



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 NON-BINDING TERM SHEET IN RELATION TO THE PROPOSED DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY

The Board of Directors (the “**Board**”) of Reenova Investment Holding Limited (the “**Company**” or the “**Vendor**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 10 November 2021 entered into a non-binding term sheet (the “**Term Sheet**”) with GRM Group Limited (the “**Purchaser**”) to dispose its wholly-owned subsidiary, Reenova Global Pte. Ltd. (“**Reenova Global**”) for a proposed consideration of US\$6,000,000 (the “**Proposed Transaction**”) to the Purchaser or its nominee.

1. INFORMATION ON REENOVA GLOBAL PTE. LTD.

The principal activity of Reenova Global is that of investment holding. Reenova Global holds a 75% stake in Reenova Holding (Mauritius) Limited (“**RHM**”), which in turn owns 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (“**RREM**”) that holds the mining rights to the 238km² concession area in north-western Madagascar, Africa that hosts rare earth oxides (the “**Rare Earth Project**”).

2. RATIONALE

The continued closure of Madagascar’s borders due to the COVID-19 pandemic since April 2021 has significantly impeded the Group’s progress and ability to commence pilot production at the mine site of the Rare Earth Project located in the eastern part of the Ampasindava Peninsula, in the province of Antsiranana in north-western Madagascar. In addition, despite the Company’s best efforts in actively engaging and pursuing various potential investors, the Company has not been able to secure additional funding to allow the Company to operate as a going concern, as well as to bring the Group’s Rare Earth Project to commercialisation.

The rationale for the Proposed Transaction is to allow the Group to monetize its investment value in Reenova Global for the benefit of the shareholders of the Company. This will also allow the Group to strengthen its financial position. Upon completion of the Proposed Transaction, the Group will become a cash company and will have the flexibility to explore and pursue viable business opportunities.

3. SALIENT TERMS OF THE TERM SHEET

3.1 Proposed Purchase Price

The proposed purchase price for the Proposed Transaction is US\$6,000,000 in cash (the “**Purchase Price**”) and has been arrived at on a “willing buyer and willing seller” basis.

3.2 Exclusivity

The Vendor agrees that from the date of the Term Sheet and for a period of three (3) months (the “**Exclusivity Period**”) the Purchaser may conduct due diligence as and negotiate in good faith the terms of the definitive agreement and any other relevant transaction documents relating to the Proposed Transaction. During the Exclusivity Period, the Vendor and Reenova Global will not initiate or engage in any discussion with, nor provide any further information to, any other parties in relation to a transaction similar to or competing with the Proposed Transaction (the “**Exclusivity**”). The Exclusivity will immediately terminate and will no longer apply in the event that the Purchaser ceases to act in good faith, directly terminates the Term Sheet (through specific notification) or indirectly terminates this arrangement (via its actions) unless otherwise agreed in writing by the Vendor.

3.3 Non-refundable deposit

In consideration for the Exclusivity granted pursuant to the Term Sheet, a non-refundable deposit of US\$600,000, which is equivalent to 10% of the Purchase Price, shall be paid in cash by the Purchaser within 10 business days from the date of the Term Sheet. This deposit is non-refundable and shall be set off against the Purchase Price on completion of the Proposed Transaction.

3.4 Definitive Agreement

Both parties are targeting to enter into a definitive sales and purchase agreement and any other supplementary agreement (if applicable) by 30 November 2021.

3.5 Conditions Precedent

The Proposed Transaction will be subject to certain conditions precedent, including but not limited to, the completion of satisfactory due diligence by the Purchaser and approval of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the shareholders of the Company at an extraordinary general meeting to be convened.

3.6 Completion Date

Completion of the Proposed Transaction will occur on the date that is two (2) business days following the satisfaction or waiver of the Conditions Precedent (the “**Completion Date**”).

3.7 Governing Law and Dispute Resolution

The Term Sheet shall be governed by and construed in accordance with the laws of Singapore. Any dispute arising out of or in connection with the Term Sheet, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre in accordance with the Arbitration Rules of the Singapore International Arbitration Centre for the time being in force, which rules are deemed to be incorporated by reference.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or, as far as the Directors are aware, controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction or any other transactions contemplated under the Term Sheet (other than in his capacity as a director or shareholder of the Company).

5. FURTHER ANNOUNCEMENTS

The Proposed Transaction will constitute a major transaction as defined under Chapter 10 of the Listing Manual of the SGX-ST and will be subject to, *inter alia*, the approval by the SGX-ST and the shareholders of the Company at an extraordinary general meeting to be convened. The Company will make further announcements as and when appropriate, including information required under Chapter 10 of the Listing Manual, when a definitive agreement has been entered into in relation to the Proposed Transaction.

6. CAUTIONARY STATEMENT

The Term Sheet is not intended to be legally binding between the Vendor and the Purchaser, except for certain provisions relating to the non-refundable deposit, confidentiality, status of the Term Sheet, Exclusivity and governing law and dispute resolution. As such, the Proposed Transaction remains subject to the entry into the definitive agreement after negotiations between the Vendor and the Purchaser. There is no certainty or assurance that such definitive agreement will be entered into at this juncture, and if entered into, whether the transactions contemplated therein can or will proceed. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should seek their own professional advice and consult with their own stockbrokers.

By Order of the Board

REENOVA INVESTMENT HOLDING LIMITED

Chen Tong
Executive Chairman

10 November 2021