singapore while the rest are based in Madagascar.

Query by SGX-ST:

5. Please provide the geographical breakdown of the employer's contribution to defined contribution plans and details of these defined contribution plans which amounted to $12,366 in 3Q2021 and $14,149 in 3Q2020.

Company's Response:

5. The geographical breakdown and details of the employer's contributions to defined contribution plans is as follows:

Geographical	Description of defined contribution plan	3Q2021	3Q2020
		S$	S$
Madagascar	National Pensions Fund	3,906	5,326
Singapore	Central Provident Fund	8,560	8,823
	Total	**12,466**	**14,149**

Query by SGX-ST:

6. Please provide a breakdown by type of transactions which resulted in the local sale tax (VAT) of S$1.7 million and how such a significant amount was outstanding. Please clarify whether the entire amount of S$1.7 million pertains to expenses incurred within Madagascar and subject to their general tax rate of 20%. If not, please provide a breakdown of the jurisdiction and tax rate.

Company's Response:

6. The local sales tax (VAT) receivables of S$1.7 million relate to expenses incurred in Madagascar that are subject to the Madagascar general tax rate of 20%. The total VAT receivables remain outstanding but were fully impaired as at 30 September 2021 as there is currently no certainty that the Madagascar subsidiary will be able to produce commercially to enable the utilisation of the VAT receivables.

Query by SGX-ST:

7. Please provide a breakdown of the refundable deposits amount to S$55.6k and S$71.3k as at 30 September 2021 and 31 December 2020 respectively.

Company's Response:

7. The breakdown of the refundable deposits as at 30 September 2021 and 31 December 2020 are as follows:

Description	30 September 2021	31 December 2020
	S$	S$
Deposits with law firms	47,990	39,990
Rental deposits	6,763	30,255
Others	877	1,056
Total	**55,630**	**71,301**

Query by SGX-ST:

8. Please provide a breakdown of the significant items in "Others" amounting to S$100,889 in other operating expenses.

Company's Response:

8. The breakdown of significant items in “Others” in the Group’s other operating expenses is as follows:

Description	Amount
	S$
Annual administration fee payable to *Bureau du Cadastre Minier de Madagascar*	49,779
Telecommunication and courier charges	18,080
General expenses (including out-of-pocket expenses arising from professional fees)	10,510

On behalf of the Board
Reenova Investment Holding Limited

Chen Tong
Executive Chairman

24 November 2021